

JUNIOR GOLD

Investing in the mining giants of tomorrow

Update September 2014

Fund objective

To provide long-term capital growth from a globally diversified portfolio investing primarily in small to medium capitalization companies specializing in identifying, developing and extracting gold. It may also invest in mining companies extracting other precious metals. There may be occasions, in light of adverse market conditions, when the Investment Manager chooses to hold high levels of cash, bonds and government securities. The Investment Manager may use derivatives for efficient portfolio management purposes only.

Key facts

Fund Category: Natural Resources Specialist

Charges:

"C" shares (>£1k): 5.25% Initial, 1.75% Annual

"I" shares (>£50k): 0.5% Initial, 1.5% Annual

"P" shares (>£1m): 0.5% Initial, 1.1% Annual

Authorised Corporate Director: Marlborough Fund Managers Ltd

Fund Adviser: Angelos Damaskos

Minimum Investment: £1,000 or £100 per month

Eligible for NISAs and SIPPs

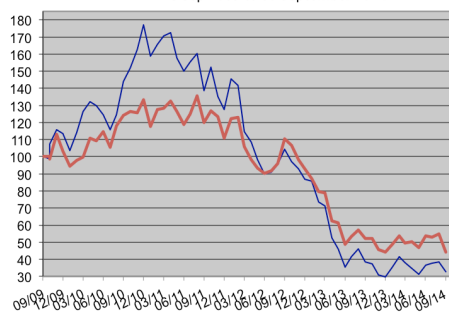
Fund NAV at 30.9.14: £8.6m, share price: 33.00p

Macro-economic positioning

- Current macro-economic conditions make gold an attractive alternative store of value
- Government money-printing could stimulate inflation against which gold is considered a hedge
- Very strong investment demand for gold ETFs and gold coins
- Gold mining equities can offer better returns than gold bullion
- Smaller companies tend to outperform their larger counterparts

Fund share price performance

Junior Gold vs. FTSE Gold Mines Index
8 Sep 2009 to 30 September 2014



Since launch: -67.0%
31.8.14 - 30.9.14: -14.3%
30.9.13 - 30.9.14: -14.2%
30.9.12 - 30.9.13: -63.1%
30.9.11 - 30.9.12: -24.8%
30.9.10 - 30.9.11: -3.6%

Sector Investment Managers Ltd

As the first pricing point was on 8 September 2009 performance data NAV to NAV does not exist for five complete twelve month periods. On 1.10.10 the fund changed its name and objective, therefore, past performance shown above prior to this date was achieved under circumstances that no longer apply.

Management track record

The fund is advised by Sector Investment Managers Limited (SIM), authorised and regulated by the Financial Conduct Authority. SIM also advises the Junior Oils Trust, a fund focusing its investments in junior oil and gas exploration and production companies (for information: www.junioroils.com). SIM's management and advisers have extensive experience of investing in gold mining companies.

How to invest

Call Marlborough Fund Managers:

0808 145 2501

For further information and documentation visit:

www.juniorgold.co.uk or
www.sectorinvestments.com

Risk Considerations: Past performance is not necessarily a guide to future performance. The value of your investment can go down as well as up. The fund invests in smaller companies which may carry a higher degree of risk than larger companies. The shares of smaller companies may be less liquid and more volatile over shorter term periods. Changes in exchange rates between currencies may cause the value of investments to diminish or increase. The fund focuses on a specific sector and has a concentrated portfolio which can lead to greater volatility.

Junior Gold update 10 October 2014

Dear Investor,

Commodities across the board have been weak, including gold, as the US Dollar strengthened against most other currencies. Leading equity market indices have recently shown signs of weakness, prompting a flight to safety. Historically, the US Dollar has been the preferred haven currency in times of instability and this pattern seems to hold today.

The International Centre for Monetary and Banking Studies has just published its 16th annual Geneva Report on the world economy which was written by a panel of senior economists including three former senior central bankers. The report warned that a "poisonous combination" of record debt and slowing growth suggest the global economy may be heading for another crisis. It also predicts that interest rates across the world will have to stay low for a "very, very long" time to enable the private and public sectors to manage their debts and avoid another crash. The most interesting point made by this report is that contrary to widely held beliefs, the world has not yet begun to de-lever and the global debt to GDP ratio is still growing, breaking new highs. Even though household debt to net worth appears to have dropped, it is mostly a function of rising equity and real-estate values that have suppressed the ratio. Banks in the developed economies have recapitalised and reduced their problem loans but the IMF still considers many of them to be fragile and much of the indebtedness has been passed over to the public sector via the QE programmes. Although, therefore, asset values have risen alongside debt growth, a reversal of asset prices could force a credit squeeze, putting further pressure on asset values in a vicious circle.

The findings of this report re-affirm our belief that gold should form a solid part of any diversified portfolio. Its insurance value is yet to be proven as it apparently suffers alongside other commodities. Should, however, a new credit crisis emerge, gold is likely to maintain its value better than other assets and its price would rise as a result. Under such circumstances, solid gold mining companies, with growing production, tight cost control and resource growth potential would benefit, causing a re-rating of their share prices. Junior Gold's portfolio is well positioned along those lines, with operations in politically safe territories avoiding instability caused by the crises in Russia and the Middle East.

Angelos Damaskos
Chief Executive Officer

For dealing/inquiries on Junior Gold call Marlborough Fund Managers:

0808 145 2501 or email dealing@marlboroughfunds.com

Junior Gold qualifies for SIPPs and NISAs
Further information on Junior Gold at www.juniorgold.co.uk

RISK WARNING:

Past performance is not necessarily a guide to the future. The value of investments and the income from them may go down as well as up. Investors may not get back their original investment. The fund invests in smaller companies and some of which are listed on the Alternative Investment Market which may carry a higher degree of risk. The shares of smaller companies may be less liquid and more volatile over shorter term periods. Changes in exchange rates between currencies may cause the value of investments to diminish or increase.

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