



JUNIOR GOLD

Investing in the mining giants of tomorrow

Update December 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

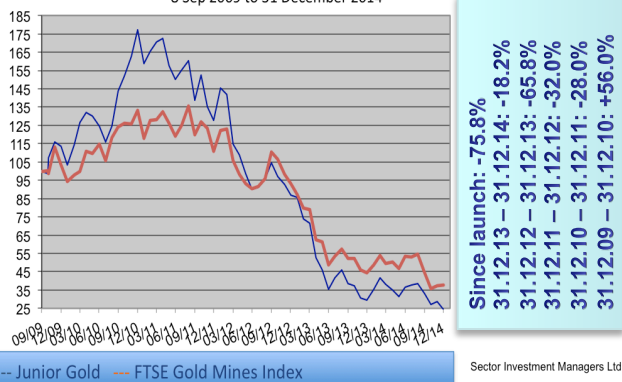
Fund NAV at 31.12.14: £6.4m, share price: 24.23p

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 31 December 2014



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.

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.

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.

Junior Gold update

14 January 2015

Dear Investor,

Gold benefits from uncertainty and problems re-surfacing in the Eurozone and the dramatic collapse in oil prices and those of other leading industrial commodities are indicating we are entering a turbulent year. Investors appear to be returning to gold as a safe-haven again and the metal now trades around \$1,230 per ounce, a key level for the profitability of many mining companies. As a result, share prices of gold miners are rising strongly and this time we believe it is not just the seasonal effect in the beginning of each year.

Some economists interpret the over 60% fall in oil prices in just six months as reflecting an adverse demand shock in the global economy. The fact that other leading industrial commodities, such as iron-ore and copper, have also fallen dramatically in recent months, may indicate that the demand shock originates from the industrialising Asia. Whatever it is that has caused such a shock, however, the result is that inflation expectations are falling and so does the propensity of central banks to raise interest rates. The ECB has indicated it is preparing for a full-scale quantitative easing and the Fed has relaxed its rhetoric on interest rate policy. This environment, coupled to the risks arising from unrest in the Middle-East and Ukraine, prompt investors to buy gold. The long beaten-up shares of gold miners are staging a revival, discounting better margins ahead.

Junior Gold experienced another poor year, along with its sector, falling by 18.2% in calendar 2014. Its benchmark, the FTSE Gold Mines Index, fell by 15.2% while an ounce of the metal fell by only 1.2% in US Dollar terms. The value of the American small capitalisation gold shares index (GDXJ:US) fell by a more significant 22.9% during the year. The poor performance of the shares compared to the commodity indicates the large financial impact imposed on high cost producers. It also reflects that many marginal development projects have been postponed or cancelled altogether. Investor sentiment is still against gold mining companies and it will take a significant and sustained rise in the gold price for this to change. In the meantime, the sector has consolidated, cut costs dramatically and focused on the more profitable operations that ensure survival. For the committed investors, who believe that gold's value as a safe haven will result in much higher prices, the safer approach is to focus on those companies with operational flexibility and a strong balance sheet. These are likely to outperform as the gold price rises whilst reducing the risk of going out of business should it remain at current levels. We believe that Junior Gold's portfolio is well positioned to benefit from a further sector rerating. We wish our investors a happy and golden New Year!

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.

This material is directed only at persons in the UK and is not an offer or invitation to buy or sell securities. Opinion expressed whether in general or both on the performance of individual securities and in a wider economic context represents the views of Sector Investment Managers Ltd at the time of preparation based on SIM's internal analysis which may have not been verified by independent sources. They are subject to change and should not be interpreted as investment advice. Before making an investment in the fund, it is important that you read the Key Investor Information Document. Prospectus and Key Information Document are available free by visiting the websites above. Sector Investment Managers Ltd and Marlborough Fund Managers Ltd are authorised and regulated by the Financial Conduct Authority.