



JUNIOR GOLD

Investing in the mining giants of tomorrow

Update January 2015

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

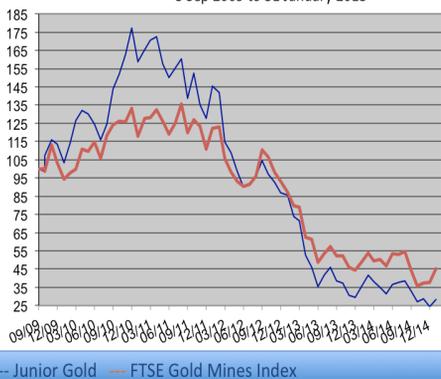
Fund NAV at 31.1.15: £7.6m, share price: 28.22p

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 January 2015



Since launch: -71.8%
 31.1.14 – 31.1.15: -20.6%
 31.1.13 – 31.1.14: -58.5%
 31.1.12 – 31.1.13: -41.1%
 31.1.11 – 31.1.12: -8.4%
 31.1.10 – 31.1.11: +53.3%

Sector Investment Managers Ltd

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

11 February 2015

Dear Investor,

Years of austerity, unsustainably high unemployment and economic hardship have caused a major revolt among the Greek people, who elected a radical left coalition government to lead their demands for refinancing the country's mountain of debt. Whilst everyone, including the leading Eurozone countries, realises that the debt is unlikely to be ever repaid, political agendas, opposing ideology and nationalistic pride could cause a major crisis. Greece may be a small member of the Eurozone and account for a tiny percentage of world GDP but its importance in terms of geopolitical power balance should not be underestimated. With a clear rift currently developing between Russia and the NATO alliance, economic and political instability in Europe could be a determining factor. Unrest in the Middle East and North Africa, meanwhile, continues to escalate.

With this background in mind, gold has been holding up well. It is up in terms of all leading currencies in the year to date and appears to have found strong support around \$1,200/oz. This is a very important level as most of the producing companies have now streamlined their operations to generate positive cash flows at lower prices. Gold has traded between \$1,130 and \$1,400/oz for about two years now and this has served to sanitise the sector and drive out of business weak players. Relative price stability has helped remaining players consolidate and most are now set to benefit substantially when prices start rising again.

Gold may be seen as an ancient relic by most investors in the Western economies but is still revered as an undeniable store of value in the East. In countries such as China and Russia, in particular, centuries of civil unrest, authoritarian governance and central planning have instilled lack of faith in central banks. Real assets and stores of value are most important in those cultures and even their central banks have in recent years been accumulating gold to diversify their large surplus reserves. This accumulation of gold by the East particularly during the last two years has taken up any surplus supply coming out of the West where global investors have been drawn in to equities and certain government bonds in search of yield. Any unexpected deterioration in the European political and economic situation or an escalation of military activities in Ukraine that draws greater support from NATO, could cause a flight to gold. Gold and sustainable gold-miners should form a solid part of any well-diversified portfolio under these circumstances.

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.