

JUNIOR GOLD

Investing in the mining giants of tomorrow

Update May 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

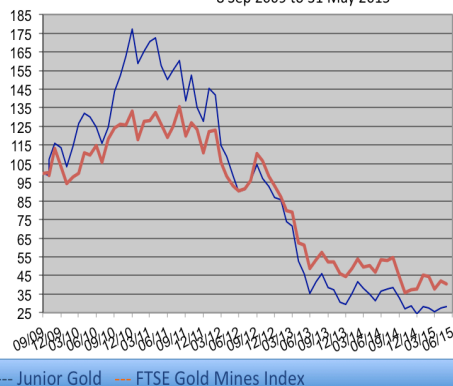
Fund NAV at 31.5.15: £7.4m, share price: 28.15p

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 May 2015



Since launch: -71.9%
31.5.14 - 31.5.15: -10.4%
31.5.13 - 31.5.14: -32.0%
31.5.12 - 31.5.13: -53.1%
31.5.11 - 31.5.12: -37.5%
31.5.10 - 31.5.11: +21.3%

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

4 June 2015

Dear Investor,

Sir John Templeton famously said that “Bull markets are born on pessimism, grow on scepticism, mature on optimism and die on euphoria.” We believe that we are at the euphoria stage in global markets that has given rise to major anomalies as debt levels rise and interest rates stagnate. Recent volatility in the bond markets may be indicative of the risks that lie ahead as investors are still chasing negative yields. It increasingly seems like investors are playing the “greater fool” game. Perhaps the greatest anomaly in the global markets is the persistence of negative real, or inflation adjusted rates in most advanced economies. This has stimulated a surge in public and private debt levels as access to near zero-cost money provides a large incentive to borrow.

The Bank for International Settlements has calculated that outstanding debt in the world’s twelve largest economies grew by 50% to over \$125 trillion in seven years between 2007 and 2014. McKinsey, the international management consultant, estimates that the debt of 47 countries grew by 3.5 times over the same period to just under 290% of their combined Gross Domestic Product. Evidently, it is in emerging markets where debt has ballooned since the financial crisis of 2008. In China, aggregate debt to GDP has risen four times during the last ten years. As economic growth in emerging markets slows, particularly in China, this huge leverage has started presenting problems.

The debt problems are becoming more acute in the Eurozone, with the debate over Greece’s fate intensifying. As the ECB has increased its Quantitative Easing operations over the last six months, it is becoming difficult to see what capacity might be available should a major debt crisis erupt. Most importantly, in traditional macro-economic theory, a lengthy period of low real interest rates implies low real investment returns. As investors realise this, gold is likely to shine again as a store of value and a safe-haven. Even a small re-allocation towards gold and gold equities by global investors, is likely to cause a large move in prices. In such conditions, the better capitalised, operationally effective gold mining companies are likely to outperform the metal as well as the general mining sector.

Please watch our latest interview on the gold mining sector by copying the following link to your browser:

<https://www.youtube.com/watch?v=OXxoOw-PAXQ>

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.