

JUNIOR GOLD

Investing in the mining giants of tomorrow

Update June 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

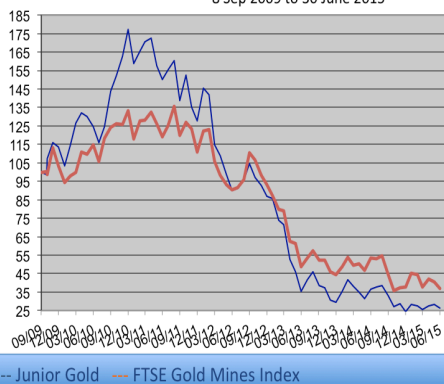
Fund NAV at 30.6.15: £6.9m, share price: 26.31p

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 June 2015



Since launch: -73.7%
30.6.14 – 30.6.15: -28.3%
30.6.13 – 30.6.14: +3.3%
30.6.12 – 30.6.13: -60.6%
30.6.11 – 30.6.12: -40.0%
30.6.10 – 30.6.11: +20.4%

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

7 July 2015

Dear Investor,

The Greek rejection of the Eurozone's bailout plan last Sunday should not have come as a surprise to anyone. It has long been known that the country is hardly able to generate a primary surplus let alone service and repay its debt which now amounts to over 200% of GDP. It is a sad situation for the place that gave so much to the world since antiquity, yet has been the victim of a deeply flawed Eurozone structure. An economy largely driven by tourism, agriculture and mostly light industrial activities should never have been linked under the same currency with the industrialised might of Germany and other European countries. By removing the ability to adjust the purchasing power of a local currency, the economy faced a huge head-wind. Add to the mix huge European-backed debt to finance largely unproductive infrastructure without any controls, a historically dysfunctional system of government feudalism and large unofficial economic flows and the result is now plain to see. Regardless of whether there is a deal with the Eurozone or not, the only long-term answer is for Greece to de-couple from the Euro.

The markets appear to have largely discounted the Greek result, regardless of some rise in volatility. What is surprising is the general apathy towards safe-havens, in particular gold which is down by 1% in the first half of the year. The Greek default should be seen as the tip of the iceberg in global debt. At currently expected economic growth rates it is clear that we have mortgaged the future of our children and grandchildren. The purchasing power of FIAT money continues to erode by stealth inflation in certain asset classes that only benefit the top 10-15% of the population. The rest continue to struggle and the most worrying evidence of their difficulties is the rise of rebellious unrest and, sadly, the allure of extremist movements such as jihad that promise "martyrdom" to the desperate.

Junior Gold's portfolio has generally outperformed in the six months to end of June, rising by 8.6% compared to its benchmark, the FTSE Gold Mines index that declined by -1.9%. It has also performed better than the American Junior Gold mining shares index (GDJ:US) that declined by a much more significant -5.0% during this period. We believe that our portfolio focus on producing companies with strong balance sheets and tight control of costs is better positioned to survive the weak gold price environment. These companies should also be best placed to benefit from improved profitability when gold prices rise again.

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.