

JUNIOR GOLD

Investing in the mining giants of tomorrow

Update July 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

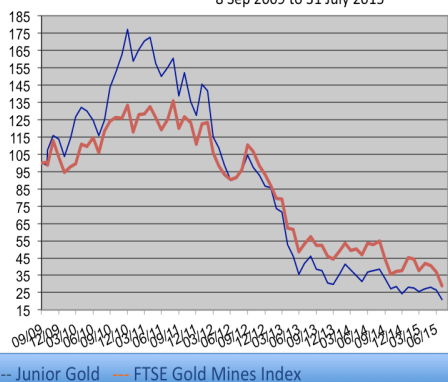
Fund NAV at 31.7.15: £5.5m, share price: 20.95p

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 July 2015



Since launch: -79.1%
31.7.14 - 31.7.15: -44.6%
31.7.13 - 31.7.14: -9.4%
31.7.12 - 31.7.13: -54.2%
31.7.11 - 31.7.12: -41.3%
31.7.10 - 31.7.11: +34.0%

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 12 August 2015

Dear Investor,

This week, the Peoples Bank of China devalued the Yuan, citing three reasons in justification: (i) the recent strength of the US Dollar against most major currencies, (ii) a reform of the Yuan exchange rate setting mechanism and (iii) its determination to pursue exchange rate reform with increasing market orientation. The move was widely seen by the market as an indication of further action by Chinese authorities to support a flagging economy, with exports contracting rapidly and the rate of fixed investment slowing. It is also evidence of the currency wars pursued by major world economies in their efforts to either or both bolster economic growth and reduce the nominal value of their debt. It is typically a self-defeating game as it triggers competitive devaluation by main trading partners as well as having unintended consequences, in particular exerting deflationary pressures. The actions of China are likely to be problematic for the US Federal Reserve. A weaker Yuan could mean further strength of the US Dollar. Chinese goods will be cheaper for US consumers, and deflation is what the Fed has been trying to fight since the financial crisis. It would make it more difficult to raise interest rates significantly and this should be good for gold.

The recent underperformance of gold compared to other financial assets may be explained by five important trends: (i) the explosion of exchange traded funds has enabled investors to express their views on the global economy in a greater variety of ways; (ii) liquidity injections by central banks have driven asset prices higher almost in a straight line, encouraging increasing allocations to real estate, equities and bonds; (iii) geopolitical concerns have been largely contained, offering a sense of security; (iv) slowing demand for commodities in general spilled over into precious metals, primarily due to historical correlations and institutional investment modelling; (v) supply of new gold has not declined sufficiently as mining companies have high-graded their mines and focused on reducing costs and debt.

The investors' sentiment on gold may be about to change. A realisation that all is not well in the global economy could bring about a de-rating of global equities. A meaningful correction can be easily overblown by the multitude of bearish ETFs and cause portfolio managers to re-assess their view on gold's insurance value. Reluctance by the Fed to raise interest rates in view of deflation would benefit gold as a non-yielding asset. New gold supply is likely to drop significantly as very few new projects make sense at current levels and developers will take longer to re-mobilise. Finally, competitive devaluation of leading currencies should ultimately increase investment demand for alternative safe haven assets such as gold.

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.

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