



JUNIOR GOLD

Investing in the mining giants of tomorrow

Update August 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

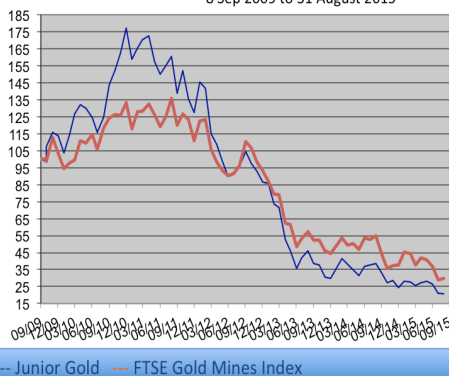
Fund NAV at 31.8.15: £5.3m, share price: 20.73p

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 August 2015



Since launch: -79.3%
 31.8.14 – 31.8.15: -46.2%
 31.8.13 – 31.8.14: -16.4%
 31.8.12 – 31.8.13: -51.9%
 31.8.11 – 31.8.12: -40.3%
 31.8.10 – 31.8.11: +28.7%

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 15 September 2015

Dear Investor,

August proved to be a cataclysmic month for the global markets. Chinese authorities reportedly pumped in excess of US \$230 billion to support the crashing domestic stock market. Global equity markets responded with corrective moves and heightened volatility as the “fear factor” rose. There was speculation that, in order to raise the required liquidity in its foreign reserves, the Chinese government may have liquidated some of its holdings in US treasuries as the bond yields, normally correlated with stock market moves as investors seek safety in bonds, rose implying selling pressure across bond maturities.

Investors have started to realise that, regardless of what the Fed does with its interest rate policy, there might be a new Chinese export – recession in growth. It is arguable that the official Chinese economic data may be overstated. Real growth in Asia may have fallen to 4 per cent according to some economists and this may translate into significantly lower growth for the global economy as a whole. The fear is that it might become worse and that the domestic equity markets are discounting the news with lower earnings expectations. The slump in industrial commodities, including iron ore, copper and oil are strong indications of a sharp slow down in activity of the industrialising parts of the world – China and other Emerging Markets. Given that recent high growth rates in those regions depended on inbound capital investment, the implications are alarming. The biggest worry is that the huge expansion of debt that accompanied excessive capital investments was based on over-optimistic assumptions. With economic growth slowing and demand shrinking, corporate and national balance sheets get strained. The recently obvious casualty is Brazil, whose debt was downgraded to junk by leading rating agencies.

What is the position of gold in the current economic situation? Its price has been weak through August, not responding to the rise in volatility and risk in stock markets. One explanation might be that, similar to the financial crisis of 2008, investors sell their valuable assets to raise liquidity and cover margin calls. Should the shocks of slowing growth, currency wars, and financial instability in emerging markets affect developed economies, stores of value such as gold should become very desirable. Goldcorp, one of the largest producers of gold in the world, has recently presented its analysis of peak production, with expected declines from next year. In a gold market where years of rationalisation, high grading and lack of exploration and development of mines has reduced global output, the rise in investment demand for the metal would coincide with limited supply.

Please watch our views 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.

