



JUNIOR GOLD

Investing in the mining giants of tomorrow

Update December 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

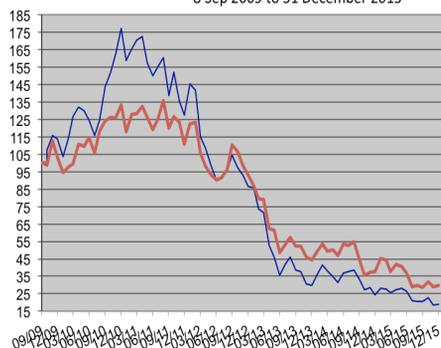
Fund NAV at 31.12.15: £4.9m, share price: 19.08p

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 December 2015



Since launch: -80.9%
 31.12.14 – 31.12.15: -21.3%
 31.12.13 – 31.12.14: -18.2%
 31.12.12 – 31.12.13: -65.8%
 31.12.11 – 31.12.12: -32.0%
 31.12.10 – 31.12.11: -28.0%

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

15 January 2016

Dear Investor,

First of all, we would like to wish you all a very happy and prosperous New Year.

The 2015 meltdown in commodities was the result of a world stuck with significant production surpluses met by slowing demand from China and other emerging markets. The Bloomberg Commodity Index, a measure of investor returns in raw materials, fell 25% in 2015, a fifth straight annual loss and the longest slide since the data began in 1991. Crude oil was the worst performer, dropping 45% in an over-supplied market. After years of supply expansion driven by the super-cycle in prices between 2000-2011, the legacy has to be painfully addressed. Gold fared relatively better, falling by 10.7% during the year.

The actions of the Federal Reserve are negative for commodities as, by raising interest rates, it bolsters the value of the US Dollar, widely used as the basis for commodities trading. As a consequence of the strong dollar and weak commodity prices, emerging markets have been hit hard, with rapidly devaluing currencies and a drop in income from commodities exports. An indicator of the slump in world trade is the Baltic Dry Index, the main measure of bulk shipping charter rates, that has fallen to an all-time low. It points to a drop in world trade and, potentially, a weakening global economy.

In the gold mining sector, we believe that much of the pain has been worked through and some companies are emerging stronger and more resilient, focused on sustainability and cost control. As gold starts to show a tendency to de-couple from the commodities spectrum, it might respond to a correction in the financial markets as investors seek safe-havens. Its price oscillated between year-to-date gains and losses more than ten times last year as investors tried to gauge the timing of the FED's rate rise. The pace of ETF withdrawals also slowed, potentially indicating a change in sentiment. In such an environment, the leaner, fitter mining companies will see a rapid margin expansion with consequent effect on a re-rating of their shares.

Perhaps 2016 will be the Gold year.

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

<https://www.youtube.com/watch?v=2J09DFGmK94&authuser=0>

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.