

# JUNIOR GOLD

Investing in the mining giants of tomorrow

Update January 2016

## 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**

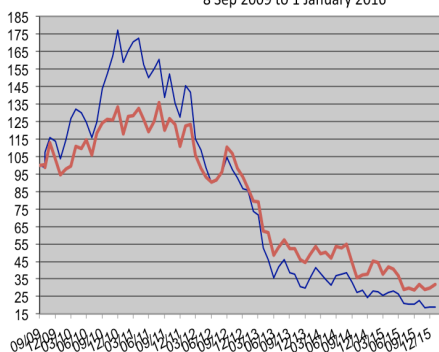
**Fund NAV at 31.1.16:** £4.9m, share price: 19.13p

## 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 1 January 2016



Since launch: -80.9%  
31.1.15 – 31.1.16: -20.6%  
31.1.14 – 31.1.15: -50.5%  
31.1.13 – 31.1.14: -41.1%  
31.1.12 – 31.1.13: -8.4%  
31.1.11 – 31.1.12: -8.4%

--- Junior Gold --- FTSE Gold Mines Index

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](http://www.juniorgold.co.uk) or  
[www.sectorinvestments.com](http://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](http://www.junioroils.com)). SIM's management and advisers have extensive experience of investing in gold mining companies.

## Junior Gold update 10 February 2016

Dear Investor,

January was one of the most volatile months for commodities and the global markets. The oil prices collapsed to lower levels than those seen in the aftermath of the Lehman Brothers failure and the global financial crisis. Worries about the health of Emerging Markets as a result of low commodity prices and high debt levels weighed on the main market indices. Nigeria asked for \$3.5bn of help from the World Bank, Venezuela appears to be on the brink of default on its external debt and Brazil is not much further behind. China continues to show elevated stress in its domestic credit markets amid continued slowing of its economic growth. It is not unreasonable to envisage global recession as China and other Emerging markets have been the engine of world growth for the past seven years.

Gold has been a notable outperformer. The price of bullion rose by 8% in January and ETF gold holdings rose substantially during the month. The moves indicate a change in sentiment among investors who, as they pull assets and liquidity from the equity markets are looking for safe haven investments such as gold. With physical gold stocks at historic low levels, the increase in demand by financial investors can push prices to much higher levels. Gold mining equities have started responding positively, with the larger, better known shares performing the best during January. The smaller, more operationally geared to the gold price, shares started moving in early February as gold rose towards the \$1,200/oz level.

Our Junior Gold fund appears to be well positioned to benefit from this rerating. Our largest holding, Endeavour Mining (EDV.TO) has been a notable outperformer and we have just sold our large position in Lake Shore Gold (LSG.TO) on the announcement of an all-share takeover by Tahoe Resources. We had held LSG for almost three years now and its management have delivered an excellent performance in what were very adverse markets. However, we believe that the merged entity might impose a drag on the performance of LSG's assets as Tahoe's existing mines face, in our view, several operational issues. Proceeds from the sale of this holding have been mostly deployed in Yamana Gold, IAM Gold and Kirkland Lake, all mid-tier producers that would benefit greatly from the rise in gold beyond current levels. 2016 might be the gold bull year after five years of bear.

Please watch our 4<sup>th</sup> February interview with IG on the prospects for gold by copying the following link to your browser:

<https://www.youtube.com/watch?v=hzk37sj62qQ>

Angelos Damaskos  
Chief Executive Officer

**For dealing/inquiries on Junior Gold call Marlborough Fund Managers:**

**0808 145 2501** or email [dealing@marlboroughfunds.com](mailto:dealing@marlboroughfunds.com)

Junior Gold qualifies for SIPPs and NISAs

Further information on Junior Gold at [www.juniorgold.co.uk](http://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.