

# JUNIOR GOLD

Investing in the mining giants of tomorrow

6

YEARS  
TRACK  
RECORD

Update February 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**

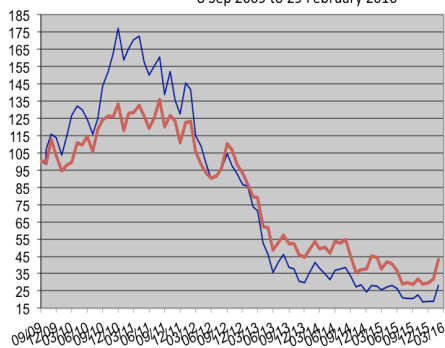
**Fund NAV at 29.2.16:** £8.2m, share price: 28.30p

## 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 29 February 2016



Since launch: -71.7%  
28.2.15 – 29.2.16: +2.6%  
28.2.14 – 28.2.15: -33.7%  
28.2.13 – 28.2.14: -43.6%  
29.2.12 – 28.2.13: -48.0%  
28.2.11 – 29.2.12: -14.4%

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](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

## 14 March 2016

Dear Investor,

Since the turn of the year there has been a sudden change in sentiment towards gold. We attribute this to increased volatility in global equity markets and a corrective mood, which encouraged investors to re-allocate part of their portfolios towards safe havens, including gold. The change can be clearly seen in the rise of gold ETF holdings that are backed by bullion which have risen to 55.9 Moz, up 8.8 Moz so far this year.

With limited supply of the yellow metal in the market, such strong interest has pushed the price to nearly \$1,300/oz and the trend looks very constructive. We continue to believe that the global equity markets are overvalued, boosted by the actions of the central banks and continued quantitative easing, hoping that this might stimulate a flagging economy. The reality, however, is

that the massive printing of money and negative interest rates during the past 7-8 years have only served to produce bubbles in certain parts of the global economy. Emerging markets are now suffering the effects as the majority of the population have not managed to increase their earning and lower their debts. We expect the rest of the year to be very turbulent as a result of commodities volatility and weak trade and economic growth, underpinning demand for gold.

Our Junior Gold fund was positioned to benefit from the rise in gold prices. Our portfolio has been concentrated primarily in the mid-tier gold producers with relatively higher all-in sustaining cost (AISC) that have focused on reducing costs, paying down debt and restoring their financial good-standing. As the gold price rises, those companies experience a much more rapid expansion in their profitability and cash flow generation, therefore, enjoying the largest re-rating in their share price. We have been adjusting the portfolio in selected cases, taking profits from those outperformers that reach target valuation and re-deploying capital to companies that have yet to feel the positive effect of higher revenues. We believe that this segment of the market will continue to out-perform given indications that gold is entering a new bull trend. Earlier stage projects are likely to remain erratic with very high risk of correction if gold stalls its recovery. We prefer, therefore, the relatively safety of better capitalised companies that have survived and prospered in the five year bear market.

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.

