

JUNIOR GOLD

Investing in the mining giants of tomorrow

6
YEARS
TRACK
RECORD

Update June 2016

Fund objective

To provide long-term capital growth from a globally diversified portfolio investing primarily in small to medium capitalisation companies specialising 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

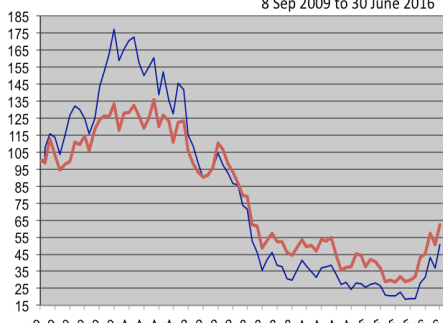
Fund NAV at 30.6.16: £18.3m, “C” price: 50.55p

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 30 June 2016



Since launch: -49.5%
30.6.15 – 30.6.16: +92.1%
30.6.14 – 30.6.15: -28.3%
30.6.13 – 30.6.14: +3.3%
30.6.12 – 30.6.13: -60.6%
30.6.11 – 30.6.12: -40.0%

Sector Investment Managers Ltd

Junior Gold FTSE Gold Mines Index

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

1 July 2016

Dear Investor,

June has been a very strong month for gold equities. After a small correction in the beginning of the month, the market watched with bated breath the conflicting reports of opinion polls and book-makers' odds for the UK Referendum. Ultimately, the Brexit result shocked the markets, causing the resignation of PM David Cameron and aspiring Tory candidate and Leave campaign leader Boris Johnson. Furthermore, the Labour party went into revolt against its leader Jeremy Corbyn who refuses to stand down. The Scottish, who voted overwhelmingly to "Stay", are now making new threats for a new independence referendum. The European Union leaders, on the other side of the channel, started aggressive rhetoric warning the UK that there will be no sweet deals in trade negotiations. This is the classic "Black Swan" event that was visible and possible for months but the politicians, the markets and the bookmakers dismissed as unlikely to result in "Leave". The day after the referendum, markets went into a tailspin and the pound devalued against all leading currencies to levels not seen since the 80's. The FTSE has subsequently recovered its poise primarily because its main constituents are multinational companies that are largely insulated from the Brexit effects and became cheap in GBP terms.

The Brexit vote is set to have profound long-term implications for the future of the Eurozone. Britain is set to suffer short-term due to the political void and uncertainty over its negotiations with the EU on terms of trade. Nevertheless, it could ultimately benefit by insulating itself from the political and economic mess of the Eurozone. Southern European states are clearly in trouble and it is not only Greece that needs help. Italy this week sought the support of the ECB for its troubled banking sector and the debt problems of Spain, Portugal and France are very clearly untenable unless economic growth shifts into higher gear. The uncertainty imposed by Brexit will not only impose a brake on growth of the regional economies, it could potentially encourage other marginal members to call their own referendum. Denmark and Holland have been complaining for some time and adept opposition politicians are capitalising on the situation.

Gold now shines more than ever as a safe haven and store of value. After brief pauses in April and early June, investors continued to accumulate ETF holdings as shown to the right (Source: Bloomberg) and silver holdings have started growing again. The trend indicates that we are in a new multi-year bull market. The severity of the economic and political turmoil in the Eurozone will only stimulate investors' appetite in increasing allocations to precious metals.



Junior Gold continues to be the best performing gold fund in the year to date as reported by the leading fund database Morningstar:

<http://www.morningstar.co.uk/uk/fundquickrank/default.aspx>

Our portfolio of smaller, well-capitalised companies with solid production and cash flow see their profitability expand rapidly as metal prices rise.

The top 10 positions of the fund as at 30 June show a repositioning of the portfolio as we have taken part-profits in outperforming stocks and re-invested in more prospective situations. One example is our increase in position in Doray Minerals, an Australian miner that appears undervalued in relation to its peers whilst it offers strong production growth on the back of significant enlargement of reserves.

JUNIOR GOLD FUND		
TOP 10 POSITIONS AS AT 30.6.16		
Company	Ticker	Fund weight
		%
1 Doray Minerals	DRM.ASX	5.6
2 First Majestic Silver	FR.TO	5.3
3 Premier Gold Mines	PMG.TO	4.7
4 Endeavour Silver	EDR.TO	4.7
5 Beadell Resources	BDR.ASX	4.5
6 Resolute Mining	RSG.ASX	4.4
7 Alexco Resources	AXR.TO	4.4
8 Hochschild Mining	HOC.LSE	4.1
9 Endeavour Mining	EDV.TO	4.1
10 Avino Mines	ASM.TO	3.8
Total		45.6

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.