

JUNIOR GOLD

Investing in the mining giants of tomorrow

6
YEARS
TRACK
RECORD

Update July 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

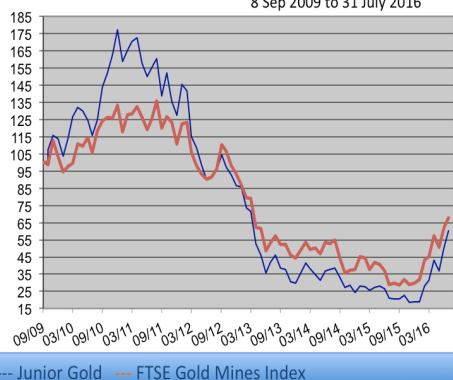
Fund NAV at 31.7.16: £22.5m, "C" price: 60.41p

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 July 2016



Since launch: -39.6%
31.7.15 – 31.7.16: +188.4%
31.7.14 – 31.7.15: -44.6%
31.7.13 – 31.7.14: -9.4%
31.7.12 – 31.7.13: -54.2%
31.7.11 – 31.7.12: -41.3%

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.

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.

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.

Junior Gold update 1 August 2016



Dear Investor,

Gold appears to continue on its new bull market cycle. In the middle of July, some profit taking appeared in ETF holdings, pausing the rapid build-up since the beginning of the year. Gold shares, particularly those that had re-rated the most in recent months, consolidated their gains as nervous investors booked profits. Nevertheless, in the last week of July, new data out of the United States revealed that the economy of the largest developed country grew at a significantly slower pace than expected, at an annualised pace of 1.2% in the second quarter when Wall Street economists had forecast a 2.5% according to the Financial Times (FT). This indicated that the Federal Reserve might not be willing to support raising interest rates this year. In addition to considerable uncertainty in the Eurozone on the impact of Brexit and its implications for slower growth, gold started to recover its poise towards the end of July. Gold shares promptly rallied, recovering to recent highs.



ETF holdings in Gold and Silver bullion (Source: Bloomberg)

Worries about global economic weakness and the Eurozone's stability have been reinforced by the most recent despicable terrorist attacks in France and Germany. Furthermore, European banking stress tests have revealed substantial weakness in the Italian banking system and the need for recapitalisation. Even major international banks, such as HSBC, have started revealing declining profits and balance sheet weakness. The global debt problems will clearly be difficult to control with weak economic growth. All this has contributed to investors withdrawing record amounts from mutual and hedge funds in the year to date as reported by the FT. As cash at bank currently yields negative returns, precious metals shine as an attractive store of value and safe haven against stock market corrections and unexpected events, such as the Brexit referendum result. Despite short-term volatility, gold and silver are likely to continue an up-trend for the foreseeable future.

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. Among the top 10 holdings, a notable outperformer was Resolute Mining, which today announced exceptional drilling results at their operations in Mali that confirm high-grade extension of mine life and prospective production growth. Beadell announced similar results from drilling at its Tucano mine in Brazil that point to substantial expansion of operations. We have added a significant holding in Kingsrose Mining that we believe is an attractive turn-around situation as the water control issue in its high-grade mine in Indonesia gets resolved. In the current bull-market environment, there are few high quality companies that attract investors' attention and should be expected to deliver further re-rating, particularly as the gold price reaches for higher levels.

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

JUNIOR GOLD FUND			
TOP 10 POSITIONS AS AT 31.7.16			
			%
Company	Ticker	Fund weight	
1 Doray Minerals	DRM.ASX	6.7	
2 First Majestic Silver	FR.TO	5.6	
3 Beadell Resources	BDR.ASX	5.2	
4 Newmarket Gold	NMI.TO	5.2	
5 Resolute Mining	RSG.ASX	5.0	
6 Premier Gold	PMG.TO	4.8	
7 Endeavour Silver	EDR.TO	4.7	
8 Alexco Resoyrces	AXR.TO	4.3	
9 Kingsrose Mining	KRM.ASX	4.1	
10 Teranga Gold	TGZ.TO	3.6	
	Total	49.2	

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.

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