

# JUNIOR GOLD

Investing in the mining giants of tomorrow

7  
YEARS  
TRACK  
RECORD

Update September 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**

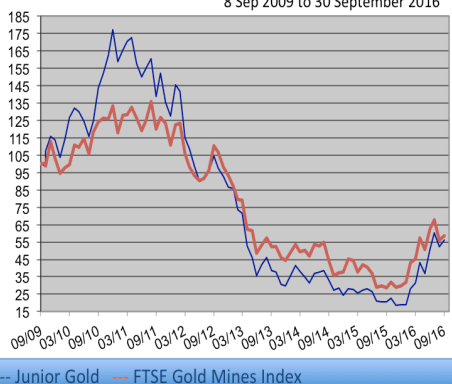
**Fund NAV at 30.9.16: £18.9m, “C” price: 56.02p**

## 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 September 2016



Since launch: -44.0%  
30.9.15 - 30.9.16: +171.8%  
30.9.14 - 30.9.15: -37.5%  
30.9.13 - 30.9.14: -14.2%  
30.9.12 - 30.9.13: -63.1%  
30.9.11 - 30.9.12: -24.8%

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](http://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](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.

# Junior Gold update 12 October 2016



Dear Investor,

The price of gold bullion consolidated its year to date gains in September falling to just over \$1,243 per ounce as nervous investors discounted a higher probability that the Fed might raise interest rates in the next couple of months. The fall below the psychologically important level of \$1,300/oz caused a general sell-off in gold and silver mining equities. Whilst the falls were probably magnified by the lack of liquidity in mining shares, it is interesting to note that bullion-backed ETFs continued to grow for gold and kept steady for silver indicating investors did not sell their bullion holdings. The gold/silver ratio rose to 71.75 from the 30-year average of 66 touched in July, once again highlighting the higher volatility of silver and related mining shares. We believe that the shares of mining companies are now oversold and may be due for a recovery, especially if gold rebounds towards the \$1,300/oz level.



Gold/Silver ratio at 69.4; ETF holdings in Gold and Silver bullion (Source: Bloomberg)

The Junior Gold fund performed well, under the circumstances, retaining most of the value built and continued 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>. We believe that our portfolio holdings benefit from growing production or near-term development assets that are attractive to investors seeking a medium-term positioning in the sector.

We see greater interest from generalist investors to increase their allocations to gold and related equities as also demonstrated by the ETFs' continuing growth. Our holding in Kingsrore Mining has outperformed and, therefore, rose in ranking. Cardinal Resources, was added as a holding earlier in the year by participating in the placing of shares with institutional investors to progress exploration drilling and the establishment of resources at its Namdini project in Ghana. The exceptional results have generated strong interest in the company propelling its share price to over five times our initial investment cost.

JUNIOR GOLD FUND		
TOP 10 POSITIONS AS AT 30.9.16		
Company	Ticker	Fund weight %
1 Kingsrore Mining	KRM.ASX	6.7
2 Endeavour Silver	EDR.TO	5.7
3 Beadell Resources	BDR.ASX	5.3
4 Argonaut Gold	AR.TO	5.2
5 Teranga Gold	TGZ.TO	5.0
6 Doray Minerals	DRM.ASX	4.8
7 Alexco Resources	AXR.TO	4.5
8 Cardinal Resources	CDV.ASX	4.3
9 Premier Gold	PG.TO	4.2
10 Primero Mining	P.TO	4.1
<b>Total</b>		<b>49.8</b>

Despite high volatility, we think that global economic worries, coupled with regional instability in the Eurozone and the Far East, are likely to continue to support gold and silver prices as investors seek safe havens. The presidential elections in America show growing discontent of the majority of people with the current state of affairs. The policies of leading central banks, led by the Fed and ECB, have clearly failed to stimulate economic growth in the aftermath of the financial crisis and continue to use the same primary tools of money printing and low interest rates to manage excessive debt loads. Those few close to capital sources have benefited enormously as a result of the excessive liquidity but most other people continue to struggle. In the absence of stronger economic growth, the stock and bond market valuations are unsustainable and corrections are inevitable. Precious metals should be, in our view, a key component in every investor's asset base as insurance against the inevitable turbulence.

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.