



# JUNIOR GOLD

Investing in the mining giants of tomorrow



Update November 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**

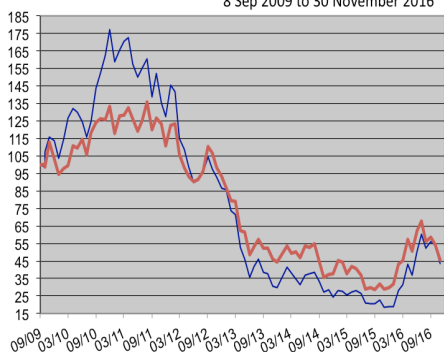
**Fund NAV at 30.11.16: £16.1m, “C” price: 43.53p**

## 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 November 2016



Since launch: -56.5%  
 30.11.15 – 30.11.16: +134.4%  
 30.11.14 – 30.11.15: -35.1%  
 30.11.13 – 30.11.14: -7.1%  
 30.11.12 – 30.11.13: -66.8%  
 30.11.11 – 30.11.12: -31.4%

--- 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.

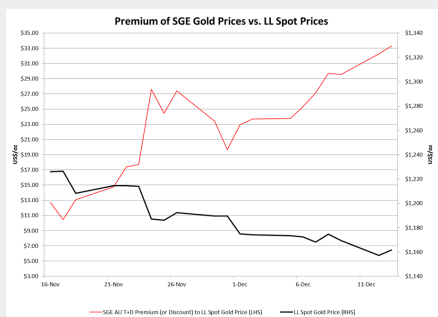
# Junior Gold update 14 December 2016



Dear Investor,

Recent action has proven the fickleness of today's markets. Prior to the US presidential elections, most brokers and market commentators predicted catastrophe if Trump won. They said equity markets would collapse and gold would soar as a safe haven. The opposite has happened. In a dazed honeymoon, markets became convinced that Trump, backed by a Republican majority control of US politics will solve the world's economic problems by lowering taxes and increasing government expenditure similar to president Reagan. The important difference, however, is that when Reagan took up office, US debt to GDP was at around 35% and interest rates at 20%. By increasing debt to 50% of GDP and lowering rates to 5%, US economy then took off and recorded some of its best ever growth rates for the following few years. Trump is inheriting a 100% debt to GDP ratio and near zero interest rates, leaving him very little room to finance his ambitious programmes unless he succeeds in running the US economy like his over-leveraged real-estate businesses. Markets have run too far, too fast and are on the precipice of a mighty correction once the speculators that powered this rally take their profits and turn short.

Gold has suffered under the circumstances. In a mad rush to follow the momentum, investors sold out of safe havens, pushing prices to oversold levels. It is interesting that the Shanghai premium of spot gold has recently risen to over \$33/ounce as the chart below indicates. Chinese buyers accumulate bullion taking advantage of low prices and the shortage of supply encourages paying a hefty premium. Silver appears to hold its place better than gold with the gold/silver ratio at 68x.



(Source: Bloomberg, Scotia Mocatta, Scotiabank GBM Precious Metals Research)

In today's markets, sentiment seems to change quicker than ever. Investors discounted the effect of Brexit within a couple of weeks, changed their mind about a Trump presidency within a day and ignored the negative result of the Italian constitutional referendum within a few hours. They seem to also ignore the risks to the Eurozone with Dutch, French and German elections due next year. We believe that caution should favour safe havens and every well-diversified portfolio should have exposure to gold and gold-related equities. The fickleness of markets is set to re-appear in the near term with potentially severe consequences to equity and bond markets, and gold will likely shine again as an effective hedge.

The Junior Gold fund continues to be the one of the best performing gold funds in the year to date as reported by the leading fund database Morningstar: <http://www.morningstar.co.uk/fundquickrank/default.aspx>. Despite the recent loss of value as gold mining shares were sold-off, it is positioned to perform well when sentiment changes. We would like to take the opportunity to wish our investors a Merry Christmas and a happy and prosperous "golden" New Year.

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.