

JUNIOR GOLD

Investing in the mining giants of tomorrow

7

YEARS
TRACK
RECORD

Update February 2017

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

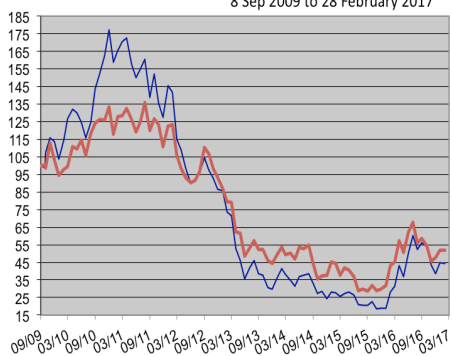
Fund NAV at 28.2.17: £15.9m, “C” price: 44.43p

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 28 February 2017



Since launch: -55.6%
29.2.16 – 28.2.17: +57.0%
28.2.15 – 29.2.16: -2.6%
28.2.14 – 28.2.15: -33.7%
28.2.13 – 28.2.14: -43.6%
28.2.12 – 28.2.13: -48.0%

--- 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.

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 15 March 2017

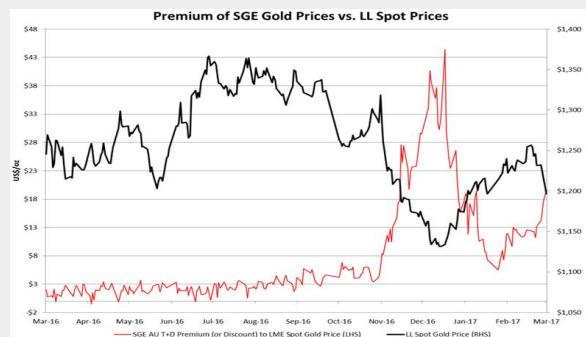


Dear Investor,

The gold market has been in a consolidation mode in the last five months. After the drastic sell-off subsequent to President Trump's win and the raise of interest rates by the US Federal Reserve, there was a modest rebound in January and February. March, nevertheless, has started with gold bullion dropping towards the psychologically important \$1,200/oz level, dragging gold equities with it. We believe that this action is typical in the early phase of a new bull market in gold that started early last year. The initial and highly volatile moves were supported by speculators and specialist investors, with generalists largely staying on the sidelines. It is likely that new investment flows will gather momentum once the current consolidation is cleared.

The macro-economic picture remains supportive for gold both as insurance for the unexpected as well as hedge against inflation. The political picture remains clouded with uncertainty. Forthcoming elections in the Eurozone can be potentially disruptive and cause further turmoil in the integrity of the European Union. The economy remains sluggish and the banking sector continues to be stressed and requiring massive capital injection to strengthen balance sheets. Weaker members, such as Greece, require continued financial support and are unable to repay their debts. Inflation rates have been reported rising as the impact of higher commodity prices feeds through to the production cycle. Increased protectionism both in the US and the Eurozone is likely to introduce higher labour and cost inflation. Gold is set to benefit from all these factors.

It is clear that financial flows are the most important driver of gold prices in the short term. In this regard, ETF investments into gold and silver bullion funds have been dropping from November last year to date, explaining the weakness in the respective commodity prices. Physical buying, nevertheless, continues at a strong pace, particularly from Chinese investors, as demonstrated by the premium commanded for bullion at the Shanghai Gold Exchange over London.



Source: Scotia Mocatta, Scotiabank GBM Precious Metals Research

Junior Gold has also been consolidating as smaller capitalisation shares tend to be more volatile than their larger peers. Its portfolio is concentrated in companies with profitable production, attractive growth prospects and a strong balance sheet to support their capital investment projects. Most companies have managed to reduce their operating costs during the last few years of bear market and have been cautiously looking at new projects as gold and silver prices started recovering. We believe that management teams have learnt important lessons and now only consider projects that are viable and profitable at lower prices. We continue to be optimistic for further recovery as the year and various events unfold. Exposure to gold and gold equities should be a significant component in any well-diversified portfolio notwithstanding that there are no guarantees in financial markets.

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.

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