

JUNIOR GOLD

Investing in the mining giants of tomorrow

7

YEARS
TRACK
RECORD

Update June 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

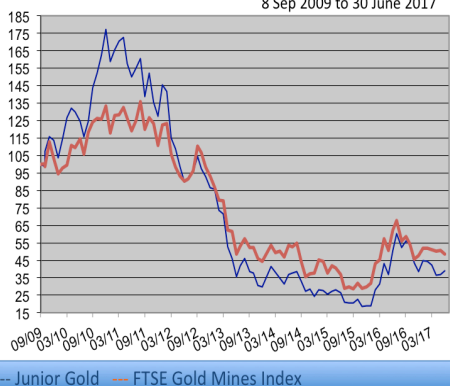
Fund NAV at 30.6.17: £13.4m, "C" price: 39.07p

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 2017



Since launch: -60.9%
30.6.16 – 30.6.17: -22.7%
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%

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

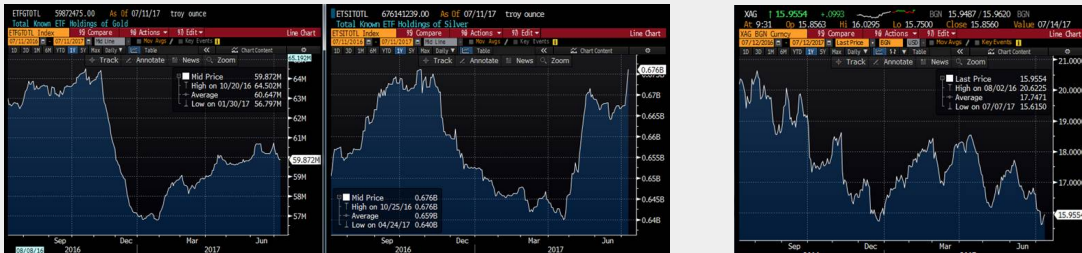
Risk Considerations: Past performance is not necessarily a guide to future performance. The value of your investment can go down as well as up. The fund invests in smaller companies which may carry a higher degree of risk than larger companies. The shares of smaller companies may be less liquid and more 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 14 July 2017



Dear Investor,

The US equity markets continued their advance to new all-time highs in June whilst the Fed supported its gradual interest rate rise policy and exit from Quantitative Easing programmes. In this context, gold retreated from recent highs but still retained the \$1,200/oz support level, a relatively good performance under the current market conditions where investors are still “risk-on”. Looking at the gold and silver ETFs, it is interesting to note that whilst gold holdings were stable over the last month, silver holdings built up to 676 million ounces, reaching the level held in October last year. The Silver Institute reported in May that global silver production declined in 2016 for the first time in 14 years. Meanwhile, silver’s use in photovoltaic cells reached a new high last year boosting physical demand in addition to store-of-value investors. In this context, the price weakness of silver bullion in recent months is counter-intuitive. The growth in bullion holdings is justified as geopolitical risks appear to have risen, with Iran firing missiles into Syria, Qatar facing joint political action from its neighbours and Russia continuing its arguments with the US, not to mention North Korea’s nuclear missile threat. Gold and silver are still perceived as an insurance against the unexpected while the short-term price action is dictated by momentum driven, sentiment gauging, algorithmic driven fund flows.



Gold and silver bullion-backed ETF holdings and silver price per ounce (Source: Bloomberg)

In the junior gold miners space, the rebalancing of the Van-Eck sponsored GDJX ETF, seems to have been completed. Some of the oversold shares have started re-rating but investors appear to stay on the side-lines during the seasonally weak for gold equities summer months. Junior Gold has been catching up with its larger-cap focused peers with notable success from some of its earlier-stage holdings such as Minaurum Gold and West African Resources, both of which have significantly outperformed, becoming top 10 positions. Whilst some of the other portfolio holdings have suffered in the recent general sell-off, special situations like Cardinal Resources, another one of our top holdings, which has just announced the award of a large scale mining licence of its high-grade Namdini project in Ghana, continued to attract interest. The gold mining equities market has clearly become more selective and focused on the most prospective operations after last year’s bull market frenzy. Junior Gold’s portfolio has been gradually re-positioned with greater weights in those situations that we believe offer the most attractive risk-reward ratio. The current blend between solid producing companies and earlier stage development projects could provide outperformance once the sentiment towards precious metals mining shares becomes positive again. We also expect there will be further corporate activity in the sector as some of the middle capitalisation companies look to add to their future production, taking advantage of the recently depressed valuations in smaller companies. The current gold shares weakness provides an opportunity to increase positions in anticipation of a continuation in the rise of precious metals prices.

Please watch the latest interview with IG on gold and related equities: <https://www.youtube.com/watch?v=wN4PForOI8>

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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