

# JUNIOR GOLD

Investing in the mining giants of tomorrow

7

YEARS  
TRACK  
RECORD

Update July 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**

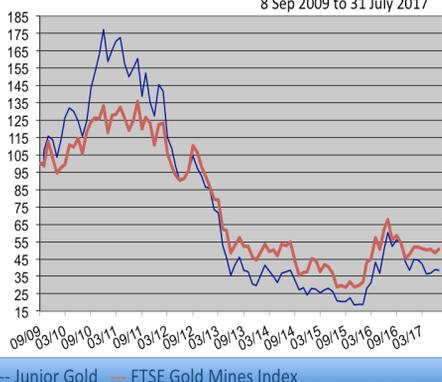
**Fund NAV at 31.7.17: £13.0m, “C” price: 38.51p**

## 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 2017



Since launch: -61.5%  
31.7.16 – 31.7.17: -36.3%  
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%

## 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.

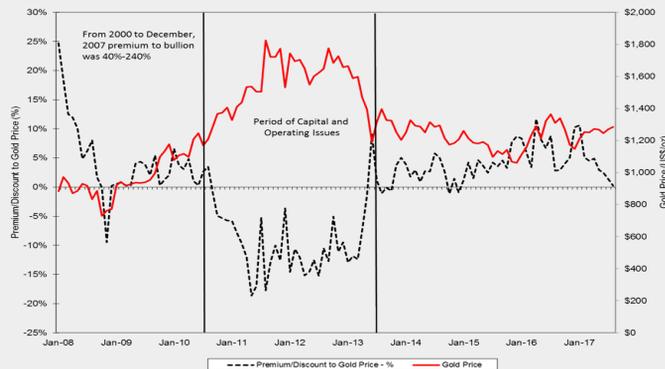
# Junior Gold update 15 August 2017



Dear Investor,

Geopolitical tensions between the USA and North Korea set the tone of markets early in August, putting a halt to the recent buoyant mood. The belligerent rhetoric from each side and the unpredictability of the tensions weighed not only on Asian markets but also pulled US and European equity indices lower. The risk-off mode highlighted gold's insurance value, with the precious metal pushing towards \$1,300/oz. Perceived safe-havens in currencies such as the Japanese Yen and the Swiss Franc also gained as well as 10 year sovereign bonds, lowering treasury yields.

Despite good performance from gold and silver in the year to date (gold is up 12% and silver up 7%), precious metals mining shares have been ignored by investors, underperforming the commodity that powers their economics. Scotia Bank calculates that a group of the largest capitalisation gold miners now trades at par with the implied gold price, a level not seen since the depths of the recent bear market in 2015. Historically gold mining equities trade at a premium to gold reflecting expectations for growth in prospective earnings. The current relative valuation weakness contradicts the large improvements in operating efficiencies achieved in recent years by most companies and the general strengthening of balance sheets resulting from capital raised during the strong market period in 2016.



Large-Cap Gold miners' valuation implied premium or discount (left-hand scale +/- %) to the gold price (Source: Scotiabank)

Junior gold miners have suffered much more than their senior peers as is usually the case during periods of investors' impasse. Several quality producing companies, such as Resolute Mining, now trade at less than half their peer-group average earnings multiples. There have been some exceptions in a few smaller earlier-stage companies, that have made notable progress with their projects, advancing in the current weak market climate. West African Resources has been demonstrating the significant potential value of its Sanbrado project in Burkina Faso, propelling its share price to new highs and to the top of our fund's holdings. Cardinal Resources has also outperformed with its new listing in Toronto attracting new, sophisticated shareholders in its register following good progress at Namdini in Ghana. Among our other top holdings, Premier Gold was a notable out-performer, reporting solid earnings from operations as a result of cost improvements as well as new exploration and development opportunities. Disappointing performance from the rest of the portfolio is attributed to the general negative sentiment towards smaller precious metals mining companies. We believe that this segment of the market is now attractively valued in relation to the commodities and poised for a re-rating towards the end of the year.

Please watch the latest interview with IG on gold and related equities: <https://www.youtube.com/watch?v=wN4PF0rO1l8>

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.

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