

JUNIOR GOLD

Investing in the mining giants of tomorrow

8
YEARS
TRACK
RECORD

Update August 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

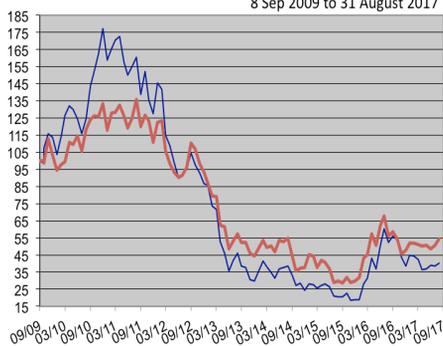
Fund NAV at 31.8.17: £13.8m, "C" price: 40.25p

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 August 2017



Since launch: -59.8%
31.8.16 – 31.8.17: -23.1%
31.8.15 – 31.8.16: +152.4%
31.8.14 – 31.8.15: -46.2%
31.8.13 – 31.8.14: -16.4%
31.8.12 – 31.8.13: -51.9%

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 September 2017



Dear Investor,

The latest guidance by the Bank of England took markets by surprise in signalling the first interest rate rise in a decade as inflation in the UK accelerated beyond the BoE target. The end of ultra-loose central bank policies appears to trail inflation, which is rising in all major economies, maintaining a real inflation thereby supporting gold prices. Gold has been resilient, trading above the \$1,300/oz level for a month now and the price of silver has picked up significantly in the last two months as safe havens became desirable in the face of geopolitical uncertainty with North Korea. Of course, nobody wishes an escalation of conflict in Asia but, coupled with all-time highs in the leading equity markets, it is sensible to introduce some insurance in every investment portfolio.



Gold:Silver ratio at 74.5x: the long-term average is approximately 66x (Source: Bloomberg)

Gold and silver mining shares have lagged bullion price development in the year to date. This is particularly evident in smaller capitalisation companies. We believe that investors have generally turned cautious this year towards high-beta, less-liquid equities, typified by natural resources shares. It is arguable that a general correction in global markets, for whatever reason, is likely to drag all shares lower. Nevertheless, if the experience of the catastrophic melt-down in 2008 is any guide, resource shares, especially gold and silver miners, were the quickest to turn around and were the best performers in the ensuing recovery. Given the recent strength in bullion prices, we are optimistic that precious metals mining shares, especially those with the best prospects, will outperform the market and the sector.

In Junior Gold's portfolio, silver miners such as Fortuna Ventures, Avino, First Majestic and American Silver were the outstanding performers last month. Premier Gold continued to re-rate and we introduced a new holding in Asanko where its management have been significant buyers of stock. Among the smaller holdings, Kerr Mines attracted attention with its mobilisation of a mining contractor and commencement of drilling at its Copperstone mine in Arizona, re-rating its shares. We believe that Junior Gold's portfolio is generally undervalued and offers good prospects for re-rating.

Please watch the latest interview with IG on gold and related equities: <https://www.youtube.com/watch?v=wN4PFOrOII8>

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.

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.