

JUNIOR GOLD

Investing in the mining giants of tomorrow

8
YEARS
TRACK
RECORD

Update November 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

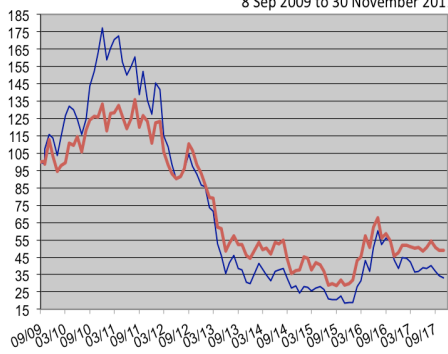
Fund NAV at 30.11.17: £11.3m, “C” price: 33.16p

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 2017



Since launch: -66.8%
30.11.16 - 30.11.17: -23.8%
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%

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 14 December 2017



Dear Investor,

As we draw into the close of business for 2017, we feel there are several reasons to be worried about the prospects for markets next year. According to Bloomberg data, the world equity index market capitalisation has reached the 100 trillion mark, up from 30 trillion in December 2008. Has the economy grown that much to justify this re-rating of listed equities you'd wonder. The answer is not by any stretch but world debt has almost tripled to reach a debt to GDP ratio of 324%. Markets appear remarkably relaxed though, as shown by the 60-day equities volatility that dropped below that for bonds for the first time in two decades this year. There is little, if any, risk premium factored into valuations, always a sign of complacency. The yield curve has been flattening steadily over the course of the year, with treasuries now implying inflation will stay below 2% for 30 years. Debt is still piling up with corporate sales already 10% up over last year; corporations are rushing into cheap debt. Central banks have all expanded their balance sheet after the crisis, with the Fed pondering withdrawal, but the ECB seems to keep adding.



Gold and silver bullion ETF holdings (Source: Bloomberg)

With these worrisome data points in mind, it is puzzling to see gold languishing this year. It is even more surprising that gold mining share prices have been even weaker, with most trading in negative territory. Some suggest that crypto-currencies, of which Bitcoin is the most successful, have substituted gold as alternative havens. But then, are crypto-currencies havens at all? Would any investor seeking to diversify a portfolio of registered holdings trust a hyper-volatile, unpredictable asset, ownership of which cannot be contested in any court of law? The value of crypto-money should not be confused with blockchain technology that can offer significant efficiency benefits to physical trading and commerce. We believe that global investors are still yield seeking, disregarding potential risks in the economy and the markets. Gold bullion holdings seem to be holding up well according to ETF data and those of silver bullion have started building again. We are waiting for the great rotation to take place, from overvalued tech stocks into the companies that mine and produce the most important safe-haven asset in history, gold.

Gold mining equities have been ignored by investors in the past twelve months given the yield expectations impasse. When the dead-lock breaks, we expect another sharp move as the miners enjoy large operating gearing to the bullion price. Large to middle capitalisation producers have been the favourites so far, maintaining their outperformance over smaller companies. As the next leg of the bull-cycle unfolds, small-caps should grab the title. Junior Gold's portfolio is positioned well in this segment with 42 promising, we believe, positions.

We would like to wish our investors a very happy Christmas and a healthy, prosperous "golden" New Year.

Please watch an interview with IG on gold and related equities: <https://www.youtube.com/watch?v=wN4PFforOI8>

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 SIPP's and NISA's

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.