

# JUNIOR GOLD

Investing in the mining giants of tomorrow

8  
YEARS  
TRACK  
RECORD

Update January 2018

## 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**

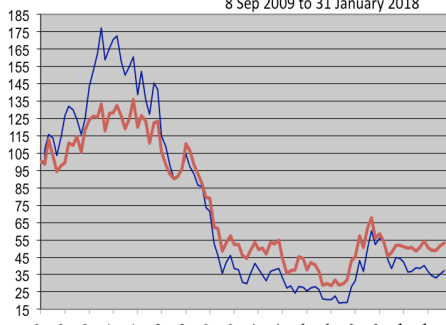
**Fund NAV at 31.1.18: £12.3m, “C” price: 37.13p**

## 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 January 2018



Since launch: -62.9%  
31.1.17 – 31.1.18: -16.8%  
31.1.16 – 31.1.17: +133.2%  
31.1.15 – 31.1.16: -32.2%  
31.1.14 – 31.1.15: -20.6%  
31.1.13 – 31.1.14: -58.5%

--- 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.

## 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.

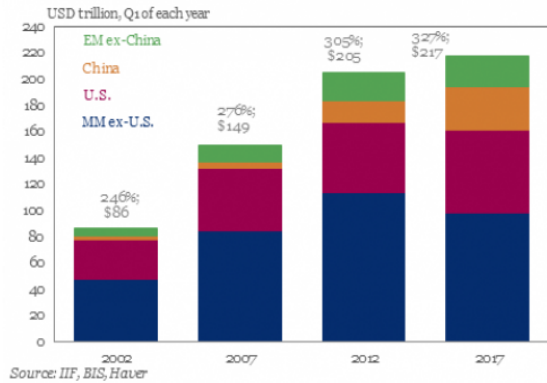
## Junior Gold update 7 February 2018



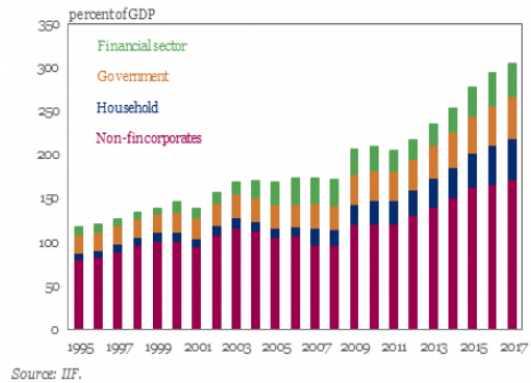
Dear Investor,

Equity markets entered a correction mode early in February, triggered by rapidly rising bond yields and the prospect of higher inflation that could push central banks to hike interest rates. Global debt, including sovereign, private and corporate, has risen to a record of over 325% of GDP. This is almost 50% more than the level before the financial crisis of 2008 and the increase is, for the most part, accounted for by Emerging Markets and China, that combined have increased their debt load by 300% since 2007. This debt binge has been stimulated by the Quantitative Easing programmes, near-zero interest rates and rising stock market valuations which have encouraged adding more debt on the balance sheets.

Total Global Debt (all sectors)



China: Total Debt-to-GDP



Since the end of last year we are seeing stronger, synchronised global economic growth and inflationary indications, even not accounting for the rise in energy and commodity prices that have yet to feed into the data. This has pushed debt yields higher and started what could be the first potentially significant bond bear market in 40 years. US Treasuries, accounting for some 32% of world public debt, look particularly vulnerable. The Trump administration has approved a cut of almost a third in corporate taxes in the hope of repatriating overseas cash hoards and stimulating investment and growth. In the short term, nevertheless, they will have to issue more debt to plug the gap in fiscal revenues and all these new bonds will come to the market at a time when the Fed is withdrawing from asset purchases and some of the world's largest bond investors, China and Saudi Arabia have expressed cautiousness towards their exposure to US Treasuries. This could exacerbate the selling pressure on bonds, pushing yields higher and causing equity valuations to be discounted more heavily. It is a particularly damaging backdrop against asset valuations.

Gold is set to be an attractive safe haven asset again and has proven its resilience in the last few dramatic trading days. If we look at the five-year price chart, in particular, we believe that gold could exceed \$1,450/oz once it breaks above \$1,370/oz. Smaller gold mining equities have underperformed the commodity in the past 12 months and should catch up soon. Of our top holdings, two of the best performers last year were Cardinal and Minaurum. **Cardinal Resources** has just announced a preliminary economic assessment of its Namdini project in Ghana showing robust economics at today's gold price with low all-in costs at \$736/oz. Its shares trade at half the valuation of the developers peer group so there is significant scope for further re-rating. **Minaurum Gold** is an earlier stage company founded by a team of proven geologists, led by Dr. Peter Megaw who discovered, among others, MAG Silver's Juancipio deposit and David Jones who found Los Filos. They have accumulated a very well located land package and drilling results so far indicate the potential to create the next MAG Silver.

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. 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.