

# JUNIOR GOLD

Investing in the mining giants of tomorrow

8  
YEARS  
TRACK  
RECORD

Update February 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**

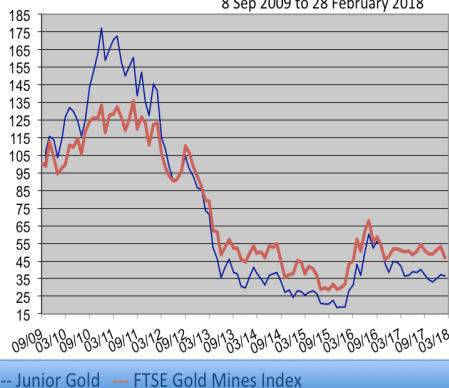
**Fund NAV at 28.2.18: £12.0m, “C” price: 36.49p**

## 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 28 February 2018



Since launch: -63.5%  
28.2.17 - 28.2.18: -17.9%  
29.2.16 - 28.2.17: +57.0%  
28.2.15 - 29.2.16: +2.6%  
28.2.14 - 28.2.15: -33.7%  
28.2.13 - 28.2.14: -43.6%

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 15 March 2018



Dear Investor,

Global equity and bond markets seem to be pondering whether the sell-off in early February was the start of a bear market or it should be shrugged-off as an aberration. Technology stocks, the most favourite sector and, arguably, the most over-valued in the markets over the last few years, have shown relative strength, pushing to new highs. If there is any indication of risk-aversion, it is the price of gold that has remained in an upwards trending pattern that could break-up towards \$1,500/oz. Surprisingly, gold mining shares continue to under-perform relative to the gold price that has improved their cash flows and earnings prospects. Such an obvious disconnect in relative valuations cannot persist for long, if history is any guide.



Source: Stockcharts.com

At the same time, the bond market continues to be under stress. Global high-yield instruments are falling in value and inflation indicators point to rises in interest rates. Given the over-leveraged state of the global economy, this can't be good news, particularly for fast growing regions like China and India. Then we have the prospect of trade-wars, instigated by the Trump administration, in its efforts to prove this is good for America. According to conventional economic theory, impediments to free trade can only be a dampener to global growth, hence a negative factor for the internationally-focused US companies that constitute a large part of the US stock-market. It is likely the the following months will be marked by rising volatility, with a possible break-down in valuation expectations. Safe havens, including gold, will then be sought-after.

The Junior Gold fund has performed well in the year to date, rising to the top of the Morningstar database (<http://www.morningstar.co.uk/uk/fundquickrank/default.aspx> select "Sector Equity Precious Metals"). The fund has enjoyed good results from holdings that had been unfairly over-sold in the recent negative markets for smaller gold miners. Notable strong performers include Intermin Resources, the Australian developer, our longer term holding in Resolute Mining and Teranga Gold. As the gold price charts a convincing uptrend, we expect investors will look at smaller gold and silver miners for fundamental value and operational gearing, supporting a further re-rating.

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.