

JUNIOR GOLD

Investing in the mining giants of tomorrow

8
YEARS
TRACK
RECORD

Update March 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

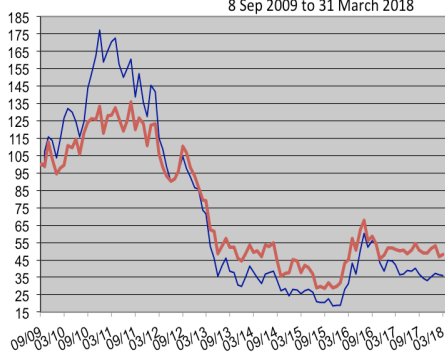
Fund NAV at 31.3.18: £11.8m, "C" price: 36.19p

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 March 2018



Since launch: -63.8%
31.3.17 - 31.3.18: -14.3%
31.3.16 - 31.3.17: +33.9%
31.3.15 - 31.3.16: +22.5%
31.3.14 - 31.3.15: -32.6%
31.3.13 - 31.3.14: -46.5%

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

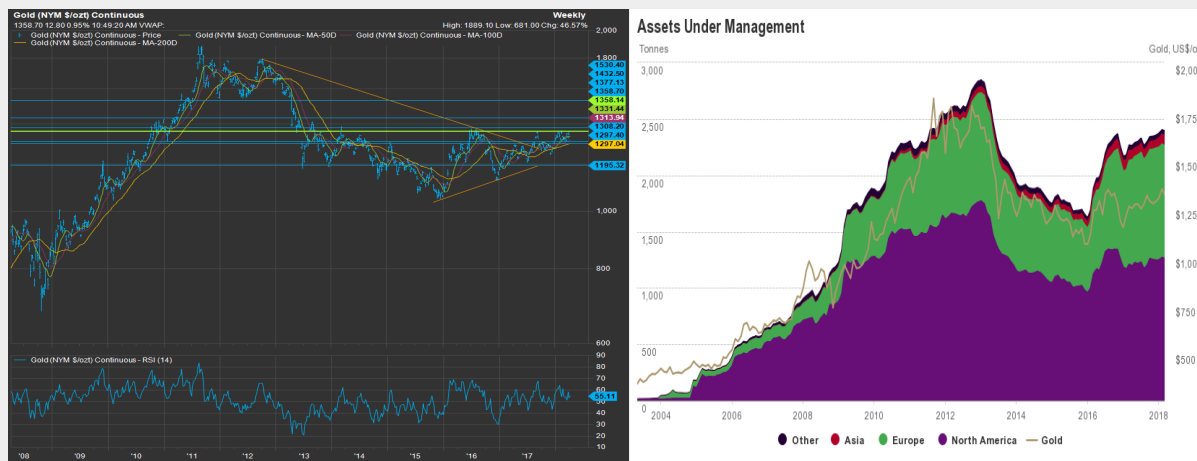
Risk Considerations: Past performance is not necessarily a guide to future performance. The value of your investment can go down as well as up. The fund invests in smaller companies which may carry a higher degree of risk than larger companies. The shares of smaller companies may be less liquid and more 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 12 April 2018



Dear Investor,

The trend in gold prices seem to re-affirm that the world has entered a risk-off mode. On 11 April gold briefly reached \$1,369/oz intraday, testing the medium-term resistance level. Geopolitical tensions appear to have been the trigger, with Western allies pondering military intervention in Syria, against the Russian-backed Assad regime after its recent use of chemical weapons. This could be testing President Putin's resolve following harder Western measures against his political and economic foundations. The Trump instigated trade wars took a fresh turn recently with sanctions imposed on Rusal (which supplies more than 10% of the world's aluminium) and its key shareholder Oleg Deripaska. The move could be an "easy win" on reducing imports to the US, as Canada and Mexico have been exempt from tariffs and Russia remains the second largest aluminium importer. Why just impose tariffs when you can ban imports entirely? The problem with "bullies of the playground" is often not knowing when to stop and risk is highest when blood is boiling with anger. Investors have gradually been shifting into safe havens, evidenced by the continued growth in Assets Under Management in tonnes of gold bullion-backed ETF holdings since recent lows in early 2016.



Sources: Left chart from Bloomberg, right chart from World Gold Council

Whilst geopolitics are current triggers in favour of safe havens, macro-economic indicators have provided major support for investing in precious metals for over a year. Inflation indicators show acceleration, the yield curve has inverted for the first time in over a decade, the US Dollar has been weakening and bond markets, particularly high-yield paper, are selling off. The Fed might have its hands tied in its ability to raise interest rates as US Treasury issuance in 2018 is expected to be double that of last year in order to finance the opening gap in fiscal deficit resulting from announced tax cuts. Cryptocurrencies, which have recently been talked about as a modern substitute for gold, are sinking as regulators wake up to their use to fund terrorism, criminal activities and tax evasion.

The Junior Gold fund continues to perform well in the year to date, at the top of the Morningstar database (<http://www.morningstar.co.uk/uk/fundquickrank/default.aspx> select "Sector Equity Precious Metals"). As the gold price confirms its 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**
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.