

# JUNIOR GOLD

Investing in the mining giants of tomorrow

8  
YEARS  
TRACK  
RECORD

Update May 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**

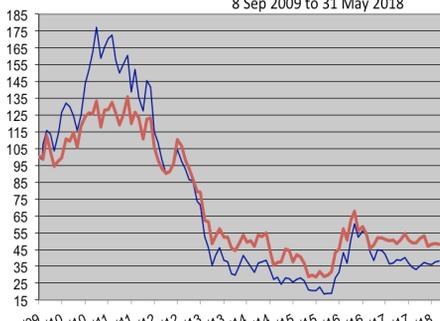
**Fund NAV at 31.5.18:** £12.6m, "C" price: 38.27p

## 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 May 2018



Since launch: -61.7%  
31.5.17 - 31.5.18: +4.2%  
31.5.16 - 31.5.17: -0.7%  
31.5.15 - 31.5.16: +31.3%  
31.5.14 - 31.5.15: -10.4%  
31.5.13 - 31.5.14: -32.0%

Sector Investment Managers Ltd

--- Junior Gold --- FTSE Gold Mines Index

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

## 14 June 2018



Dear Investor,

The US Fed raised interest rates by 25bp yesterday, as expected, but markets slipped and the dollar weakened, while gold rose on the news. Looking at the macro-economic indicators, the US monthly budget statement showed a widening deficit of \$146.8bn compared to the prior month's \$88.4bn shortfall. Even though employment statistics show a strong labour market, inflation indicators continue to move higher with PPI Final Demand (which includes energy) YoY at 3.1%, potentially pushing 10y Treasury bond yields above 3%. The moves confirm our beliefs in the unfolding trend of change in the global monetary order. As Central banks start to tighten monetary conditions, investors are turning to safe havens for capital preservation. The gradual withdrawal of liquidity is posing a big risk to many asset classes that trade at historically elevated valuations, especially as leverage gets unwound. The global debt to GDP ratio is over 320% and this is particularly dangerous in the faster growing economies in Emerging Markets.



Source: Bloomberg

ETF holdings backed by gold and silver bullion continue to grow, demonstrating the move to safe havens by fundamentals-driven investors. The price of the underlying commodities is likely to follow suit when global equity markets de-rate to more realistic valuation levels and the central banks are forced to abandon tightening liquidity to prevent another crisis. Real inflation will then be a further driver of gold and silver prices.

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"). Our top holding, Minaurum Gold, has been going from strength to strength as the recent drilling results confirm the potential size of its deposits. Cardinal, on the other hand has been consolidating as it announced it intends to continue its drilling campaign to further expand the resource and potential size of its Namdini project in Ghana. We think this is the correct strategy that will ultimately re-rate the valuation to levels of comparable deposits and will highlight it as one of the most important, development-ready projects in the market today. Among the rest of the portfolio, the silver producers have been outperforming, in particular our holdings in First Majestic, Endeavour Silver and Fortuna Ventures. We believe that Junior Gold is well positioned to continue to benefit from the general re-rating of gold and silver mining companies.

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.