

JUNIOR GOLD

Investing in the mining giants of tomorrow

8
YEARS
TRACK
RECORD

Update June 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

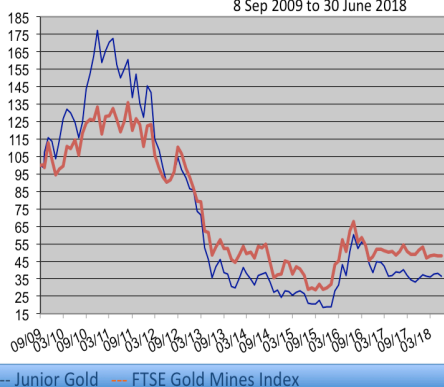
Fund NAV at 30.6.18: £12.0m, “C” price: 36.64p

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 June 2018



Since launch: -63.4%
31.5.17 – 31.5.18: -6.2%
31.5.16 – 31.5.17: -22.7%
31.5.15 – 31.5.16: +92.1%
31.5.14 – 31.5.15: -28.3%
31.5.13 – 31.5.14: +3.3%

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.

Management track record

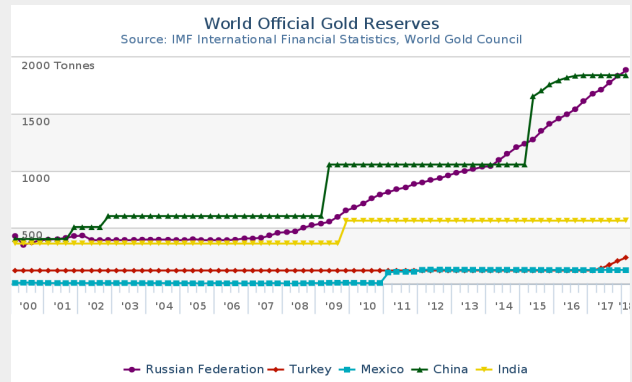
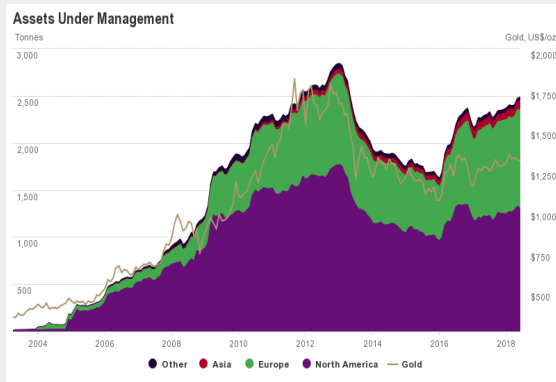
The fund is advised by Sector Investment Managers Limited (SIM), authorised and regulated by the Financial Conduct Authority. SIM also advises the Junior Oils Trust, a fund focusing its investments in junior oil and gas exploration and production companies (for information: www.junioroils.com). SIM's management and advisers have extensive experience of investing in gold mining companies.

Junior Gold update 12 July 2018



Dear Investor,

Gold bullion prices have been weak in June, settling around the \$1,250/ounce level, as global markets discounted the Trump trade war, fed tightening and recessionary concerns. We have long maintained that the next bull market in precious metals will likely coincide with a retreat in equity markets as investors turn to safe havens for wealth preservation. The recent collapse in crypto-currencies, most of which we expect will be completely wiped out as speculators realise they are effectively ponzi-schemes that will never offer acceptable exchanges of value, is a key indicator that market liquidity is getting tighter. Globally, central bank monetary policy seems to be growing hawkish as they tighten their supply of liquidity. This year the Fed will reduce their balance sheet by \$430 billion. The liquidity that we all got used to is ending and people are at risk of underestimating the effects of this tightening. Many markets are trading at or near all-time highs, which is a consequence of nine years of loose monetary policy. Tightening will have a major effect on markets particularly as consumer interest rates rise. Furthermore, de-dollarization continues with countries like Russia having sold a lot of US treasuries and continuing to accumulate gold. The Petro-Yuan is now a major factor that helps countries to circumvent the US Dollar.



Sources: Bloomberg, World Gold Council, IMF International Financial Statistics

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"). Among our portfolio holdings, notable strong performers have been K92 Mining that continued to grow its production and reserves at its Kainantu project in Papua New Guinea and Minaurum Gold, that demonstrates the substantial prospects of its silver discoveries in Mexico. Troy Resources, a smaller holding in our fund, has continued its recovery after reporting improved cost control and production growth at its Karouni mine in Guyana. Gold mining shares have held up well recently in a weak gold price environment and we believe that some investors are building equity positions in anticipation of a recovery in the commodity. In general, Australian producers have this year performed better than their Canadian counterparts as the weaker Aussie Dollar helped profit margins and the relative valuation gap between the two exchanges narrowed. 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**

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.