

# JUNIOR GOLD

Investing in the mining giants of tomorrow

8  
YEARS  
TRACK  
RECORD

Update July 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**

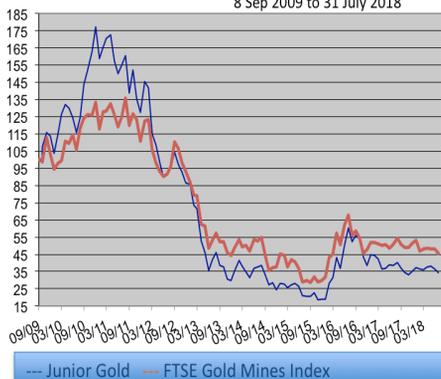
**Fund NAV at 31.7.18: £11.1m, "C" price: 34.51p**

## 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 July 2018



Since launch: +65.5%  
31.7.17 - 31.7.18: -10.4%  
31.7.16 - 31.7.17: -44.6%  
31.7.15 - 31.7.16: +188.4%  
31.7.14 - 31.7.15: -44.6%  
31.7.13 - 31.7.14: -9.4%

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

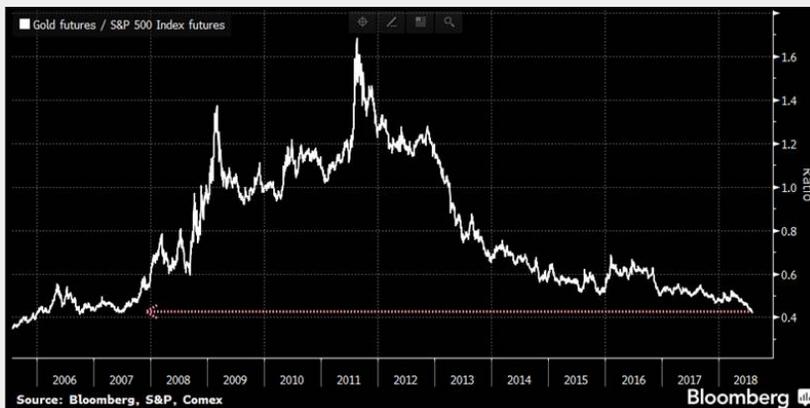
The fund is advised by Sector Investment Managers Limited (SIM), authorised and regulated by the Financial Conduct Authority. SIM also advises the Junior Oils Trust, a fund focusing its investments in junior oil and gas exploration and production companies (for information: [www.junioroils.com](http://www.junioroils.com)).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

## Junior Gold update 14 August 2018



Dear Investor,

Gold bullion prices slumped further towards the \$1,200/oz support in recent weeks, a level which has been tested twice since the low of \$1,132 touched in December 2016. Fears of trade wars caused the market sell-off in January but markets recovered poise even though the trade wars seemed to intensify, presumably as it is believed it will ultimately be all talk and little action. Sanctions on Iran's trade are gradually being implemented, Venezuela is suffering a severe economic decline and the Turkish economy has gone from bad to disastrous under the control of President Erdogan. The catastrophic devaluation of its currency is raising fears of large provisioning in some of the Eurozone largest banks holding Turkish loans, at a time when their capital base is weak. The result has been a rush to haven currencies such as the US Dollar, the Japanese Yen and the Swiss Franc. Historically, commodities tend to weaken when the US Dollar strengthens and this appears to be dragging down not only gold but other industrial commodities such as copper. It is worth noting that the gold price trades at a level last seen in 2007 in relation to the S&P 500 index. Some of the most followed technology stocks have shown weakness, whether caused by regulatory concerns in the case of Facebook or slowing growth in subscribers for Twitter and Instagram. Given the very optimistic valuation of most of the FAANGs and other technology companies, investors are bound to be disappointed at some point. Gold would then be the preferred safe haven so it is a matter of time before its value in relation to equities starts rising again.



Sources: Bloomberg, S&P, Comex

Gold mining equities, have held up better than gold in recent months. This indicates to us that whilst commodities and currency arbitrage traders have speculatively sold gold bullion, there has been a rise in interest and investment flows into gold mining companies. Silver bullion also seems to be holding its value better than gold as it benefits from rising industrial demand and its futures market does not offer attractive liquidity for short-term trading. Junior Gold's portfolio reflects the prevailing market conditions having lost some value in the year to date. However, positive developments among many of its portfolio companies provide comfort and sustainability during prolonged weakness in bullion prices. Improvements in cost control, growth in recoverable reserves and production as well as balance sheet strengthening are main features of the latest corporate updates. Market conditions seem, in our view, similar to those experienced in late 2016, just before the sharp rally that ensued during the following year.

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.