

# JUNIOR GOLD

Investing in the mining giants of tomorrow

9

YEARS  
TRACK  
RECORD

Update November 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**

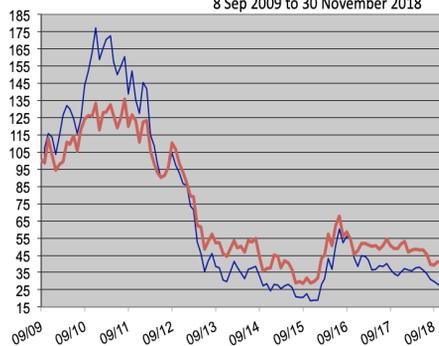
**Fund NAV at 30.11.18: £8.4m, "C" price: 26.78p**

## 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 November 2018



Since launch: -73.2%  
30.11.17 - 30.11.18: -19.2%  
30.11.16 - 30.11.17: -23.8%  
30.11.15 - 30.11.16: +134.4%  
30.11.14 - 30.11.15: -35.1%  
30.11.13 - 30.11.14: -7.1%

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](http://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](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.

## Junior Gold update 12 November 2018



Dear Investor,

Markets have been caught in a bearish mood over the past two months as global geopolitical uncertainty increased risk aversion, compounded by worries over slowing economic growth. The three “strongmen” Presidents Trump, Putin and Xi, are playing a game of chicken whilst the “strongman” of the Middle East, Crown prince MBS, keeps a low profile after the G20 meeting in Buenos Aires but OPEC+Russia cuts oil production by 1.2 million barrels per day. On the monetary front, the Fed Chair announces restraint in the interest rate policy indicating worries about the debt levels and the risks to economic stability. The US dollar appears overvalued in this regard and latest employment data were softer than expected adding fuel to the debate about the pace of interest rate increases. The VIX index has more than doubled since the beginning of the year and the 30-day volatility in the Bloomberg Commodity Index is at its highest in over two years.

Gold prices threatened to fall below the psychologically important \$1,200/oz level in November but have since recovered poise. The World Gold Council reported that holdings in ETFs and similar products rose in November by 21.2 tonnes, equivalent to US\$804m in inflows bringing the net annual inflows to positive. We believe that the shift to safe-haven assets has started and could develop quickly if market worries persist. Precious metals mining stocks have taken a beating in the past six months, especially the smaller capitalisation shares. The mid-cap and larger producers have fared better and might start thinking about using their higher-rated paper for activity that would extend mine-life and improve growth. There is obvious value in the smaller cap segment, especially in some projects that have clear visibility to production with attractive resource size and strategic regional potential.

It has been a frustrating year for smaller mining companies, typified by total apathy from generalist investors and lack of capital availability from specialists who invariably chose to run existing positions rather than add new holdings. The sentiment and market conditions appear, to us, eerily similar to late in 2015, just before the strong recovery rally of 2016. Junior Gold has enjoyed some success with its core holdings, in particular Minaurum Gold, which is delivering outstanding drilling results demonstrating district-size potential. Cardinal refined the economics of its Namdini project which should be

one of the most attractive projects to come to production in the medium term. Among the producers, Kingsrose has resolutely turned its operations to growth in production and profitability and Doray Minerals is delivering high grade growth. Of the silver mining holdings, First Majestic diversified its operations in Mexico to six producing mines, Endeavour Silver progressed its El Compas mine to commercial production and developed an updated Preliminary Feasibility Study on its Terronera silver-gold discovery that could drive growth in coming years. Finally, our holding in Beadell Resources which is subject to a takeover by Great Panther Silver should deliver value next year as we believe that all technical issues have now been resolved and the company needs firm management direction. We continue to believe that precious metal prices will start a new uptrend in the near future as the geopolitical, monetary and fiscal problems of the world economy cause further turbulence. Risk aversion and cautiousness by leading investors who have already turned to precious metals as safe-havens will likely engage greater following, further reinforcing a rising trend.

We would like to wish you all a Merry Christmas, happy holidays and an excellent, golden New Year!

Angelos Damaskos

Chief Investment 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.

