

JUNIOR GOLD

Investing in the mining giants of tomorrow

9

YEARS
TRACK
RECORD

Update December 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

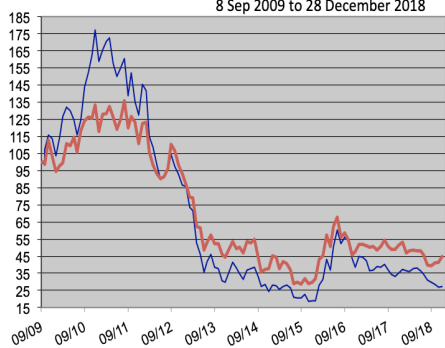
Fund NAV at 28.12.18: £8.6m, “C” price: 27.40p

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 28 December 2018



Since launch: -72.6%
28.12.17 – 28.12.18: -21.8%
28.12.16 – 28.12.17: -9.5%
28.12.15 – 28.12.16: +102.8%
28.12.14 – 28.12.15: -21.3%
28.12.13 – 28.12.14: -18.2%

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 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.

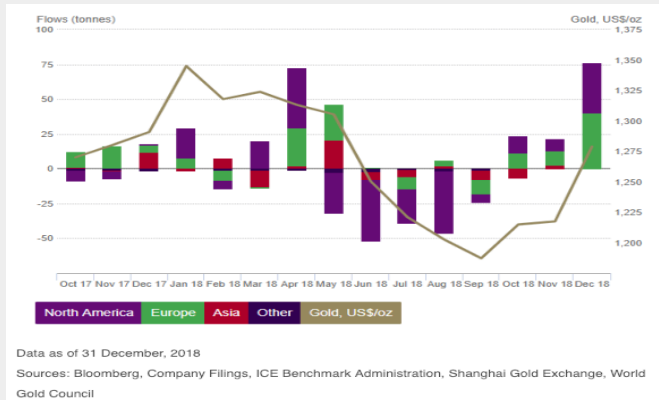
Junior Gold update 17 January 2019



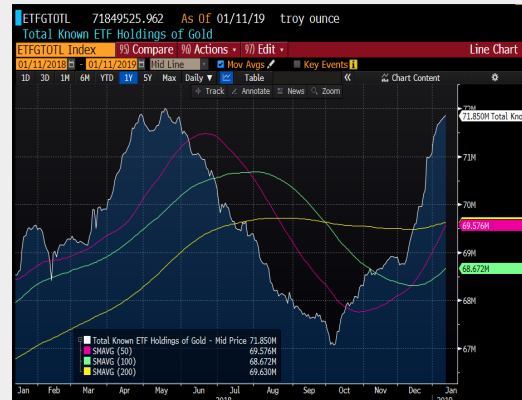
Dear Investor,

The New Year started with continued uncertainty in financial markets, a reported slowing Chinese economy and unpredictable geopolitics. The US government remains shut-down whilst the Federal Reserve is softening its outlook on interest rate rises and its monetary policy in response to a weaker economy. A clouded view at the impact of Brexit on the UK economy has deeply divided opinion in all parties threatening to unseat the Conservatives and the Eurozone has its own trouble with Italian fiscal worries and social instability in France.

Gold appears to be regaining its popularity as a safe haven under these circumstances and is now testing the \$1,300 per ounce level again. Data published by the world Gold Council this month showed that the Chinese central bank increased its gold bullion holdings in December, the first reported purchases since late 2016. Other central banks, notably those of Hungary and Poland also added to their holdings in recent months, underlining the change in sentiment in favour of the yellow metal. Total holdings of gold-backed ETFs, meanwhile, are building towards a new high and the first time since 2012 that their value topped \$100 billion.



Source: World Gold Council



Source: Bloomberg

Precious metals mining shares have been recovering in the last two months, led by the larger and middle capitalisation producers. The smaller cap universe finally started to catch up in late December and early January and the best performance was demonstrated by producers with solid growth prospects and tight cost control. Balance sheet quality also appears to be a favourable factor as sentiment improves but interest in exploration and development stage projects is still weak. This sentiment is also reflected by the management teams of smaller miners we meet that are, invariably, focused on capital discipline. With capital markets generally cautious, there are few opportunities to raise capital at acceptable rates so emphasis is on house-keeping and managing operations efficiently. A new mega-merger was announced this week by Newmont's friendly, all-stock acquisition of Goldcorp for \$10bn to create the world's largest gold mining company. Even though the main drivers of this merger are claimed to be a better diversified and balanced portfolio with cost-saving synergies of some \$100m pre-tax per annum, the move, alongside the merger of Barrick and Randgold which was concluded earlier this month, indicates that mining teams favour tighter, cost efficient operations to ambitious resource-adding growth. Clearly the bear-market in precious metals of the past eight years has beaten most managers to submission! We believe that this sentiment will in future play to the advantage of smaller mining companies controlling projects with significant resource growth potential. Confirmation that the gold price is again on a firm rising trend will encourage greater interest in acquiring growth thereby increasing the value of good projects and causing a re-rating of the few remaining listed shares that are relevant.

Angelos Damaskos
Chief Investment 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.