

JUNIOR GOLD

Investing in the mining giants of tomorrow

9

YEARS
TRACK
RECORD

Update January 2019

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

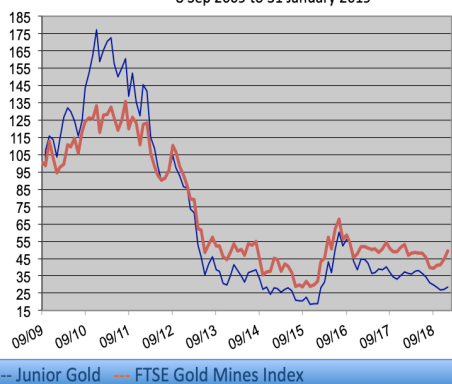
Fund NAV at 31.1.19: £10.0m, “C” price: 28.67p

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 January 2019



Since launch: -71.3%
31.1.18 - 31.1.19: -22.8%
31.1.17 - 31.1.18: -16.8%
31.1.16 - 31.1.17: +133.2%
31.1.15 - 31.1.16: -32.2%
31.1.14 - 31.1.15: -20.6%

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). 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 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.

Junior Gold Update 12 February 2019



Dear Investor,

Equity markets have, at the time of writing, staged a rebound from the over 20% correction in the fourth quarter last year but it is not clear that this is sustainable. Indicators show a slowing global economy and the Fed has announced a change in its interest rates policy that allows greater flexibility to reduce as well as raise rates in response to statistical data relating to unemployment, industrial production and markets. Statements made by the Fed chair in January caused the US Dollar to weaken and offered support to safe havens and treasuries.

In the case of gold, an interesting dynamic has emerged over the last four months with a clear break of its historically inverse correlation to the US Dollar. Despite a strengthening US Dollar during the last quarter of 2018, gold also rose in response to equity market turbulence and a risk-off sentiment. Early this year, as the dollar weakened following the change of narrative by the Fed and the prolonged US government shutdown, gold broke decisively above the psychologically important \$1,300 per ounce level. This change of investor's preferences in favour of gold is further demonstrated by the holdings of gold-backed ETFs rising to a new high and central bank buying at the highest in 50 years during 2018, according to the World Gold Council. Central banks net-incremental gold purchases took place, interestingly, at a time when Venezuela accelerated its national bank gold sales as it struggles to manage its huge external debt and ailing economy.



Source: Bloomberg

Gold mining shares have responded to the change in sentiment over the past five months, led by the large and middle capitalisation companies. Smaller cap shares have not performed as well compared to their larger peers during this transitional period as it is customary in the early stages of a rapidly changing market place. We believe that the accumulation of gold bullion by governmental, institutional and private investors is likely to be followed by increased allocations to senior producers with interest in smaller growth situations to follow. Assuming gold continues its rise beyond \$1,300/ounce, we expect focus to shift from low-cost production to reserves replenishment and growth, re-rating the shares of those companies controlling the most promising projects. Smaller capitalisation companies will then potentially outperform gold bullion and their larger peers.

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 SIPP 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.