

# JUNIOR GOLD

Investing in the mining giants of tomorrow

9

YEARS  
TRACK  
RECORD

Update February 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**

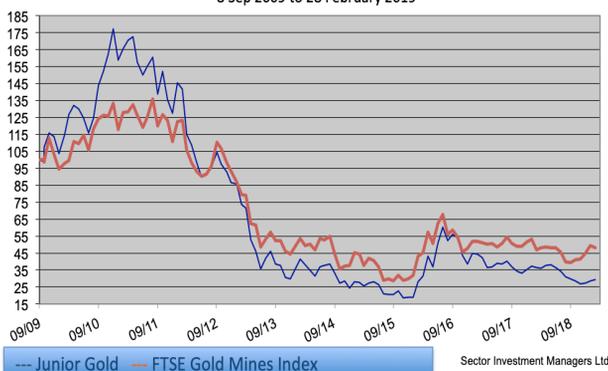
**Fund NAV at 28.2.19: £12.0m, "C" price: 29.39p**

## 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 February 2019



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.

## Discreet Performance

Since launch: -70.6%  
28.2.18 – 28.2.19: -19.5%  
28.2.17 – 28.2.18: -17.9%  
29.2.16 – 28.2.17: +57.0%  
28.2.15 – 29.2.16: +2.6%  
28.2.14 – 28.2.15: -33.7%

Data Source:  
Bloomberg

## 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)

## 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.

**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.

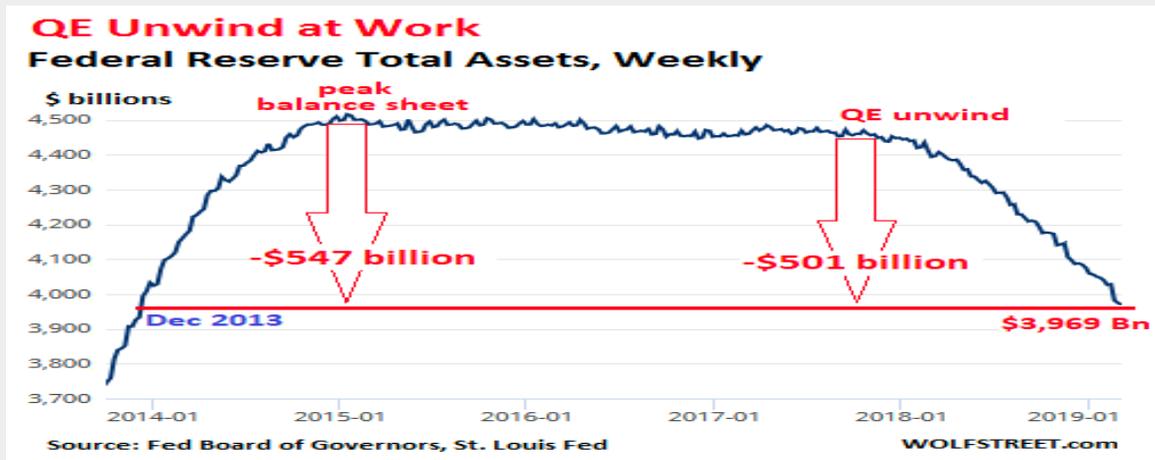
## Junior Gold Update 16 March 2019



Dear Investor,

Gold has enjoyed a strong run in the last six months, reaching \$1,347 per ounce in the middle of February. Financial market instability, slowing global economic growth and geopolitical uncertainty encouraged investors to increase their allocations to safe haven assets. Central banks have continued their gold purchases in February, in particular China which added 10 tonnes (~320,000 ounces) to its reserves that, according to the World Gold Council, now amount to 1,874 tonnes or 2.56% of its total foreign reserves. In the past six months China has been the second largest buyer of gold after Russia - which significantly increased the diversification of its reserves away from the US Dollar since the imposition of trade and other political sanctions against it by the US and other NATO allies.

Despite equity markets now recovering towards last year's highs, European political and economic instability, increased trade protectionism and a softening monetary policy stance by the European Central Bank and the Federal Reserve have supported the price of gold above the \$1,300/oz level. As the Fed was the first central bank to start withdrawing from Quantitative Easing, its balance sheet has shrunk to just below \$4 trillion and it is now wondering if the reduction was too quick. Its hesitation demonstrates that economic growth has not developed in line with its expectations. On the other side of the Atlantic, the ECB announced that, as the Euro-zone economy is now expected to expand by only 1.1% this year, it will introduce a new package of assistance to banks and pledged to maintain low interest rates in order to stimulate lending. ECB President Mario Draghi admitted that risks to the euro-area economic growth are tilted towards the downside.



Gold mining shares have performed well in recent months, led by the large and mid-cap producers. Development stage and single-asset companies have been left behind as investors are cautious about availability of capital for new or expanding projects. Explorers have attracted even less attention, with the exception of few situations that announced new discoveries. We believe this will change rapidly as the gold price resumes its up-trend. The better performing larger companies will be encouraged to use their premium rated paper for acquisitions soon. Smaller companies are also typically more operationally geared to the gold price so the impact to their profitability is profound. Junior Gold's portfolio is focused in a mix of smaller producing, development and exploration companies that are set to benefit from a further rise in the gold price. Among our exploration portfolio holdings, Roscan Gold announced a substantial discovery in its West-Mali Kandiole project, its shares rising four-fold as a result. Even though current market sentiment is biased towards capital discipline and operational efficiencies, a rising gold price will likely change the preferred positioning in favour of growth by acquisition of reserves. Smaller companies holding material assets will then be the natural candidates for a re-rating.

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 issued by Sector Investment Managers Ltd, 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.