

JUNIOR GOLD

Investing in the mining giants of tomorrow

9

YEARS
TRACK
RECORD

Update April May 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 ISAs and SIPPs

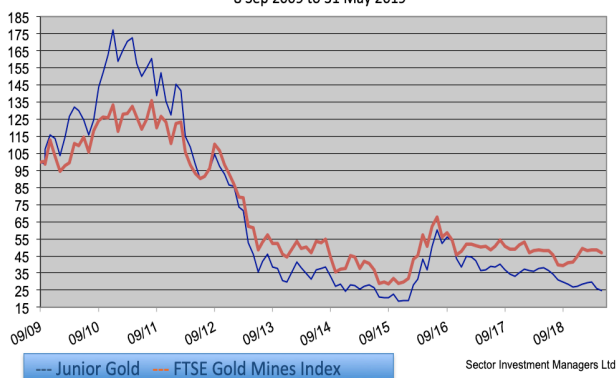
Fund NAV at 31.5.19: £10.5m, “C” price: 24.61p

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 May 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: -75.4%
31.5.18 – 31.5.19: -35.7%
31.5.17 – 31.5.18: +4.2%
31.5.16 – 31.5.17: -0.7%
31.5.15 – 31.5.16: +31.3%
31.5.14 – 31.5.15: -10.4%

Data Source:
Bloomberg

How to invest

Call Marlborough Fund Managers:

0808 145 2501

For further information and documentation visit:

www.juniorgold.co.uk or
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). 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.

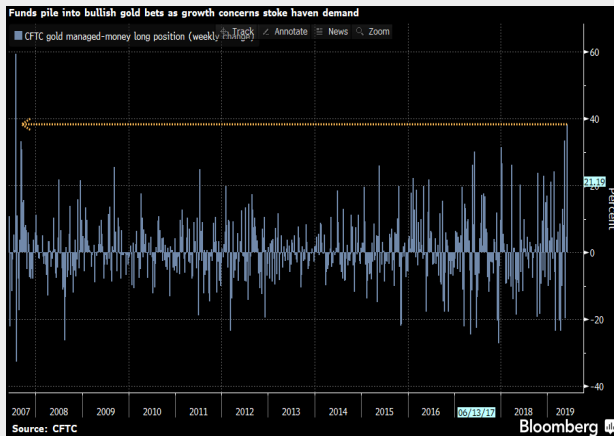
Junior Gold Update

14 June 2019

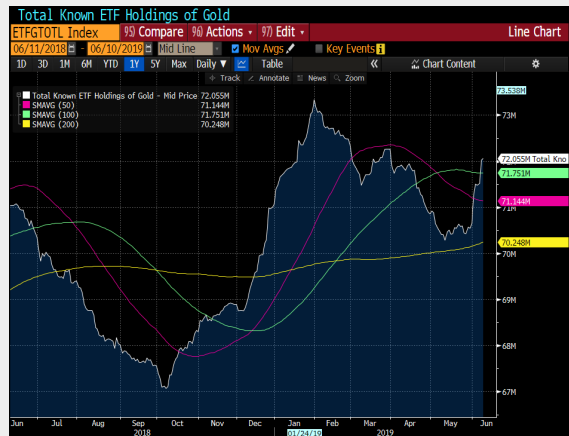


Dear Investor,

Markets experienced renewed volatility in May as uncertainty from the trade wars and fears of an economic slowdown encouraged cautious positioning among investors. A higher probability of a global economic recession and a slow-down in the Chinese economy in the short-term, promotes risk aversion and safe-havens. To reassure markets, the US Federal Reserve had to indicate that it is prepared to cut interest rates upon evidence of an economic slow-down, a statement that prompted an equities rally despite poor employment figures and indicators of rising inflation. Interestingly, CFTC data show that financial investors have started buying gold bullion again and gold-backed ETF holdings rose sharply in the first two weeks of June. Continued buying by Chinese and Russian central banks has likely reduced available bullion in the market.



Source: CFTC/ Bloomberg



Source: Bloomberg

Gold mining shares have been weak in April and May, with smaller capitalisation companies hit particularly hard. Apart from the gold price weakness during those months, investors have been distracted by recent sector consolidation. The mega-mining companies created by the mergers of Randgold/ Barrick and Newmont/ Goldcorp have stated strategies focused on cost-conscious house-keeping, capital discipline, asset disposals and organic growth instead of via acquisition. Their reserves and mine lives, in the meantime, are getting shorter as they produce more than they discover. The question in investors' minds is, however, if the large players are not interested in acquisitions who is going to buy the smaller growth companies? We believe that the current sentiment derives from the many years of bear-market and continued pressure by investors on management teams to reduce debt, optimise costs and return some cash to shareholders. In effect, the mega-mergers are a testament to the defensive stance of operators and their general unease about commodity prices in the short-term. This can all change very rapidly once gold runs to \$1,400 per ounce and above. We all have memories of the recent recovery rally in 2016 when sentiment became very bullish within the first two months of the year. Such a shift is likely to happen again, based on gold price development, and the majors would then find themselves in a situation where investors are again asking for growth in reserves and production. Share prices of the smaller companies with strong growth prospects based on proven resources and viable production plans would then get re-rated in anticipation of increased corporate activity.

Junior Gold's portfolio is currently composed of approximately 55% in producing companies, 27% in development stage projects that we think would be potential take-over targets and 18% in earlier exploration and development companies that we believe control potentially very sizeable deposits. In contrast to the inward looking larger mining companies, the fund is positioned well to gain from the major re-rating expected as a result of a rise in gold and silver bullion prices.

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 ISA

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 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.