

JUNIOR GOLD

Investing in the mining giants of tomorrow

9

YEARS
TRACK
RECORD

Update June 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

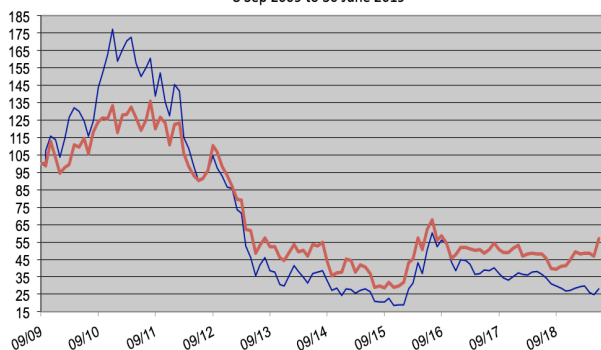
Fund NAV at 30.6.19: £12.3m, “C” price: 28.01p

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 June 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.

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.

Discreet Performance

Since launch: -72.0%
30.6.18 – 30.6.19: -23.6%
30.6.17 – 30.6.18: -6.2%
30.6.16 – 30.6.17: -22.7%
30.6.15 – 30.6.16: +92.1%
30.6.14 – 30.6.15: -28.3%

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

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 10 July 2019



Dear Investor,

Geopolitical tensions rose significantly in June, with open threats between the US and Iranian leaders and risks to navigation through the straits of Hormuz, the most important shipping channel for oil. In addition to geopolitics, the Federal Reserve announced that it is prepared to cut interest rates on concerns about stalling economic growth. Interestingly, the equity markets rose to fresh all-time highs early in July but gold broke convincingly above the six-year resistance level of around US\$1,360 per ounce. Its price quickly rose to just under \$1,435/oz and is now consolidating below that new resistance point. It is clear that, in addition to recent buying by the central banks of Russia, China, Turkey and Mexico, financial investors increased their allocation to safe-havens and bought into gold. Data from the Commodities Futures Trading Commission show a large increase in net-long positions in June. The break-out of the gold price certainly attracted a lot of interest but the underlying bullish sentiment is better demonstrated by the continuing positive correlation between the US Dollar and the gold price in a move away from the historically inverse relationship.



Source: CFTC/ Bloomberg



Source: Bloomberg

As expected, gold mining shares outperformed in response to gold bullion's decisive move. The large and middle capitalisation companies attracted most of the attention in recent weeks but we see increased interest and capital flow into smaller shares that can demonstrate outstanding growth prospects. It is also interesting to note that the price of silver bullion has underperformed gold over the past six to seven years, indicated by the gold/silver price ratio near all-time highs at 92 times. The 30-year average is 66 times and silver has the tendency to catch-up with an established gold price trend in a much more volatile fashion. Please watch the latest interview with IGTV for a fuller discussion of prevailing sentiment and potential outlook: <https://youtu.be/NlznG1UCSe4>

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 terms of metal exposure the approximate allocation is 80% gold and 20% silver. As greater capital is allocated in the sector, the relatively attractive valuations of hitherto ignored smaller companies should command a re-rating. It is also clear that those companies that control material proven reserves that can be progressed to production in the short-term are the most attractive take-over targets for the larger companies with higher priced shares. We expect corporate activity to intensify as management teams realise they need to improve mine life and growth prospects in a higher bullion price environment.

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 ISAs
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.