

JUNIOR GOLD

Investing in the mining giants of tomorrow

9

YEARS
TRACK
RECORD

Update July 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

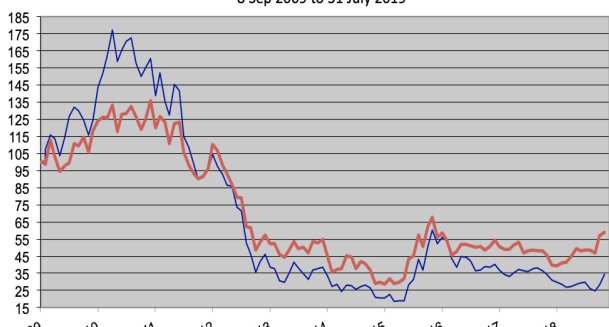
Fund NAV at 31.7.19: £15.6m, "C" price: 34.17p

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 July 2019



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.

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: -65.8%
31.7.18 – 31.7.19: -1.0%
31.7.17 – 31.7.18: -10.4%
31.7.16 – 31.7.17: -36.3%
31.7.15 – 31.7.16: +188.4%
31.7.14 – 31.7.15: -44.6%

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

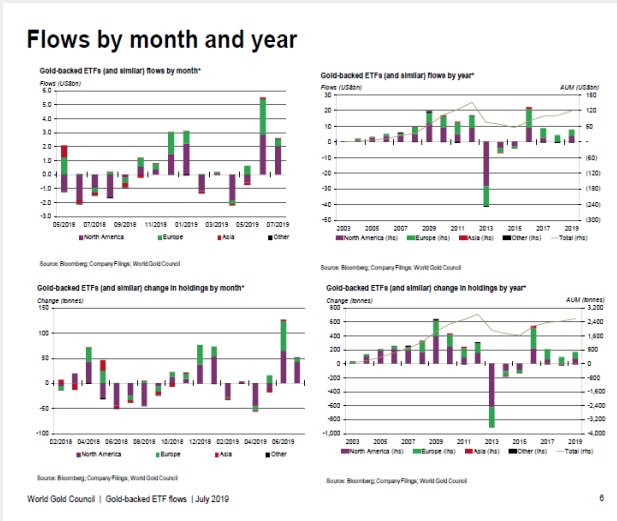
Risk Considerations: Past performance is not necessarily a guide to future performance. The value of your investment can go down as well as up. The fund invests in smaller companies which may carry a higher degree of risk than larger companies. The shares of smaller companies may be less liquid and more 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 15 August 2019



Dear Investor,

Geopolitics continue to dominate the headlines these days with unrest in Hong Kong becoming more violent and unsettling as the Chinese military seems to be manoeuvring at the border. This has taken attention away from the caustic Iranian threats to navigation at the straits of Hormuz but turbulence of equity markets has been high despite low trading volumes due to the summer recess. China appeared to retaliate to the US threats for further tariffs by allowing the Yuan to depreciate above the important 7/US\$ level. The US administration initially responded with accusations of currency manipulation but then agreed to delay the imposition of new tariffs until December. A slowing Chinese economy added to worries of an impending US recession and encouraged investors to reduce risk. The US Federal Reserve move to cut interest rates by 25bps should not have surprised but it was the rhetoric of the accompanying statement that wreak havoc to markets. Gold has gained strength as investors increased allocations to safe-havens and rose above the psychologically important \$1,500/oz level for the first time in over six years. According to data from the World Gold Council, the Russian and Chinese central banks continued to buy bullion in July and investment flows into bullion-backed ETFs accelerated to new highs. Gold continues its positive correlation to the US dollar, another bullish sign.



Source: World Gold Council



Source: Bloomberg

The smaller capitalisation gold and silver mining shares outperformed the sector materially during July and early August. We believe that this re-rating is only the beginning of a general catch-up with their larger peers. With liquidity in the sector improving, larger investors find it easier to place allocations and there has been a general flurry of capital raising by smaller companies with attractive projects. Most of these placings have been over-subscribed and increased in size, indicating the greater appetite by institutional investors for precious metals mining equities. As the prices of gold and silver confirm the rising trend, more generalist investors are likely to demand stock, supporting valuations to higher levels. The impact of the higher commodity prices on mining profits is so large that valuations, in our view, are still historically low. The Junior Gold fund is well positioned with a diversified portfolio of shares and warrants in smaller producing, development and advanced exploration companies that should continue to re-rate in the current bullish market conditions. Please watch the recent interview with IGTV for a fuller discussion of prevailing sentiment and potential outlook: <https://youtu.be/NlznG1UCSe4>

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.