

# JUNIOR GOLD

Investing in the mining giants of tomorrow

10  
YEARS  
TRACK  
RECORD

Update August 2019

## Fund objective

**To provide long-term capital growth, that is, increase the value of the fund's units, from a globally diversified portfolio investing primarily in small to medium capitalisation companies specialising in identifying, developing and extracting gold and other precious metals. Portfolio companies will operate in a variety of jurisdictions but those with material operational exposure to politically unstable regions will be avoided.**

## 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**

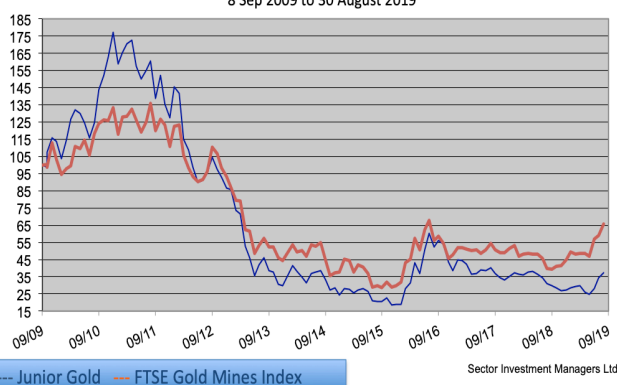
**Fund NAV at 30.8.19: £18.4m, "C" price: 37.15p**

## 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 August 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](http://www.junioroils.com)). SIM's management and advisers have extensive experience of investing in gold mining companies.

## Discrete Performance

Since launch: -62.9%  
30.8.18 – 30.8.19: +20.5%  
30.8.17 – 30.8.18: -23.4%  
30.8.16 – 30.8.17: -23.1%  
30.8.15 – 30.8.16: +152.4%  
30.8.14 – 30.8.15: -46.2%

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)

**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 September 2019



Dear Investor,

Gold reached a new six-year high of US\$1,553/ounce on September 4<sup>th</sup> and, at the time of writing this update, is consolidating around the \$1,500/oz level. The Chinese central bank has reportedly added 100 tons of gold to its reserves in the past nine months in response to the US trade war as well as in a general effort to reduce its exposure to US Dollar holdings. Many other investors have been increasing their allocations to gold bullion as a safe haven and a hedge for market volatility but also in anticipation of low interest rates and bond yields for the foreseeable future. Gold-backed ETFs are reaching for new highs, and the gold price maintains a positive correlation to the US Dollar. These are just a few indicators that leads us to believe that we have entered a new bull market for gold and gold equities that could last for a few years.



Source: Bloomberg



Source: Bloomberg

Silver, for its part, has also started to outperform gold with the gold/silver ratio dropping to around 80 times from the multi-year high of 92 reached in June. We believe that silver is poised to materially outperform gold due to its historical relationship as a safe haven asset and substantially narrower bullion market. Under the circumstances, the smaller capitalisation gold and silver mining shares outperformed the sector materially in the last three months. As the gold price currently consolidates around the psychologically important level of \$1,500/oz, we have seen some profit-taking. We view this as a normal development in the early stages of a new bull market cycle, as early traders seek to protect some of their substantial gains and new investors take the courage to buy into the dips of prices. We do not yet see many generalist investors getting into smaller mining shares but, as the momentum develops, trading volumes tend to increase and thereby attract greater interest. The most important effect of the recent sustained move in gold and silver prices is a transformational impact on mining companies' cash-flow generating capacity. As many investors wait to see confirmation of this effect in periodic financial reports by the miners, there is a lagged response in re-rating valuations. Some of those miners with higher operating cost structures benefit disproportionately in this environment as the percentage gains in their profitability are bigger. These are typically smaller, single asset companies, whose prospects rapidly improve. Junior Gold's portfolio is well positioned to benefit from current market conditions and improved fundamentals in its holdings. 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](mailto:dealing@marlboroughfunds.com)  
Junior Gold qualifies for SIPP and ISAs  
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.