

JUNIOR GOLD

Investing in the mining giants of tomorrow

10
YEARS
TRACK
RECORD

Update February 2020

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

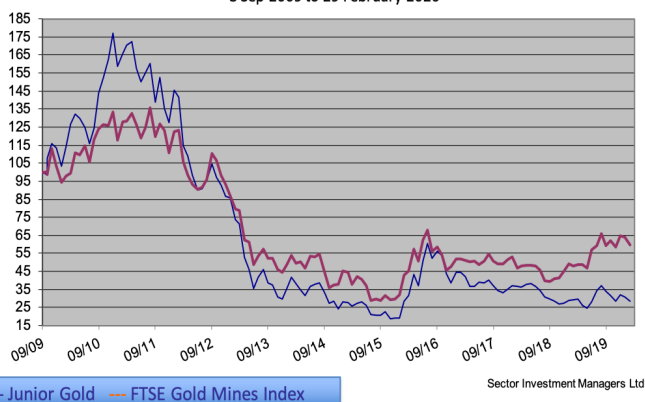
Fund NAV at 29.2.20: £12.5m, "C" price: 28.46p

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 29 February 2020



DISCRETE PERFORMANCE

Since launch: -71.5%
 28.2.19 – 29.2.20: -3.2%
 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%

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

TOP 10 HOLDINGS

COMPANY	% of NAV
1. Minaurum Gold	6.1
2. Alexco Resources	4.9
3. Americas Silver	4.7
4. Ascot Resources	4.5
5. Cardinal Resources	4.1
6. Integra Resources	4.0
7. Alio Gold	3.8
8. Alsanko Gold	3.8
9. Roscan Gold	3.5
10. Rubicon Gold	3.4

Total top 10 42.8

As at 29.2.20

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.

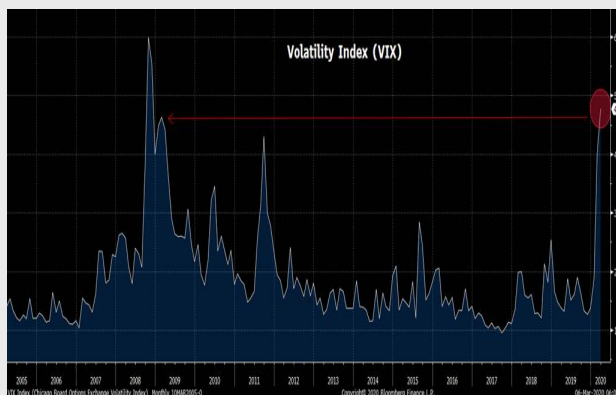
Junior Gold Update

12 March 2020



Dear Investor,

The global Covid-19 health crisis has reached pandemic proportions, as declared by the World Health Organisation. The full lock-down of Italy, suspension of flights to and from Europe by the United States and social distancing measures taken by other countries has disrupted trading and supply chains and will likely cause a global economic recession. Oil has been hit hardest of all commodities due to the resultant drop in demand for transportation fuels as well as the price war initiated by Saudi Arabia allegedly to “punish” Russia for its lack of cooperation in the Opec+ proposals to cut supply. These major events conspire to raise risk aversion and a sell-off in all asset classes, with the exception of certain safe-havens such as gold, which reached a price of over \$1,700/oz on 10th March. Even in the dramatic collapse of markets into bear-market territory, a flight to cash and liquidity has not put much pressure on gold which continues to trade around \$1,650/oz. Interestingly, gold trades at all-time high levels in most major currencies other than the US Dollar and gold-backed ETF holdings continue to climb through the crisis as investors seek protection from unprecedented circumstances.



Source: Bloomberg

U.S. equity indices have dropped into bear-market territory in the shortest time in history as programme trading follows momentum and leveraged positions need to be cut to meet margin calls. In such dramatic down-draught, all equities get dragged lower especially smaller capitalisation, less liquid shares. Gold mining equities also suffer in this environment but appear to outperform other sectors of the market. Investors can clearly see the value proposition due to the dramatic rise in gold prices and will likely act decisively at the first signs that markets have reached some support. Similar market conditions prevailed in October-November 2008, in the aftermath of the failure of Lehman Brothers. Whilst today's situation is entirely different as to the causes of the rout, the severity and alarm raised is of similar proportions and volatility (VIX). Back in 2008, gold mining equities were sold off even though gold retained its value better than any other asset class but shares started recovering by mid-December even though the market continued to slide further until mid-March 2009. Gold mining shares were one of the best performing asset classes for the following two years. History does not guarantee future outcomes but does offer important parallels and many investors do draw conclusions on this basis, thus encouraging similar outcomes. In our view, the crisis presents a multi-decade buying opportunity in value stocks including precious metals miners.

Junior Gold's portfolio had been performing well until the market rout started dragging all equities down. Some excellent development success was delivered by several portfolio holdings. Roscan Minerals, an exploration company focusing in Mali, made great progress in delineating its recent discovery that looks a lot like a major nearby deposit. Both Ascot Resources and Revival Gold have announced large increases in reserves and Cardinal continues to de-risk and advance its Namdini project towards production. Alexco Resources is on track to re-start production at its Keno Hill silver deposit and Americas Silver marches towards first production at Relief Canyon in Nevada. We remain optimistic in the fund's prospects over the coming months and years in a developing bull market for gold and silver.

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.