

# JUNIOR GOLD

Investing in the mining giants of tomorrow

10  
YEARS  
TRACK  
RECORD

Update April 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**

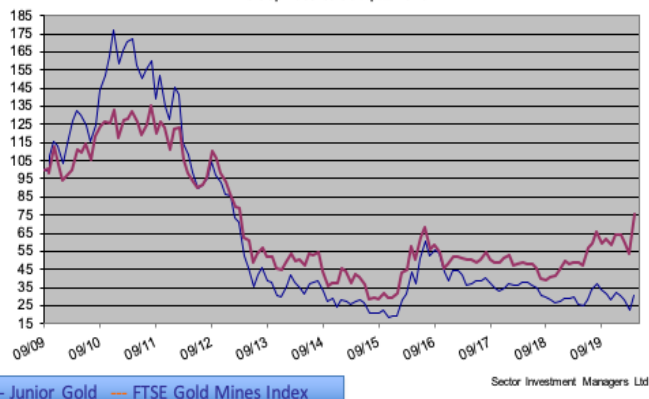
**Fund NAV at 30.4.20: £17.5m, "C" price: 30.95p**

## 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 April 2020



## DISCRETE PERFORMANCE

Since launch: -69.1%  
30.4.19 – 30.4.20: +19.1%  
30.4.18 – 30.4.19: -31.3%  
30.4.17 – 30.4.18: +3.6%  
30.4.16 – 30.4.17: -15.4%  
30.4.15 – 30.4.16: +57.4%

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)

## TOP 10 HOLDINGS

| COMPANY                   | % of NAV    |
|---------------------------|-------------|
| 1. Minaurum Gold          | 4.3         |
| 2. Roscan Gold            | 4.1         |
| 3. Alexco Resources       | 3.8         |
| 4. Ascot Resources        | 3.8         |
| 5. Galiano Gold           | 3.5         |
| 6. Cardinal Resources     | 3.4         |
| 7. Americas Gold & Silver | 3.0         |
| 8. Endeavour Silver       | 2.9         |
| 9. Fortuna Ventures       | 2.9         |
| 10. Integra Resources     | 2.9         |
| <b>Total top 10</b>       | <b>34.6</b> |

As at 30.4.20

**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

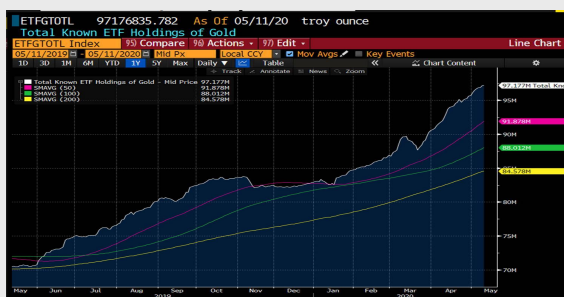
## 12 May 2020



Dear Investor,

As the world struggles to deal with the Covid 19 pandemic, governments have launched emergency funding programmes at our last count exceeding, in global aggregate, the equivalent of US\$12.5 trillion. Most of that funding is, essentially, life support to those furloughed or dismissed from their jobs and subsistence financing for businesses. In addition, central banks have lowered interest rates to near zero or negative to aid a collapsing economy and are buying bonds to support the market. The key question now is how deep and long will this recession become as countries attempt to exit from lockdown without the risk of new spikes in infection rates. There are major disparities in experience of spread and control of the disease between different countries with no obvious identifiable pattern. In such confusion, governments are naturally cautious, prolonging the return to normality. There has been some notable progress in the medical treatment of the infection as well as in the development of a vaccine but effective prescription and treatment to millions of affected people could be several months away. The magnitude of the disruption, government action and explosion of state debt will most likely resonate for the next decade. The economy will most certainly see reduced productive capacity that will make it even harder to keep all this debt current. General FIAT money debasement seems to be the obvious resulting effect.

In this lamentable situation that has caused great volatility in equity and bond markets, gold has been one of the few bright spots, delivering on its promise of safe-haven and store of value. According to the World Gold Council, central banks which have been the most active buyers of gold bullion in the last two years, slowed down their purchases in recent months, presumably in order to address the funding needs of the massive liquidity programmes called for by the effects of the pandemic. Financial investors have instead been the most active buyers of bullion, principally via Exchange Traded Funds whose assets are rising exponentially. Gold has also resumed its historical inverse correlation to the US Dollar after rising in positive lockstep over the past two years. As the Dollar and other leading currencies get debased, we expect gold to move higher.



Source: Bloomberg

Gold mining equities suffered in the liquidity-distressed market conditions in March as investors sold indiscriminately across all asset classes. April and early May, however, saw strong recovery in gold mining shares, particularly in the larger capitalisation companies. The gold mining sector is uniquely placed under the circumstances with rising revenues (higher gold prices) and declining expenses as a function of lower energy, labour and other input costs (deflationary forces). Traditional metrics like price/earnings ratios continue to be cheap relative to the market and this will also attract generalist value investors. We expect the market to evolve as investors increase their allocation to the sector and start moving down the capitalisation scale. We are now seeing greater interest in smaller companies and a rise in funding availability for growth projects. Corporate activity is also rising, with several deals being announced as the larger companies typically lack organic growth. As the gold price continues to rise, the focus shifts to growth in production.

Junior Gold's portfolio has started to catch up with the larger-cap focused peers and we believe that it has the potential to outperform in the current market conditions. Key holdings are delivering some excellent results and should see their shares continue to rerate. Despite the economic calamity around us, gold and gold shares offer an attractive shelter for the foreseeable future.

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 SIPPs and ISAs

Further information on Junior Gold at [www.juniorgold.co.uk](http://www.juniorgold.co.uk)

**RISK WARNING:** All data is provided by Sector Investment Managers Ltd unless otherwise stated. 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.