

# JUNIOR GOLD

Investing in the mining giants of tomorrow

10  
YEARS  
TRACK  
RECORD

Update May 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**

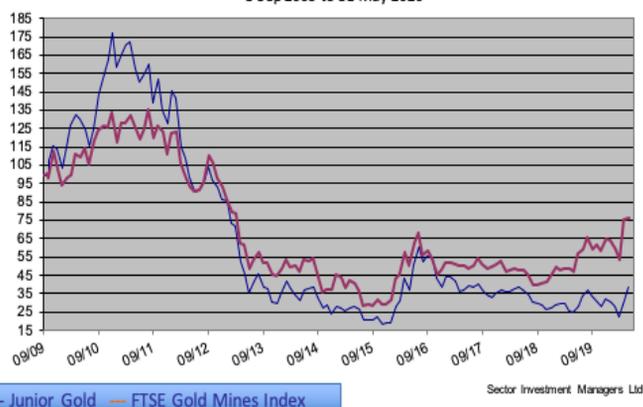
**Fund NAV at 31.5.20: £23.2m, "C" price: 38.89p**

## 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 May 2020



## DISCRETE PERFORMANCE

Since launch: -61.1%  
30.4.19 – 30.4.20: +58.0%  
30.4.18 – 30.4.19: -35.7%  
30.4.17 – 30.4.18: +4.2%  
30.4.16 – 30.4.17: -0.7%  
30.4.15 – 30.4.16: +31.3%

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.

## TOP 10 HOLDINGS

COMPANY	% of NAV
1. Roscan Gold	6.1
2. Geopacific Resources	3.7
3. Alexco Resources	3.7
4. Aurcana	3.6
5. Minaurum Gold	3.4
6. Ascot Resources	3.3
7. Rubicon Minerals	3.3
8. Pure Gold Mining	3.2
9. Fortuna Ventures	2.9
10. Resolute Mining	2.9
<b>Total top 10</b>	<b>36.1</b>

As at 31.5.20

# Junior Gold Update

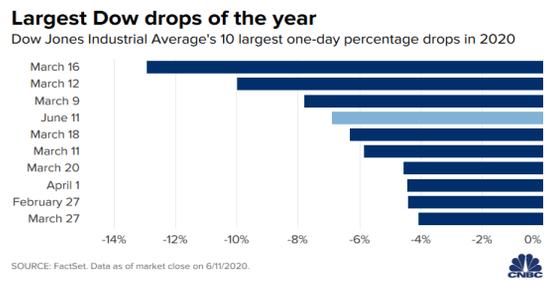
## 12 June 2020



Dear Investor,

Humanity is still battling with the terrible effects of the Covid 19 pandemic which is now spreading fast in Latin America and South-East Asia. Brazil, India, Bangladesh and Pakistan are the new epicentres of infection, nations that are not as well equipped to deal with testing, isolation and treatment of the sick. Despite reported progress being made in developing therapeutic medication and a vaccine, widespread distribution around the world appears several months away. Until that time, as most countries attempt to re-open their economies, new waves of infection will be a rising risk.

After the large correction amid wild volatility in global markets during March, equity indices recovered most of the value lost in a sharp recovery rally to early June. The vast stimulus programmes unleashed by governments and central banks around the world flooded the markets with liquidity that ultimately flowed into risk assets in a reflation trade. On the 10<sup>th</sup> of June the US Federal Reserve expressed concern about the pace of economic recovery and large unemployment and markets duly took note, the following day plunging the Dow Jones Industrial Average at the fourth largest rate this year. The so-called "Hope" industries – aviation, hospitality, energy – which had bounced the most from the March lows, took a beating.



Sources: CNBC, Bloomberg

After a brief pause due to the liquidity crunch in March, gold bullion holdings continued to build at a rapid rate as many investors realise the dangers to the global economy. It is now likely that the recovery will be slow and take longer than previously thought and assessed by equity markets. As corporate bankruptcies rise, productivity and growth suffer. The gigantic stimulus programmes – necessary for humanitarian purposes - are largely spent on life support schemes and all this additional debt will need to be serviced, weakening the purchasing power of FIAT currencies. The US Dollar, considered the prime reserve currency in the world, seems set to lose value as its interest rate advantage is eroded. Real inflation could pick up as companies attempt to recover the costs of lost production by raising prices. These circumstances provide a solid backdrop supporting the value of safe havens, primarily gold. Silver experienced some of the highest volatility in March but has since recovered poise as a safe-haven asset akin to gold.

Gold mining equities have been strong in the past year. As we expected, we now see a general re-allocation of capital from the larger, diversified producers to the smaller, often single asset companies that will provide the growth in production going forward. The exponential rise in gold bullion demand is met with scarce availability of metal in the market place. The central banks that have been buying in recent years are long-term holders and there are few sellers under the circumstances. Large institutions, like the Bank of America, now predict prices might exceed \$3,000 per ounce of gold in the near future. The portfolio of the Junior Gold fund has seen a significant re-rating since the March lows and we believe this is likely to continue as investors seek growth in reserves and production, aspects that the larger companies cannot deliver readily. Corporate activity is intensifying and likely to increase further still as larger companies are cashed-up but growth-starved. Buying a proven large gold reserve in the ground with sight-line to production is easier than drilling and studying a new project even if this means having to pay a large premium. Valuations are set to get rerated further as gold prices continue to rise.

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.