

# JUNIOR GOLD

Investing in the mining giants of tomorrow

10  
YEARS  
TRACK  
RECORD

Update June 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 30.6.20: £26.8m, "C" price: 43.72p**

## 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 June 2020



## DISCRETE PERFORMANCE

Since launch: -56.3%  
 30.6.19 – 30.6.20: +56.1%  
 30.6.18 – 30.6.19: -23.6%  
 30.6.17 – 30.6.18: -6.2%  
 30.6.16 – 30.6.17: -22.7%  
 30.6.15 – 30.6.16: +92.1%

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. Roscan Gold	5.1
2. Cardinal Resources	3.9
3. Aurcana	3.3
4. Integra Resources	3.2
5. Minaurum Gold	3.1
6. Alexco Resources	3.1
7. Endeavour Silver	3.0
8. Great Panther Silver	2.9
9. Golden Minerals	2.5
10. Silver One Resources	2.4
<b>Total top 10</b>	<b>32.5</b>

As at 30.6.20

**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

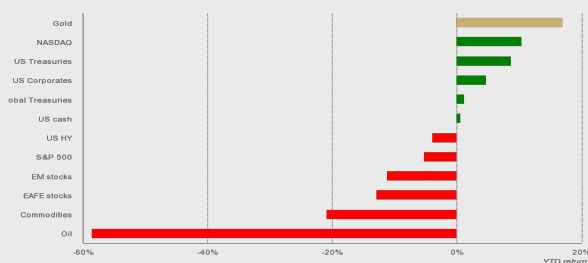
## 15 July 2020



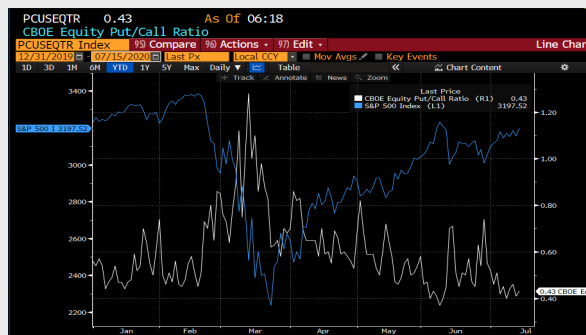
Dear Investor,

It seems the spread of the Covid-19 pandemic continues to dominate our lives at present. America has become the new epicentre with several southern states rolling back their plans to re-open their economies. On the other side of the Atlantic, the UK and Europe warn of a serious risk of another spike in infection rates and regional lock-downs in the winter. The development of a vaccine is reportedly advancing well but it is unclear when will this be available for wide distribution around the world. The IMF is currently projecting a 4.9% contraction in global growth in 2020 with high levels of unemployment and wealth destruction. Bloomberg has reported that major US banks JP Morgan, Citigroup and Wells Fargo have announced provisions totalling almost \$28 billion in the second quarter for bad debts. This is the second highest level of provisions to date, surpassed only by the last quarter of 2008 at the peak of the Global Financial Crisis. Despite market optimism for a V-shaped recovery, bankers clearly see a bad debt tsunami approaching and say their economic outlook has deteriorated.

Chart 1: Gold outperformed all major assets in H1  
Y-1-d performance of major global assets\*



\*As of 30 June 2020. Returns based on the LBMA Gold Price PM, Nasdaq Composite, Bloomberg Barclays US Treasury Index and Global Treasury Index ex US ICE BAML US 3-month T-bill Index, Bloomberg Barclays US Corporate and High Yield Index, MSCI EM Index, Bloomberg Commodity TR Index, MSCI EAFE Index, S&P 500 Index, and Bloomberg Oil TR Index.  
Source: Bloomberg, ICE Benchmark Administration, World Gold Council



Sources: Bloomberg, ICE Benchmark Administration, World Gold Council

In such uncertain economic prospects, the performance of global equity markets is puzzling and potentially driven by an abundance of liquidity supported by central bank programmes and momentum trading. A growing band of investors have been increasing their allocation to gold and gold equities, anticipating turbulence and seeking safe havens. Gold is fulfilling its role as a store of value in times of stress and its price has topped \$1,800/oz for the first time in eight years. We believe it is poised to move well above \$2,000/oz as the Federal Reserve's balance sheet is 150% larger than last year and interest rates will have to be kept low for a very long time. Gold mining equities have continued their re-rating, which started in June last year, and it is interesting that we see growing interest in smaller, single asset or earlier stage companies. The earnings and cash flow outlook for the miners is very strong but many of the larger companies suffer from declining reserves and average grades. Management teams are getting anxious for growth and corporate activity is set to intensify.

Our Junior Gold fund has been benefitting from a strong re-rating of its portfolio holdings. One of our long-term core holdings, Cardinal Resources, has been a takeover target for the last few months and today received a revised higher offer from Russian-controlled Nordgold. It will be interesting to see if Chinese owned Shangdong raises its offer to secure the Namdini prize; the market thinks it will as the shares closed much higher than Nordgold's offer. This activity seems to be spilling over into other prospective assets and could intensify as gold continues its journey over the next few years. Fund-raising activity by smaller companies has also increased, with new issues priced at a discount to market. Interestingly, the better ones are heavily over-subscribed, ensuring the market price continues to rise as investors fill their allocations subsequent to the placing. This is beneficial to institutional investors such as Junior Gold that is growing its asset base rapidly and places new investments at attractive relative valuations.

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.