

JUNIOR GOLD

Investing in the mining giants of tomorrow

11
YEARS
TRACK
RECORD

Update October 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

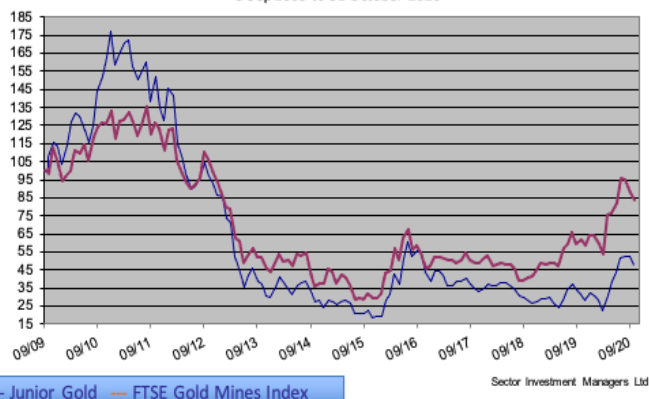
Eligible for ISAs and SIPPs

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 October 2020



DISCRETE PERFORMANCE

Discreet 12-month performance to 31 October (%)

	2016	2017	2018	2019	2020
Junior Gold	139.3	-36.0	-17.2	10.1	52.9
FTSE Gold Mines	71.3	-9.8	-16.6	51.4	36.0
Relative Performance	68.0	-26.2	-0.6	-41.3	16.9

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. Caldas Gold	5.2
2. Aurcana Silver	4.6
3. Cabral Gold	4.0
4. Roscan Gold	3.5
5. Gascoyne Resources	3.5
6. Silver One	3.3
7. Discovery Metals	3.3
8. New Found Gold	2.8
9. Oklo Resources	2.6
10. Condor Gold	2.5
Total top 10	35.3

As at 31.10.20

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 November 2020



Dear Investor,

During the period leading to the US elections, gold seemed to consolidate around the US\$1,900/oz level, prompting some of the early speculators in mining shares to reduce exposure. Most of the weakness was seen in the larger and mid-capitalisation companies as these were also the biggest beneficiaries of capital flows during the past year. Smaller companies shares were sold off too but the ones holding the most prospective projects held their value relatively better. As the election results came in, with the incumbent administration refusing to accept the fairness of the declared vote count, gold initially leapt higher. A more recent announcement on the better than expected efficacy of the leading Covid-19 vaccine developed and tested by Pfizer in a joint venture with Biontech resulted in a general market euphoria propelling the US markets towards new all-time highs in an apparent reflation and "back to normal" rush. With the US dollar also strengthening, gold fell back towards the \$1,850 mark.

Regardless of market euphoria, not much has changed in the macro-economic outlook. Although the rapid development of an effective vaccine against the virus is very welcome, much damage has been done and several business sectors are struggling to survive. It is also generally anticipated that potentially the largest mass-vaccination programme in human history will take time to implement and people are generally cautious on the resumption of economic activities to pre-pandemic levels. The massive financial support programmes launched by governments around the world to date are getting expanded to cope with the second surge of infection rates and global debt keeps growing. It is becoming clear, in our view, that leading currencies will lose their purchasing power as inflation rises while interest rates are kept low or negative to help the economy. The prevailing conditions continue to be supportive of precious metals as stores of value and this is likely to sustain their prices to higher levels once the current euphoria subsides.

Our Junior Gold fund has performed well during the recent turmoil, with its portfolio of growth projects in a re-rating mode. The fund demonstrates, at the time of writing, the best performance over Year To Date and six months trailing periods according to Morningstar's Sector Equity Precious Metals ranking. Three more of the fund's holdings have been the subject of corporate activity as the larger, cashflow generative but growth poor peer companies seek to replenish their future reserves and production. Maple Gold Mines (MGM), which develops the district scale Douay project in Quebec announced a strategic investment by Agnico Eagle Mines taking a 12.8% stake in MGM. Such strong confirmation of the potential value of the project by one of the world's largest producers prompted a more than doubling of MGM shares from the trading level before the announcement. Bonterra Resources, controlling a large land position with multiple projects and a past producing mine advancing towards restart of production, also in Quebec, disclosed that it had received an unsolicited letter of intent by a "large third party" to take over the company, an approach which the Board declined to support and has since lapsed. Finally, Monarch Gold which develops the large Wasamac 2.6 million ounces gold project in the Abitibi of Quebec, agreed to be taken over by Yamana Gold in a cash and shares deal. We believe that corporate activity is set to intensify in the sector favouring growth projects with quick production potential.

The bull market in gold mining equities of the past eighteen months has benefitted earlier stage exploration and development companies by providing them with much needed capital. Increased investment in exploration drilling has started to produce material results particularly in previously known deposits. Among the fund's portfolio, Roscan Minerals has announced four new discoveries of new horizons of mineralisation at its tenements in Southern Mali. Newcore gold, where the fund has been an early shareholder alongside senior management, has been discovering new prospective resources with average grades potentially above the previously defined model. Newfoundland Gold, an IPO addition to our portfolio, has more than tripled in value over the past six months after its IPO as it is delivering record grade drilling results from its projects in Newfoundland demonstrating the district potential. In an environment where large resources are sought after by larger companies, clear demonstration of future potential is highly appreciated by the market.

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 SIPPs and ISAs

Further information on Junior Gold at 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.