

# JUNIOR GOLD

Investing in the mining giants of tomorrow

11  
YEARS  
SINCE  
INCEPTION

Update March 2021

## 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): 0% Initial, 1.75% Annual

"I" shares (>£50K): 0% Initial, 1.5% Annual

"P" shares (>£1m): 0% 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

- The Fund invests in shares of gold and other precious metals smaller mining companies
- Current macro-economic conditions of very low interest rates and large fiscal imbalances can be favourable for safe haven assets like gold and silver
- Gold mining equities can offer better returns than gold bullion due to the greater profitability as the price of gold rises
- Smaller companies can outperform their larger counterparts in a rising market

## FUND SHARE PRICE PERFORMANCE

Junior Gold vs. FTSE Gold Mines Index last 5-years (rebased)  
1 April 2016 to 31 March 2021



## TOP 10 HOLDINGS

COMPANY	% of NAV
1. Aurcana Silver	3.3
2. Condor Gold	3.2
3. Roscan Gold	3.2
4. Integra Resources	3.1
5. Aris Gold	2.7
6. Americas Gold and Silver	2.7
7. Cabral Gold	2.6
8. Excellon Resources	2.6
9. Silver One Resources	2.5
10. Avino Silver and Gold	2.5
<b>Total top 10</b>	<b>28.4</b>

As at 31.3.21

## DISCRETE PERFORMANCE

Discreet 12-month performance to 31 March (%)

	2017	2018	2019	2020	2021
Junior Gold	+33.9	-14.3	-18.2	-23.9	+110.9
FTSE Gold Mines	+13.4	-6.0	+1.1	+10.8	+30.0
Relative Performance	+20.5	-8.3	-19.3	-34.7	+80.9

Source: Bloomberg

## HOW TO INVEST

**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.

**Call Marlborough Fund Managers:**

**0808 145 2501**

For further information and documentation visit:

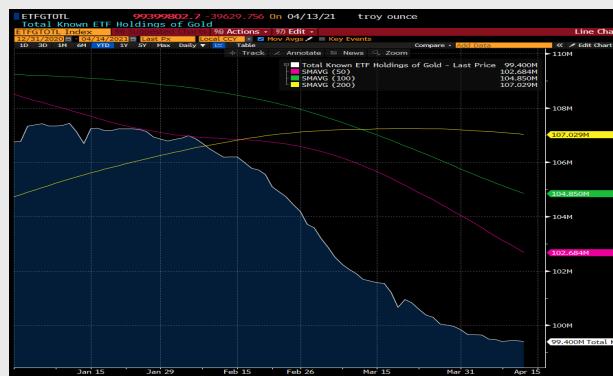
[www.juniorgold.co.uk](http://www.juniorgold.co.uk) or  
[www.sectorinvestments.com](http://www.sectorinvestments.com)

Dear Investor,

General optimism for economic recovery seems to be strengthening as vaccination efforts progress despite some setbacks and new waves of Covid-19 infection in certain parts of the world. Recent rises in US Treasury yields indicate expectations that inflation could rise substantially and this is being confirmed by the latest Consumer Price Index (C.P.I.) statistics released in the United States. Industrial and services sectors need to recoup losses sustained during the pandemic lockdowns and there will likely be higher propensity to spend and consume as people are able to move more freely. Little thought seems to be paid, nevertheless, to the possibility that the exponential and unprecedented rise in global public and private debt levels could cause crises along the way. The multi-billion dollar Archegos Capital Management implosion incident, although not systemically important on a global scale, points to the reckless use of leverage which prevails at present. It is likely that such an incident is not an isolated, unique case and that there are multiple other situations which may be highly sensitive to even small changes in market sentiment. The obvious worrying signs are weakness in emerging market economies, typically a leading indicator of global economic health.



*U.S. C.P.I. index, source: Bloomberg*



*Total known ETF holdings of Gold, source: Bloomberg*

Gold has been consolidating for the past eight months since reaching its all-time high last August. Most observers agree that current macro-economic conditions of record amounts of money printing and rising real inflation should be supportive to precious metal prices. Given, however, the wave of optimism which started last September with the prospect of mass-vaccinations, investors have preferred exposure to corporate recovery rather than the safety of precious metal havens. The trend has propelled broad equity and fixed-income valuation metrics to all time highs. Precious metals tend to perform inversely to rises and falls in economic optimism, hence offering a hedge against unexpected developments. Markets, nevertheless, tend to overshoot both on the upside as well as on the downside. The traditionally defensive investments in fixed income are being debased by artificially low interest rates and the advent of real inflation leaving few options for safety among which gold could again become desirable.

Gold mining equities have also been correcting for the past eight months, following gold's weakness. Silver miners have performed better as bullion silver has caught up with gold's rise of the past two years. The gold to silver ratio is now around 68 times, near the 30-year average of 60x. The fact that seems to have been lost on investors is that as gold and silver prices have risen strongly over the past two years, mining companies have enjoyed record levels of cash flow generation, enabling them to pay down debt and invest in new project development. After a seven-year bear market between 2012-2018 the precious metals mining sector is enjoying a robust recovery. We believe that many offer attractive fundamental valuation attributes, particularly as precious metals regain their popularity as hedges under the current macro-economic conditions. Increasing corporate activity in the sector is also indicative of the value proposition. Junior Gold's portfolio is primarily focused on brown-field operations that could deliver material growth. The recent takeover of Battle North Gold, one of the fund's larger holdings, by Evolution Mining is a typical example endowed with large existing plant and infrastructure valued at a fraction of replacement cost in addition to large proven reserves and prospective resources with a clear sight-line to production.

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 SIPP 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 (SIM) 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 does not invest directly in gold bullion or related securities. 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 SIM, 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 SIM 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 with FRN: 400908.