

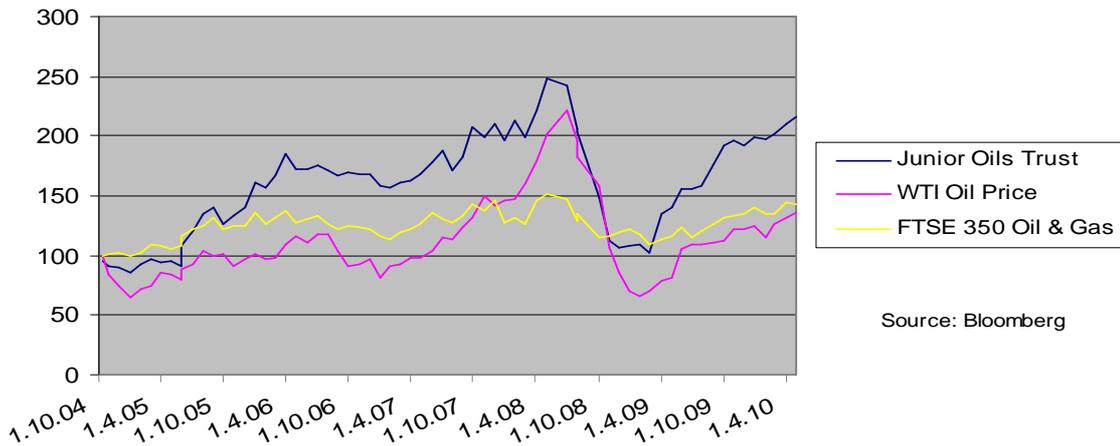
# JUNIOR OILS TRUST

Update issued on 18 May 2010

All data as at 30.4.10



## PERFORMANCE CHART



## KEY FACTS

**Fund Category:** Energy Specialist  
**Charges:** 5.25% Initial, 1.75 % Annual  
**Manager:** Capita Financial Managers Ltd  
**Fund Adviser:** Angelos Damaskos  
**Minimum Investment:** £1,000 or £100 per month  
**Eligible for PEPs and ISAs**  
**Benchmark:** FTSE 350 Oil & Gas Index  
**Net asset value at 30 April 2010:** £35.0 million

## FUND OBJECTIVE

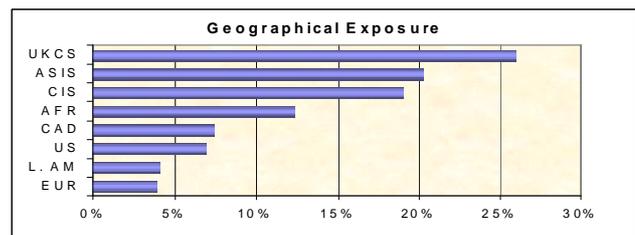
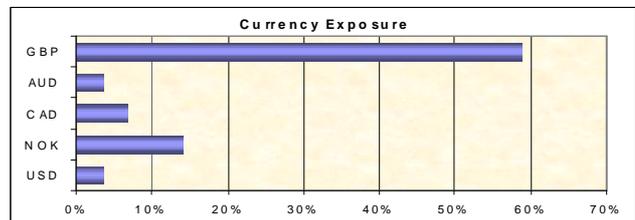
- JOT invests in smaller Oil & Gas exploration and production companies
- Authorised Unit Trust
- Provides exposure to the Energy Super-Cycle

## TOP 10 HOLDINGS

Company	%Fund
1. Premier Oil	5.5%
2. Dana Petroleum	5.3%
3. Entek Energy	5.1%
4. Dragon Oil	4.3%
5. Amerisur Resources	4.1%
6. Bowleven	3.6%
7. Questerre Energy	3.3%
8. Tullow Oil	3.3%
9. Norwegian Energy co.	2.9%
10. Gran Tierra Energy	2.8%

As at 30 April 2010

## GEOGRAPHICAL & CURRENCY EXPOSURE



Dear Investor,

As sovereign debt problems in the Eurozone intensified in May, global equity markets entered a risk aversion mode. Commodities and related equities, being the more volatile segment of the market, have taken the brunt of the sell-off. Concerns of Chinese tightening measures to cool its economic growth are growing, especially as some economists estimate that construction-related activity constitutes more than 50% of Chinese GDP. Whilst this is expected in a rapidly industrialising and urbanising economy, any government measures to slow down construction activity is likely to have an impact on commodity prices as companies draw down on their stockpiles and defer new procurement of materials.

We had expected that such a scenario would primarily impact the base metals over the short term but it appears that it has had a similar effect on oil prices. As we have said in earlier updates, financial flows have a correlated effect on commodity prices especially during short-term changes in sentiment. Looking at the medium term prospects, the US government's Energy Information Administration (EIA) and the OECD's International Energy Agency (IEA) have updated their oil demand growth forecasts with converging consensus, with the EIA raising its number from 1.46 mmb/d to 1.57 mmb/d while the IEA cut its figure slightly from 1.7 mmb/d to 1.6 mmb/d. The EIA also increased its oil price forecasts for 2010 and 2011, saying that it now expects West Texas Intermediate to average US\$82.18 per barrel this year (an increase of US\$1.44 per barrel) and US\$85.50 next year (an increase of US\$2 per barrel). However, the IEA has also produced an early estimate of US oil inventories which are seen rising at twice the normal rate. Rising inventories further undermine short-term sentiment in a broader market turmoil.

Notwithstanding the short-term turmoil, we believe that the Junior Oils Trust portfolio is positioned well to continue to outperform its sector benchmark, the FTSE 350 Oil & Gas index. The fund's two largest holdings, Premier Oil and Dana Petroleum currently trade at about 4 times cash flow and have both excellent prospects for further exploration/ development success in their fairly active drilling programmes. We positioned the fund defensively in the last two months in anticipation of short-term volatility and this posturing is expected to withstand an even sharper correction relatively well.

Angelos Damaskos  
Chief Executive Officer

***For dealing/inquiries on Junior Oils Trust call  
Capita Financial Managers Ltd tel: 0845 601 7637***

Junior Oils Trust qualifies for PEPs and ISAs  
Further information on JOT at [www.junioroils.com](http://www.junioroils.com)

**RISK WARNING:**

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