

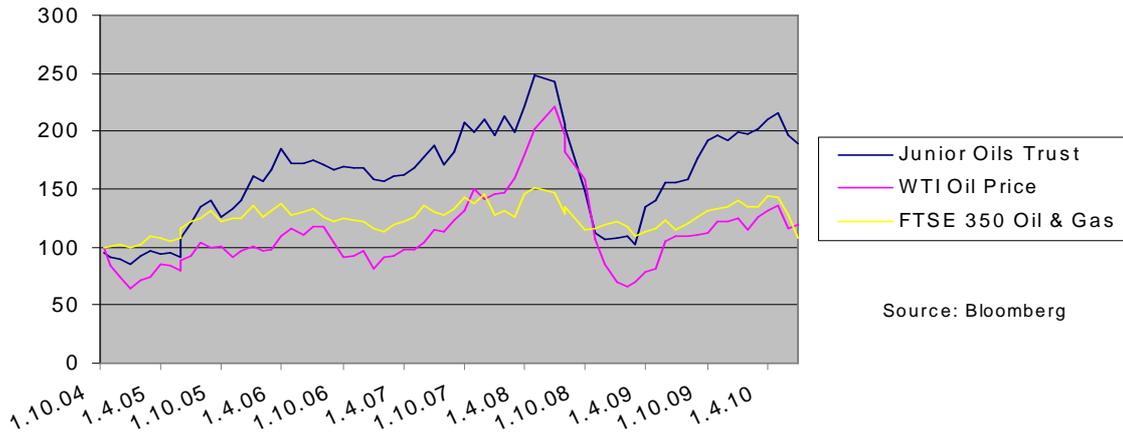
# JUNIOR OILS TRUST

Update issued on 16 July 2010

All data as at 30.6.10



## PERFORMANCE CHART



### KEY FACTS

### FUND OBJECTIVE

**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 June 2010:** £30.4 million

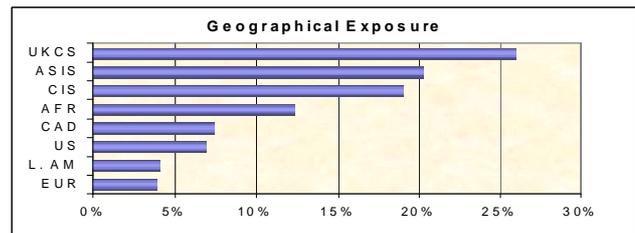
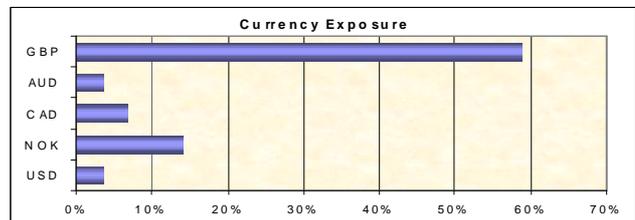
- JOT invests in smaller Oil & Gas exploration and production companies
- Authorised Unit Trust
- Provides exposure to the Energy Super-Cycle

### TOP 10 HOLDINGS

### GEOGRAPHICAL & CURRENCY EXPOSURE

| Company               | %Fund |
|-----------------------|-------|
| 1. Premier Oil        | 8.2%  |
| 2. Dana Petroleum     | 7.5%  |
| 3. Dragon Oil         | 5.6%  |
| 4. Encore Oil         | 5.1%  |
| 5. Entek Energy       | 4.0%  |
| 6. Bowleven           | 4.4%  |
| 7. Amerisur Resources | 3.5%  |
| 8. Tullow Oil         | 3.4%  |
| 9. Questerre Energy   | 3.0%  |
| 10. P A Resources     | 2.9%  |

As at 30 June 2010



Dear Investor,

The environmental tragedy with BP's Macondo well in the Gulf of Mexico has caused a major scare in the oil industry especially as there are moves by governmental authorities to ban off-shore drilling. Relevant regulatory authorities are bound to impose tighter permitting and control processes which will inevitably increase the development time as well as the costs of future drilling. Norway has already suspended new licences for off-shore drilling pending a review of their process and Italy has banned all drilling within a 3-mile radius from its coastline and, in certain protected areas, within a 5-mile radius. Whilst we believe that off-shore drilling will continue as on-shore production around the world is on the decline, it is clear that costs will increase. This is bullish for oil prices in the medium term as it could constrain supply from new deep-water fields.

Market volatility continues, especially in the commodity-related equities. Worries about the strength of the global economy have been compounded by reports of cooling Chinese growth and associated property and construction weakness. In the context of the weak equities markets, the Junior Oils Trust fared relatively well due to its defensive positioning. Notable success came from our large holding in Dana Petroleum which announced that it has been approached for takeover. It is the fifteenth core holding of the fund to have been the subject of a takeover approach in our six-year history. Dana did not disclose details of the approach but we would be surprised if its Board of Directors accepted an offer at the current price levels. Further success came from the results of Encore Oil's discovery with the Catcher well which appears that it may have found one of the largest fields in the North Sea in the last 20 years. We held 1.6% of the fund in Encore pre-the discovery and this holding has now grown to over 5% as a result. This discovery also spilt over into our large holding in Premier Oil (a 35% partner in Catcher) which is going from strength to strength in developing its portfolio of assets. A weak spot for the month was the announcement by Regal Petroleum that the ministry of environment of Ukraine had attempted to suspend its licence. Despite Regal being a smaller holding in the fund, this development highlights the political risk in the region and the reason why we typically avoid large exposures in Russia and other CIS countries. As at the time of writing, it appears that Regal's appeal has gained support and the share price has recovered to a level above our entry cost.

There may be further volatility ahead as markets discount the serious economic problems in today's world. We expect oil prices to remain range-bound between \$65-\$85 per barrel for the next twelve months as demand from Asia balances weakness from developed economies and OPEC tries to stabilise prices. In this environment, we believe that the fund's portfolio is well positioned.

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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