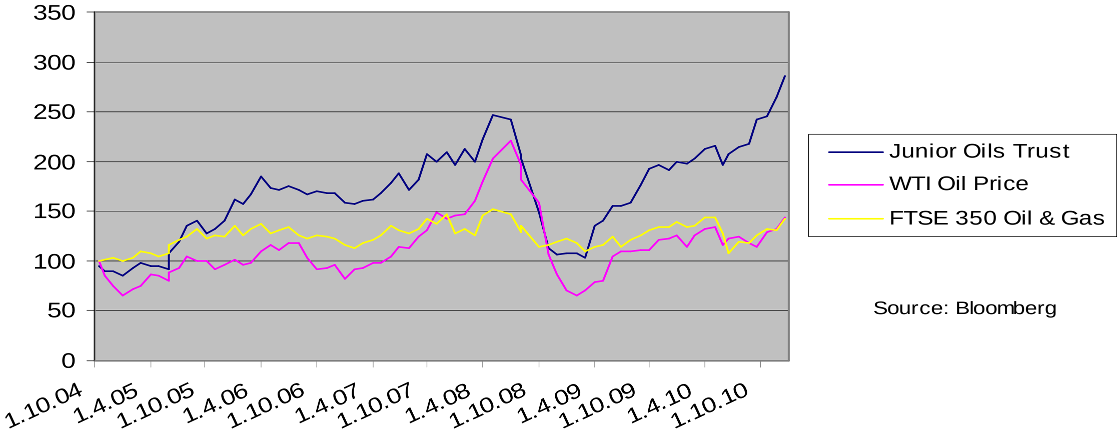
JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

Performance Update as at 18 January 2011 (all data as at 31 December 2010)

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 31 December 2010: £51.5 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. Caza Oil & Gas	7.8%
2. Encore Oil	5.2%
3. Dragon Oil	4.2%
4. Norwegian Energy Co	3.9%
5. Premier Oil	3.9%
6. Bridge Energy	3.1%
7. Oilex Ltd	3.0%
8. Soco International	2.9%
9. Amerisur Resources	2.9%
10. PA Resources	2.9%

As at 31 December 2010

HOW TO INVEST

Call Capita Financial Managers: 0845 601 7637
www.junioroils.com or
www.sectorinvestments.com

Risk Warning: *This material is directed only at persons in the UK and is not an offer or invitation to buy or sell securities. The fund invests in smaller companies 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. 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 Simplified Prospectus which is available free by visiting the websites above. Sector Investment Managers Ltd and Capita Financial Managers Ltd are authorised and regulated by the Financial Services Authority*

Dear Investor,

Almost all commodities sectors boomed in 2010 as demand from China, India and other industrialising economies continued to grow. We expect that demand for energy from the same regions will continue to be strong in 2011 while supply could remain constrained. The industrialisation of regions of the scale of China and India alone consumes ever-increasing volumes of base commodities and energy and the large infrastructure programmes which have started will take several years to complete.

Some base metals saw new all-time highs in 2010 whereas oil prices were relatively range-bound until the last month of the year when they started rising strongly. We suspect that this recent surge was due to speculative activity rather than physical demand as oil presented a more attractive relative-value investment than copper or other base metals. Investors looking for alternative stores of value to potentially depreciating dollars have been buying commodity related instruments throughout the year and the announcement of QE2 only encouraged such behaviour further.

A historical correlation exists between changes in the oil price and changes in OPEC production. Some may think it counter-intuitive but OPEC production is a lagging indicator for crude oil prices. When prices rise, OPEC members increase their “quota cheating” thus the cartel’s output grows. We believe that OPEC supply will grow in 2011 but demand from Asia will absorb any surplus. Oil prices may, therefore, trade in a higher range next year of between $75-$105/barrel. Notwithstanding any volatility due to speculative activity and changes in investors’ sentiment, the trend for oil prices remains up.

This should be good news for companies involved in exploration and production activities. Higher average prices mean expanded profitability for producers and greater interest in funding exploration programmes for new deposits. Shares, therefore, of smaller companies controlling large reserves, growing production, strong balance sheets and active exploration programmes should perform particularly well.

The Junior Oils Trust was the best-performing energy fund in 2010, delivering a gain of 43.7% for the year*, compared to an increase in the WTI oil price of 15.2% and 6.3% for the fund’s benchmark, the FTSE 350 Oil & Gas index. Junior Oils was also ranked the 13th best performing fund among all the UK Unit Trusts and OEICs**. We believe that the investment approach and positioning of the fund can continue to benefit from the rise in demand for oil.

Angelos Damaskos
Chief Executive Officer

*Source: Financial Express and Morningstar
**Source: Financial Express

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

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