

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

Update April 2012

FUND PERFORMANCE

Since launch:

10.10.04-30.4.12: +110.7%

12 months discrete:

30.4.11-30.4.12: -25.5%

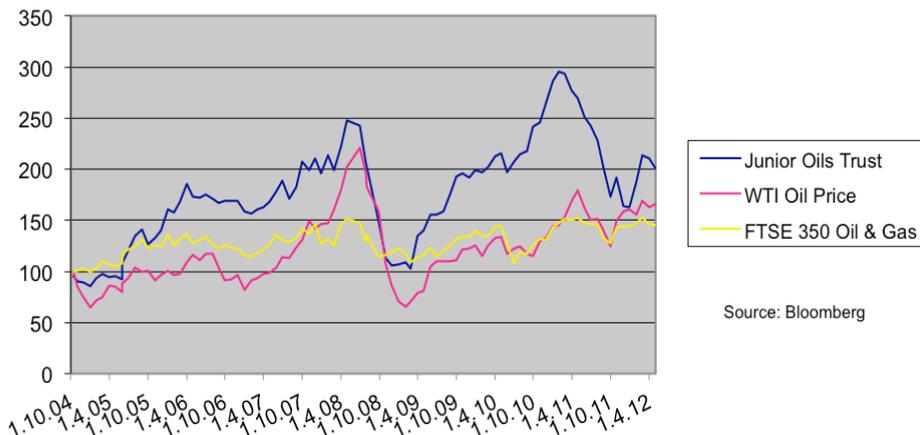
30.4.10-30.4.11: +25.0%

30.4.09-30.4.10: +54.0%

30.4.08-30.4.09: -36.9%

30.4.07-30.4.08: +36.5%

Past performance is not necessarily a guide to future performance. The value of your investment can go down as well as up.



Key facts

Fund Category: Energy Specialist

Charges: 5.25% Initial, 1.75 % Annual

Manager: Marlborough Fund Managers Ltd

Fund Adviser: Angelos Damaskos

Minimum Investment: £1,000 or £100 per month

Eligible for ISAs and SIPPs

Benchmark: FTSE 350 Oil & Gas Index

Net asset value at 31 April 2012: £46.3 million

MACRO-ECONOMIC POSITIONING

- Demand for oil is supported by Asian industrialisation
- Smaller Oil & Gas exploration and production companies tend to outperform their larger counterparts
- Emphasis on production and proven reserves
- Avoid political and pure exploration risks

How to invest

Call Marlborough Fund Managers:

0808 145 2501

For further information and documentation visit:

www.junioroils.com or
www.sectorinvestments.com

Risk Considerations:

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.

Top 10 Holdings

Company	% of Fund
1. Cooper Energy	6.8%
2. Premier Oil	6.5%
3. Norse Energy	5.3%
4. Parex Resources	4.5%
5. Amerisur Resources	4.2%
6. Caza Oil & Gas	3.9%
7. Serica Energy	3.8%
8. Otto Energy	3.7%
9. Norwegian Energy Co	3.6%
10. Victoria Oil & Gas	3.3%

As at 31 March 2012

8 May 2012

Dear Investor,

After a strong first quarter this year for oil shares, the broader market uncertainty has taken hold again. The oil price has fallen sharply in early May on weaker than expected US employment data and worries on economic growth in Europe and the US. A return of Iran to the negotiating table and a more stable situation in the Middle East has removed some of the risk-premium in the oil price.

Nevertheless, Brent crude still trades at around \$112/barrel, well above the five-year average in US Dollar terms and near all-time highs in Euro and Sterling terms. These prices still generate record profits for oil companies, especially those that concentrate in up-stream operations. Despite recent strong share price recovery, oil shares trade at historically low multiples, indicating that further re-rating is possible.

Looking at the short-term prospects, the market is worried that demand for oil may drop as the economy fails to grow. The economy, nevertheless, has not grown significantly for three years now after the global financial crisis in 2008. Demand for oil, however, has continued to grow during this period indicating that the developed economies have reached a demand pattern that is inelastic to price. Established standards of living mean that, in spite of economic suffering, oil consumption in the developed economies cannot drop much further. China and India on the other hand, a population mass of over 2.5 billion people, continue to grow, industrialize and demand more oil. About two-thirds of the world's oil consumption goes to power transportation modes like ships, trains, trucks, cars and planes and all these are needed for world trade. If three years of economic hardship have failed to reduce the need for oil, it is unlikely that demand will collapse now.

On the supply side, it seems that there is little spare capacity. The Middle-Eastern and North African instability has meant that the world's most prolific oil producing region would like high prices to keep its people happy, at least above \$100/barrel. In the rest of the world, major new finds of oil occur in deeper waters and more complex geological formations with higher marginal cost of production. Production from such new sources may ensure oil does not run out for humankind in the foreseeable future but high prices will be needed to bring it to markets.

Oil shares, therefore, continue to be an attractive investment compared to the rest of the markets. Concentrating in smaller, production focused companies that also have active exploration activities should be a winning strategy over the long term, outperforming both the larger-capitalization integrated oil companies as well as the commodity price. The Junior Oils Trust offers investors a liquid, diversified allocation tool in this sector.

Angelos Damaskos
Chief Executive Officer

For dealing/inquiries on Junior Oils Trust call

Marlborough Fund Managers: 0808 145 2501

For further information and documentation visit:

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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 Prospectus and Simplified Prospectus are available free of charge using the contact details above. Before making an investment in the fund, it is important that you read the Simplified Prospectus. 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 SIMs internal analysis which may have not been verified by independent sources. They are subject to change and should not be interpreted as investment advice. Sector Investment Managers Ltd and Marlborough Fund Managers Ltd are authorized and regulated by the Financial Services Authority.