

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow



Update June 2012

FUND PERFORMANCE

Since launch:

10.10.04-30.6.12: +66.2%

12 months discrete:

30.6.11-30.6.12: -34.7%

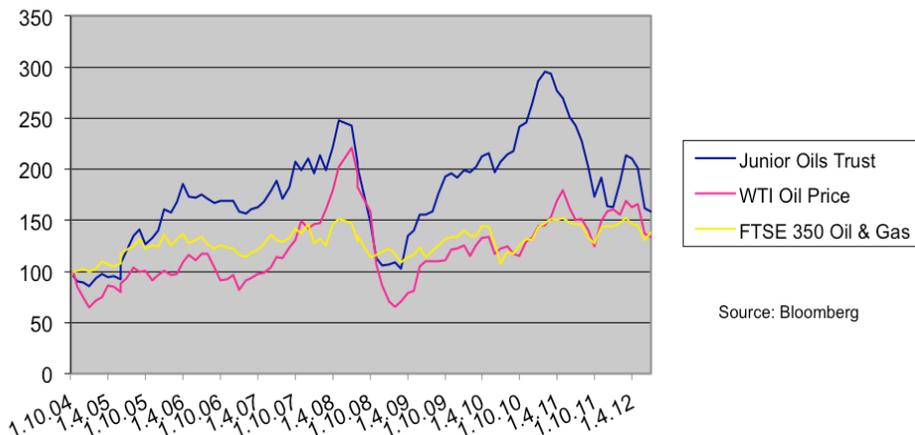
30.6.10-30.6.11: +17.3%

30.6.09-30.6.10: +32.9%

30.6.08-30.6.09: -35.8%

30.6.07-30.6.08: +36.1%

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



Source: Bloomberg

Key facts

Fund Category: Energy Specialist

Charges: "C" class: 5.25% Initial, 1.75 % Annual

"I" class: 0.5% Initial, 1.25% 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 30 June 2012: £36.2 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. Questerre Energy	6.6%
2. Premier Oil	5.7%
3. Cooper Energy	5.7%
4. Parex Resources	4.9%
5. Amerisur Resources	4.6%
6. Norse Energy	4.1%
7. Iona Energy	4.0%
8. Entek Energy	3.8%
9. Nautical Petroleum	3.8%
10. Valiant Petroleum	3.6%

As at 31 May 2012

16 July 2012

Dear Investor,

Much has been said about the impact of China's slowing economic growth and the financial woes of Europe on the demand for commodities, especially oil. Crude oil purchases by China are reported to have fallen in June by 12% from a month earlier to 21.7m tonnes, equivalent to 5.29m barrels per day. Despite this short-term fall, China remains the world's second-largest consumer of crude oil after the US, and its crude imports increased by 11% in the first half of this year as a result of growing demand and stockpiling, as well as depleted oil production at home.

We must also remember that 70% of oil is consumed by transportation modes, primarily trucking, shipping, railways and aircraft, all essential for world trade. After nearly four years of world economic hardship and ensuing changes in trade patterns, demand for movement of goods is unlikely to collapse now. Other additional oil demand drivers include Japan's greater reliance on oil for power generation, after the tragic nuclear disaster at Fukushima in 2011.

On the supply side, there are clear tensions. International sanctions on Iranian exports have started to bite, reducing last month's production to a 20-year low, more than 1 million barrels per day less than a year ago. Saudi Arabia is now finding it easier to support prices above the \$100/barrel level for Brent, a price level they have repeatedly stated is important for their economy. Furthermore, the industrial action in Norway this month demonstrated how disruptions to established production patterns can cause large volatility in the price of crude oil.

We believe that oil prices will remain firm in the medium term and continue their uptrend. Short-term volatility may be caused by economic events, particularly in the Eurozone, as well as by traders taking a cue from stock-market instability. The medium to longer-term prospects for oil, nevertheless, remain strong. Oil companies with growing production, cash flow and active exploration programmes are set to continue to prosper. Our fund is well positioned to benefit from the re-rating of the sector as share prices catch-up with the enterprise values dictated by the commodity.

Angelos Damaskos
Chief Executive Officer

For dealing/inquiries on Junior Oils Trust call

Marlborough Fund Managers: 0808 145 2501

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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 Key Investor Information Document is available free of charge using the contact details above. Before making an investment in the fund, it is important that you read the Prospectus and Key Investor Information Document. 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.