

# JUNIOR OILS TRUST

Investing in the oil giants of tomorrow



Update July 2012

## FUND PERFORMANCE

Since launch:

10.10.04-31.7.12: +77.3%

12 months discrete:

31.7.11-31.7.12: -25.9%

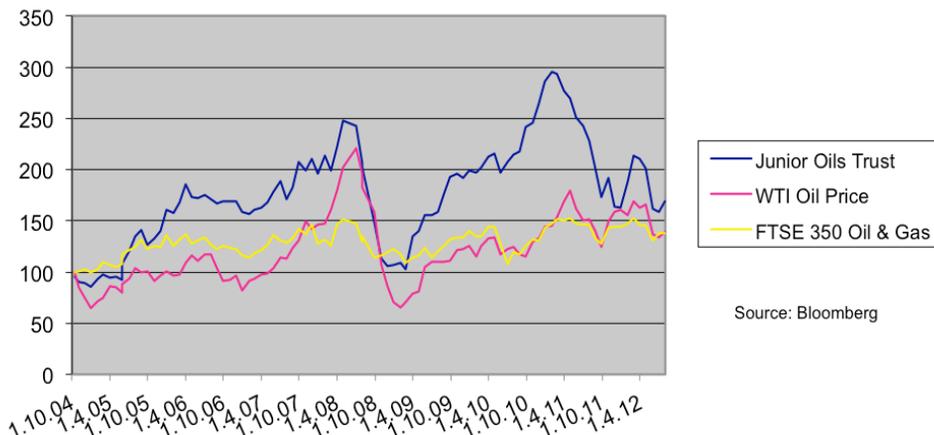
31.7.10-31.7.11: +6.6%

31.7.09-31.7.10: +35.2%

31.7.08-31.7.09: -23.0%

31.7.07-31.7.08: +9.3%

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 31 July 2012:** £37.6 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](http://www.junioroils.com) or  
[www.sectorinvestments.com](http://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. Amerisur Resources	8.0%
2. Premier Oil	6.2%
3. Norse Energy	6.2%
4. Cooper Energy	6.1%
5. Qwesterre Energy	5.8%
6. Parex Resources	4.1%
7. Entek Energy	3.9%
8. Serica Energy	3.4%
9. First Australian Resources	3.0%
10. Otto Energy	3.0%

As at 31 July 2012

**16 August 2012**

Dear Investor,

The oil price has recovered well from the lows seen in June. Brent now trades at over \$116/barrel and the rising trend looks set to continue. Demand from the developing world continues to be strong and the major producing countries, such as Saudi Arabia, would rather sell their oil at higher prices, so are unlikely to increase production.

This is good news for oil producing companies, particularly those that operate with Brent as their benchmark. All that remains is for the market to re-rate the extremely low valuations of oil shares. This is particularly the case with smaller, less liquid shares that have suffered excessively as a result of investors' risk aversion. Industry players have accelerated their takeover activity seeking to take advantage of market anomalies and distressed situations. Portfolio investors are likely to follow this lead.

The Junior Oils Trust is well positioned to benefit from a sector rerating holding stakes in well capitalised, producing companies with growing operations and active development programmes. One recent addition to the portfolio is Xcite Energy (XEL:LSE), a company focused in the North Sea. It recently raised fresh capital and is now well funded to continue with the development of the Bentley field, its key project. The prospects for this field now look very attractive and it could be transformational for the company, especially if it is successful in finding a farm-in partner.

During the month we took profits in our holding in Nautical Petroleum pending the takeover by Cairn Energy. We felt that the capital could be re-deployed in other, more prospective situations instead of waiting for settlement of a recommended transaction.

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:**

[www.junioroils.com](http://www.junioroils.com) or  
[www.sectorinvestments.com](http://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 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.