

JUNIOR OILS TRUST

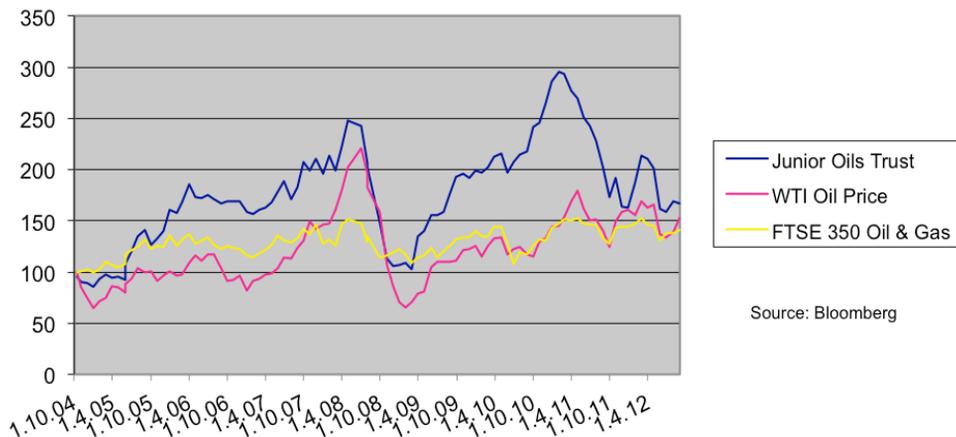
Investing in the oil giants of tomorrow

Update August 2012

FUND PERFORMANCE

Since launch:
10.10.04-31.8.12: +75.2%
31.7.12-31.8.12: -1.2%
 12 months discrete:
31.8.11-31.8.12: -16.7%
31.8.10-31.8.11: -7.7%
31.8.09-31.8.10: +23.4%
31.8.08-31.8.09: -12.9%
31.8.07-31.8.08: +18.5%

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 August 2012: £37.5 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. 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

14 September 2012

Dear Investor,

Geopolitical events in North Africa and the Middle East have contributed to the oil price firming up in recent weeks. The announcement by the Federal Reserve (FED) of QE3, with the unlimited purchase of agency mortgage-backed securities to the order of \$40bn per month and the extension of low short-term interest rates to 2015, shows their determination to fight unemployment. By pushing longer-term interest rates down, the hope is that fixed-asset investment will be stimulated, resulting in labour employment. The risk the Fed is willing to take is that inflation may rise significantly and the dollar could devalue further against a basket of currencies.

Dollar devaluation has historically resulted in higher commodity prices. Stronger economic growth leads to greater demand for commodities, especially oil. China itself is launching measures to stimulate its growth and, as it is mostly targeting infrastructure, they should result in greater energy consumption. Both the tense supply situation and the prospect of healthier growth, therefore, point to higher oil prices.

In the UK, the Chancellor announced a brown-field tax allowance scheme, aimed at encouraging investment in older fields in the North Sea. We believe that this is a good initiative and it should benefit several of the Junior Oils Trust portfolio holdings. The fund has always had a significant regional weighting in the North Sea and some of our biggest investment successes have been companies with local operations. Among current holdings that should benefit from the new tax allowances are Xcite Energy, Iona, Ithaca, Parkmead, Premier and Faroe Petroleum.

With the return of risk appetite and given the undervaluation of oil shares in relation to the oil price, we believe that the fourth quarter should see a strong re-rating in our sector. Smaller capitalisation companies with strong balance sheets, good management, growing production and reserves are likely to outperform. The Junior Oils Trust should be well positioned in this environment.

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.