

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow



Update September 2012

FUND PERFORMANCE

Since launch:

10.10.04-30.9.12: **+80.8%**

31.8.12-30.9.12: **+3.2%**

12 months discrete:

30.9.11-30.9.12: **-0.4%**

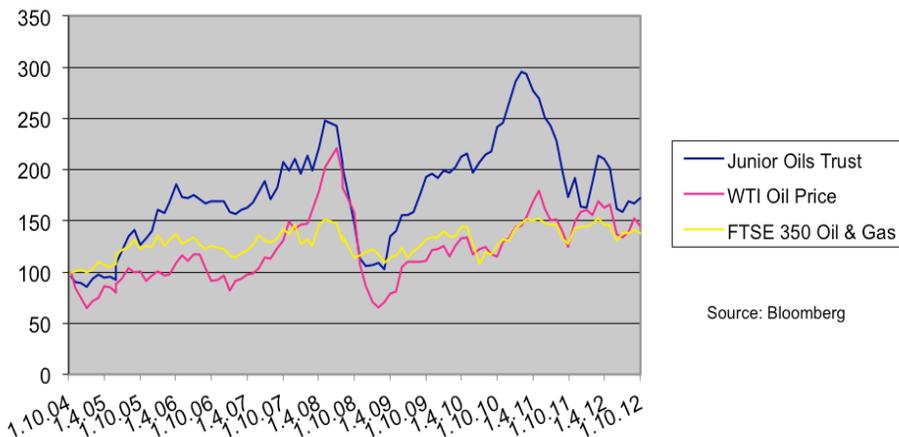
30.9.10-30.9.11: **-28.3%**

30.9.09-30.9.10: **+25.6%**

30.9.08-30.9.09: **+29.5%**

30.9.07-30.9.08: **-18.5%**

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



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 September 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	7.5%
2. Cooper Energy	6.5%
3. Questerre Energy	5.9%
4. Xcite Energy	5.7%
5. Norse Energy	5.5%
6. Serica Energy	4.1%
7. Parex Resources	4.0%
8. Iona Energy	3.6%
9. Valiant Petroleum	3.3%
10. Circle Oil	3.3%

As at 30 September 2012

16 October 2012

Dear Investor,

Risk aversion remains high among investors who shy away from less liquid smaller capitalisation shares. Nevertheless, we believe that those who wanted or needed to sell and reduce exposure have, by now, done so and moved to safer investments away from potential market volatility. Large capitalisation companies have been performing better than their smaller peers as a result of this re-positioning but the latter ones appear to have recently found some share-price stability.

Capital markets remain tight and unwilling to fund risky developments. Reserves-based lending by banks is limited to only the larger viable projects. In many cases the market value of a company is considerably smaller than the value of its reserves as assessed by independent engineers who use, among other parameters, a long-term oil price level. As a result, both equity and debt availability is low, constraining development activity. The longer-term effects of this financing squeeze are likely to be lower production rates and, therefore, supply of oil from new sources. The negative effects of the "Arab Spring" and the instability in North Africa and the Middle-East on production from that region are well understood and will also likely have a negative effect on future oil supply. Demand, on the other hand, remains strong.

In this environment, companies with proven reserves, growing production and attractive development plans are likely to perform better than those at earlier stage of development. This is especially the case for those shares that have recently been over-sold in the general aversion to the sector. As a result, the Junior Oils Trust appears to have found strong support in the last two months and should be well positioned for further recovery.

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.