JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

Update January 2013

FUND PERFORMANCE

Since launch:

10.10.04-31.1.13: +76.8%

31.12.12-31.1.13: +7.8%

12 months discrete:

31.1.12-31.1.13: -10.2%

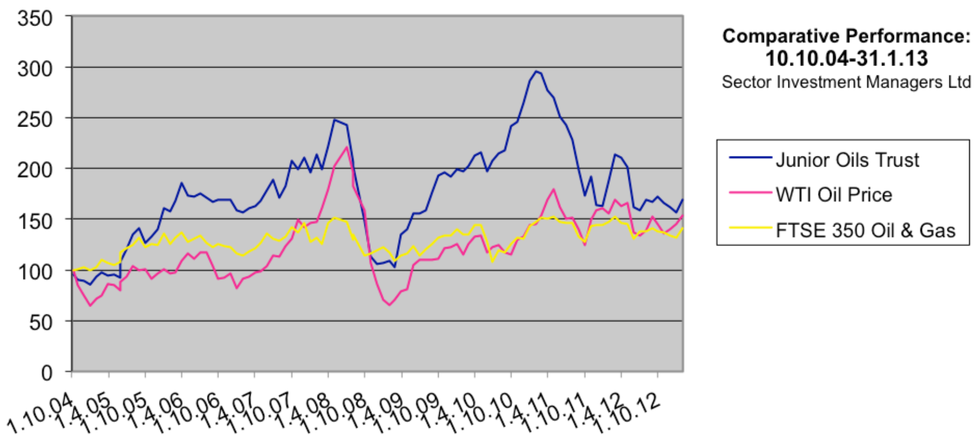
31.1.11-31.1.12: -36.4%

31.1.10-31.1.11: +49.8%

31.1.09-31.1.10: +81.4%

31.1.08-31.1.09: -44.6%

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 31 January 2013: £35.5 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

TOP 10 HOLDINGS

Company	% of Fund
1. Questerre Energy	8.2%
2. Cooper Energy	8.0%
3. Caza Oil & Gas	6.0%
4. Parex Resources	5.2%
5. Iona Energy	5.1%
6. Parkmead Group	4.4%
7. Xcite Energy	4.3%
8. Serica Energy	4.1%
9. Enquest	3.7%
10. Otto Energy	3.7%
Total Top 10	52.7%

As at 31 January 2013

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.

1 February 2013

Dear Investor,

Last week, the Opec secretary-general said that the oil cartel, which accounts for 40 per cent of global oil production, would probably keep its production stable despite being upbeat about the oil market for 2013. He added that the cartel's outlook anticipates prices to average around $110 a barrel as growth in China, India and the US is improving. Opec denied reducing production to accommodate increased North American supply and welcomed increased diversity of supplies. The forecast that an additional 3m b/d is likely to be produced in America in 20 years is not perceived as a threat as demand elsewhere is also expected to grow by at least this volume.

Brent crude set a record annual average in 2012 of $111.5/barrel and closed at or above $100/bl on every trading day except on 24 days in June and July. Analysts and the market had generally been expecting lower prices of oil as high unemployment, deleveraging and austerity measures by governments in the Eurozone, the UK and USA dampened economic growth. The price development suggests that, since after four years of recession or weak growth in the industrialised regions demand for oil remains robust, any pick up in activity is likely to push oil prices higher.

After a general sell-off and weak performance from smaller exploration and production companies in 2011, we witnessed a general bottoming-out process and price stabilisation in 2012. Corporate activity intensified in companies controlling valuable prospective reserves like Cove Energy, Encore Oil and Nautical Petroleum that were taken over by larger, cash-rich predators. As many smaller companies still trade at a discount to their enterprise value, we expect activity to continue into the current year. This is especially the case as capital markets remain adverse to funding exploration risk. Nevertheless, as investors appear to have been generally wrong about their expectation for oil prices, the apparent under-valuation of smaller companies cannot be ignored for long. January this year has been particularly strong for oil shares and may be indicative to the start of a re-rating.

The Junior Oils Trust performed in a volatile, side-ways trading pattern in 2012 ending the year 3.7% down, after a strong attempt for a re-rating early in the year that dissipated as investors sold the small-caps in view of a possible Greek exit from the Eurozone and the consequent turmoil. Nevertheless, the fund did much better than its benchmark which lost 8.5% and most energy funds that lost significantly greater value. We remain confident in the inherent value of the fund's portfolio. A recent addition to the top 10 positions is Parkmead Group, a North-Sea, Europe and Africa focused development company. Parkmead is headed by Tom Cross who made a lot of money for the fund by growing Dana Petroleum from a fledgling minnow to a mid-cap producer that was sold to the Koreans in September 2010. Our fund increased its stake in Parkmead significantly in January this year by participating in a placing of stock at 12.25p per share. Notably, Tom Cross invested a large amount of his own money into the company at the same time, confirming his commitment and conviction in the company's assets and positioning. Among the other large holdings, Questerre Energy made great strides in developing its shale-oil deposits in North America and Otto Energy moved into the top 10 after strong growth in production and reserves in the Philippines and in view of a highly prospective drilling programme in which it is mostly carried by BHP. We divested from our holding in Amerisur Resources that returned over 6x the initial investment.

We believe that smaller oil companies can continue to outperform their larger peers in the years ahead. The market conditions following the Global Financial Crisis of 2008 have caused great volatility in share prices and a general investor flight to safety. Markets have since responded not to fundamentals, but to political rhetoric and government intervention. Notwithstanding the weak performance of smaller capitalisation oil shares in the last two years, the oil price has continued its upward trend, following its super-cycle that started at the turn of this century. We believe that the super-cycle for energy will continue into the next decade and beyond. A re-rating of the shares in smaller oil companies is long overdue.

Angelos Damaskos
Chief Executive Officer

For dealing/inquiries on Junior Oils Trust call

Marlborough Fund Managers: 0808 145 2501

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www.junioroils.com or
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