

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow



Update March 2013

FUND PERFORMANCE

Since launch:

10.10.04-31.3.13: +79.7%

28.2.13-31.3.13: +3.2%

12 months discrete:

31.3.12-31.3.13: -18.6%

31.3.11-31.3.12: -23.9%

31.3.10-31.3.11: +30.5%

31.3.09-31.3.10: +56.8%

31.3.08-31.3.09: -32.2%

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



Comparative Performance:
10.10.04-31.3.13

Sector Investment Managers Ltd



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 SIPP's

Benchmark: FTSE 350 Oil & Gas Index

Net asset value at 31 March 2013: £34.2 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

TOP 10 HOLDINGS

Company	% of Fund
1. Questerre Energy	8.9%
2. Cooper Energy	6.9%
3. Iona Energy	6.5%
4. Xcite Energy	4.9%
5. Caza Oil & Gas	4.7%
6. Parex Resources	4.4%
7. Enquest	4.3%
8. Serica Energy	4.3%
9. Bowleven	4.3%
10. Bridge Energy	4.0%
Total Top 10	53.2%
As at 31 March 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.

16 April 2013

Dear Investor,

The resources sector was hit hard in early April by reports of slowing Chinese growth. At the time of writing the oil price is trading just below \$100/barrel, the level that Saudi Arabia has stated it wishes to defend. In the meantime, the International Energy Agency has increased its forecasts for demand growth and statistics indicate that crude oil inventories declined by about six million barrels compared to the same period last year. Whilst, therefore, the fundamentals point to higher oil prices, short-term sentiment has pushed prices lower. We believe this is unlikely to last long and the price of Brent will head to \$120/bl again before long.

Smaller oil shares appear to have found support in the year to date, exhibiting lower volatility than in recent years compared to moves in the market. Our view is that weak holders have come out of the sector, with current registers populated by investors who are driven by fundamentals and the deep under-valuation of listed oil companies. The Junior Oils Trust is focused primarily in well capitalised, producing smaller companies, with active exploration programmes that could add significantly to reserves. Such companies have survived the last two years of bear market in the sector and are likely to benefit first from a re-rating in the near future. The scarcity of capital towards exploration programmes has meant that earlier-stage plays, which keep burning through their cash reserves are near failure. Most are looking for farm-ins or an acquisition by cash-rich large producers but deals naturally favour those with assets that have a proven record. Consolidation in our sector is set to continue.

The North Sea continues to be an exciting place for smaller operators. New finds, such as the North Uist discovery west of the Shetlands where Faroe Petroleum is involved, are notable and the use of existing infrastructure in many parts of the region reduce costs of production considerably. The tax regime, after much deliberation, is supportive of new investment and there is healthy corporate activity. The fund has approximately 35% of its portfolio invested in 11 companies exploring and producing oil and gas in UK and Norwegian waters. We believe that the political stability, higher margins and large activity of the region is likely to deliver superior returns over the medium term.

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 or
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.