

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

Update June 2014

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-30.6.14: +71.4%

31.5.14-30.6.14: -3.7%

12 months discrete:

30.6.13-30.6.14: +15.7%

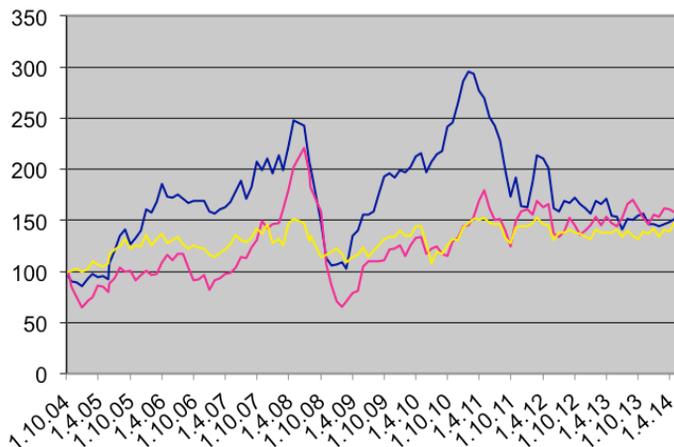
30.6.12-30.6.13: -10.9%

30.6.11-30.6.12: -34.7%

30.6.10-30.6.11: +17.3%

30.6.09-30.6.10: +32.9%

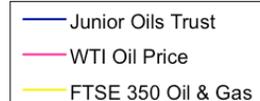
Past performance is not necessarily a guide to future performance. The value of your investment can go down as well as up.



Comparative Performance:

10.10.04-30.6.14

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

'P' class: 0.5% Initial, 1.10% 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 June 2014: £24.2 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. Caza Oil & Gas	13.2%
2. Questerre Energy	8.0%
3. Salamander Energy	5.8%
4. Cooper Energy	5.7%
5. Parkmead Group	5.7%
6. Pacific Rubiales	4.4%
7. Faroe Petroleum	4.4%
8. Otto Energy	4.2%
9. Excite Energy	4.2%
10. FAR Ltd	3.9%
Total Top 10	59.5%
As at 30 June 2014	

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.

10 July 2014

Dear Investor,

We have long maintained that the shale revolution in America is unlikely to result in lower oil prices. Geopolitical instability in the world's most prolific oil-producing regions ensures that oil prices will remain elevated for the foreseeable future. Given the price range of Brent, the most important reference price for international oil trading, has been stable between \$100-\$125/ barrel for over three years now, oil companies have enjoyed unprecedented operating conditions. Price stability in a historically highly volatile commodity means that capital budgets and operating programmes can be planned with greater confidence. This has been particularly important in smaller, fast-growing operations which rely more on external capital than organic cash flow.

It has been particularly interesting, therefore, that under such favourable conditions, the sector that has been the most out of favour seems to be the emerging and frontier markets oil and gas companies. Most of the investment flows over the last two years appears to have gravitated towards development stage unconventional oil and gas plays, while the conventional third world exploration plays were completely shunned. The prospect generators, who move early to secure concessions in emerging basins, undertake seismic and development studies to identify targets which they farm out generally to a larger industry player have been particularly ignored.

We expect this anomaly to change in the near future. As the world continues to demand oil and gas for its energy needs, it is important to find and develop conventional supply from new territories, especially those where the political risk is low. There are several geologically important basins in the world that remain under-explored, including off-shore and on-shore Africa, Latin America, Australia and the Far-East. As investors' interest in these areas returns, those companies that have established and developed positions should benefit the most.

The Junior Oils Trust has performed well in the year to date. Main contributors to its performance have been conventional oil companies operating in safe political territories with growing production and reserves. Some earlier stage, development plays in emerging basins have benefitted from attractive joint ventures and farm-ins by larger companies that generally undertake to spend most of the capital required in return for a share in potential production. We believe that there is considerable further re-rating potential in the fund's portfolio as markets focus again on smaller production development stories.

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:

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www.sectorinvestments.com

Risk Warning:

Past performance is not necessarily a guide to the future. The value of investments and the income from them may go down as well as up. Investors may not get back their original investment. The fund invests in smaller companies and some of which are listed on the Alternative Investment Market which may carry a higher degree of risk. 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.

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