

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

Update July 2014

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-31.7.14: **+69.8%**

30.6.14-31.7.14: **-0.9%**

12 months discrete:

31.7.13-31.7.14: **+7.0%**

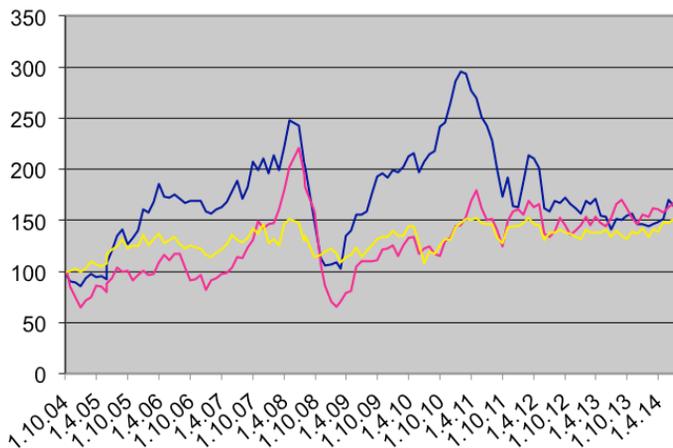
31.7.12-31.7.13: **-10.5%**

31.7.11-31.7.12: **-25.9%**

31.7.10-31.7.11: **+6.6%**

31.7.09-31.7.10: **+35.2%**

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



Comparative Performance:
10.10.04-31.7.14
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 NISAs and SIPPs

Benchmark: FTSE 350 Oil & Gas Index

Net asset value at 31 July 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	9.1%
2. Questerre Energy	7.0%
3. Cooper Energy	5.6%
4. Parkmead Group	5.5%
5. Salamander Energy	4.7%
6. Pacific Rubiales	4.7%
7. FAR Ltd	4.5%
8. Oilex	4.4%
9. Otto Energy	4.3%
10. Serica Energy	4.1%
Total Top 10	53.9%

As at 31 July 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.

18 August 2014

Dear Investor,

Geopolitical instability continues to rage across the world's most prolific oil producing regions. Nevertheless, oil prices have been a little weaker recently as traders appear sanguine on the potential for disruptions to supply and as world demand is typically weaker in the period from August to October. We believe that geopolitics in the Middle East and Ukraine are unlikely to return to stability in the near future. Cultural and religious differences that drive such extreme aggression and genocidal tendencies remain embedded and manifest themselves in different guises and forms. Regional warfare is staged by covert operators bearing no insignia and no national flags, secretly backed with funding from nations with vested interests.

The junior international oil and gas shares have continued their recovery. Our Junior Oils Trust has consistently been among the top energy fund performers this year. For portfolio management reasons, we had to trim our position in Caza Oil & Gas following its significant outperformance on delivery of continued excellent results. The fund still maintains the holding as the top conviction idea as we believe that the company has considerable rerating potential with limited downside risk. Today's announcement by Carnarvon Petroleum was a welcome surprise. The American oil major Apache, announced that it found what could be one of the most significant new discoveries in Western Australia, importantly containing light oil which would command a premium price. Carnarvon holds a 20% interest in the find and its shares rose by more than 200% in the market as a result. Given that this is one of the fund's core holdings with an approximately 4% portfolio weight prior to the discovery, it is making a large contribution to performance. This development vindicates our view that junior international asset developers, that acquire and promote new license areas for exploration funded by larger oil companies have been overlooked. There are several smaller companies that have production, balance sheet strength and the expertise to attract large, international players into their prospective assets. Another such example among our portfolio is Serica Energy that recently announced the farm-out of its UK East Irish Sea blocks to Centrica. Serica is well funded and holds a portfolio of licenses that could, upon successful drilling, materially contribute to its value rerating. We remain optimistic for your fund's outperformance in the current year and beyond.

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:

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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