

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow



Update August 2014

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-31.8.14: +86.7%

31.7.14-31.8.14: +10.0%

12 months discrete:

31.8.13-31.8.14: +18.2%

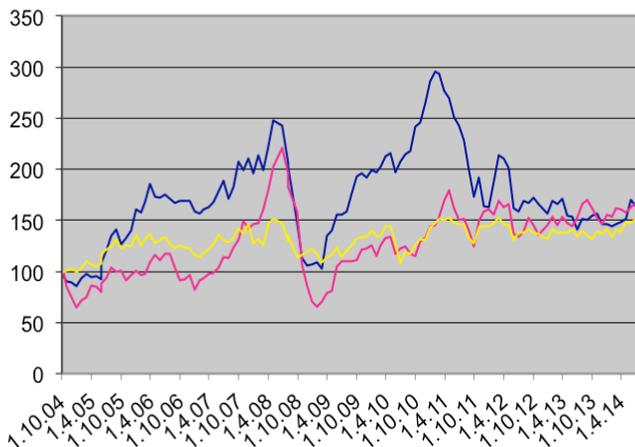
31.8.12-31.8.13: -9.8%

31.8.11-31.8.12: -15.8%

31.8.10-31.8.11: -8.8%

31.8.09-31.8.10: +23.4%

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



Comparative Performance:
10.10.04-31.8.14

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 August 2014: £26.5 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. Carnarvon Petroleum	8.6%
2. Caza Oil & Gas	7.7%
3. Questerre Energy	6.8%
4. FAR Ltd	5.6%
5. Cooper Energy	5.1%
6. Parkmead Group	5.0%
7. Pacific Rubiales	4.8%
8. Serica Energy	3.9%
9. Circle Oil	3.7%
10. Otto Energy	3.7%
Total Top 10	54.9%

As at 31 August 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.

11 September 2014

Dear Investor,

Despite continued instability in the world's most prolific oil-producing regions, oil prices have been rather weak recently. The International Energy Agency has issued a revised projection of slowing global demand growth for oil amid weakness in Chinese and European consumption. In the meantime, North American production continues to surge as domestic shale oil and gas developments accelerate.

In the context of a super-cycle for oil demand, it is expected that there may be periods of slower growth. China continues to be the major driver of growth and its recent slowdown may explain current weakness not only in oil demand but more profoundly in iron-ore and steel-making. Nevertheless, it is clear that the longer-term picture of the Chinese economy will demand significantly more oil and base metals, underpinning price development.

The Junior Oils Trust has enjoyed a hat-trick of three significant exploration finds last month, all among large holdings. First was the major discovery announced by Apache in the North-West Shelf of Australia, opening up an entirely new basin with indications of light oil accumulations rather than the expected gas. Carnarvon Petroleum, in which the fund held a core position for a while, was a major beneficiary of this discovery. Apache immediately exercised its option for further drilling as well as the extension of its joint-venture acreage, offering the prospect of expansion in the basin. Second was Circle Oil, announcing a discovery of oil in the Mahdia permit offshore Tunisia. The well confirmed the presence of a large petroleum system. Technical problems prevented a precise assessment of likely volumes but the early indication of approximately 100 million barrels is very material for the company. Next was FAR Ltd, which announced that its farm-in consortium partners Cairn Energy, Conoco Phillips and Petrosen had recovered oil samples from the FAN-1 exploration well offshore Senegal. The samples confirm the presence of a working petroleum system and, whilst further testing of the results is pending, there is a good chance that the well will be classified as a discovery of oil in place. Even though FAR has retained a 15% interest subsequent to the joint venture farm-out, confirmation of a discovery would have a material impact on its valuation.

These results give us confidence in our investment approach. Among portfolio holdings, approximately 75% is invested in 20 producing companies with a viable growth model and strong balance sheets. The balance is spread among 12 holdings in development-stage companies controlling large resources and high-impact exploration potential. As investors focus again on international exploration activities in emerging basins, the fund's holdings should enjoy further rerating. Our focus on politically stable regions has insulated the fund from recent instability in the Middle East, North Africa and Russia/ Ukraine. We remain optimistic in the fund's potential for the 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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