

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow



Update September 2014

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-30.9.14: +80.7%

31.8.14-30.9.14: -3.2%

12 months discrete:

30.9.13-30.9.14: +11.6%

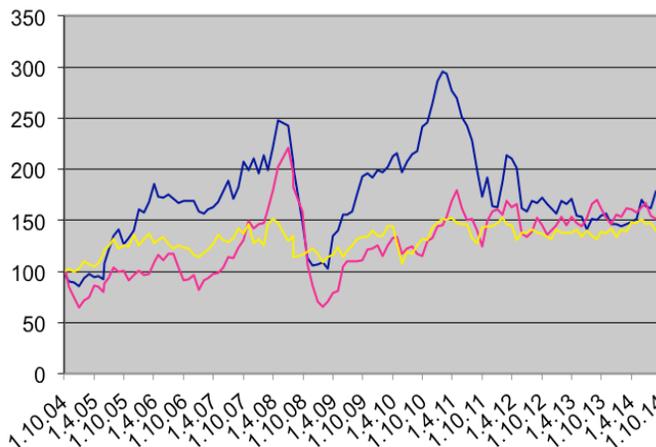
30.9.12-30.9.13: -10.4%

30.9.11-30.9.12: -0.4%

30.9.10-30.9.11: -28.3%

30.9.09-30.9.10: +25.6%

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



Comparative Performance:
10.10.04-30.9.14
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 30 September 2014: £24.7 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. FAR Ltd	9.1%
2. Caza Oil & Gas	8.9%
3. Carnarvon Petroleum	7.5%
4. Questerre Energy	6.5%
5. Parkmead Group	5.2%
6. Cooper Energy	5.0%
7. Pacific Rubiales	4.3%
8. Salamander Energy	4.1%
9. Otto Energy	3.9%
10. Circle Oil	3.7%
Total Top 10	58.2%

As at 30 September 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 October 2014

Dear Investor,

As the Junior Oils Trust becomes ten years old today, we have good reasons to celebrate. From 1 January to 30 September 2014 it is the top performing fund among 20 energy funds monitored by the Morningstar database. In this period, JOT was up by 18.3% compared to a fall of -1.2% in its benchmark, the FTSE 350 Oil & Gas index and a drop of -7.5% in the price of a barrel of WTI oil. In stark contrast to our performance, the AIM Oil & Gas index, comprising 104 oil companies listed in the London market and a good proxy for market sentiment towards smaller capitalization oil stocks, was down by -21.1% in the same period. Over its ten-year track record, from inception on 10 October 2004 to 30 September 2014, the Junior Oils Trust was up by 80.7%, comfortably outperforming both its benchmark (up by 40.1%) and the WTI Oil price (up by 44.2%) during this period. Despite the large volatility due to the 2008 financial crisis and the subsequent small-cap bear market that started in early 2011, we have managed to create value for long-term unit-holders.

The reason for our fund's outperformance can clearly be attributed to its largest positions in which we have had the most confidence of fundamental value. It is these high-conviction investments that performed best against a generally poor sector background. In particular, the fund recently enjoyed a hat-trick of three significant exploration finds, 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 has 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 multiple 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, the well has been classified as a discovery of economically recoverable oil in place. Even though FAR has retained a 15% interest subsequent to the joint venture farm-out, confirmation of the discovery has had a material impact on its valuation.

These results give us confidence in our investment approach. We concentrate in companies operating in low political risk regions. We prefer large size of resources with low exploration or development risk. We favour management teams that have a long track-record of delivering value in the areas of operations, backed by a prudent capital base that does not rely excessively on the equity markets. Early movers, those who secured license areas in frontier territories and subsequently farmed-out expensive exploration drilling to larger companies, have been a sweet spot. 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 re-rating. Our focus in 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 future and would like to thank our investors for their support.

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.

This material is directed only at persons in the UK and is not an offer or invitation to buy or sell securities. 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 SIM's internal analysis which may have not been verified by independent sources. They are subject to change and should not be interpreted as investment advice. Before making an investment in the fund, it is important that you read the Key Investor Information Document. Prospectus and Key Information Document are available free by visiting the websites above. Sector Investment Managers Ltd and Marlborough Fund Managers Ltd are authorised and regulated by the Financial Conduct Authority.