

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

10
YEARS
TRACK
RECORD

Update November 2014

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-30.11.14: +33.6%

31.10.14-30.11.14: -16.0%

12 months discrete:

30.11.13-30.11.14: -12.5%

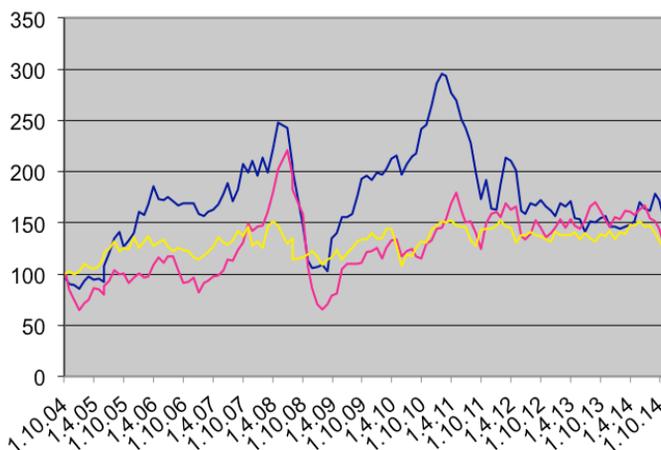
30.11.12-30.11.13: -9.7%

30.11.11-30.11.12: -1.4%

30.11.10-30.11.11: -38.1%

30.11.09-30.11.10: +38.0%

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



Comparative Performance:

10.10.04-30.11.14

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 November 2014: £18.2 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. FAR Ltd	9.9%
2. Carnarvon Petroleum	7.8%
3. Caza Oil & Gas	6.5%
4. Otto Energy	5.7%
5. Parkmead Group	5.6%
6. Salamander Energy	5.6%
7. Cooper Energy	5.2%
8. Questerre Energy	4.5%
9. Circle Oil	4.5%
10. Pacific Rubiales	3.9%
Total Top 10	59.2%

As at 30 November 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.

12 December 2014

Dear Investor,

The dramatic drop in oil prices has brought chaos to the oil industry. Given the stable, high prices enjoyed over a three-year period, the decline of over 40% in just four months caught everyone by surprise. Capital budgets are being re-assessed and new projects reviewed as management teams try to deal with uncertainty. The capital markets are exerting a severe squeeze across the board on producers, developers and explorers alike. Share prices are in free fall, with the smaller, less liquid shares suffering the most in indiscriminate selling conditions. It is quite likely though, that we have seen the capitulation often associated with a major change in sentiment when share prices experience exaggerated down-moves. In terms of fundamental value, many healthy, robust operators trade at multiples last seen during the 2008 financial crisis.

Having summarized the bad news, we should think about the effect weak prices are will likely to have on the industry over the medium term. Marginal cost, ambitious projects will be suspended, stopped or cancelled, causing a sharp drop in supply in fairly quick order. Companies with large commitments, high debt and weak balance sheets will likely be restructured, taken over or amalgamated into other entities. The oil industry is characterized by high capital costs, long investment horizons and significant lags in response to price moves. Its history has been one of high cyclicalities with each low tightening investment and constraining future production, ultimately resulting in rapidly rising prices once demand improves again. In our view, the current rapid decline in oil prices has been caused by short-term factors that are not sustainable over the medium term. Demand is likely to rise again soon as China re-balances its economy. A big blow has been dealt, nevertheless, on the supply side that will take much longer to restore operations and production growth.

In the meantime, investors should look for safety, focusing in higher quality operators with strong balance sheets and robust project economics even at low oil prices. Politically unstable territories and high risk exploration should be avoided as they will likely find it very difficult to raise financing. We believe that the portfolio holdings of the Junior Oils Trust are relatively well positioned in the current environment and are likely to outperform once some stability returns to our markets.

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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