

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

11
YEARS
TRACK
RECORD

Update February 2016

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-29.2.16: -37.8%

31.1.16-29.2.16: +6.1%

12 months discrete:

28.2.15-29.2.16: -40.7%

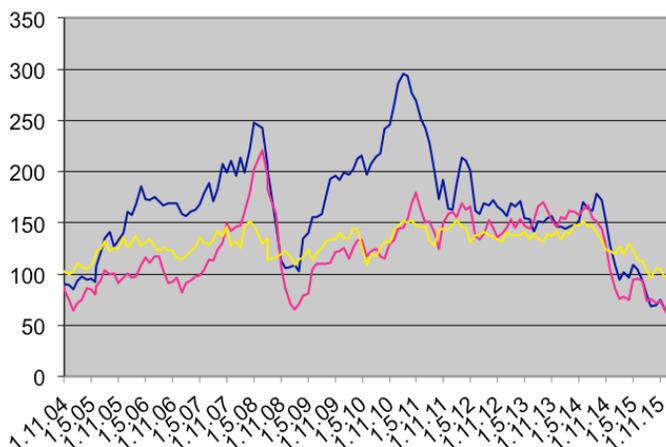
28.2.14-28.2.15: -34.5%

28.2.13-28.2.14: -14.6%

29.2.12-28.2.13: -10.2%

28.2.11-29.2.12: -36.4%

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



Comparative Performance:
10.10.04-29.2.16
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 29 February 2016: £9.0 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 despite higher short-term volatility
- Emphasis on production and proven reserves
- Avoid political and pure exploration risks

TOP 10 HOLDINGS

Company	% of Fund
1. FAR Ltd	10.6%
2. Carnarvon Petroleum	6.4%
3. Serica Energy	5.6%
4. Gran Tierra Energy	5.2%
5. Cooper Energy	4.6%
6. Victoria Oil & Gas	4.3%
7. RMP Energy	4.2%
8. Faroe Petroleum	4.2%
9. Parkmead Oil	3.8%
10. Tamarack Valley	3.7%
Total Top 10	52.6%

As at 29 February 2016

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.

14 March 2016

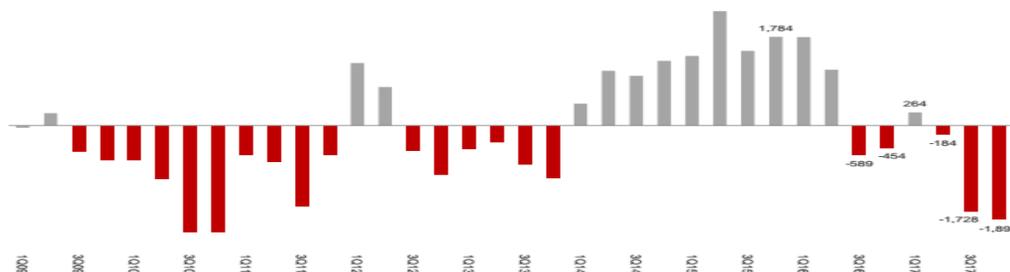
Dear Investor,

We may have seen the bottom of this cycle in oil prices. Whilst there are still many voices calling for oil to drop below the levels seen in February, the price action in the markets indicates that investors have started discounting a recovery. Even the IEA has just changed its forecast, predicting a more substantial drop in production of 750k boe per day in 2016 up from its previous estimate of 600kboepd. Inventories remain at record levels, nevertheless, and all this stored oil must find a home first. We must, therefore, be cautious and expect high volatility in prices to continue well into the second half of the year. One of the most reasonable forecasts of near-term supply-demand we have seen came from Macquarie Bank analysts as illustrated in the chart below:

Expect S/D to return to seasonal normal draws in 3Q16

Very low prices in the near term accelerates pace to rebalance

Global S-D Balance K BPD



2015 - 2017 are forecasts.

Source: Macquarie Capital (USA), January 2016

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As supply responds to the recent dramatic cuts in capital expenditure across all oil companies, large and small, the balance with demand gradually returns to a deficit in the second half of this year, supporting higher prices. In the medium term, due to the severe damage inflicted on oil corporate balance sheets, capital expenditure is likely to lag the recovery in oil prices. The consequence of this natural sector inertia is likely to be a more profound rise of prices if demand for oil remains healthy and growing as most forecasts currently anticipate.

The publicly listed equities have started discounting this outlook. The Junior Oils Trust portfolio has recovered strongly from the lows seen in the middle of February and demonstrates the re-rating potential of the smaller, less liquid and oversold shares in a bullish market sentiment. Our conviction holdings in FAR and CVN have continued to outperform on the back of positive updates but some of the smaller Canadian producers are now showing stronger recovery as investors realise their favourable position and price-elastic operations.

Please watch our 4th February interview with IG on oil and smaller oil shares by pasting the following link to your browser:

https://www.youtube.com/watch?v=2MQWkt2pj_A

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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