

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

11
YEARS
TRACK
RECORD

Update March 2016

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-31.3.16: -32.9%

29.2.16-31.3.16: +7.9%

12 months discrete:

31.3.15-31.3.16: -33.3%

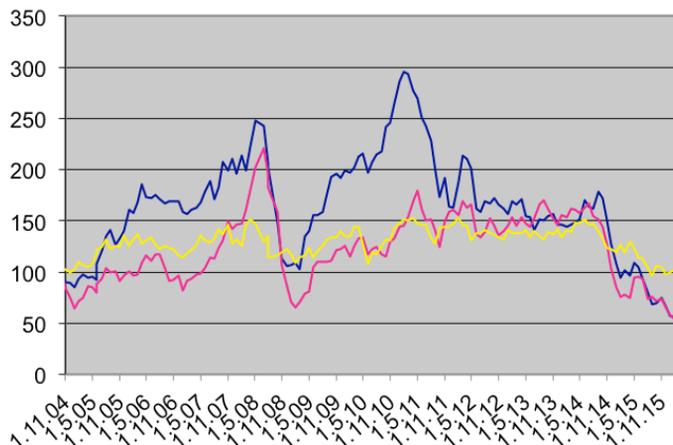
31.3.14-31.3.15: -35.1%

31.3.13-31.3.14: -13.8%

31.3.12-31.3.13: -18.6%

31.3.11-31.3.12: -23.9%

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



Comparative Performance:
10.10.04-31.3.16
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 31 March 2016: £10.2 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 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	9.6%
2. Cooper Energy	6.4%
3. Carnarvon Petroleum	6.4%
4. Serica Energy	6.0%
5. RMP Energy	5.7%
6. Gran Tierra Energy	5.3%
7. Pine Cliff Energy	4.6%
8. Tamarack Valley	4.1%
9. Faroe Petroleum	3.9%
10. Yangarra Resources	3.7%
Total Top 10	55.7%

As at 31 March 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.

20 April 2016

Dear Investor,

Oil prices have recently demonstrated resilience despite evidence of historically high inventory data. As global stockpiles of oil and products indicate that the market is still oversupplied, there is growing belief that the massive cuts in capital expenditure spending among oil companies will cause supply to drop, restoring balance with demand by year-end. However, all those accumulated stocks will have to find their way to market first, therefore, recovery is likely to be slow. Nevertheless, once there is evidence of net draws from inventories, the market will raise its expectations on future pricing and push spot prices higher. Brent and WTI benchmarks (as shown in chart below) have converged as global trade rebalances. From the price action in the year to date, we believe that it is unlikely we will revisit the lows reached in February, but will probably trade in a range between \$35-45 for the rest of the year. This assumption is based on global geo-politics remaining stable, never a sound enough base in the oil market. There are so many "black swans" that may fly out of darkness to rock markets.

The junior oils companies have showed some signs of recovery. As investors become more comfortable with a slowly recovering price environment, there will have more confidence in the rerating potential of smaller companies. Among the fund's core holdings, there were continued good results from Cairn Energy, the operator of the drilling programme of FAR Ltd, our largest holding. The increase in prospective resources, on the back of continued success in drilling, should have a significant impact on FAR's valuation. We remain positive on this story and firm holders. Elsewhere, Serica Energy announced positive results with growth in production and profitability.



The fund's exposure in Canadian shares has started to outperform, as this most price-elastic end of the industry adjusts to the lower price curve. Companies like RMP Energy, one of our core investments, have used their prudent capital structure and relative strength to raise further equity and invest in contiguous land. Any company or investor with financial capacity to acquire new assets at the current distressed values is set to benefit substantially once the market recovers. We believe that current conditions present such opportunities that might not be seen for many years to come. We remain confident in the re-rating potential of the fund's portfolio in the medium term.

Please watch our 4th February interview with IG, still relevant today, 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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