

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

12
YEARS
TRACK
RECORD

Update January 2017

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-31.1.17: -4.3%

31.12.16-31.1.17: +2.5%

12 months discrete:

31.1.16-31.1.17: +63.3%

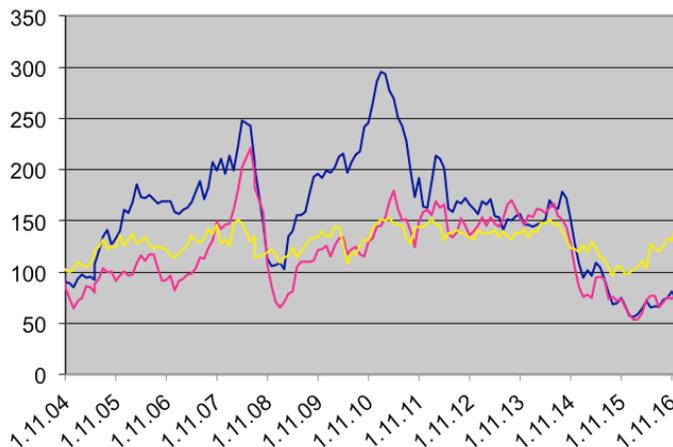
31.1.15-31.1.16: -40.7%

31.1.14-31.1.15: -34.6%

31.1.13-31.1.14: -14.6%

31.1.12-31.1.13: -10.2%

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



Comparative Performance:
10.10.04-31.1.17
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 "C": £1,000 or £100 per month

Eligible for NISAs and SIPPs

Benchmark: FTSE 350 Oil & Gas Index

Net asset value at 31 January 2017: £15.7 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 despite higher short-term volatility
- Emphasis on production and proven reserves
- Avoid political and pure exploration risks

TOP 10 HOLDINGS

| Company | % of Fund |
|------------------------|-----------|
| 1. Questerre Energy | 7.8% |
| 2. Yangarra Resources | 6.8% |
| 3. Carnarvon Petroleum | 5.7% |
| 4. FAR Ltd | 5.6% |
| 5. Pantheon Resources | 5.6% |
| 6. Serica Energy | 5.2% |
| 7. Africa Oil | 5.0% |
| 8. Ophir Energy | 4.9% |
| 9. Tamarack Valley | 4.6% |
| 10. Cooper Energy | 4.4% |
| Total Top 10 | 55.6% |
| As at 31 January 2017 | |

HOW TO INVEST

Call Marlborough Fund Managers:

0808 145 2501

For further information and documentation visit:

www.junioroils.com or
www.sectorinvestments.com

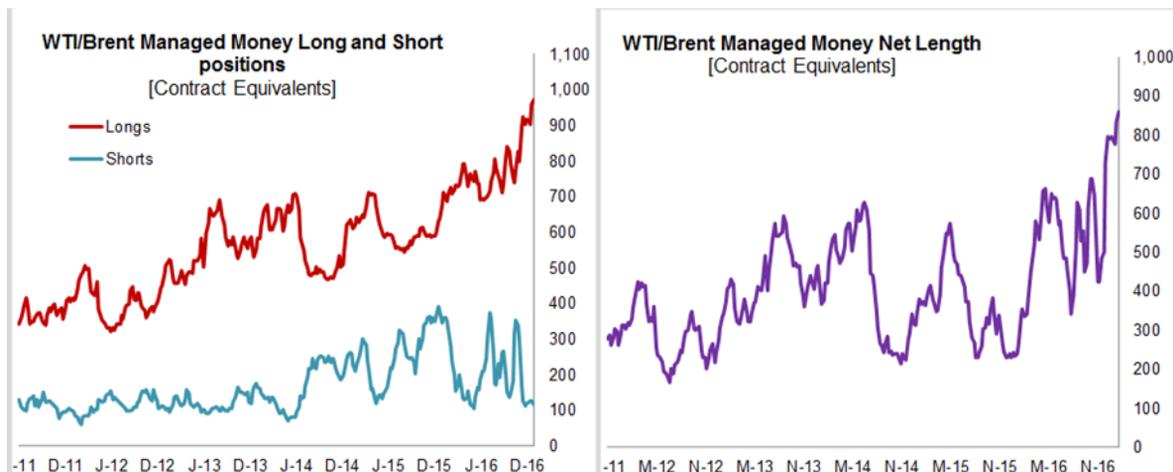
Risk Considerations:

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.

9 February 2017

Dear Investor,

It appears that oil prices are on a firm uptrend. Despite a larger than expected build in crude inventories posted by the US DOE data yesterday, oil prices recovered an initial decline and subsequently rallied. US production has continued to increase but the US imported the largest volume of crude since 2012 in the last quarter of 2016. We believe that the market expects that, once the supply cuts by Opec/ Nopec come through, inventories will likely decline, supporting prices higher. The positions of oil traders and speculators are indicated by the net length of managed money that has risen to the highest level since 2010 in terms of contracts. The dollar amount, nevertheless, is not at the highest level in that period.



Source: Macquarie Bank Research

Our Junior Oils Trust has been performing well as smaller capitalisation oil companies now offer better value compared to their larger peers. We believe that there is further re-rating potential as the direction of oil prices remains convincingly upwards. Our largest portfolio position in Qwesterre Energy has benefitted from the recent resource upgrade announced by the company, who believes that its 25% share in the Utica shale in Quebec holds just under 1 billion barrels of oil equivalent. As the implementation regulations for fracking are announced in the next few months, its partner and operator, the Spanish giant Repsol, is likely to plan a drilling programme that will ultimately monetise this vast asset. The value attributable to Qwesterre would be very material and the shares have started their initial re-rating; we expect strong performance during the year. Elsewhere, we see strong moves in the shares of companies that have been ignored by the market for the last two years and remain optimistic for good performance of our fund in the medium term.

Please watch the latest interview with IG discussing the oil market and the prospects of smaller companies:

<https://www.youtube.com/watch?v=weo94EJLzQ>

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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