



JUNIOR OILS TRUST

FINAL REPORT AND AUDITED FINANCIAL STATEMENTS

for the year ended 31 August 2019

JUNIOR OILS TRUST

Authorised Fund Manager and Registrar

Marlborough Fund Managers Ltd
Marlborough House
59 Chorley New Road
Bolton
BL1 4QP

Investor Support: (0808) 145 2500 (FREEPHONE)

Authorised and regulated by the Financial Conduct Authority.

Trustee

HSBC Bank plc
8 Canada Square
London
E14 5HQ

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Investment Adviser

Sector Investment Managers Limited
Level 1
Devonshire Road
One Mayfair Place
London
W1J 8AJ

Authorised and regulated by the Financial Conduct Authority.

Auditor

Ernst & Young LLP
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

JUNIOR OILS TRUST

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JUNIOR OILS TRUST

AUTHORISED INVESTMENT ADVISER'S REPORT

for the year ended 31 August 2019

Percentage change to 31 August 2019

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Since launch*</u>
Junior Oils Trust	-12.17%	-31.63%	-9.20%	-62.17%	-32.36%

* launched 10.10.2004.

External Source of Economic Data: Morningstar (Class P - bid to bid, net income reinvested). Class P units first priced on 13 December 2013. In the period to that date, past performance information for Class A units has been used.

The energy sector has been under significant pressure over the past few months, notwithstanding resilience of oil prices. A major concern is raised by several market observers as to the effect a possible recession might have on global oil demand. Movements in the US Dollar, bond yields and precious metals are seen as important indicators of an impending global economic slowdown. In response, the International Energy Agency (IEA) and other influential forecasters have been downgrading their expectations for demand growth over the next two years. The one thing we have witnessed repeatedly over time is that such forecasts tend to be changed rather quickly in response to new information. Any forecast, however accurately based on economic assumptions, cannot anticipate geopolitical risks that may arise unexpectedly. Recent unrest in the Middle East is a testament as to how quickly supply can be disrupted, causing price volatility.

Further analysis on the supply picture by oil major Exxon Mobil suggests that the outlook for oil prices is not too bad in the medium term. Exxon expects a global oil production decline rate of around 7% per annum in the next five years while pushing peak oil demand to sometime after 2040. The main reason is that too much of the recent supply growth has come from rapidly declining fields of shale and tight oil. Without substantially larger investments in boosting production from conventional oil fields, the projected growth from shales is unlikely to be sufficient. The super-major says new oil supply of at least 8% per year is needed to meet demand growth and offset decline rates. Exxon is the largest public international oil company and is involved in all major oil regions and all play types including conventional, oil sands, middle-east, deep-water oil and shale oil. Importantly, Exxon is considered a leader in shale oil with one of the largest footprints in the Permian, the most productive shale oil field in the Americas. It is their global positioning and understanding of the dynamics in each segment that makes their forecasts so credible. If we accept the Exxon forecast, the outlook for oil prices beyond 2020 looks decidedly bullish, especially given the severely undercapitalised energy sector. At some point in the not too distant future equity investors could start pricing better earnings expectations for oil companies subsequent to which the energy sector's valuation would get re-rated. Smaller companies controlling material reserves should again become the growth engines that have to be valued highly. A significant allocation to that segment in advance of such re-rating could provide out-performance to a well-constructed portfolio.

The Junior Oils Trust portfolio has suffered greatly under the circumstances, dropping by 31.63% in value in the twelve months to 31 August 2019. Its benchmark, the FTSE 350 Oil & Gas index fared better due to its large component of integrated majors, losing 10.3% in the same period. Some of the Trust's core holdings performed exceptionally well, offsetting losses in other parts of the portfolio, especially Canadian operations. However, post year end there appears to be a change in sentiment in favour of North American oil companies resulting in a significant re-rating. We believe that the operational resilience built by oil companies during such weak, under-capitalised market periods, will provide them with the strength to benefit from a change in sentiment.

Angelos Damaskos
18 September 2019

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Portfolio changes

Largest purchases	Cost (£)	Largest sales	Proceeds (£)
Advantage Oil & Gas	313,829	Faroe Petroleum	960,000
Pine Cliff Energy	298,893	Carnarvon Petroleum	697,559
Real Energy	293,217	Iron Bridge Resources	540,874
TORC Oil & Gas	288,311	Ophir Energy	460,000
MEG Energy	285,663	Cooper Energy	212,389
Baytex Energy	281,482	North Energy	184,401
Yangarra Resources	264,593	Strike Energy	162,361
Vermilion Energy	193,250		
Gran Tierra Energy	179,043		
Strike Energy	144,919		
Other purchases	262,001		
Total purchases for the year	2,805,201	Total sales for the year	3,217,584

JUNIOR OILS TRUST

AUTHORISED STATUS AND GENERAL INFORMATION

Authorised status

Junior Oils Trust (the Trust) is an authorised unit trust scheme within the meaning of the Financial Services and Markets Act 2000 and is a UCITS scheme operating under the Collective Investment Schemes Sourcebook (COLL) as issued by the Financial Conduct Authority.

Investment objective

The investment objective of the Trust is to provide capital growth, that is, to increase the value of your investment, by investing in small and medium sized companies which specialise in oil and gas exploration and production.

At least 80% of the Trust will be invested in the shares of these companies. The Trust may also invest in bonds issued by companies operating in this sector. The companies that the Trust invests in operate in a range of jurisdictions, however the Investment Manager will avoid companies with substantial operational exposure to politically unstable regions. The Investment Manager aims to invest in those companies with major new discoveries and active drilling programmes. A strong balance sheet and experienced management are also key considerations.

The Trust is actively managed, which means the Investment Manager decides which investments to buy or sell and when. The Trust may hold up to 20% in cash to enable the ready settlement of liabilities, for the efficient management of the Trust and in pursuit of the Trust's objectives.

Rights and terms attaching to each unit class

Each unit of each class represents a proportional entitlement to the assets of the Trust. The allocation of income and taxation and the rights of each unit in the event the Trust is wound up are on the same proportional basis.

Changes in prospectus

With effect from 1 April 2019 the Trust has changed from a dual priced unit trust to a single priced unit trust and is operating a 'swinging' single price mechanism.

Also with effect from 20 August 2019, the investment objectives have been updated, and there has been a change of auditor from Barlow Andrews LLP to Ernst & Young LLP. Details of these changes can be found in the Prospectus.

Up to date Key Investor Information Documents, Prospectus and Long Reports and Financial Statements for any fund within the manager's range can be requested by the investor at any time.

Remuneration policy

In line with the requirement of UCITS V, Marlborough Fund Managers Ltd, the Authorised Fund Manager (AFM) is subject to a remuneration policy which is consistent with the principles outlined in the European Securities and Markets Authority guidelines on sound remuneration policies under UCITS V. The remuneration policies are designed to ensure that any relevant conflicts of interest can be managed appropriately at all times and that the remuneration of its senior staff is in line with the risk policies and objectives of the UCITS funds it manages.

The quantitative remuneration disclosures as at 30 September 2018 (the AFM's year-end) are set out below:

	Number of identified staff	Total remuneration paid	Fixed remuneration paid	Variable remuneration paid
		£	£	£
Remuneration paid to staff of the AFM who have a material impact on the risk profile of the Trust				
Senior management	8	676,276	489,569	186,707
Risk takers and other identified staff	5	179,708	141,518	38,190
Allocation of total remuneration of the employees of the AFM to the Trust				
Senior management	0.01	1,185	858	327
Risk takers and other identified staff	1.01	28,715	23,666	5,049

The total number of staff employed by the AFM was 148 as at 30 September 2018. The total remuneration paid to those staff was £6,491,736, of which £3,831,649 is attributable to the AFM.

The allocation of remuneration to the AFM is based on Assets Under Management (AUM), as staff work for two AFM's. The allocation of remuneration to the Fund is based on AUM where staff are not directly allocated to the Fund. The way these disclosures are calculated may change in the future.

JUNIOR OILS TRUST

DIRECTORS' STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

ALLAN HAMER
JOINT MANAGING DIRECTOR

G R HITCHIN
INVESTMENT DIRECTOR

MARLBOROUGH FUND MANAGERS LTD
19 December 2019

STATEMENT OF AUTHORISED FUND MANAGER'S RESPONSIBILITIES

The Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL) requires the Authorised Fund Manager (AFM) to prepare financial statements for each accounting year which give a true and fair view of the financial position of the Fund and of the net expenses and net losses on the property of the Fund for the year.

In preparing those financial statements the AFM is required to:

- comply with the disclosure requirements of the Statement of Recommended Practice relating to UK Authorised Funds issued in May 2014 and amended in June 2017;
- follow United Kingdom Generally Accepted Accounting Practice and applicable accounting standards;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation, for the reasons stated in Note 1 of the accounting policies, the financial statements have not been prepared on a going concern basis.

The AFM is required to keep proper accounting records and to manage the Fund in accordance with the COLL rules, the Trust Deed and the Prospectus. The AFM is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The AFM is responsible for ensuring that, to the best of its knowledge and belief, there is no relevant audit information of which the auditor is unaware. It is the responsibility of the AFM to take all necessary steps to familiarise itself with any relevant audit information and to establish that the auditor is aware of that information.

JUNIOR OILS TRUST

STATEMENT OF THE DEPOSITARY'S RESPONSIBILITIES AND REPORT OF THE DEPOSITARY

Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Unitholders of Junior Oils Trust ("the Trust") for the period ended 31 August 2019

The Depositary in its capacity of Trustee of Junior Oils Trust must ensure that the Trust is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Trust Deed and Prospectus (together "the Scheme documents") as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Trust and its investors.

The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Trust in accordance with the Regulations.

The Depositary must ensure that:

- the Trust's cash flows are properly monitored and that cash of the Trust is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of units are carried out in accordance with the Regulations;
- the value of units in the Trust are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Trust's assets is remitted to the Trust within the usual time limits;
- the Trust's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ("the AFM"), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has a duty to take reasonable care to ensure that the Trust is managed in accordance with the Regulations and the Scheme documents of the Trust in relation to the investment and borrowing powers applicable to the Trust.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depositary of the Trust, it is our opinion, based on the information available to us and the explanations provided, that in all material respects, the Trust, acting through the AFM:

(i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Trust's units and the application of the Trust's income in accordance with the Regulations and the Scheme documents of the Trust; and

(ii) has observed the investment and borrowing powers and restrictions applicable to the Trust in accordance with the Regulations and the Scheme documents of the Trust.

HSBC BANK PLC

LONDON

19 December 2019

JUNIOR OILS TRUST

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF JUNIOR OILS TRUST

Opinion

We have audited the financial statements of Junior Oils Trust ("the Fund") for the year ended 31 August 2019 which comprise the Statement of Total Return, Statement of Change in Net Assets Attributable to Unitholders together with the Balance Sheet, the accounting policies and risk profile, the related notes and the Distribution Tables, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Fund as at 31 August 2019 and of the net expense and the net capital losses on the scheme property of the Fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – financial statements prepared on a break up basis

We draw attention to Note 1 to the financial statements which explains that the Manager intends to terminate the Fund and therefore does not consider it to be appropriate to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the financial statements have been prepared on a break up basis as described in Note 1. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Manager is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority

In our opinion:

- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice relating to Authorised Funds, the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority and the Instrument of Incorporation;
- the information given in the Manager's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- there is nothing to indicate that proper accounting records have not been kept or that the financial statements are not in agreement with those records.

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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF JUNIOR OILS TRUST

Matters on which we are required to report by exception

We have nothing to report in respect of the following matter in relation to which the Collective Investment Schemes Sourcebook of the Financial Conduct Authority rules requires us to report to you if, in our opinion:

- we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Responsibilities of the Manager

As explained more fully in the Manager's responsibilities statement set out on page 3, the Manager is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Fund's unitholders, as a body, pursuant to Paragraph 4.5.12 of the rules of the Collective Investment Schemes Sourcebook of the Financial Conduct Authority. Our audit work has been undertaken so that we might state to the Fund's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP
Statutory Auditor
Edinburgh

19 December 2019

Notes:

1. the maintenance and integrity of the Marlborough Fund Managers Ltd website is the responsibility of the Manager; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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COMPARATIVE TABLE

Accumulation units were first offered at 100p on 10 October 2004. On 12 March 2012, the units were reclassified as Class C units and Class I units became available for purchase. Class P units were first issued on 13 December 2013.

<u>Class C accumulation units</u>	Year to 31.08.2019	Year to 31.08.2018	Year to 31.08.2017
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	93.06	77.97	70.57
Return before operating charges*	(27.93)	16.61	8.94
Operating charges	(1.47)	(1.52)	(1.54)
Return after operating charges*	(29.40)	15.09	7.40
Distributions on accumulation units	0.00	0.00	0.00
Retained distributions on accumulation units	0.00	0.00	0.00
Closing net asset value per unit	63.66	93.06	77.97
* after direct transaction costs of:	0.05	0.08	0.16
Performance			
Return after charges	-31.59%	19.35%	10.49%
Other information			
Closing net asset value	£2,768,907	£5,577,888	£5,380,251
Closing number of units	4,349,647	5,994,073	6,900,281
Operating charges	1.93%	1.88%	1.86%
Direct transaction costs	0.06%	0.10%	0.19%
Prices			
Highest unit price	100.82p	104.19p	102.30p
Lowest unit price	60.83p	71.09p	68.82p
<u>Class I accumulation units</u>			
Change in net assets per unit	Year to 31.08.2019	Year to 31.08.2018	Year to 31.08.2017
	pence	pence	pence
Opening net asset value per unit	99.97	83.37	75.09
Return before operating charges*	(30.01)	17.80	9.47
Operating charges	(1.18)	(1.20)	(1.19)
Return after operating charges*	(31.19)	16.60	8.28
Distributions on accumulation units	0.00	0.00	0.00
Retained distributions on accumulation units	0.00	0.00	0.00
Closing net asset value per unit	68.78	99.97	83.37
* after direct transaction costs of:	0.05	0.09	0.17
Performance			
Return after charges	-31.20%	19.91%	11.03%
Other information			
Closing net asset value	£210,215	£486,666	£330,361
Closing number of units	305,644	486,807	396,239
Operating charges	1.43%	1.38%	1.36%
Direct transaction costs	0.06%	0.10%	0.19%
Prices			
Highest unit price	103.41p	106.79p	104.09p
Lowest unit price	65.66p	76.25p	73.24p

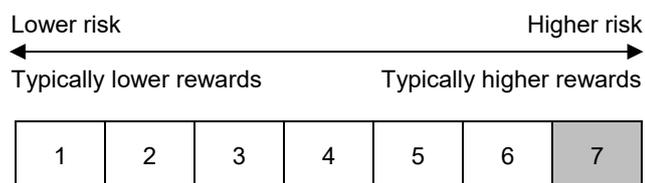
JUNIOR OILS TRUST

COMPARATIVE TABLE

Class P accumulation units	Year to 31.08.2019	Year to 31.08.2018	Year to 31.08.2017
Change in net assets per unit	pence	pence	pence
Opening net asset value per unit	100.87	84.00	75.54
Return before operating charges*	(30.31)	17.95	9.54
Operating charges	(1.05)	(1.08)	(1.08)
Return after operating charges*	(31.36)	16.87	8.46
Distributions on accumulation units	0.00	0.00	0.00
Retained distributions on accumulation units	0.00	0.00	0.00
Closing net asset value per unit	69.51	100.87	84.00
* after direct transaction costs of:	0.05	0.09	0.17
Performance			
Return after charges	-31.09%	20.08%	11.20%
Other information			
Closing net asset value	£3,865,415	£5,666,177	£5,781,531
Closing number of units	5,560,792	5,617,292	6,882,646
Operating charges	1.28%	1.23%	1.21%
Direct transaction costs	0.06%	0.10%	0.19%
Prices			
Highest unit price	104.34p	107.73p	104.78p
Lowest unit price	66.35p	76.89p	73.68p

Operating charges are the same as the ongoing charges and are the total expenses paid by each unit class in the period. Direct transaction costs are the total charges for the period, included in the purchase and sale of investments in the portfolio of the Trust. These amounts are expressed as a percentage of the average net asset value over the period and the average units in issue for the pence per unit figures.

SYNTHETIC RISK AND REWARD INDICATOR



The synthetic risk and reward indicator above aims to provide you with an indication of the overall risk and reward profile of the Trust. It is calculated based on the volatility of the Trust using weekly historic returns over the last five years. If five years data is not available, the returns of a representative portfolio are used.

The Trust has been measured as 7 because it has experienced very high volatility historically. During the year the synthetic risk and reward indicator has remained unchanged.

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PORTFOLIO STATEMENT

as at 31 August 2019

Holding or nominal value		Bid value £	Percentage of total net assets %
UNITED KINGDOM (24.68%, August 2018 - 31.97%)			
1,000,000	Amerisur Resources	179,400	2.62
6,767,295	Baron Oil	4,060	0.06
3,136,168	Burj Petroleum *	-	-
20,479,270	Canadian Overseas Petroleum	18,431	0.27
4,250,000	Circle Oil *	-	-
2,083,334	Highlands Natural Resources	141,667	2.07
1,000,000	Pantheon Resources	177,600	2.59
580,000	Parkmead Group (The)	269,700	3.94
4,000,000	President Energy	200,000	2.92
400,000	SOCO International	251,600	3.68
97,333	Tower Resources	681	0.01
400,000	Trinity Exploration & Production	42,400	0.62
1,800,000	Victoria Oil & Gas	191,700	2.80
1,087,643	Wentworth Resources	212,090	3.10
	Total United Kingdom	<u>1,689,329</u>	<u>24.68</u>
EUROPE (Nil, August 2018 - 1.72%)			
	Total Europe		
AUSTRALIA (33.22%, August 2018 - 29.93%)			
4,166,666	Calima Energy	27,622	0.40
2,000,000	Carnarvon Petroleum	403,279	5.89
1,700,000	Cooper Energy	535,312	7.82
14,058,681	FAR	481,526	7.04
10,000,000	Oilex	11,049	0.16
118,750,000	Pancontinental Oil & Gas	131,204	1.92
5,459,340	Real Energy	99,526	1.45
666,666	Real Energy Warrants *	-	-
3,000,000	Strike Energy	455,761	6.66
1,500,000	Tap Oil	87,009	1.27
8,437,500	XCD Energy	41,951	0.61
	Total Australia	<u>2,274,239</u>	<u>33.22</u>
CANADA (39.23%, August 2018 - 26.00%)			
200,000	Advantage Oil & Gas	187,913	2.75
500,000	Africa Oil	339,974	4.97
200,000	Baytex Energy	212,638	3.12
13,333	Bellatrix Exploration	3,544	0.05
130,000	Birchcliff Energy	151,876	2.22
217,116	Cequence Energy	40,262	0.59
265,883	Crown Point Energy	81,354	1.19
100,000	Gran Tierra Energy	113,119	1.65
1,000,000	Madalena Energy	80,358	1.17
100,000	MEG Energy	317,103	4.63
190,000	Painted Pony Energy	82,212	1.20
1,500,000	Pine Cliff Energy	101,992	1.49
1,400,000	Questerre Energy (CAD)	147,116	2.15
319,847	Questerre Energy (NOK)	39,309	0.57
390,000	TAG Oil	86,786	1.27
200,000	Tamarack Valley Energy	236,128	3.45
100,000	TORC Oil & Gas	205,839	3.01
10,000	Vermilion Energy	119,485	1.75
150,000	Yangarra Resources	137,226	2.00
	Total Canada	<u>2,684,234</u>	<u>39.23</u>
	Portfolio of investments	6,647,802	97.13
	Net current assets	196,735	2.87
	Total net assets	<u>6,844,537</u>	<u>100.00</u>

All investments are listed on a regular market except * which are unquoted stocks.

JUNIOR OILS TRUST

STATEMENT OF TOTAL RETURN

for the year ended 31 August 2019

	Notes	31 August 2019		31 August 2018	
		£	£	£	£
Income:					
Net capital (losses)/gains	4		(3,453,920)		2,075,957
Revenue	6	55,107		27,131	
Expenses	7	<u>(138,224)</u>		<u>(169,067)</u>	
Net expense before taxation		(83,117)		(141,936)	
Taxation	8	<u>(4,798)</u>		<u>(841)</u>	
Net expense after taxation			<u>(87,915)</u>		<u>(142,777)</u>
Total return before distributions			(3,541,835)		1,933,180
Distributions	9		4,459		7,449
Change in net assets attributable to unitholders from investment activities			<u>(3,537,376)</u>		<u>1,940,629</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31 August 2019

	31 August 2019		31 August 2018	
	£	£	£	£
Opening net assets attributable to unitholders		11,730,731		11,492,143
Amounts receivable on issue of units	881,324		1,009,678	
Amounts payable on cancellation of units	<u>(2,229,825)</u>		<u>(2,711,490)</u>	
Amounts payable on unit class conversions	<u>(317)</u>		<u>(229)</u>	
		(1,348,818)		(1,702,041)
Change in net assets attributable to unitholders from investment activities		(3,537,376)		1,940,629
Closing net assets attributable to unitholders		<u>6,844,537</u>		<u>11,730,731</u>

JUNIOR OILS TRUST

BALANCE SHEET

as at 31 August 2019

	Notes	31 August 2019	31 August 2018
		£	£
Assets:			
Fixed Assets:			
Investments	16	6,647,802	10,512,548
Current Assets:			
Debtors	10	117,010	46,334
Cash and bank balances		113,421	1,232,784
Total assets		<u>6,878,233</u>	<u>11,791,666</u>
Current Liabilities:			
Creditors:			
Bank overdrafts		7,454	35,363
Other creditors	11	26,242	25,572
Total liabilities		<u>33,696</u>	<u>60,935</u>
Net assets attributable to unitholders		<u><u>6,844,537</u></u>	<u><u>11,730,731</u></u>

JUNIOR OILS TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2019

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared using the historical cost convention in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by The Investment Management Association (now known as the Investment Association) in May 2014 (the SORP) and amended in June 2017. The financial statements are being prepared on a break up basis as the authorised fund manager has made the decision to close the Fund within the next 12 months. Under this basis, assets are recorded at their recoverable value and liabilities are recorded at their expected settlement value. Any additional costs in respect of the termination of the Fund will be borne by the authorised fund manager.

Revenue

Dividends from quoted ordinary securities are recognised when the security is quoted ex-dividend.

Dividends from non-quoted securities are recognised when the right to receive payment is established.

Bank interest is accounted for on an accruals basis.

Allocation of revenue

Revenue, attributable after expenses to multiple unit classes, with the exception of the authorised fund manager's periodic charge, which is directly attributable to individual unit classes, is allocated to unit classes pro-rata to the value of the net assets of the relevant unit class on the day that the revenue is incurred.

Expenses

All expenses, other than those relating to purchase and sale of investments, are charged against revenue on an accruals basis.

Valuation

The valuation point was 12:00 on 30 August 2019 being the last valuation point of the year.

Listed investments are valued at fair value which is the bid price.

Unlisted, unapproved, illiquid or suspended securities are valued at the authorised fund manager's best estimate of the amount that would be received from the immediate transfer at arm's length in a manner designed to show fair value. This modelling takes into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance, maturity of the company and other relevant factors.

Taxation

Corporation tax has been provided for at 20% on taxable income less expenses. Deferred taxation is provided on a full provision basis on timing differences arising from the different treatment of items for accounting and tax purposes. Potential future liabilities and assets are recognised where the transactions, or events giving rise to them, occurred before the balance sheet date.

Exchange rates

Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates prevailing at 12:00 on 30 August 2019 being the last valuation point of the accounting year. Revenue and expenditure transactions are translated at the rates of exchange ruling on the dates of the transactions. Exchange differences on such transactions follow the same treatment as the principal amounts.

2 DISTRIBUTION POLICIES

The distribution policy of the Trust is to accumulate all available revenue, after deduction of expenses properly chargeable against revenue. Gains and losses on non-derivative instruments and currencies, whether realised or unrealised, are taken to capital and are not available for distribution.

Equalisation

Equalisation applies only to units purchased during the distribution period. It is the average amount of income included in the purchase price of all group 2 units and is refunded to holders of these units as a return of capital. Being capital it is not liable to UK income tax but must be deducted from the cost of the units for UK capital gains tax purposes.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2019

DISTRIBUTION POLICIES

Stock and special dividends

The ordinary element of stock received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue of the Trust. In the case of an enhanced stock dividend, the value of the enhancement is treated as capital and does not form part of any distribution.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue of the Trust. Amounts recognised as capital are deducted from the cost of the investment. The tax accounting treatment follows the treatment of the principal amount.

3 RISK MANAGEMENT POLICIES

In pursuing its investment objective as stated on page 2, the Trust holds a number of financial instruments. The Trust's financial instruments comprise securities held in accordance with the investment objectives and policies together with cash balances, debtors and creditors that arise directly from its operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for issues and payable for redemptions and debtors for accrued income.

The main risks arising from the Trust's financial instruments and the authorised fund manager's policies for managing these risks are summarised below. These policies have been applied throughout the year.

The Trust is managed according to COLL 5, 'Investment and Borrowing Powers' which helps achieve the statutory objective of protecting consumers by laying down the minimum standards for the investments that may be held by an authorised fund. In particular: (a) the proportion of transferable securities and derivatives that may be held by the authorised fund is restricted if those transferable securities and derivatives are not listed on an eligible market. The intention of this is to restrict the transferable securities and derivatives that cannot be accurately valued and readily disposed of; and (b) the authorised funds are required to comply with a number of investment rules that require the spreading of risk.

Market price risk

Market price risk is the risk that the value of the Trust's investment holdings will fluctuate as a result of changes in market prices caused by factors other than interest rate or foreign currency movement. Market price risk arises mainly from uncertainty about future prices of financial instruments the Trust holds. It represents the potential loss the Trust might suffer through holding market positions in the face of price movements. The Trust's investment portfolio is exposed to market price fluctuations which are monitored by the authorised fund manager in pursuance of the investment objective and policy as set out in the Prospectus.

Investment limits set out in the Trust Deed, Prospectus and in the rules contained in the Collective Investment Schemes Sourcebook mitigate the risk of excessive exposure to any particular security or issuer.

Foreign currency risk

The income and capital value of the Trust's investments can be affected by foreign currency translation movements as most of the Trust's assets and income may be denominated in currencies other than sterling which is the Trust's functional currency.

The authorised fund manager has identified three principal areas where foreign currency risk could impact the Trust. These are, movements in exchange rates affecting the value of investments, short-term timing differences such as exposure to exchange rate movements during the period between when an investment purchase or sale is entered into and the date when settlement of the investment occurs, and finally movements in exchange rates affecting income received by the Trust. The Trust converts all receipts of income received in currency into sterling on the day of receipt.

Credit and counterparty risk

Certain transactions in securities that the Trust enters into expose it to the risk that the counterparty will not deliver the investment for a purchase, or cash for a sale after the Trust has fulfilled its responsibilities. The Trust only buys and sells investments through brokers which have been approved by the authorised fund manager as an acceptable counterparty.

JUNIOR OILS TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2019

RISK MANAGEMENT POLICIES

Interest rate risk

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates. The Trust's cash holdings are held in deposit accounts, whose rates are determined by the banks concerned on a daily basis.

Liquidity risk

The Trust's assets comprise mainly of readily realisable securities. The main liability of the Trust is the redemption of any units that investors wish to sell. Assets of the Trust may need to be sold if insufficient cash is available to finance such redemptions. The liquidity of the Trust's assets is regularly reviewed by the authorised fund manager.

4 NET CAPITAL (LOSSES)/GAINS

31 August 2019

31 August 2018

£

£

The net (losses)/gains on investments during the year comprise:

Non-derivative securities	(3,452,364)	2,093,245
Currency gains/(losses)	132	(15,361)
Transaction charges	(1,688)	(1,927)
Net capital (losses)/gains	(3,453,920)	2,075,957

5 PURCHASES, SALES AND TRANSACTION COSTS

31 August 2019

31 August 2018

£

£

(All purchases and sales are in the equity asset class)

Purchases excluding transaction costs	2,608,744	1,571,200
Corporate actions	192,804	444,266
	<u>2,801,548</u>	<u>2,015,466</u>
Commissions	3,653	2,843
Taxes and other charges	-	2,381
Total purchase transaction costs	<u>3,653</u>	<u>5,224</u>
Purchases including transaction costs	<u>2,805,201</u>	<u>2,020,690</u>

Purchase transaction costs expressed as a percentage of the principal amount:

Commissions	0.14%	0.18%
Taxes and other charges	0.00%	0.15%

Sales excluding transaction costs	1,073,994	3,804,970
Corporate actions	2,145,274	-
	<u>3,219,268</u>	<u>3,804,970</u>
Commissions	(1,660)	(6,249)
Taxes and other charges	(24)	-
Total sale transaction costs	<u>(1,684)</u>	<u>(6,249)</u>
Sales net of transaction costs	<u>3,217,584</u>	<u>3,798,721</u>

Sale transaction costs expressed as a percentage of the principal amount:

Commissions	0.15%	0.16%
Taxes and other charges	0.00%	0.00%

Total purchases and sales transaction costs expressed as a percentage of the average net asset value over the year:

Commissions	0.05%	0.08%
Taxes and other charges	0.00%	0.02%
	<u>0.05%</u>	<u>0.10%</u>

Transaction handling charges

£1,688

£1,927

Average portfolio dealing spread

This spread represents the difference between the values determined respectively by reference to the bid and offer prices of investments expressed as a percentage of the value determined by reference to the offer price.

Average portfolio dealing spread at the balance sheet date	<u>4.19%</u>	<u>3.23%</u>
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JUNIOR OILS TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2019

6 REVENUE

	31 August 2019 £	31 August 2018 £
UK dividends	22,000	21,000
Overseas dividends	31,950	5,573
Bank interest	1,157	558
Total revenue	<u>55,107</u>	<u>27,131</u>

7 EXPENSES

	31 August 2019 £	31 August 2018 £
Payable to the authorised fund manager or associate:		
Manager's periodic charge	123,828	156,568
Registration fees	1,920	2,142
	<u>125,748</u>	<u>158,710</u>
Other expenses:		
Trustee's fees	3,201	4,006
Safe custody fees	1,561	1,766
Interest	103	374
Financial Conduct Authority fee	158	79
Audit fee	7,453	4,132
	<u>12,476</u>	<u>10,357</u>
Total expenses	<u>138,224</u>	<u>169,067</u>

8 TAXATION

	31 August 2019 £	31 August 2018 £
a Analysis of the tax charge for the year		
Overseas tax	4,798	841
Total tax charge (see note 8(b))	<u>4,798</u>	<u>841</u>

b Factors affecting the tax charge for the year

The taxation assessed for the year is higher than the standard rate of corporation tax in the UK for a unit trust (20%). The differences are explained below.

Net expense before taxation	(83,117)	(141,936)
Corporation tax at 20% (2018: 20%)	<u>(16,623)</u>	<u>(28,387)</u>
Effects of:		
Revenue not subject to taxation	(10,790)	(5,315)
Unrelieved excess management expenses	27,413	33,702
Overseas tax	4,798	841
Total tax charge (see note 8(a))	<u>4,798</u>	<u>841</u>

At 31 August 2019 the Trust has deferred tax assets of £943,655 (2018: £916,242) arising from surplus management expenses of £4,718,273 (2018: £4,581,206) which have not been recognised due to uncertainty over the availability of future taxable profits.

9 DISTRIBUTIONS

	31 August 2019 £	31 August 2018 £
The distributions take account of revenue deducted on the issue of units and revenue received on the cancellation of units, and comprise:		
Amounts received on cancellation of units	(5,637)	(9,566)
Amounts deducted on issue of units	1,495	2,346
Equalisation on conversions	(317)	(229)
Distributions	<u>(4,459)</u>	<u>(7,449)</u>
Net deficit of revenue for the year	<u>(83,456)</u>	<u>(135,328)</u>
Net expense after taxation for the year	<u>(87,915)</u>	<u>(142,777)</u>

JUNIOR OILS TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2019

10 DEBTORS

	31 August 2019 £	31 August 2018 £
Amounts receivable for issue of units	28,029	46,046
Sales awaiting settlement	86,452	288
Accrued income	2,529	288
Total debtors	<u>117,010</u>	<u>46,622</u>

11 OTHER CREDITORS

	31 August 2019 £	31 August 2018 £
Amounts payable for cancellation of units	10,853	4,474
Accrued expenses	15,389	21,098
Total other creditors	<u>26,242</u>	<u>25,572</u>

12 RELATED PARTIES

The authorised fund manager is involved in all transactions in the shares of the Trust, the aggregate values of which are set out in the statement of change in net assets attributable to unitholders on page 10 and note 9. Amounts due to/from the authorised fund manager in respect of unit transactions at the year end are disclosed in notes 10 and 11. Amounts paid to the authorised fund manager in respect of the manager's periodic charge and registration fees are disclosed in note 7. Amounts due from the authorised fund manager at the year end are £8,895 (2018: £27,016).

13 UNIT CLASSES

The Trust currently has three unit classes: Class C (minimum investment £1,000); Class I (minimum investment £50,000); and Class P (minimum investment £1,000,000). The annual management charges are 1.75%, 1.25% and 1.1% respectively.

14 UNITHOLDERS' FUNDS

During the year the authorised fund manager has issued, cancelled and converted units from one unit class to another as set out below:

	Class C	Class I	Class P
Opening units in issue at 1 September 2018	5,994,073	486,807	5,617,292
Units issues	104,860	-	945,138
Units cancellations	(1,165,799)	(161,472)	(1,557,963)
Units conversions	(583,487)	(19,692)	556,325
Closing units in issue at 31 August 2019	<u>4,349,647</u>	<u>305,644</u>	<u>5,560,792</u>

15 RISK DISCLOSURES

Market price risk sensitivity

A five per cent increase in the market prices of the Trust's portfolio would have the effect of increasing the return and net assets by £332,390 (2018: £525,627). A five per cent decrease would have an equal and opposite effect.

Foreign currency risk

At the year end date a portion of the net assets of the Trust were denominated in currencies other than sterling with the effect that the balance sheet and total return can be affected by exchange rate movements.

Foreign currency exposure at 31 August 2019

	Investments £	Net current assets £	Total £
Australian Dollar	2,274,239	86,452	2,360,691
Canadian Dollar	2,644,925	2,522	2,647,447
Norwegian Kroner	39,309	-	39,309
	<u>4,958,473</u>	<u>88,974</u>	<u>5,047,447</u>

JUNIOR OILS TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2019

RISK DISCLOSURES

Foreign currency risk (continued)

Foreign currency exposure at 31 August 2018

	Investments £	Net current assets £	Total £
Australian Dollar	3,511,578	-	3,511,578
Canadian Dollar	2,962,023	-	2,962,023
Norwegian Kroner	415,965	-	415,965
US Dollar	-	(95)	(95)
	<u>6,889,566</u>	<u>(95)</u>	<u>6,889,471</u>

Foreign currency risk sensitivity

A five per cent decrease in the value of sterling relative to the foreign currencies above would have the effect of increasing the return and net assets by £252,372 (2018: £344,474). A five per cent increase would have an equal and opposite effect.

Interest rate risk

As most of the Trust's financial assets are non-interest bearing, exposure to interest rate risk due to fluctuation in interest rates is minimal, and therefore no sensitivity analysis is included.

Liquidity risk

The following table provides a maturity analysis of the Trust's financial liabilities:

	31 August 2019 £	31 August 2018 £
Within one year:		
Bank overdrafts	7,454	35,363
Other creditors	26,242	25,572
	<u>33,696</u>	<u>60,935</u>

16 FAIR VALUE HIERARCHY FOR INVESTMENTS

Basis of valuation	31 August 2019		31 August 2018	
	Assets (£)	Liabilities (£)	Assets (£)	Liabilities (£)
Level 1 - Quoted prices	6,647,802	-	10,512,548	-
Level 2 - Observable market data	-	-	-	-
Level 3 - Unobservable data	-	-	-	-
	<u>6,647,802</u>	<u>-</u>	<u>10,512,548</u>	<u>-</u>

The intention of a fair value measurement is to estimate the price at which an asset or liability could be exchanged in the market conditions prevailing at the measurement date. The measurement assumes the exchange is an orderly transaction (that is, it is not a forced transaction, involuntary liquidation or distress sale) between knowledgeable, willing participants on an independent basis.

The purpose of the fair value hierarchy is to prioritise the inputs that should be used to measure the fair value of assets and liabilities. The highest priority is given to quoted prices at which a transaction can be entered into and the lowest priority to unobservable inputs.

In accordance with FRS102 the Trust classifies fair value measurement under the following levels:

Level 1 - Unadjusted quoted price in an active market for an identical instrument;

Level 2 - Valuation techniques using observable inputs other than quoted prices within level 1; and

Level 3 - Valuation techniques using unobservable inputs.

Burj Petroleum is being dissolved and deemed valueless by the fund manager.

Circle Oil is delisted and deemed valueless by the fund manager.

All holdings of warrants are valued at the exercise price less the price of the underlying common shares.

JUNIOR OILS TRUST

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2019

17 POST BALANCE SHEET EVENTS

Since 31 August 2019, the Net Asset Value per unit has changed as follows:

	Net Asset Value per unit (pence)			Movement (%)
	31 August 2019 *	16 December 2019		
Class C accumulation units	65.08	57.53		-11.60%
Class I accumulation units	70.26	62.21		-11.46%
Class P accumulation units	71.00	62.89		-11.42%

* These Net Asset Values differ from those in the Comparative Table as they are the quoted Net Asset Values.

DISTRIBUTION TABLES

Interim distribution for the period from 1 September 2018 to 28 February 2019

Group 1: units purchased prior to 1 September 2018

Group 2: units purchased on or after 1 September 2018

		Net revenue to 28 February 2019 pence per unit	Equalisation to 28 February 2019 pence per unit	Distribution paid 30 April 2019 pence per unit	Distribution paid 30 April 2018 pence per unit
Class C accumulation	Group 1	0.0000p	-	0.0000p	0.0000p
	Group 2	0.0000p	0.0000p	0.0000p	0.0000p
Class I accumulation	Group 1	0.0000p	-	0.0000p	0.0000p
	Group 2	0.0000p	0.0000p	0.0000p	0.0000p
Class P accumulation	Group 1	0.0000p	-	0.0000p	0.0000p
	Group 2	0.0000p	0.0000p	0.0000p	0.0000p

Final distribution for the period from 1 March 2019 to 31 August 2019

Group 1: units purchased prior to 1 March 2019

Group 2: units purchased on or after 1 March 2019

		Net revenue to 31 August 2019 pence per unit	Equalisation to 31 August 2019 pence per unit	Distribution paid 31 October 2019 pence per unit	Distribution paid 31 October 2018 pence per unit
Class C accumulation	Group 1	0.0000p	-	0.0000p	0.0000p
	Group 2	0.0000p	0.0000p	0.0000p	0.0000p
Class I accumulation	Group 1	0.0000p	-	0.0000p	0.0000p
	Group 2	0.0000p	0.0000p	0.0000p	0.0000p
Class P accumulation	Group 1	0.0000p	-	0.0000p	0.0000p
	Group 2	0.0000p	0.0000p	0.0000p	0.0000p

Marlborough

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