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JUNIOR OILS TRUST

INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS

For the six month period ended 28 February 2018

JUNIOR OILS TRUST

Authorised Fund Manager and Registrar

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Authorised and regulated by the Financial Conduct Authority.

Trustee

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

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JUNIOR OILS TRUST

CONTENTS	PAGE
AUTHORISED INVESTMENT ADVISER'S REPORT	1
AUTHORISED STATUS AND GENERAL INFORMATION	2
DIRECTORS' STATEMENT	2
COMPARATIVE TABLE	3
SYNTHETIC RISK AND REWARD INDICATOR	4
PORTFOLIO STATEMENT	5
PORTFOLIO TRANSACTIONS	6
UNAUDITED INTERIM FINANCIAL STATEMENTS	
STATEMENT OF TOTAL RETURN	7
STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	7
BALANCE SHEET	8
NOTES TO THE INTERIM FINANCIAL STATEMENTS	8

JUNIOR OILS TRUST

AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 28 February 2018

Percentage change to 28 February 2018

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Since launch*</u>
Junior Oils Trust	-4.64%	-21.45%	-25.65%	-54.19%	-23.82%

* 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.

Smaller, exploration and production focused energy equities have been in a weak, consolidation mode, following the oil price collapse in late 2014. It is particularly interesting though that oil equities continued to be weak in 2017 in the context of sharp declines in inventories and rising oil prices which now stand at more than double the levels seen in early 2016. After some recovery gains in 2016 and early 2017, the Junior Oils Trust lost 4.64% of its value in the six months to 28 February 2018. Its benchmark, the FTSE 350 Oil & Gas index gained 7.6% in the same period as the integrated oil majors, such as BP and Royal Dutch Shell, outperformed partly due to their rich dividend yields, asset diversification and better liquidity.

Recent data indicate that the world's oil supply-demand balance tipped into deficit late in 2017, with inventories of crude and products getting drawn down at the fastest pace in the last twenty years. We believe that the deficit has been created by the dearth of capital expenditure that was targeted to exploration and development of frontier projects subsequent to the oil price crash of 2014. Notwithstanding the recent acceleration of production out of North America, the rapid growth in demand from the Asian economies indicates that the emerging supply deficit could grow for several years, supporting oil prices in a rising trend. Research by Goehring and Rozenewajq has recently highlighted the fact that, since the start of the shale revolution in 2007, discoveries of conventional oil – excluding shale – have totalled approximately 110bn barrels while consumption has totalled 360bn barrels. The shortfall between consumption and conventional oil production was filled by North American unconventional which grew so fast that resulted in the oversupply of 2014 and the subsequent price crash. Interestingly, the latest production data indicate that North American oil production growth is slowing and most basins, except the Permian, are in decline. Drilling efficiencies, that have supported growth in the last three years, also seem to be reaching the point of diminishing returns. We also believe that some emerging markets, in particular India, are moving into the “S” curve point of rapid increase in demand for commodities and energy. India appears to be where China was earlier this decade, with major growth in industrialisation and urbanisation. The combined populous of nearly three billion Chinese and Indians striving to improve their standard of life has meant that oil demand in developing countries has grown five times more than that of OECD countries in the last five years. As conventional oil production continues to decline, growth from unconventional is unlikely to be enough to satisfy such rapid growth in demand. It is also evident that the North American success in efficiently extracting unconventional resources is hard to replicate elsewhere in the world.

Some of our core, overweight positions in the Junior Oils Trust have recently outperformed on the back of successful results. Carnarvon Petroleum is preparing for a high-impact drilling campaign that could prove its assessment of a large resource potential. As it is carried on the majority of drilling costs, a successful result could be transformational. Questerre Energy is progressing its work towards drilling the vast Utica shale formation with partner Repsol and Faroe Petroleum is being re-rated as its North Sea production continues to grow. Serica Energy re-rated with successful acquisitions and Yangarra Resources has established itself as one of the most profitable operators; we have exited both positions during the period, taking profits. New holdings, such as Highlands Natural resources and President Energy have been introduced as we believe they offer attractive risk/reward opportunities. We believe that energy equities, particularly the better value smaller companies, are likely to outperform the market and the sector in 2018 and remain optimistic for good performance of our Fund in the medium term.

Angelos Damaskos
29 March 2018

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Portfolio changes

Purchases	Cost (£)	Sales	Proceeds (£)
Birchcliff Energy	498,958	Questerre Energy (NOK)	493,356
SOCO International	478,722	Gran Tierra Energy	378,193
President Energy	400,000	Africa Oil	207,196
Crown Point Energy	11,512	Carnarvon Petroleum	152,285
		Crew Energy	101,835
		Tamarack Valley Energy	75,143
		Cooper Energy	41,933
Total purchases for the period	1,389,192	Total sales for the period	1,449,941

JUNIOR OILS TRUST

AUTHORISED STATUS AND GENERAL INFORMATION

Authorised status

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 objectives

The investment objective of the Trust is to provide long-term capital growth from a global portfolio of small to medium capitalisation companies specialising in oil exploration and production. There may be occasions in light of adverse market conditions where the Investment Manager chooses to hold high levels of bonds and government securities.

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.

Change in prospectus

No significant changes have been made since the last report.

Up to date key investor information documents, prospectus and manager's reports and accounts for any fund within the manager's range, can be requested by the investor at any time.

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
10 April 2018

JUNIOR OILS TRUST

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. On 13 December 2013, Class P units became available for purchase.

<u>Class C accumulation units</u>	Period to	Year to	Year to	Year to
Change in net assets per unit	28.02.2018	31.08.2017	31.08.2016	31.08.2015
	pence	pence	pence	pence
Opening net asset value per unit	77.97	70.57	68.50	178.43
Return before operating charges*	(3.13)	8.94	3.30	(107.78)
Operating charges	(0.75)	(1.54)	(1.23)	(2.15)
Return after operating charges*	(3.88)	7.40	2.07	(109.93)
Distributions	0.00	0.00	0.00	0.00
Retained distributions on accumulation units	0.00	0.00	0.00	0.00
Closing net asset value per unit	74.09	77.97	70.57	68.50

* after direct transaction costs of: 0.05 0.16 0.06 0.20

Performance

Return after charges -4.98% 10.49% 3.02% -61.61%

Other information

Closing net asset value	£4,690,104	£5,380,251	£5,769,738	£6,410,474
Closing number of units	6,330,344	6,900,281	8,175,356	9,359,028
Operating charges	**1.87%	1.86%	1.88%	1.86%
Direct transaction costs	**0.12%	0.19%	0.09%	0.17%

Prices

Highest unit price	91.89p	102.30p	87.27p	194.39p
Lowest unit price	71.59p	68.82p	47.85p	62.36p

Class I accumulation units

Change in net assets per unit	Period to	Year to	Year to	Year to
	28.02.2018	31.08.2017	31.08.2016	31.08.2015
	pence	pence	pence	pence
Opening net asset value per unit	83.37	75.09	72.44	187.37
Return before operating charges*	(3.35)	9.47	3.60	(113.33)
Operating charges	(0.59)	(1.19)	(0.95)	(1.60)
Return after operating charges*	(3.94)	8.28	2.65	(114.93)
Distributions	0.00	0.00	0.00	0.00
Retained distributions on accumulation units	0.00	0.00	0.00	0.00
Closing net asset value per unit	79.43	83.37	75.09	72.44

* after direct transaction costs of: 0.05 0.17 0.06 0.20

Performance

Return after charges -4.73% 11.03% 3.66% -61.34%

Other information

Closing net asset value	£378,564	£330,361	£479,393	£371,388
Closing number of units	476,626	396,239	638,431	512,697
Operating charges	**1.37%	1.36%	1.38%	1.36%
Direct transaction costs	**0.12%	0.19%	0.09%	0.17%

Prices

Highest unit price	93.84p	104.09p	88.21p	195.03p
Lowest unit price	76.73p	73.24p	50.77p	65.97p

JUNIOR OILS TRUST

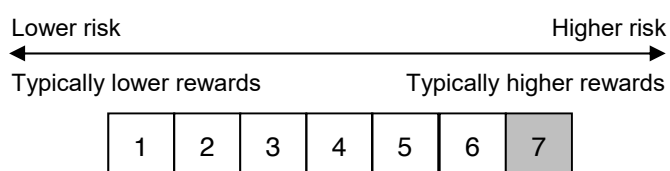
COMPARATIVE TABLE

Class P accumulation units	Period to 28.02.2018	Year to 31.08.2017	Year to 31.08.2016	Year to 31.08.2015
Change in net assets per unit	pence	pence	pence	pence
Opening net asset value per unit	84.00	75.54	72.76	187.87
Return before operating charges*	(3.39)	9.54	3.64	(113.74)
Operating charges	(0.53)	(1.08)	(0.86)	(1.37)
Return after operating charges*	(3.92)	8.46	2.78	(115.11)
Distributions	0.00	0.00	0.00	0.00
Retained distributions on accumulation units	0.00	0.00	0.00	0.00
Closing net asset value per unit	80.08	84.00	75.54	72.76
* after direct transaction costs of:	0.05	0.17	0.06	0.19
Performance				
Return after charges	-4.67%	11.20%	3.82%	-61.27%
Other information				
Closing net asset value	£4,814,192	£5,781,531	£5,429,414	£3,162,470
Closing number of units	6,011,481	6,882,646	7,187,419	4,346,531
Operating charges	**1.22%	1.21%	1.23%	1.21%
Direct transaction costs	**0.12%	0.19%	0.09%	0.17%
Prices				
Highest unit price	94.56p	104.78p	88.62p	195.55p
Lowest unit price	77.36p	73.68p	51.02p	66.26p

** These figures have been annualised.

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 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 for a fund, the returns of a representative portfolio are used.

This Trust has been measured as 7 because it has experienced very high volatility historically.

JUNIOR OILS TRUST

PORTFOLIO STATEMENT

as at 28 February 2018

Holding or nominal value	Bid value £	Percentage of total net assets %
UNITED KINGDOM (40.15%, Aug 2017 - 28.32%)		
1,000,000 Amerisur Resources	163,600	1.66
6,767,295 Baron Oil	27,069	0.27
3,136,168 Burj Petroleum *	0	0.00
20,479,270 Canadian Overseas Petroleum	122,876	1.24
4,250,000 Circle Oil *	0	0.00
600,000 Faroe Petroleum	633,600	6.41
2,083,334 Highlands Natural Resources	458,334	4.64
800,000 Ophir Energy	418,400	4.23
1,000,000 Pantheon Resources	504,000	5.10
580,000 Parkmead Group (The)	241,280	2.44
4,000,000 President Energy	380,000	3.85
400,000 SOCO International	384,000	3.89
67,500 Tienpay *	0	0.00
97,333 Tower Resources	1,411	0.01
400,000 Trinity Exploration & Production	61,400	0.62
800,000 Victoria Oil & Gas	280,000	2.83
587,643 Wentworth Resources (GBP)	152,787	1.55
500,000 Wentworth Resources (NOK)	138,946	1.41
Total United Kingdom	<u>3,967,703</u>	<u>40.15</u>
EUROPE (1.99%, Aug 2017 - 2.10%)		
1,100,000 North Energy	196,726	1.99
Total Europe	<u>196,726</u>	<u>1.99</u>
AUSTRALIA (29.50%, Aug 2017 - 21.50%)		
4,166,666 Calima Energy	145,671	1.47
13,000,000 Carnarvon Petroleum	989,622	10.01
2,500,000 Cooper Energy	458,158	4.64
8,437,500 Entek Energy	90,398	0.92
18,000,000 FAR	761,247	7.70
10,000,000 Oilex	22,555	0.23
118,750,000 Pancontinental Oil & Gas	401,770	4.07
1,500,000 Tap Oil	45,675	0.46
Total Australia	<u>2,915,096</u>	<u>29.50</u>
CANADA (26.59%, Aug 2017 - 36.81%)		
250,000 Africa Oil	189,510	1.92
160,000 Bellatrix Exploration	148,440	1.50
130,000 Birchcliff Energy	235,331	2.38
2,000,000 Cequence Energy	67,884	0.69
120,000 Crown Point Energy	30,548	0.31
1,100,000 Iron Bridge Resources	336,026	3.40
1,000,000 Madalena Energy	130,111	1.32
190,000 Painted Pony Energy	209,592	2.12
1,400,000 Questerre Energy (CAD)	673,184	6.81
319,847 Questerre Energy (NOK)	157,672	1.59
300,000 Tamarack Valley Energy	449,732	4.55
Total Canada	<u>2,628,030</u>	<u>26.59</u>
Portfolio of investments	9,707,555	98.23
Net current assets	<u>175,305</u>	<u>1.77</u>
Total net assets	<u>9,882,860</u>	<u>100.00</u>

* Unquoted stocks.

JUNIOR OILS TRUST

PORTFOLIO STATEMENT

as at 28 February 2018

The investments of the Fund have been valued at their fair value at 12 noon on 28 February 2018. Fair value is normally the bid value of each security by reference to quoted prices from reputable sources; that is the market price. If the authorised fund manager believes that the quoted price is unreliable, or if no price exists, a valuation technique is used whereby fair value is the authorised fund manager's best estimate of a fair and reasonable value for that investment.

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

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

Tienpay is not tradeable and is deemed valueless by the fund manager.

PORTFOLIO TRANSACTIONS

for the six month period ended 28 February 2018

£

Total purchases costs, including transaction charges	1,389,192
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Total sales proceeds, net of transaction charges	1,449,941
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JUNIOR OILS TRUST

STATEMENT OF TOTAL RETURN

for the six month period ended 28 February 2018

	28 February 2018		28 February 2017	
	£	£	£	£
Income:				
Net capital gains/(losses)		(443,014)		3,827,612
Revenue	1,983		26,470	
Expenses	<u>(87,461)</u>		<u>(105,424)</u>	
Net expense before taxation		<u>(85,478)</u>		<u>(78,954)</u>
Taxation		<u>(287)</u>		<u>0</u>
Net expense after taxation		<u>(85,765)</u>		<u>(78,954)</u>
Total return before distributions		(528,779)		3,748,658
Distributions		6,029		2,094
Change in net assets attributable to unitholders from investment activities		<u>(522,750)</u>		<u>3,750,752</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the six month period ended 28 February 2018

	28 February 2018		28 February 2017	
	£	£	£	£
Opening net assets attributable to unitholders		* 11,492,143		11,678,546
Amounts receivable on issue of units	514,706		2,630,133	
Amounts payable on cancellation of units	(1,601,072)		(2,395,501)	
Amounts payable on unit class conversions	<u>(167)</u>		<u>(628)</u>	
		(1,086,533)		234,004
Change in net assets attributable to unitholders from investment activities		(522,750)		3,750,752
Closing net assets attributable to unitholders		<u>9,882,860</u>		* <u>15,663,302</u>

* These figures are not the same as the comparatives are taken from the preceding interim period and not the last final accounts.

JUNIOR OILS TRUST

BALANCE SHEET

as at 28 February 2018

	28 February 2018	31 August 2017
	£	£
Assets:		
Fixed Assets:		
Investments	9,707,555	10,197,335
Current Assets:		
Debtors	138,463	526
Cash and bank balances	142,919	1,491,575
Total assets	<u>9,988,937</u>	<u>11,689,436</u>
Liabilities:		
Creditors:		
Bank overdrafts	65,613	97,102
Other creditors	40,464	100,191
Total liabilities	<u>106,077</u>	<u>197,293</u>
Net assets attributable to unitholders	<u>9,882,860</u>	<u>11,492,143</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 28 February 2018

Basis for preparation

The interim financial statements have been prepared in compliance with FRS102 and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014.

The financial statements are prepared in sterling, which is the functional currency of the Fund. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention, modified to include the revaluation of investments and certain financial instruments at fair value.

Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 August 2017 and are described in those annual financial statements.

Marlborough

— Fund Managers —

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