

# JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

Update January 2014

## FUND PERFORMANCE

### Bid to Bid since launch:

10.10.04-31.1.14: **+51.0%**

31.12.13-31.1.14: **-1.2%**

### 12 months discrete:

31.1.13-31.1.14: **-14.6%**

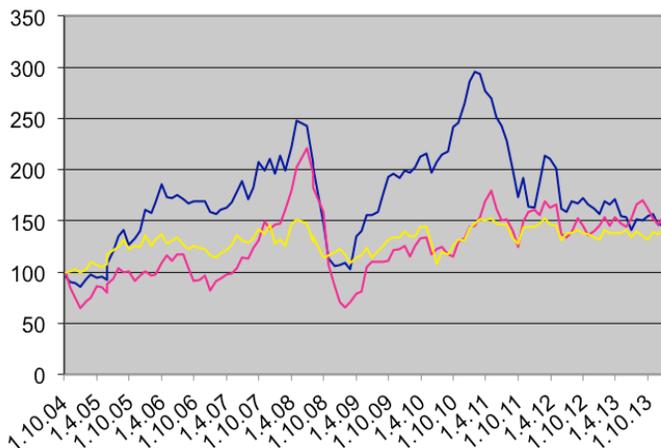
31.1.12-31.1.13: **-10.2%**

31.1.11-31.1.12: **-36.4%**

31.1.10-31.1.11: **+49.8%**

31.1.09-31.1.10: **+81.4%**

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



### Comparative Performance: 10.10.04-31.1.14

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

**Manager:** Marlborough Fund Managers Ltd

**Fund Adviser:** Angelos Damaskos

**Minimum Investment:** £1,000 or £100 per month

**Eligible for ISAs and SIPPs**

**Benchmark:** FTSE 350 Oil & Gas Index

**Net asset value at 31 January 2014:** £23.2 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
- Emphasis on production and proven reserves
- Avoid political and pure exploration risks

## TOP 10 HOLDINGS

Company	% of Fund
1. Questerre Energy	8.2%
2. Parkmead Group	8.2%
3. Parex Resources	7.9%
4. Cooper Energy	6.5%
5. Caza Oil & Gas	5.4%
6. Faroe Petroleum	4.4%
7. Otto Energy	4.3%
8. Xcite Energy	4.2%
9. Serica Energy	4.2%
10. Iona Energy	4.1%
Total Top 10	57.4%
As at 31 January 2014	

## HOW TO INVEST

Call Marlborough Fund Managers:

**0808 145 2501**

For further information and documentation visit:

[www.junioroils.com](http://www.junioroils.com) or  
[www.sectorinvestments.com](http://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.

**12 February 2014**

Dear Investor,

Markets have been volatile at the start of the year as worries on central bank policy and weakness in emerging markets encouraged profit taking. Oil, nevertheless, has demonstrated significant resilience and de-coupling from the macro-economic picture. Extremely cold weather and sharp drawdowns in inventories caused the prices of both WTI and Aeco gas to rise to four year highs. Once again, this was ample evidence that the shale revolution is not the complete answer to ever growing demand for hydrocarbon fuels.

In the Junior Oil Trust portfolio, there was notable activity in some of its top holdings. Parkmead Group successfully raised £40m to finance its recent acquisition of a 30% interest in the Athena field and related development programme. The company has been making excellent progress during the last year in its transformation from field development to production growth. Its share price outperformance propelled it to second largest position in our fund. Parex Resources also outperformed and has just announced doubling of its reserves, outpacing growth in production. Cooper Energy appears to benefit from the shale oil potential in Australia's Cooper basin, where it controls material acreage. Its growth in production justifies a multiple expansion and this could take place in the next few months. Caza Oil & Gas announced near doubling of its production and reserves as well as the first quarter of positive cash flow generation. With an active, low risk drilling programme to execute in the next year, its production growth is likely to continue as well as placing it as a take-over target.

We are increasingly optimistic that the three-year bear market in junior oil shares may end this year allowing our fund to benefit from a re-rating.

Angelos Damaskos  
Chief Executive Officer

***For dealing/inquiries on Junior Oils Trust call***

**Marlborough Fund Managers: 0808 145 2501**

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**Risk Warning:** This material is directed only at persons in the UK and is not an offer or invitation to buy or sell securities. The Prospectus and Key Investor Information Document is available free of charge using the contact details above. Before making an investment in the fund, it is important that you read the Prospectus and Key Investor Information Document. Opinion expressed whether in general or both on the performance of individual securities and in a wider economic context represents the views of Sector Investment Managers Ltd at the time of preparation based on SIMs internal analysis which may have not been verified by independent sources. They are subject to change and should not be interpreted as investment advice. Sector Investment Managers Ltd and Marlborough Fund Managers Ltd are authorized and regulated by the Financial Conduct Authority.