

# JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

Update February 2014

## FUND PERFORMANCE

**Bid to Bid since launch:**

10.10.04-28.2.14: **+53.6%**

31.1.14-28.2.14: **+1.7%**

**12 months discrete:**

28.2.13-28.2.14: **-11.8%**

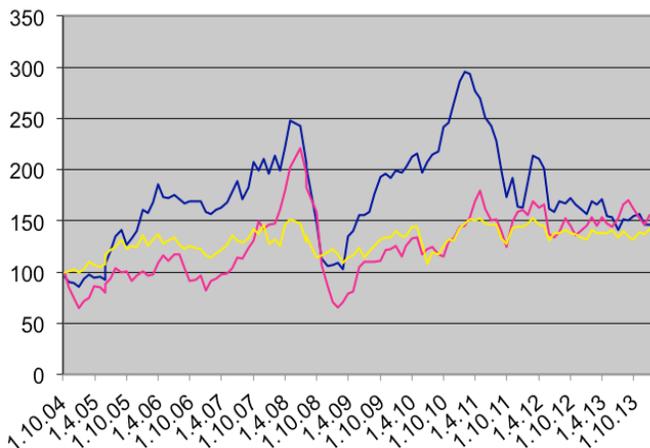
28.2.12-28.2.13: **-22.2%**

28.2.11-28.2.12: **-27.1%**

28.2.10-28.2.11: **+45.1%**

28.2.09-28.2.10: **+97.0%**

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



**Comparative Performance:**  
10.10.04-28.2.14

Sector Investment Managers Ltd

— Junior Oils Trust  
— WTI Oil Price  
— FTSE 350 Oil & Gas

## 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 28 February 2014:** £23 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	8.3%
2. Parex Resources	7.8%
3. Cooper Energy	7.4%
4. Parkmead Group	7.0%
5. Caza Oil & Gas	5.6%
6. FAR Ltd	5.3%
7. Salamander Energy	4.3%
8. Otto Energy	4.2%
9. Faroe Petroleum	4.1%
10. Xcite Energy	4.0%
Total Top 10	58.0%

As at 28 February 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,

Geopolitical tensions have risen in the New Year, with Russia's effective invasion of Crimea and demonstrations of its intention to influence or control Ukrainian politics upsetting markets. The threat of economic sanctions by the United Nations against Russia has caused more than a 20% slide in the MICEX as leading Russian companies would find it hard to raise capital in international markets. The fall in share prices reflects the potential impact on the domestic economy as well as to internationally mobile Russians that see their wealth diminish.

In addition to geopolitics, worries over China have intensified. There have been some high profile defaults on bond coupon payments by Chinese companies. Combined with slowing economic growth and a significant fall of the Renminbi against leading international currencies, base metals have been weaker as industrial users draw down on their inventories. Interestingly, oil prices have held remarkably steady, perhaps because the impact of economic weakness and the potential slow down in demand is outweighed by the risk of supply disruptions due to geopolitics.

There have been good developments on some of the Junior Oils Trust holdings. FAR Ltd, the African off-shore oil explorer has seen a major rerating of its shares, propelling it to sixth largest holding position, following a string of successful farm-outs and confirmation of a fully-carried drilling programme. This has been a long-term holding among our smaller investments in earlier-stage development situations that has delivered material outperformance in a generally lack-lustre sector. During the month we have added to the position in Salamander Energy, as it continued to deliver strong growth in reserves and production. We believe that Salamander's shares have been avoided by many investors that were previously disappointed by unsuccessful drilling results. The current cashflow multiple of approximately 3 times for 2014 indicates the fundamental value underpinning this story.

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.