

# JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

Update March 2014

## FUND PERFORMANCE

**Bid to Bid since launch:**

**10.10.04-31.3.14: +54.9%**

**28.2.14-31.3.14: +0.9%**

**12 months discrete:**

**31.3.13-31.3.14: -13.8%**

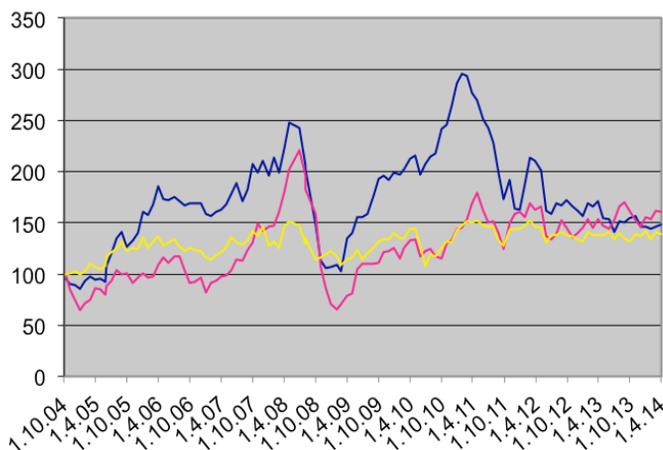
**31.3.12-31.3.13: -18.6%**

**31.3.11-31.3.12: -23.9%**

**31.3.10-31.3.11: +30.5%**

**31.3.09-31.3.10: +56.8%**

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



**Comparative Performance:**  
**10.10.04-31.3.14**

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 March 2014:** £22.9 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. Parex Resources	9.1%
2. Questerre Energy	8.6%
3. Cooper Energy	7.9%
4. Parkmead Group	6.4%
5. Caza Oil & Gas	5.8%
6. FAR Ltd	5.7%
7. Camarvon Petroleum	5.0%
8. Salamander Energy	4.5%
9. Faroe Petroleum	4.5%
10. Otto Energy	4.4%
Total Top 10	61.9%

As at 31 March 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.

**16 April 2014**

Dear Investor,

The geopolitical situation between Russia and Ukraine raises concerns over the effects of nationalism in a weak global economic environment. For its part, Russia intends to secure control of Ukraine and the pipelines delivering most of its oil and gas exports to Europe. Assuming that the crisis is contained within Ukraine, the impact on foreign investment into Russia has been large. The heightened political risks of the region are likely to deter many investors from participating in local ventures and Russian-controlled companies are likely to find it harder to raise financing in the international markets. The resulting shortage of capital could be a drag on an economy heavily reliant on exporting its mineral resources to the rest of the world and, consequently, have an impact on global economic growth.

The situation has yet to be reflected in the oil price that has continued to trade in a stable range. Whilst hostilities between the super-powers may be short-lived, the Syrian civil war has demonstrated that a resolution of the local issue could drag on for years. The need to develop oil production from more stable territories is gaining in importance. It could also be the reason for a recent change in sentiment towards smaller exploration and production focused companies. Funding for frontier exploration is still scarce but appetite to fund development stories has been much stronger this year.

The Junior Oils Trust is performing better in the year to date. It has outperformed its benchmark by 3.5% in the three months to end of March. A notable contributor has been Parex Resources, which continues to deliver strong growth in production and reserves in its Colombian operations. Caza Oil & Gas has also reported successful growth in production and cashflow as well as several good drilling results. Carnarvon Petroleum, an operator in Thailand and Australia, achieved a good sale of an interest in its Thai project and confirmation of development plans with its partners, in Australia's North West Shelf. The top 10 positions of the Fund, our high conviction holdings, have outperformed by a significant margin over the past six months, now comprising 62% of the portfolio. As several other, smaller portfolio holdings have shown signs of the sector's re-rating, we are currently re-allocating investment weights to achieve greater diversification. A rise in the price of oil is likely to reinforce investor's interest and encourage more generalists to participate.

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.