

# JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

**10**  
**YEARS**  
**TRACK**  
**RECORD**

Update July 2015

## FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-31.7.15: -16.8%

30.6.15-31.7.15: -14.8%

12 months discrete:

31.7.14-31.7.15: -51.0%

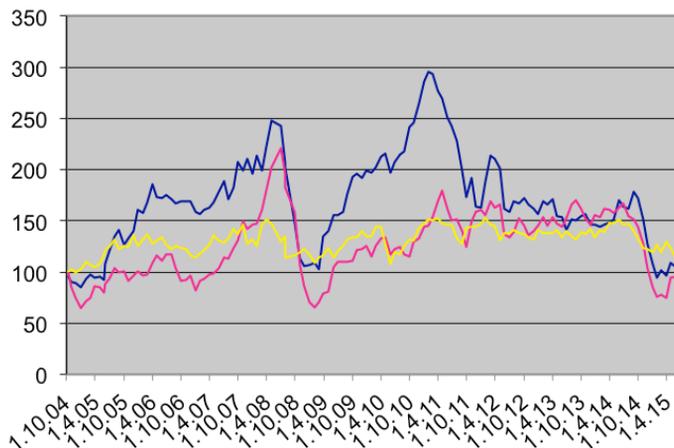
31.7.13-31.7.14: +7.0%

31.7.12-31.7.13: -10.5%

31.7.11-31.7.12: -25.9%

31.7.10-31.7.11: +6.6%

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



**Comparative Performance:**  
**10.10.04-31.7.15**  
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

**'P' class:** 0.5% Initial, 1.10% Annual

**Manager:** Marlborough Fund Managers Ltd

**Fund Adviser:** Angelos Damaskos

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

**Eligible for NISAs and SIPPs**

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

**Net asset value at 31 July 2015:** £12.0 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. FAR Ltd	8.2%
2. Carnarvon Petroleum	6.9%
3. Victoria Oil & Gas	5.2%
4. Cooper Energy	5.0%
5. Yangarra Resources	4.6%
6. Parkmead Group	4.5%
7. Faroe Petroleum	4.3%
8. Xcite Energy	4.0%
9. RMP Energy	4.0%
10. Serica Energy	3.7%
Total Top 10	50.4%

As at 31 July 2015

## 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 August 2015**

Dear Investor,

Whilst the International Energy Agency (IEA) expects growth in global demand for oil to rise by 1.6 million barrels per day (mbpd) in 2015, the fastest pace for five years, prices slumped by over 20% in July. The IEA also reported that it expects growth in global production to rise by 2.7 mbpd this year despite the lower oil prices. However, production actually dropped by about 600,000 bpd in July alone, mostly from non-Opec countries. Given the dramatic drop in drilling rig employment and drastic cuts in capital expenditure by international oil companies, it is expected that global supply will start to drop in 2016.

This week, the Peoples Bank of China devalued the Yuan, citing three reasons in justification: (i) the recent strength of the US Dollar against most major currencies, (ii) a reform of the Yuan exchange rate setting mechanism and (iii) its determination to pursue exchange rate reform with increasing market orientation. The move was widely seen by the market as an indication of further action by Chinese authorities to support a flagging economy, with exports contracting rapidly and the rate of fixed investment slowing. It is yet another bearish indicator for commodities, in particular base metals.

The medium-term outlook for oil, nevertheless, remains positive. As it becomes apparent that a slowing Chinese economy at a time of record growth in global production was the most likely reason for the recent collapse in prices, a rebalancing is already underway. Lower prices have stimulated consumption around the world, most notably in America, whilst causing a long-term structural change in the strategic thinking of all producers. Ultimately, the best cure for low prices is low prices. Given the lead-times involved in the exploration and production cycle, it should not be long before the world finds itself in an undersupplied situation pushing oil prices high again.

The Junior Oils Trust suffered a poor month in July, losing 14.8% in value. There has been general weakness in oil small-caps across the board as oil prices fell. The fund's two largest holdings, FAR Ltd and Carnarvon Petroleum outperformed due to the outstanding fundamental value of their recent discoveries. Continued weakness of the Canadian and Australian Dollars, respectively representing 33.3% and 26.4% of the portfolio, negatively impacted its value. In view of the currency wars and competitive devaluation pursued by China, the Eurozone and other economies, we believe that these two leading commodity related currencies are likely to recover their standing soon. The US Fed's strategy supporting a stronger dollar may yet falter as Chinese-exported deflation affects the ability to raise interest rates and slows economic growth.

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:***

Past performance is not necessarily a guide to the future. The value of investments and the income from them may go down as well as up. Investors may not get back their original investment. The fund invests in smaller companies and some of which are listed on the Alternative Investment Market which may carry a higher degree of risk. 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.

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