# JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

11 YEARS TRACK RECORD

**Update October 2015**

## FUND PERFORMANCE

**'C' Bid to Bid since launch:**

**10.10.04-31.10.15: -22.2%**

**30.9.15-31.10.15: +7.5%**

**12 months discrete:**

**31.10.14-31.10.15: -51.5%**

**31.10.13-31.10.14: -3.2%**

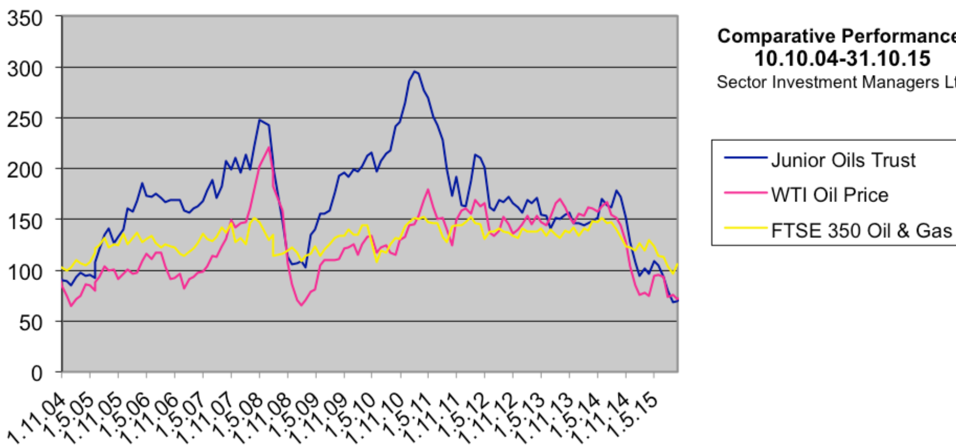
**31.10.12-31.10.13: -5.5%**

**31.10.11-31.10.12: -13.6%**

**31.10.10-31.10.11: -21.9%**

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

**Comparative Performance:**
**10.10.04-31.10.15**
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
**'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 October 2015:** £10.9 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. FAR Ltd | 9.7% |
| 2. Carnarvon Petroleum | 7.8% |
| 3. Serica Energy | 7.1% |
| 4. Parkmead Group | 5.1% |
| 5. Victoria Oil & Gas | 4.7% |
| 6. Cooper Energy | 4.5% |
| 7. Gran Tierra Energy | 4.4% |
| 8. RMP Energy | 4.1% |
| 9. Faroe Petroleum | 4.1% |
| 10. Bowleven | 3.5% |
| Total Top 10 | 55.0% |
| As at 31 October 2015 | |

## HOW TO INVEST

**Call Marlborough Fund Managers:**

**0808 145 2501**

**For further information and documentation visit:**
**www.junioroils.com or**
**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.

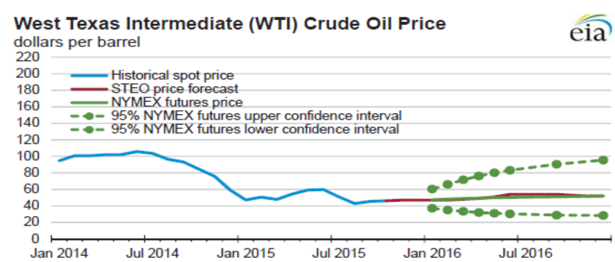
**12 November 2015**

Dear Investor,

The US International Energy Agency (IEA) this week published its annual outlook, expecting the oil market to remain oversupplied until the end of the decade. Its report says oil demand would rise by less than one per cent a year until 2020, slower than necessary to absorb the current oil oversupply. Further bearish news contributing to downward pressure on the oil price is the high global inventory levels both on shore and very large crude carriers (VLCCs). Reports indicate as much as 100 million barrels of oil and products may be either in transit or at anchor on board tanker vessels.

Whilst the current indicators point to a slower than expected recovery in oil prices in the short term, the medium term drop in supply is much harder to anticipate and most likely underestimated. In the short term, the North American rig count has dropped to the lowest since 2002 according to Baker Hughes. Capital expenditure continues to get slashed among all oil companies but the most notable announcement came from Shell, taking a $8.6 billion write-off on its heavy oil and arctic projects and cancelling over $2bn of planned project expenditures. BP's CEO Dudley reiterated that the economic threshold for endorsing large projects would be below $60/bbl, with significant implications on its capital programme. Saudi Arabia's oil ministry estimates that more than 5 million barrels per day of future supply has been cut as $200 billion of planned oil investments have been cancelled or deferred this year alone. The ministry expects a further 7-8% of global planned capex to be cut next year. The impact of low prices will, therefore, likely be felt in the short-term by rapidly dropping supply from US and Canadian shale but most importantly in the longer term, by the cancellation of larger projects which would take much longer to get restarted even if oil prices recovered quicker than currently expected.

The implication for smaller oil companies is a need to focus on the lower cost, sustainable assets and avoid ambitious exploration. Debt restructuring has been high on the agenda this year but more needs to be done, especially as capital markets remain constrained. In the Junior Oils Trust portfolio, most of the holdings are well positioned to survive the downturn. The longer term picture remains muddied but the expectation of oil price recovery could start getting factored into shares as soon as investors realise the undervaluation of better positioned companies.



Note: Confidence interval derived from options market information for the 5 trading days ending Nov. 5, 2015. Intervals not calculated for months with sparse trading in near-the-money options contracts.
Source: Short-Term Energy Outlook, November 2015.

Please watch our latest interview on oil, China and smaller oil shares by pasting the following link to your browser:

https://www.youtube.com/watch?v=EdoJMIrqNpc

Angelos Damaskos
Chief Executive Officer

11 YEARS TRACK RECORD

***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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