

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

12
YEARS
TRACK
RECORD

Update February 2017

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-28.2.17: -0.9%

31.1.17-28.2.17: +3.6%

12 months discrete:

29.2.16-28.2.17: +59.4%

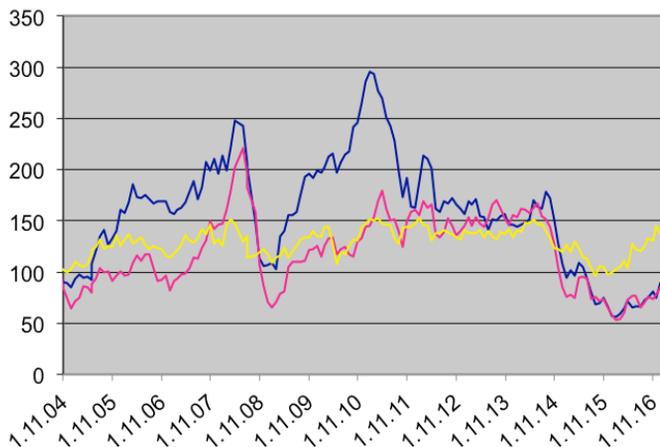
28.2.15-29.2.16: -41.5%

28.2.14-28.2.15: -30.8%

28.2.13-28.2.14: -11.8%

28.2.12-28.2.13: -22.2%

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



Comparative Performance:
10.10.04-28.2.17
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 "C": £1,000 or £100 per month

Eligible for NISAs and SIPPs

Benchmark: FTSE 350 Oil & Gas Index

Net asset value at 28 February 2017: £16.1 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 despite higher short-term volatility
- Emphasis on production and proven reserves
- Avoid political and pure exploration risks

TOP 10 HOLDINGS

Company	% of Fund
1. Questa Energy	8.4%
2. Carnarvon Petroleum	5.8%
3. Pantheon Resources	5.8%
4. FAR Ltd	5.5%
5. Serica Energy	5.4%
6. SDX Energy	5.2%
7. Cooper Energy	4.8%
8. Ophir Energy	4.8%
9. Africa Oil	4.7%
10. Bowleven	4.4%
Total Top 10	54.8%

As at 28 February 2017

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.

15 March 2017

Dear Investor,

The oil market appears to have entered consolidation mode, which we attribute to the state of the global equity markets, outlook for interest rate rises by the Fed and risk-off sentiment due to political instability in the Eurozone. The US Department of Energy data released today, nevertheless show the effect of Opec cuts on inventory levels, the first drop in 2017. Draws are reported on oil products including gasoline and distillate inventories that have fallen four weeks in a row. Furthermore, an analysis conducted by National Bank Financial's energy team indicates that Opec members are acting in line with the agreed quotas.

Table 5 - 7: OPEC crude oil production based on secondary sources, tbd

	2015	2016	2Q16	3Q16	4Q16	Dec.16	Jan.17	Feb.17	Feb./Jan
Algeria	1,106	1,088	1,084	1,090	1,089	1,087	1,053	1,053	-0.2
Angola	1,753	1,730	1,772	1,761	1,623	1,674	1,659	1,641	-18.2
Ecuador	544	546	550	547	543	544	531	526	-4.4
Gabon	220	217	219	219	209	209	201	194	-6.9
Iran, I.R.	2,838	3,502	3,539	3,646	3,725	3,725	3,778	3,814	36.1
Iraq	3,935	4,382	4,290	4,396	4,601	4,642	4,476	4,414	-62.0
Kuwait	2,771	2,849	2,799	2,879	2,876	2,859	2,718	2,709	-9.3
Libya	405	391	312	311	571	610	680	669	-11.1
Nigeria	1,851	1,577	1,541	1,417	1,570	1,474	1,550	1,606	58.0
Qatar	696	656	662	652	645	641	623	622	-0.5
Saudi Arabia	10,142	10,406	10,299	10,596	10,544	10,443	9,865	9,797	-68.1
UAE	2,898	2,967	2,921	3,004	3,082	3,090	2,962	2,925	-36.9
Venezuela	2,367	2,159	2,182	2,112	2,056	2,034	2,003	1,987	-16.0
Total OPEC	31,506	32,470	32,168	32,629	33,135	33,029	32,097	31,958	-139.5

Note: Totals may not add up due to independent rounding.
Source: OPEC Secretariat.

Table 5 - 8: OPEC crude oil production based on direct communication, tbd

	2015	2016	2Q16	3Q16	4Q16	Dec.16	Jan.17	Feb.17*	Feb./Jan
Algeria	1,157	1,146	1,126	1,162	1,168	1,149	1,091	1,084	-7.0
Angola	1,767	1,708	1,730	1,720	1,611	1,639	1,615	1,649	34.0
Ecuador	543	549	554	551	543	544	534	538	1.0
Gabon	..	..	..	..	..	..	..	..	..
Iran, I.R.	3,152	3,651	3,570	3,653	3,993	4,010	3,920	..	..
Iraq	3,504	4,648	4,523	4,666	4,802	4,830	4,630	4,566	-64.0
Kuwait	2,859	2,954	2,934	2,969	2,915	2,844	2,710	2,705	-5.0
Libya	..	..	..	..	..	..	..	..	..
Nigeria	1,748	1,447	1,485	1,209	1,431	1,370	1,533	1,526	-6.8
Qatar	656	652	655	644	632	611	615	545	-70.0
Saudi Arabia	10,193	10,460	10,360	10,651	10,602	10,465	9,748	10,011	263.3
UAE	2,989	3,089	3,035	3,174	3,201	3,220	3,060	2,995	-65.0
Venezuela	2,654	2,379	2,362	2,331	2,287	2,270	2,250	2,248	-2.0
Total OPEC	..	..	..	..	..	..	..	..	..

Note: * Direct communication is not the basis of calculating conformity of OPEC MCs production with the reference production of October 2016.
Totals may not add up due to independent rounding.
.. Not available.
Source: OPEC Secretariat.

Source: National Bank Financial Group

Despite general weakness of oil equities in the year to date, our Junior Oils Trust has significantly outperformed larger capitalisation focused funds over the past six months as shown by the leading fund database Morningstar <http://www.morningstar.co.uk/uk/fundquickrank/default.aspx>. We believe that the recent weakness in oil equities presents an attractive buying opportunity that will deliver outperformance as supply-demand rebalancing becomes evident in the next six to nine months. Opec is likely to maintain its reduced output strategy in order to safeguard the value of its reserves. Saudi Arabia, for that matter, has a strong incentive given its stated intention to float part of Saudi Aramco later this year, potentially listing one of the most valuable oil companies in the world. Despite gains in productivity and increased drilling rates in North America, it is unlikely natural declines of global base supply are being offset effectively. The cuts in capital expenditure that primarily impacted exploration drilling have started showing in smaller additions to global reserves. Meanwhile, demand continues to grow as reported by the International Energy Agency.

We remain optimistic that the recovery in the oil industry is based on solid fundamentals and smaller, production focused oil companies with material growth prospects and strong balance sheets will continue to re-rate and outperform their larger peers.

Please watch the latest interview with IG discussing the oil market and the prospects of smaller companies:

<https://www.youtube.com/watch?v=weo94EJLzQ>

Angelos Damaskos
Chief Executive Officer

For dealing/inquiries on Junior Oils Trust call Marlborough Fund Managers: 0808 145 2501

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

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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