

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

12
YEARS
TRACK
RECORD

Update July 2017

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-31.7.17: -17.4%

30.6.17-31.7.17: +1.4%

12 months discrete:

31.7.16-31.7.17: +18.3%

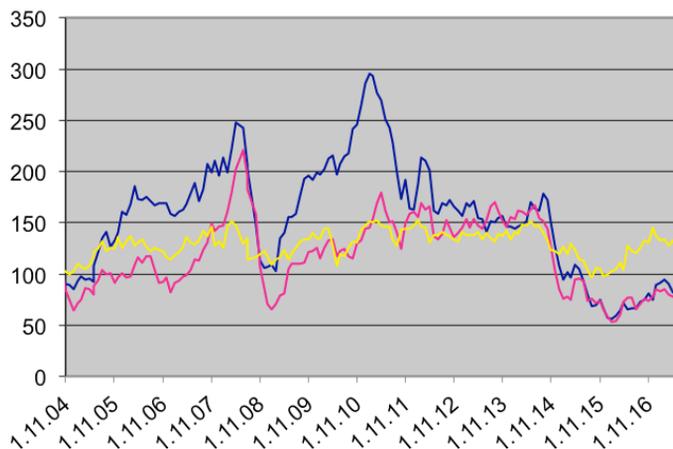
31.7.15-31.7.16: -16.1%

31.7.14-31.7.15: -51.0%

31.7.13-31.7.14: +7.0%

31.7.12-31.7.13: -10.5%

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



Comparative Performance:
10.10.04-31.7.17
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 "C": £1,000 or £100 per month

Eligible for NISAs and SIPPs

Benchmark: FTSE 350 Oil & Gas Index

Net asset value at 31 July 2017: £11.9 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 despite higher short-term volatility
- Emphasis on production and proven reserves
- Avoid political and pure exploration risks

TOP 10 HOLDINGS

Company	% of Fund
1. Questerre Energy	11.0%
2. FAR Ltd	7.1%
3. Carnarvon Petroleum	5.8%
4. Africa Oil	5.1%
5. Ophir Energy	5.0%
6. Painted Pony	4.9%
7. Cooper Energy	4.7%
8. Faroe Petroleum	4.5%
9. Tamarack Valley	4.4%
10. Pantheon Resources	4.0%
Total Top 10	56.5%

As at 31 July 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:

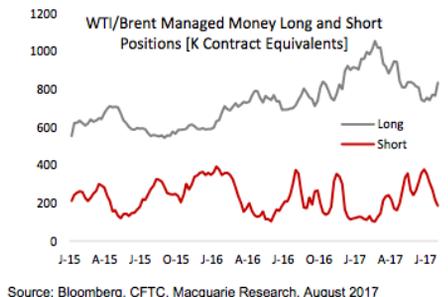
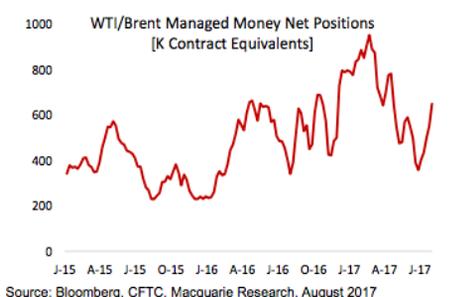
The fund invests in smaller companies which may carry a higher degree of risk than larger companies. The shares of smaller companies may be less liquid and more volatile over shorter term periods. Changes in exchange rates between currencies may cause the value of investments to diminish or increase. The fund focuses on a specific sector and has a concentrated portfolio which can lead to greater volatility.

15 August 2017

Dear Investor,

Geopolitical tensions between the USA and North Korea set the tone of markets early in August, putting a halt to the recent buoyant mood. The belligerent rhetoric from each side and the unpredictability of the tensions weighed not only on Asian markets but also pulled US and European equity indices lower. The appearance of such unexpected risk of conflict should have sent oil prices to much higher levels than just re-capturing the \$50/bbl mark. The market's reaction indicates that most do not believe either North Korea or America will risk military intervention. Furthermore, latest data published by the IEA indicate that supply remains strong, keeping up with growth in demand as North American shale continues to pump greater volumes. The willingness of Opec countries to extend the production quotas may also mean prices will likely stay range-bound in the near term, unless the Asian crisis escalates.

We generally do not place much emphasis on money flows into oil trading as their effect should be smoothed-out over the medium term, driven by supply-demand fundamentals. However, when people like Andy Hall, considered to be one of the most successful oil traders in recent years, decide to exit the market claiming that fundamentals do not make sense anymore and financial flows and algorithmic trading have made the market "chaotic", it might be worth thinking again. It is interesting to observe, therefore, that the managed money net positions have risen substantially in the last few weeks after hitting lows near those seen at the time of extreme depression early in 2016. We have maintained recently that oil equity valuations are at historic low levels due to the lack of clarity in the future direction of oil prices. Hearing all those bearish arguments, major oil-focused fund closures and rising volatility, we can't help feeling that all these could be contrarian indicators and that the outlook might become brighter soon.



The Junior Oils Trust remains at the top of performance tables of energy funds YTD and over trailing 12 months. See: www.morningstar.co.uk/uk/fundquickrank/default.aspx The portfolio is invested in companies with growing production, solid balance sheet and attractive, lower risk exploration prospects. Our top holding Questerre Energy, continued to outperform, growing to command 11% of our fund, on expectation that drilling with its partner Repsol at the huge Utica shale acreage in Quebec will be possible soon. We remain optimistic for the continued re-rating of smaller oil companies which are attractively valued by most metrics even after adjusting oil price expectations to lower levels.

Please watch the recent presentation on the oil market prospects at London South East:
https://www.youtube.com/watch?v=_om1FMsvv9M&feature=youtu.be

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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