

# JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

**13**  
**YEARS**  
**TRACK**  
**RECORD**

Update October 2017

## FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-31.10.17: -15.7%

30.9.17-31.10.17: -3.8%

12 months discrete:

31.10.16-31.10.17: +0.0%

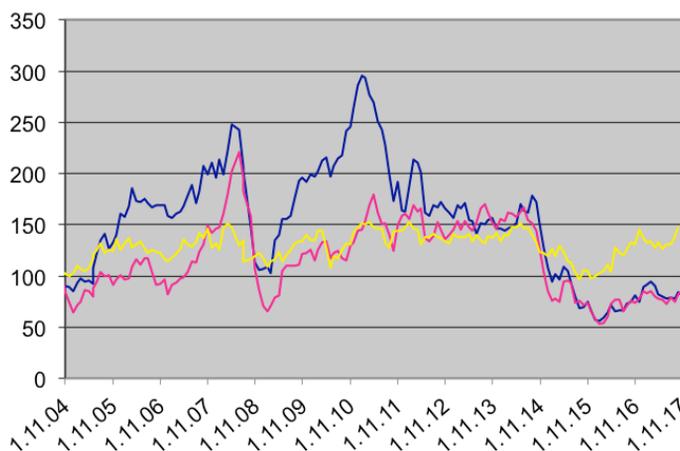
31.10.15-31.10.16: +8.3%

31.10.14-31.10.15: -51.1%

31.10.13-31.10.14: -3.2%

31.10.12-31.10.13: -5.5%

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



**Comparative Performance:**  
**10.10.04-31.10.17**  
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 31 October 2017:** £12.2 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

## TOP 10 HOLDINGS

Company	% of Fund
1. Carnarvon Petroleum	7.3%
2. Questerre Energy	6.5%
3. FAR Ltd	5.8%
4. Highlands Natural Resources	5.2%
5. Faroe Petroleum	5.2%
6. Tamarack Valley	5.1%
7. Ophir Energy	4.4%
8. Pantheon Resources	4.3%
9. Africa Oil	4.1%
10. Soco International	3.9%
Total Top 10	51.8%

As at 31 October 2017

## 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)

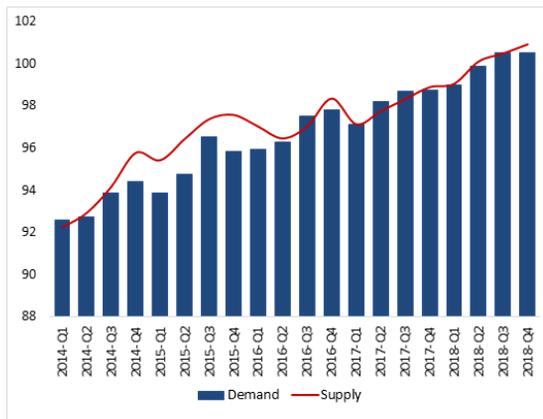
### Risk Considerations:

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.

15 November 2017

Dear Investor,

The Energy Information Administration just confirmed that the US has become the world's largest producer of oil, at the same time raising the agency's expectations for demand growth in 2018 by 80 thousand barrels per day to 1.66 million bpd. In the face of continued growth in US production, Opec is scheduled to decide on 30 November whether to maintain its quotas until March next year. Both Saudi Arabia and Russia, who have led the cuts in output, have expressed their desire to keep drawing global stocks down. As a longer term view, they probably think that it is better to preserve their reserves until prices are higher rather than selling them cheaply now. OECD oil inventories continue to drop, towards the five-year average, albeit still well above trend. Demand is expected to remain higher than supply well into next year, with an unclear outlook for net supply-base declines as fewer new projects emerge outside North America.



Global oil demand vs. Supply, million barrels per day (source: Energy Information Administration)

We have seen some emerging interest for smaller capitalisation oil shares in the last few months. As the oil prices push above \$60/barrel, it becomes evident that producing companies have bright prospects. The relative outperformance of the large integrated oil companies, such as Royal Dutch Shell, has been supported by their dividend yield and index-buying. On this basis, some smaller companies appear grossly undervalued and we expect their larger peers to use higher rated paper for acquisitions. Small-cap oil shares remain an exceptional buying opportunity for their medium term re-rating prospects, particularly if we believe that the supply-demand situation will continue to support prices to higher levels. The Junior Oils Trust has consequently been experiencing a strong re-rating of some of its holdings in the past 12 months and we believe that its prospects are excellent. The portfolio is focused in companies with large proven reserves in the ground, good production growth prospects, backed by a solid balance sheet that does not rely excessively on the capital markets for funding.

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](http://www.junioroils.com) or [www.sectorinvestments.com](http://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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