

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

13
YEARS
TRACK
RECORD

Update February 2018

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-28.2.18: -22.5%

31.1.18-28.2.18: -5.0%

12 months discrete:

28.2.17-28.2.18: -21.8%

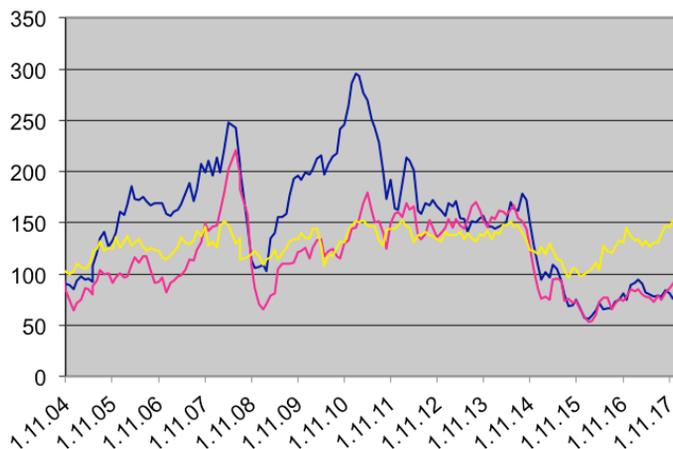
29.2.16-28.2.17: +59.4%

28.2.15-29.2.16: -41.5%

28.2.14-28.2.15: -30.8%

28.2.13-28.2.14: -11.8%

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



Comparative Performance:
10.10.04-28.2.18
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 2018: £10.2 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
- Avoid political and pure exploration risks

TOP 10 HOLDINGS

Company	% of Fund
1. Carnarvon Petroleum	10.0%
2. Questerre Energy	8.4%
3. FAR Ltd	7.7%
4. Faroe Petroleum	6.4%
5. Pantheon Resources	5.1%
6. Cooper Energy	4.6%
7. Highlands Natural Resources	4.6%
8. Tamarack Valley Energy	4.6%
9. Ophir Energy	4.2%
10. Pancontinental Oil & Gas	4.1%
Total Top 10	59.7%

As at 28 February 2018

HOW TO INVEST

Call Marlborough Fund Managers:

0808 145 2501

For further information and documentation visit:

www.junioroils.com or
www.sectorinvestments.com

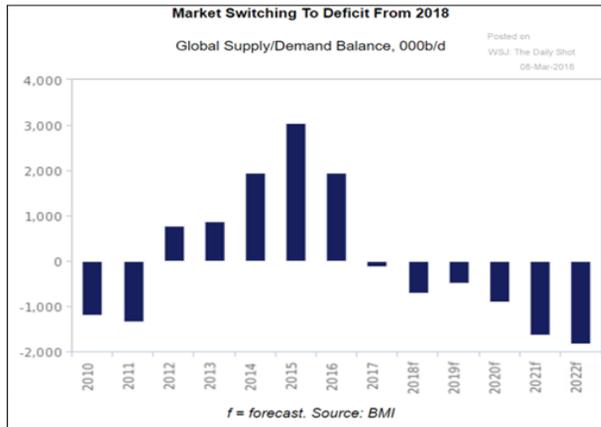
Risk Considerations:

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 2018

Dear Investor,

Global smaller capitalisation energy shares continue to be under-valued in relation to equity markets and crude oil prices. This is particularly important as recent data confirm that inventory draws in the last six months have been the largest we have seen over the past twenty years. Research by BMI indicates that the global supply/demand balance tipped into deficit late last year and is expected to deepen to almost 1.8m barrels per day by 2022. That magnitude of deficit will be created despite continued growth in North American production and is the result of the industry's aversion to exploration spending since the oil price crash in 2014. Even if Opec decided to increase its quotas, it is believed that it does not have much spare capacity to fill the gap. Demand for oil and gas is seen continuing to grow, driven by China and India as their expanding economies and new middle classes strive for a better standard of life. It appears that the market has not focused yet on the positive impact higher oil prices have on smaller producing companies but this is likely to change soon.



Source: BMI Research

Left picture source: Bloomberg; Right picture source: BMI Research

The Junior Oils Trust has performed well in recent months in the context of the generally weak energy equities market. Some of our core, overweight positions have outperformed on the back of successful results. In certain cases we have taken part-profits in positions that had grown too big for the fund. The capital has been re-invested in new, prospective situations – among those Highland Natural Resources, a company producing light oil from the Niobrara shale formation in East Denver. It is growing production rapidly and has secured a farm-in deal with Renegade enabling it to drill up to another 24 wells at favourable terms. It has also developed its own technology for controlling fracking operations that gives it a competitive advantage. Another new holding, currently 12th largest in the portfolio, is President Energy, led by Peter Levine who founded, grew and sold Imperial Energy in 2008 for £1.4bn. President has made a transformational deal acquiring producing assets in Argentina and we participated in the capital raised for this transaction. We kept away from Argentina for many years due to the political risks but recent government changes and international debt settlements have improved the picture and the value of reserves in the country is likely to get re-rated. We believe that energy equities, particularly the better value smaller companies, are likely to outperform the market and the sector in 2018.

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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