

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

13
YEARS
TRACK
RECORD

Update August 2018

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-31.8.18: -2.2%

31.7.18-31.8.18: -0.3%

12 months discrete:

31.8.17-31.8.18: +19.9%

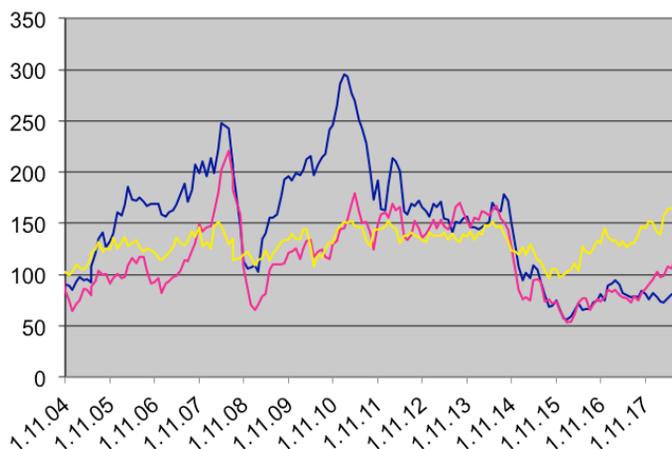
31.8.16-31.8.17: +6.7%

31.8.15-31.8.16: +6.6.1%

31.8.14-31.8.15: -61.6%

31.8.13-31.8.14: +18.2%

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



Comparative Performance:
10.10.04-31.8.18
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 31 August 2018: £12.1 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 NAV
1. Carnarvon Petroleum	8.8%
2. Faroe Petroleum	7.7%
3. FAR Limited	7.7%
4. Cooper Energy	5.5%
5. Tamarack Valley Energy	5.1%
6. Pancontinental Oils & Gas	5.1%
7. Iron Bridge Resources	4.0%
8. Questerre Energy	3.9%
9. Highlands Natural Resources	3.3%
10. Soco International	3.3%
Total Top 10	54.4%

As at 31 August 2018

HOW TO INVEST

Call Marlborough Fund Managers:

0808 145 2501

For further information and documentation visit:

www.junioroils.com or
www.sectorinvestments.com

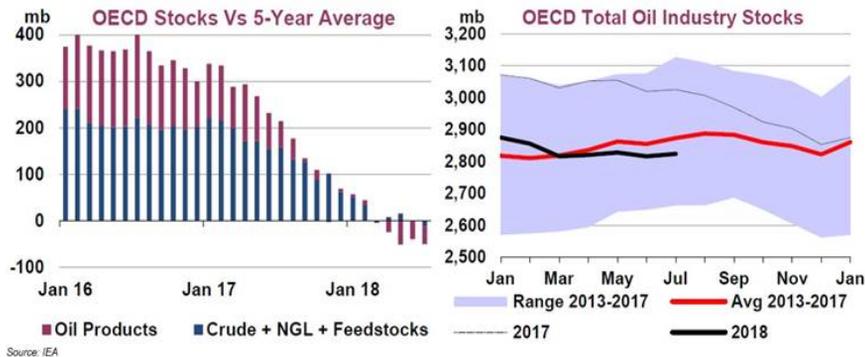
Risk Considerations:

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.

16 September 2018

Dear Investor,

The International Energy Agency's latest report now expects "the price range of \$70-80/bbl in place since April could be tested" to the upside as the supply-demand is tightening up. The IEA also believes Venezuela's daily production could hit 1 million barrels before year-end at current rates of decline (it produced close to 2.5mmbbls three years ago) and reports that more than 500 thousand barrels per day of Iranian crude exports have been stopped according to tanker traffic. With oil demand expected to grow by 1.5mmbblpd next year, it is unsurprising that OECD oil inventories have been declining fast and are now below the five-year average. The facts reaffirm our view that we could see \$90/bbl Brent before year-end and higher prices next year. The obvious caveat is potential risks to the global economy as a result of global debt levels, trade tariffs and US sanctions that could further extend emerging market crises and raise financial contagion risks.



Source: International Energy Agency

With a constructive view on higher oil prices, smaller E&P companies have been catching investors' attention. In particular, those controlling large reserves in the ground that could be brought to market in relatively short time-frames, have had their shares re-rate the most. In our portfolio, our overweight positions in Carnarvon Petroleum and FAR Limited are just at the right place and we expect further re-rating. Our holding in Faroe Petroleum has also recently outperformed as the company successfully grows its North Sea production and the strategic stake built by DNO of Norway highlights it as a potential takeover target. Among pure exploration focused shares, the ones outperforming are those that have secured attractive farm-in deals with majors intending to drill prospective exploration wells; Pancontinental Oil & Gas is one such example in our portfolio where its partner off-shore Namibia, Tullow Oil, moves on with drilling arrangements in a target field with billion barrel oil potential. We believe that the Junior Oils Trust portfolio is well positioned to benefit from the continued re-rating of smaller companies with attractive assets and growing production in a rising oil price environment.

Angelos Damaskos
Chief Investment 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.

This material is directed only at persons in the UK and is not an offer or invitation to buy or sell securities. Opinion expressed whether in general or both on the performance of individual securities and in a wider economic context represents the views of Sector Investment Managers Ltd at the time of preparation based on SIM's internal analysis which may have not been verified by independent sources. They are subject to change and should not be interpreted as investment advice. Before making an investment in the fund, it is important that you read the Key Investor Information Document. Prospectus and Key Information Document are available free by visiting the websites above. Sector Investment Managers Ltd and Marlborough Fund Managers Ltd are authorised and regulated by the Financial Conduct Authority.