JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

14 YEARS TRACK RECORD

Update November 2018

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-30.11.18: -18.2%

31.10.18-30.11.18: -4.8%

12 months discrete:

30.11.17-30.11.18: +3.0%

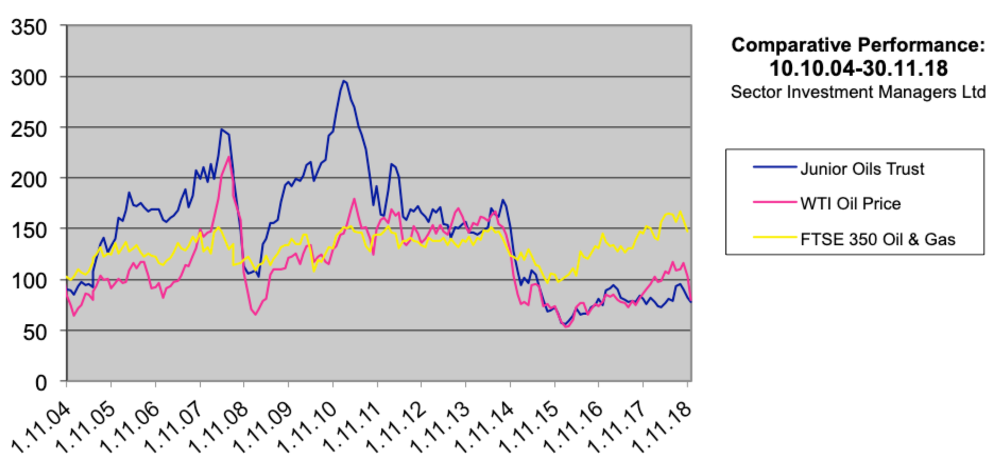
30.11.16-30.11.17: +1.6%

30.11.15-30.11.16: +17.5%

30.11.14-30.11.15: -50.2%

30.11.13-30.11.14: -12.5%

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



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 30 November 2018: £9.5 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	10.1%
2. Faroe Petroleum	10.1%
3. Cooper Energy	6.2%
4. FAR Limited	6.0%
5. Questerre Energy	4.5%
6. Parkmead Group	3.7%
7. Africa Oil International	3.6%
8. Advantage Oil & Gas	3.2%
9. Baytex Energy	3.2%
10. Pinecliff Energy	3.1%
Total Top 10	53.7%
As at 30 November 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.

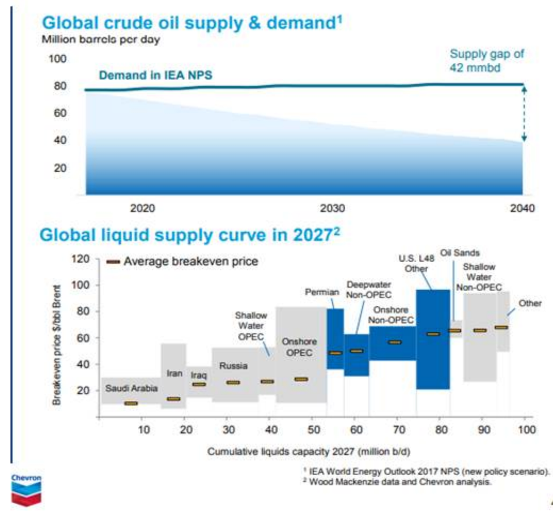
12 December 2018

Dear Investor,

Markets were thrown in turmoil in October and November as the three “strongmen” − Presidents Trump, Putin and Xi - continued to play a game of “chicken” that threatens to constrain global economic growth. The “strongman” of the Middle-East, Crown prince MBS, kept a low profile in the recent G20 summit in Buenos Aires but OPEC+Russia still agreed a production cut of 1.2 million barrels per day in Vienna last week aiming to restore the balance in supply and demand over the next twelve months. In November, American shale oil production growth resulted in the US becoming a net exporter of oil and liquid products for the first time in 70 years and also the world’s largest oil producer, overtaking Russia.

Notwithstanding the slightly oversupplied situation in recent months that caused oil prices to crash by over 30% in a couple of months, the longer-term forecasts of the most credible institutions point to a material shortage looming. The latest Energy Outlook of super-major BP expects demand for oil and gas to surge by 30% in the period to 2040, mostly induced by Asian nations (predominantly China and India) as a greater proportion of their combined 2.5 billion populace moves out of poverty to a more energy demanding living standard. More specifically for crude oil, the International Energy Agency’s New Policy Scenario points to a supply shortage of about 42 million barrels per day in the same period, with the supply curve pushing the break-even price of Brent to approximately $70 per barrel. Whilst all agree that the US shale industry has a big role to play in growth of supply and exports from North America, production declines elsewhere due to lack of capital expenditure in exploration and development are expected to induce a shortage on a global scale. Importantly, the success of the shale-fracking business in North America is underpinned by a mix of technological leadership, availability of infrastructure and skilled workforce and, perhaps most importantly, the legal framework and licensing regime of hydrocarbons extraction that enables operators to maximise economics; a combination of factors that are not easy to replicate elsewhere in the world. We all know the likely impact playing out these scenarios would have on market traded prices and it can only be up!

The scenarios described above fully agree with our thesis and investment positioning. Smaller oil companies that are adept and agile enough to identify and secure material economic reserves of oil and gas will likely be the ones that will be highly rated as the world moves into an oil deficit. We took advantage of the recent deep sell-off in the market to invest our significant cash balance (about 15% of the fund’s NAV) accumulated by profit taking in successful portfolio developments over the past 6 months. In particular, we built new positions in Canadian companies with material proven reserves, production growth potential and solid balance sheets that will be able to survive the current market anomaly. We find it absurd that the Canadian government has been so slow in permitting the development of export routes for its most important source of wealth, production of oil & gas. Canada is, alongside the US, the only place where the operating conditions are supportive for material growth in oil and gas production and that, we believe, will become obvious and relevant not only to the market but to populist politicians that are currently blind-sided by misguided public opinion siting environmental concerns, particularly for natural gas. These new positions, alongside our existing Canadian producer holdings, could provide material outperformance in the near term.



Source: Chevron Corporate Presentation

We would like to take the opportunity to wish you all Merry Christmas, happy holidays and an exceptional New Year!

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.

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