

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

14
YEARS
TRACK
RECORD

Update February 2019

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-28.2.19: -22.2%

31.1.19-28.2.19: -0.9%

12 months discrete:

28.2.18-28.2.19: +0.4%

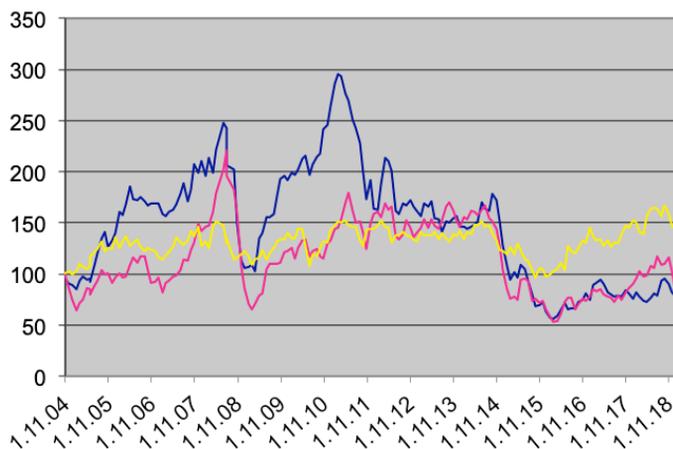
28.2.17-28.2.18: -21.8%

29.2.16-28.2.17: +64.1%

28.2.15-29.2.16: -43.2%

28.2.14-28.2.15: -30.8%

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



Comparative Performance:
10.10.04-28.2.19
Sector Investment Managers Ltd



Data Source:
Bloomberg

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 2019: £9.0 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	10.0%
2. Cooper Energy	6.3%
3. FAR Limited	5.1%
4. Ophir Energy	5.1%
5. Africa Oil International	3.8%
6. Tamarack Valley	3.7%
7. President Energy	3.6%
8. Questerre Energy	3.5%
9. Parkmead Group	3.5%
10. Torc Oil & Gas	3.2%
Total Top 10	47.8%

As at 28 February 2019

HOW TO INVEST

Call Marlborough Fund Managers:

0808 145 2501

For further information and documentation visit:

www.junioroils.com or
www.sectorinvestments.com

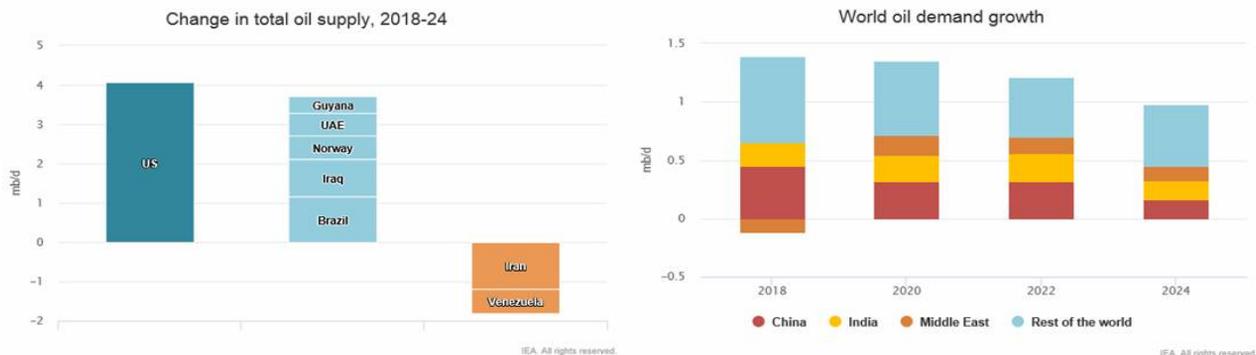
Risk Considerations:

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 March 2019

Dear Investor,

Crude oil prices have been recovering towards the \$70/barrel for Brent in recent weeks as the market realises that the supply/demand balance is getting tighter. Saudi Arabia has been reported to support extending the Opec supply cuts for longer as it believes it is preferable to sell its resources at a higher price that fight for market share against the US shale industry. Meanwhile, Venezuelan production continues to decline as the country experiences dramatic civil unrest. Looking longer-term, the International Energy Agency (IEA) released its annual oil market forecast where they focus on the role US shale oil will play in providing supply growth. The Paris based agency believes that the US will account for 70% of the increase in global production capacity until 2024, overtaking Russia and Saudi Arabia in terms of exports. Whilst this is seen as strengthening oil security globally, the IEA states that it is hard to forecast investment levels towards the end of the period and beyond implying doubt as to whether the industry will continue to meet or exceed expectations. On the demand side, China and India are set to continue to be the main drivers of growth by an expansion of oil consumers lifted out of poverty and therefore needing more petrochemicals and aviation transport (Asia accounts for 75% of the aviation demand increase over the forecast period).



Source: IEA

Most major oil companies believe that continued speculation about the role of hydrocarbons in the world's battle against global warming and CO₂ emissions clouds public opinion. In its global backdrop analysis, BP explains how important hydrocarbons will continue to be if more people are to be lifted out of poverty around the world. Despite increased use of renewables and efficiency improvements in the use of hydrocarbons by the more affluent countries, 80% of the world's population consumes less energy than the level required by the United Nations' Human Development Index to provide a satisfactory living standard. Most studies on the role of hydrocarbons in future agree that it will be nearly impossible for renewables to substitute increasing demand for hydrocarbons by the developing parts of the world. Chevron, the US major, offers a very detailed analysis on the likely development of global supply and demand, highlighting two major trends (i) depletion of existing resources requires significant supply additions that are not currently visible and (ii) most of the global demand growth will be in the petrochemicals industry rather than power generation or transportation.

Taking a longer-term view of demand for oil & gas, the current under-valuation of the exploration and production sector becomes quite attractive. As the major integrated oil companies concentrate on capital discipline and investments in downstream refining and petrochemical activities, the smaller exploration focused companies should become the vital supply adding actors. A valuation re-rating is, therefore, justified.

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 issued by Sector Investment Managers Ltd, 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.