

# JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

**14**  
**YEARS**  
**TRACK**  
**RECORD**

Update March 2019

## FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-31.3.19: -20.8%

28.2.19-31.3.19: +1.7%

12 months discrete:

31.3.18-31.3.19: +4.2%

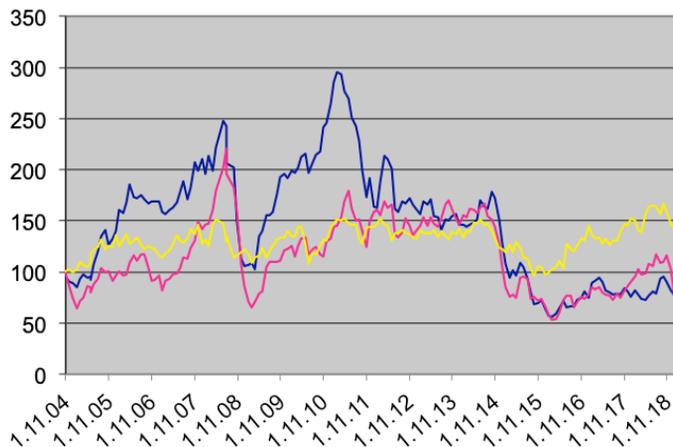
31.3.17-31.3.18: -19.2%

31.3.16-31.3.17: +40.2%

31.3.15-31.3.16: -33.3%

31.3.14-31.3.15: -35.1%

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



**Comparative Performance:**  
**10.10.04-31.3.19**  
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 ISAs and SIPPs**

**Benchmark:** FTSE 350 Oil & Gas Index

**Net asset value at 31 March 2019:** £8.8 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	7.9%
2. Cooper Energy	6.3%
3. Ophir Energy	5.3%
4. Questerre Energy	5.3%
5. FAR Limited	5.1%
6. Parkmead Group	3.9%
7. Africa Oil International	3.7%
8. MEG Energy	3.5%
9. Real Energy	3.4%
10. Tamarack Valley	3.3%
Total Top 10	47.7%

As at 31 March 2019

## 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:

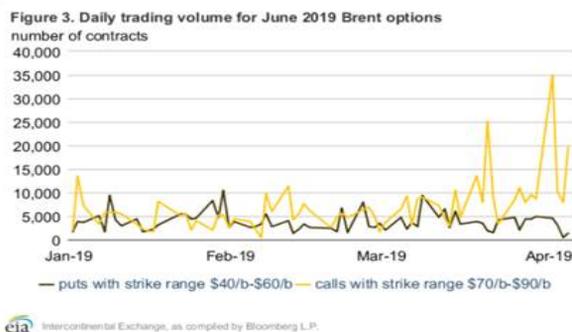
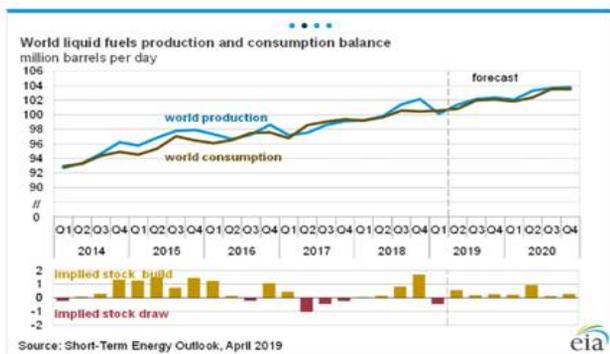
The fund invests in smaller companies which may carry a higher degree of risk than larger companies. The shares of smaller companies may be less liquid and more volatile over shorter term periods. Changes in exchange rates between currencies may cause the value of investments to diminish or increase. The fund focuses on a specific sector and has a concentrated portfolio which can lead to greater volatility.

15 April 2019

Dear Investor,

It appears the oil industry is waking up to the undervaluation of upstream-focused companies and the big headline last week was the acquisition of Anadarko Petroleum by integrated major Chevron. Anadarko is no minnow itself but it is almost entirely focused on exploration and production of oil and gas and the combined entity will produce over 3.7 million barrels of oil per day. An opportunistic transaction in an ignored and unloved sector by the general investment community. Anadarko shares had only been up about +6% compared to WTI up +40% and Brent +33% in the Year To Date prior to Chevron's offer. The acquisition price implies a 39% premium over the previous day's close for the Anadarko shares. It highlights that quality oil companies are more highly valued based on their resources than their quoted share prices.

The strength in oil prices has not been just because of the supply contraction, according to the International Energy Agency (IEA). In its monthly oil market report, the IEA reports that non-Opec supply dropped by over 750 thousand barrels per day in the first quarter of the year while demand remained resilient. However, the agency maintains its forecast of demand for crude rising by 1.4mmb per day this year, mostly driven by China and India, while supply growth outside Opec is expected to slow down to 1.7mmb/d from over 2.8mmb/d last year. The US petrochemicals sector has also been pushing demand up by about 295kb/d. Outlook reports from the IEA, Energy Information Administration (EIA) and the Opec secretariat all point to tightness in the market even though they are cautious over the longer-term supply-demand balance. The current backwardation in forward pricing justifies this caution even though the term structure has shifted from a sharp contango at the start of the year. Nevertheless, daily volumes of trading in Brent options indicate stronger appetite among traders to bet that prices might rise further in the near-term.



Source: EIA

As at the end of March, the Junior Oils Trust portfolio was weighted approximately 47% in Canadian listed shares of smaller companies operating predominantly in North America. This segment of the market was among the most oversold and undervalued for the past year and it has recently started to catch up with its mid-cap peer group. We believe that the constructive view of future oil prices as well as the fundamental value in the sector will help underpin further re-rating. The balance of the portfolio holds longer-term positions in Australian (27%) and UK (24%) listed companies that have provided the bulk of recent performance but should also continue to do well in the current environment. The oil and gas exploration and production sector should also provide better relative value as investors switch portfolios from the overvalued tech and pharma stocks in a weakening economic growth scenario.

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](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. 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.

