

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

14
YEARS
TRACK
RECORD

Update April 2019

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-30.4.19: -20.8%

31.3.19-30.4.19: +0.0%

12 months discrete:

30.4.18-30.4.19: -1.3%

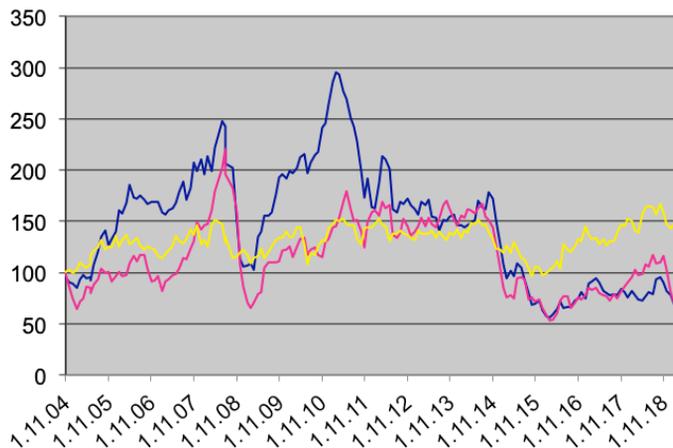
30.4.17-30.4.18: -6.7%

30.4.16-30.4.17: +14.5%

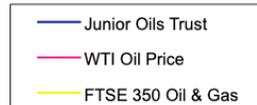
30.4.15-30.4.16: -33.9%

30.4.14-30.4.15: -28.3%

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



Comparative Performance:
10.10.04-30.4.19
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 ISAs and SIPPs

Benchmark: FTSE 350 Oil & Gas Index

Net asset value at 30 April 2019: £8.7 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	6.4%
2. Cooper Energy	5.7%
3. Ophir Energy	5.3%
4. FAR Limited	5.0%
5. Questerre Energy	4.2%
6. Parkmead Group	4.2%
7. Africa Oil International	4.1%
8. MEG Energy	4.1%
9. Tamarack Valley	3.8%
10. President Energy	3.8%
Total Top 10	46.6%

As at 30 April 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:

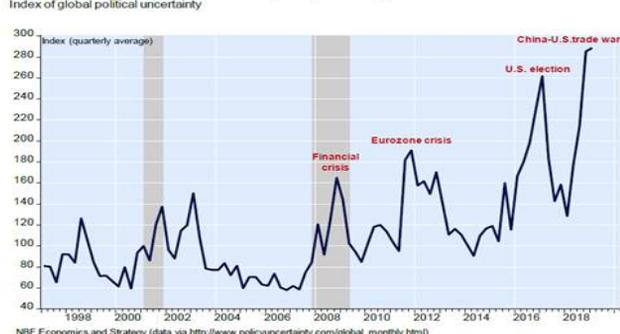
The fund invests in smaller companies which may carry a higher degree of risk than larger companies. The shares of smaller companies may be less liquid and more volatile over shorter term periods. Changes in exchange rates between currencies may cause the value of investments to diminish or increase.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

15 May 2019

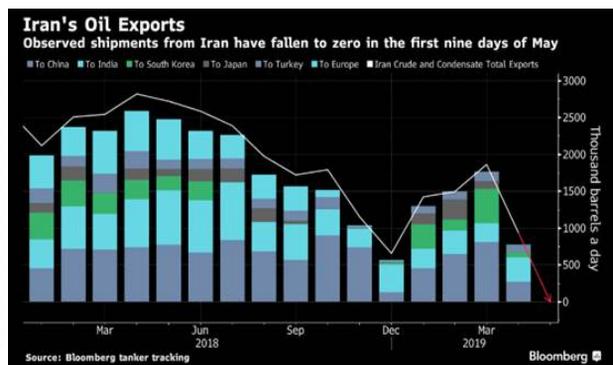
Dear Investor,

The stand-off between the United States and China over trade provides global markets an opportunity to re-assess risks. Whilst most expect the trade dispute to be settled, followed by a de-escalation of tariffs, history suggests an agreement might take longer and not be straight-forward given the rise in geopolitical risks. Meanwhile, an angry Iran threatens shipments through the straights of Hormuz, the most important shipping lane for oil and this is supportive for crude prices, especially Brent that trades again above \$70 per barrel. Reports of drone attacks on Saudi pumping stations and sabotaged tankers further increase uncertainty over rising tensions in the Middle East. The United States have dispatched two aircraft carriers with a sizeable escort fleet and Patriot missile batteries to the region. A study by National Bank Financial indicates that their index of global political uncertainty has risen to a 30 year high. The current disconnect between physical and financial markets, manifesting itself in a sharp backwardation, will likely push crude prices higher still.

World: Geopolitical uncertainty keeps rising



Source: NBF Economics and Strategy



Source: Bloomberg tanker tracking

The Financial Times recently reported that the rapid shale oil growth raises concerns about a refining crisis. It is understood that the majority of US refining capacity is not geared to light oil input therefore most of the shale oil has to be exported. This is also manifested by the growing imports of heavy Canadian crude into the US either by rail or pipeline. The greater concern is that, as international crude supply declines due to under-investment, the global refining plants will also not be able to cope with the growing market share of US exports of light shale oil. New investments in refining capacity and petrochemical processing plants will be required but the rapidly changing trading patterns impose delays on investment decisions of this magnitude.

In the equity markets, the takeover of Anadarko by Occidental is about to get completed after a revised offer with higher cash component caused Chevron to walk away, pocketing a \$1 billion break fee that it will use for stock buy-backs. Whilst Chevron might be sensible to not engage in a bidding war and take a cool \$1 billion cash for little effort and no risk, the eagerness of Occidental to secure a dynamic portfolio of Permian assets as well as select international interests highlights the undervaluation of the exploration and production focused companies. It seems that investors' scepticism on the need to find more oil in a world apparently awash with shale production is starting to shift. As oil prices continue to gradually trend higher, it becomes clearer that those companies which control attractive growth projects should get re-rated. It is very likely that the highly rated integrated oil companies will increase their corporate activity as it is easier to buy discovered reserves than spending years on new exploration, especially if such reserves can be bought relatively cheaply.

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.

