

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

14
YEARS
TRACK
RECORD

Update June 2019

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-30.6.19: -27.2%

31.5.19-30.6.19: -1.4%

12 months discrete:

30.6.18-30.6.19: -12.3%

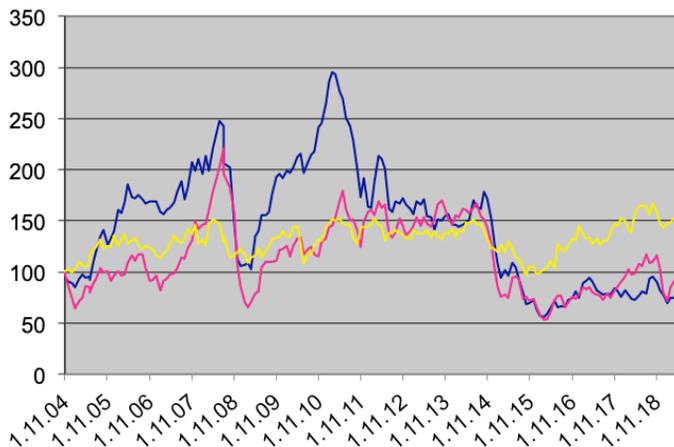
30.6.17-30.6.18: +1.9%

30.6.16-30.6.17: +16.6%

30.6.15-30.6.16: -28.5%

30.6.14-30.6.15: -43.0%

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



Comparative Performance:
10.10.04-30.6.19
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 June 2019: £7.7 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	8.7%
2. FAR Limited	7.0%
3. Cooper Energy	6.6%
4. Africa Oil International	5.2%
5. MEG Energy	4.1%
6. Parkmead Group	4.0%
7. Soco International	3.7%
8. Questerre Energy	3.4%
9. TORC Energy	3.4%
10. Tamarack Valley	3.4%
Total Top 10	49.5%

As at 30 June 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:

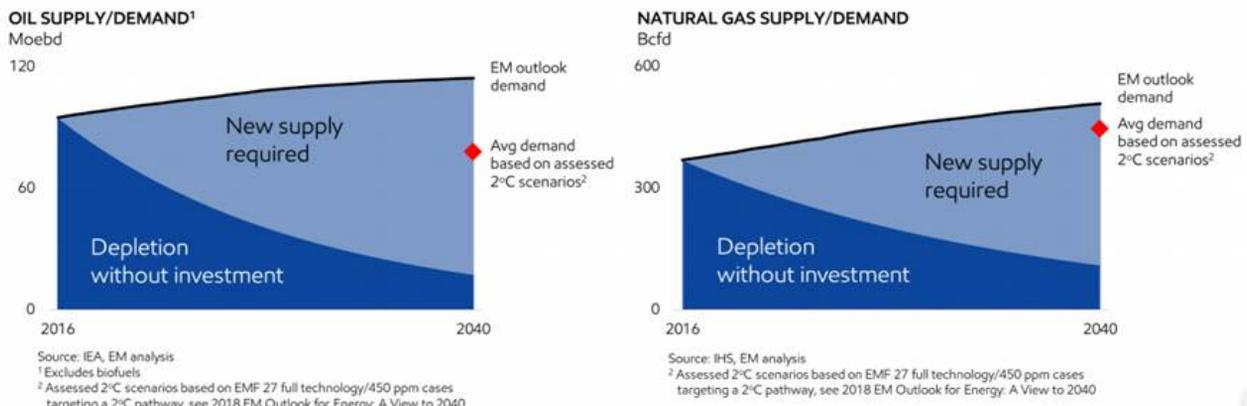
The fund invests in smaller companies which may carry a higher degree of risk than larger companies. The shares of smaller companies may be less liquid and more volatile over shorter term periods. Changes in exchange rates between currencies may cause the value of investments to diminish or increase.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

10 July 2019

Dear Investor,

There is so much noise and confusion about the balance of demand and supply of oil in the world. After recovering to nearly \$87 per barrel in September 2018, Brent oil prices fell to just over \$53/bbl by December that year. Geopolitical tensions and evidence of strong demand helped a recovery to about \$73/bbl earlier this year but then, another scare over growing inventories sent the price back to the low \$60s. It is easy to get distracted by calls for electric mobility and lower carbon emissions through bans of diesel engines and the general apathy from the investment community does not help. Energy's share of the S&P500 has halved in the last five years, from 10.9% in 2014 to 5.1% now.

A very interesting analysis by oil major Exxon may help cut through the noise and suggests that the outlook for oil prices is not too bad in the medium term. Exxon expects a global oil production decline rate of around 7% per annum in the next five years while pushing peak oil demand to sometime after 2040. The main reason is that too much of the recent supply growth has come from rapidly declining fields of shale and tight oil. Without substantially larger investments in boosting production from conventional oil fields, the projected growth from shales is unlikely to be sufficient. The super-major says new oil supply of at least 8% per year is needed to meet demand growth and offset decline rates.



Source: Exxon

Exxon is the largest public international oil company and is involved in all major oil regions and all play types including conventional, oil sands, middle east, deep-water oil and shale oil. Importantly, Exxon is considered a leader in shale oil with one of the largest footprints in the Permian, the most productive shale oil field in the Americas. It is their global positioning and understanding of the dynamics in each segment that makes their forecasts so credible. The currently dominant story is that oil inventories are above the 5-year average and Opec+ continue to restrain their production quotas to balance an over-supplied market. However, if we believe the Exxon forecast, the outlook for oil prices beyond 2020 looks decidedly bullish, especially given the severely undercapitalised energy sector. At some point in the not too distant future equity investors will start pricing better earnings expectations for oil companies and the energy sector's valuation will get re-rated. Smaller companies controlling material reserves will again become the growth engines that have to be valued highly. A significant allocation to that segment in advance of such re-rating will provide out-performance to a well constructed portfolio.

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.