

# JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

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

Update July 2019

## FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-31.7.19: -27.9%

30.6.19-31.7.19: -0.9%

12 months discrete:

31.7.18-31.7.19: -26.4%

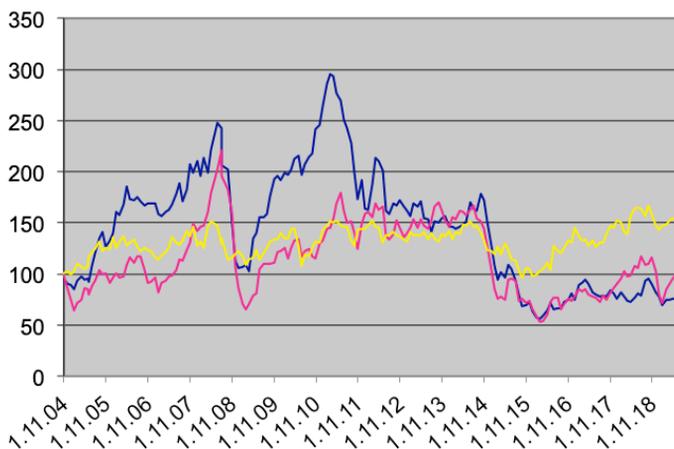
31.7.17-31.7.18: +18.8%

31.7.16-31.7.17: +18.3%

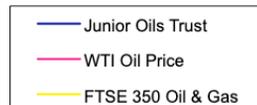
31.7.15-31.7.16: -16.1%

31.7.14-31.7.15: -51.0%

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



**Comparative Performance:**  
**10.10.04-31.7.19**  
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 31 July 2019:** £7.4 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. Cooper Energy	7.6%
2. FAR Limited	6.7%
3. Carnarvon Petroleum	6.3%
4. Africa Oil International	5.0%
5. MEG Energy	4.5%
6. Parkmead Group	4.3%
7. Strike Energy	3.9%
8. Victoria Oil & Gas	3.6%
9. President Energy	3.6%
10. Soco International	3.5%
Total Top 10	49.0%

As at 31 July 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:

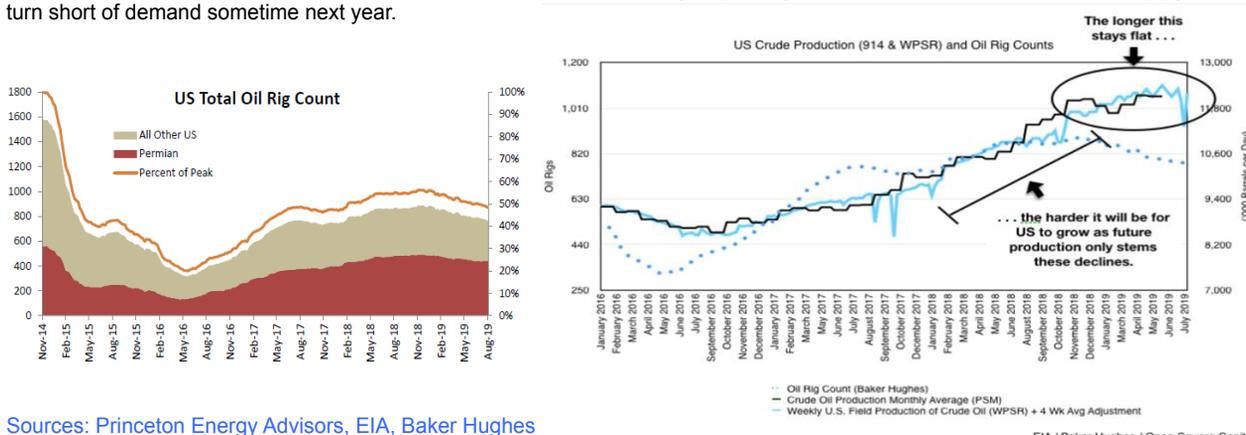
The fund invests in smaller companies which may carry a higher degree of risk than larger companies. The shares of smaller companies may be less liquid and more volatile over shorter term periods. Changes in exchange rates between currencies may cause the value of investments to diminish or increase.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

15 August 2019

Dear Investor,

Oil prices have been weak recently, weighed down by concerns about trade tensions and a slowing economy in China, the main driver of energy demand growth, in particular dragging Brent pricing lower. The Brent-WTI spread has tightened to around \$4/bbl from over \$11/bbl in June. The International Energy Agency appears to agree, having lowered its demand outlook for both 2019 and 2020, to 1.1mmbbl/d and 1.3mmbbl/d, respectively. Representatives of Saudi Arabia, nevertheless, have noted that they believe the price action in the crude markets did not reflect current fundamentals. The Kingdom stated that they are considering all options to halt the oil price drop and will restrict exports by 700 thousand barrels per day below nominations. Analysts at Goldman Sachs take a similar view, suggesting that oil prices imply too negative an outlook.

Meanwhile, it seems that all is not well in the supply growth engine of the world, the US shale plays. According to Baker Hughes, the number of drilling rigs in operation has been dropping consistently this year in an under-capitalised sector. The increasingly heard view is that US production growth has been stalling and the longer it stays flat, the harder it will be to resume due to the rapid decline rates of shale wells. These views resonate with those of industry super-major Exxon Mobil which believes that supply could turn short of demand sometime next year.



Sources: Princeton Energy Advisors, EIA, Baker Hughes

The current sentiment against fossil fuels including oil and gas appears misinterpreted. Whilst everyone agrees that the world needs significant amounts of additional energy to lift more people out of poverty and reduce the need for mass migration, there is disagreement as to how to get it in view of the environmental risks. Nevertheless, scientific evidence suggests that "renewable energy" is a misnomer as wind and solar power generating equipment and batteries are built from non-renewable materials. Old equipment must be decommissioned, generating millions of tons of waste and replaced with new units. A single electric-car battery weighs about 1,000 pounds; manufacturing it requires mining, moving and processing more than 500,000 pounds of raw materials. Building one average wind turbine requires some 900 tons of steel, 2,500 tons of concrete and 45 tons of non-recyclable plastic. Solar power requires even more cement, steel and glass as well as other metals. It is becoming clearer to many in the world that hydrocarbons remain a far better alternative to the green goals of a misinformed public and their elected governments that seek to please current sentiment.

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.