

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

15
YEARS
TRACK
RECORD

Update August 2019

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-30.8.19: -31.8%

31.7.19-30.8.19: -5.5%

12 months discrete:

30.8.18-30.8.19: -31.9%

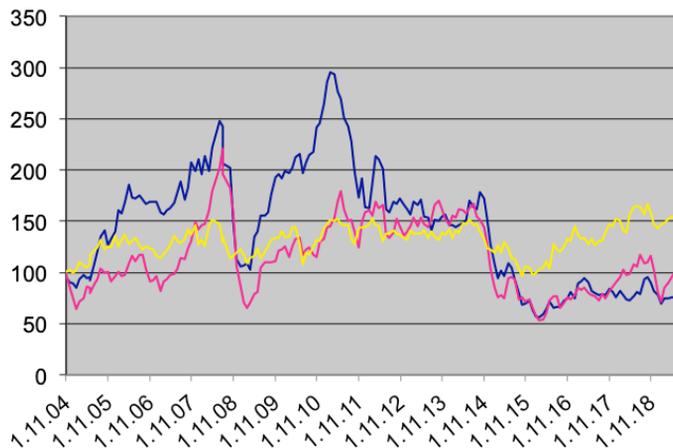
30.8.17-30.8.18: +22.8%

30.8.16-30.8.17: +6.7%

30.8.15-30.8.16: +6.6%

30.8.14-30.8.15: -61.6%

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



Comparative Performance:
10.10.04-30.8.19
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 August 2019: £7.0 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. Cooper Energy	7.8%
2. FAR Limited	7.0%
3. Strike Energy	6.6%
4. Carnarvon Petroleum	5.9%
5. Africa Oil International	5.0%
6. MEG Energy	4.6%
7. Parkmead Group	3.9%
8. Soco International	3.7%
9. Tamarack Valley	3.4%
10. Baytex Energy	3.1%
Total Top 10	51.0%

As at 30 August 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.

12 September 2019

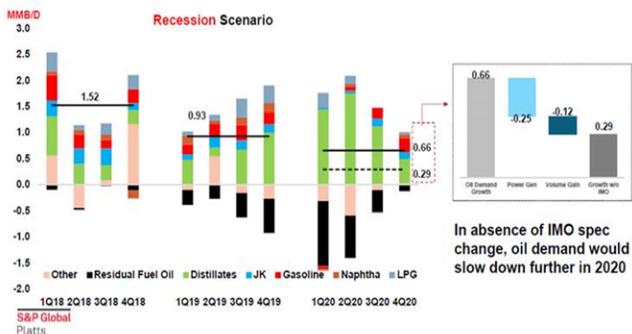
Dear Investor,

The energy sector has been under significant pressure over the past few months, notwithstanding resilience of oil prices. A major concern is raised by several market observers as to the effect a possible recession might have on global oil demand. Movements in the US Dollar, bond yields and precious metals are seen as important indicators of an impending global economic slowdown. In response, the International Energy Agency (IEA) and other influential forecasters have been downgrading their expectations for demand growth over the next two years. The one thing we have witnessed repeatedly over time is that such forecasts tend to be changed rather quickly in response to new information.

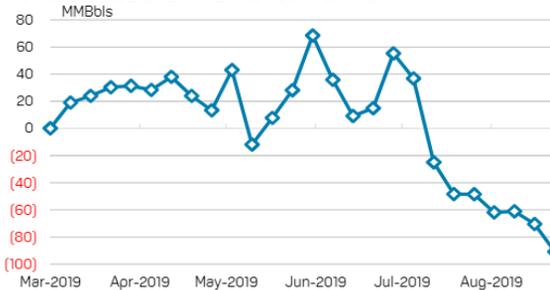
In support of a bullish case for oil demand, according to data from the IEA, US oil production fell by about 100kbbbls per day in August. Furthermore, US commercial crude oil inventories decreased 4.8 million last month now stand at the the five year average for this time of the year. Gasoline inventories dropped by 2.4 million barrels and distillates fell by 2.5 million barrels. In addition, Baker Hughes recently reported that the number of oil rigs employed across US oil fields fell by four to 742 rigs, which is 122 less than those employed this time last year. The drop in rig count included 2 down in the Permian, the most prolific and fastest growing US producing region.

An interesting scenario analysis by S&P Global indicates that in a "normal" recession conditions demand should grow by about 0.5 million barrels per day next year. Whilst this is less than half the previously expected growth by the IEA, its impact has to be assessed in the context of declining global production, including from US Shale. The drop in inventories is indicative of the declines in base production which could persist in the next few months, sustained by the lack of capital availability to energy companies across the spectrum.

What if we had a recession? Under a "normal" recession, demand should grow in the neighborhood of 0.5 MMB/D



TOTAL CHANGE OVER THE PAST SIX MONTHS



S&P Global
Platts

Sources: S&P Global, Platts

The Junior Oils Trust has performed better in recent weeks on the back of some successful results in its portfolio but also as the over-sold smaller shares start to recover. We believe it is only a matter of time for the market to realise the tremendous value offered by current share prices of quality energy companies.

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.