

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

15
YEARS
TRACK
RECORD

Update September 2019

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-30.9.19: -31.4%

30.8.19-30.9.19: +0.6%

12 months discrete:

30.9.18-30.9.19: -27.5%

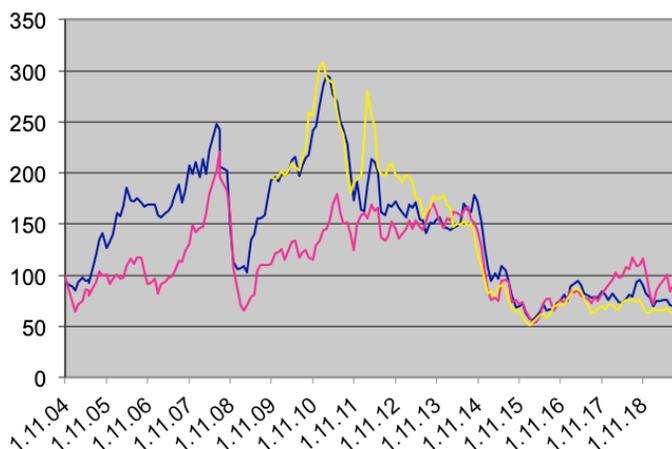
30.9.17-30.9.18: +7.9%

30.9.16-30.9.17: +12.3%

30.9.15-30.9.16: +7.8%

30.9.14-30.9.15: -60.0%

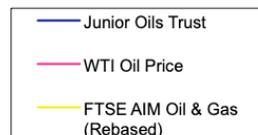
Past performance is not necessarily a guide to future performance. The value of your investment can go down as well as up.



Comparative Performance:

10.10.04-30.9.19

Sector Investment Managers Ltd



Data
Source:
Bloomberg,
Morningstar

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 AIM Oil & Gas Index

Net asset value at 30 September 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	6.5%
2. Carnarvon Petroleum	6.1%
3. FAR Ltd	6.0%
4. Strike Energy	5.9%
5. MEG Energy	5.3%
6. Africa Oil International	5.2%
7. Advantage Oil & Gas	3.9%
8. Soco International	3.7%
9. Baytex Energy	3.7%
10. Tamarack Valley Energy	3.6%
Total Top 10	49.9%

As at 30 September 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.

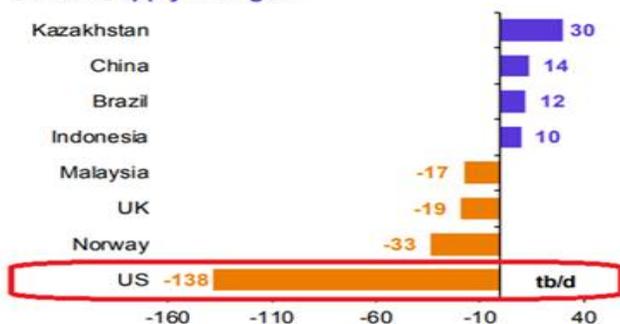
15 October 2019

Dear Investor,

It appears that the market has discounted the missile attack on Saudi Arabian oil facilities as part of business as usual in the Middle East, particularly as the state-owned behemoth Saudi Aramco moved swiftly to restore supply to the markets. Indeed, geopolitical events are highly unpredictable and difficult to factor into models of most macro-economics focused investors. As the oil market appears to be well supplied at present, the risk premium for any supply disruption due to unforeseen events has become very small. Nevertheless, with Turkey's latest military offensive into Northern Syria against the Kurdish people who have announced alignment with Russian-backed Syrian forces, the Middle-East continues to be a melting pot of unrest with uncertain outlook.

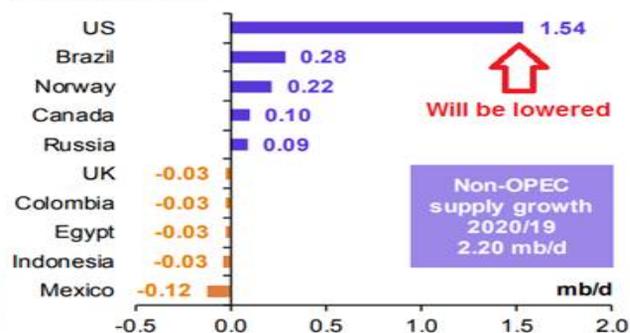
Geopolitics aside, there are further signs that US shale oil production growth is slowing. Halliburton, one of the largest drilling services operators in the world, has announced that it is cutting some 650 jobs in the US as onshore activity there continues to slow. The US Energy Information Administration (EIA) has also adjusted its expectation for oil supply growth from America by more than 30% down from earlier estimates. The OPEC secretariat, in its latest Monthly Oil report, has also revised down its non-OPEC 2019 supply growth forecasts by 141 thousand barrels per day, mostly attributable to the US.

Graph 5 - 1: Monthly oil market report Oct 19/Sep 19 revisions in 2019* annual supply changes



Note: * 2019 = Forecast. Source: OPEC Secretariat.

Graph 5 - 6: Annual supply changes for selected countries in 2020*



Note: * 2020 = Forecast. Source: OPEC Secretariat.

On the demand side, both the EIA and OPEC have left their growth estimates for 2019 unchanged at 1.08 million barrels per day. China has stated publicly that they are open to reaching a trade deal with the US and this is offering some comfort to the energy markets as any demand growth assumptions for next year are dependent on China, India and other developing markets enjoying stable economic conditions. Shell's CEO van Beurden has also been stressing that a solution to climate change will not be found by blaming energy companies which provide the resources that help people live their lives "We do not pump oil and gas from the ground and then leave it sitting in storage facilities. People consume it. They drive. They cook. They run their businesses".

As the market becomes more comfortable with projections of the oil supply/demand balance over the next few months, we expect that investors should 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.