

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

15
YEARS
TRACK
RECORD

Update October 2019

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.10.04-31.10.19: -37.0%

30.9.19-31.10.19: -8.1%

12 months discrete:

31.10.18-31.10.19: -26.6%

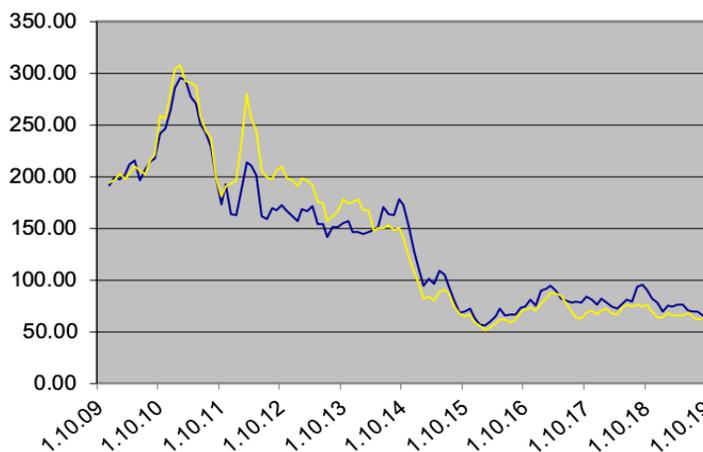
31.10.17-31.10.18: +2.0%

31.10.16-31.10.17: +0.0%

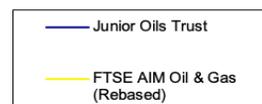
31.10.15-31.10.16: +11.4%

31.10.14-31.10.15: -52.4%

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



Comparative Performance:
31.10.09-31.10.19
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 31 October 2019: £6.3 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	6.7%
2. Carnarvon Petroleum	6.5%
3. FAR Ltd	6.3%
4. Strike Energy	6.2%
5. Africa Oil International	5.3%
6. MEG Energy	4.8%
7. Pharos Energy	3.8%
8. Advantage Oil & Gas	3.6%
9. Parkmead Group	3.5%
10. Zoetic International	3.3%
Total Top 10	50.0%
As at 31 October 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:

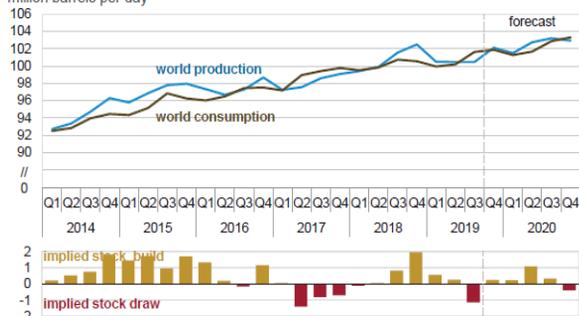
The fund invests in smaller companies which may carry a higher degree of risk than larger companies. The shares of smaller companies may be less liquid and more volatile over shorter term periods. Changes in exchange rates between currencies may cause the value of investments to diminish or increase.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

15 November 2019

Dear Investor,

The Energy Information Administration (EIA) has published its updated short-term energy outlook, increasing oil demand forecast for next year but still expecting a narrowly balanced market, without anyone able to model any supply disruptions due to geopolitical events. As expected, China was the biggest contributor to demand growth, having consumed an incremental 640 thousand barrels per day in the third quarter of 2019. There has also been some recent commentary from leading American shale producers who believe that production growth is likely to drop significantly in the near term due to capital constraints. A similar picture is painted for natural gas outlook, with the single positive factor being the growth in LNG exports, principally out of North America to energy hungry China. Nevertheless, market sentiment continues to be against energy shares with the leading index XLE US equity lagging further behind the development of crude (CL1 Commodity) and the S&P 500 index (SPX). Investors are clearly reluctant to make calls for the future profitability of energy companies especially as other sectors of the market push US indices to new all-time highs

World liquid fuels production and consumption balance million barrels per day



Source: Short-Term Energy Outlook, November 2019



Source: Bloomberg

The International Energy Agency's (IEA) World Energy Outlook 2019 offers some very interesting facts about the changing landscape of the world's energy mix, highlighting that there are deep disparities in the global energy system. They look at three scenarios including the Current Policies (base case), the Stated Policies (assumes governments meet their intentions) and Sustainable Development (meeting the Paris Agreement emission reduction target). A most interesting point made, as far as we are concerned, is the EIA's outlook that "there is no definitive peak in oil use overall, as there are continued increases in petrochemicals, trucks and the shipping and aviation sectors".

The smaller capitalisation oil exploration and production companies, which are the growth engines of the industry, have been particularly hard hit in this environment of clouded outlook and investors' perception of future developments. Some of the international holdings in the Junior Oils Trust have performed well, in particular Strike Energy which discovered a material gas field in South-East Australia, a region with a structural deficit in gas supply. Africa Oil has also announced significant positive developments in some of its projects proving their potential regional value. By contrast, the Canadian shale producers continued to suffer, detracting from overall portfolio performance. 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.