

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

15
YEARS
TRACK
RECORD

Update December 2019

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.11.04-31.12.19: -37.4%

30.11.19-31.12.19: +2.6%

12 months discrete:

31.12.18-31.12.19: -13.7%

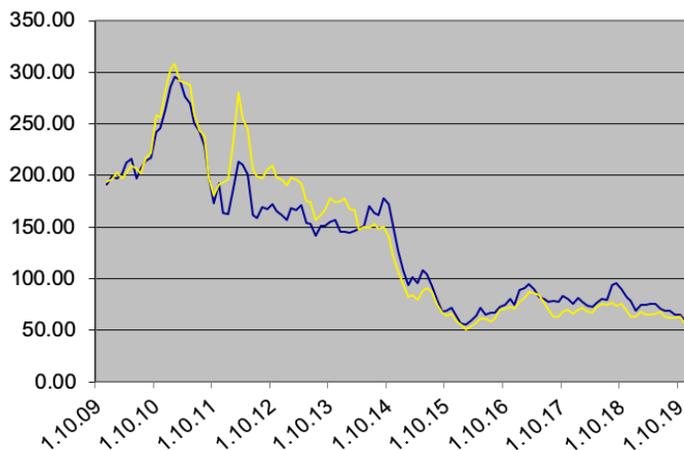
31.12.17-31.12.18: -15.0%

31.12.16-31.12.17: -8.5%

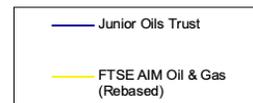
31.12.15-31.12.16: +50.8%

31.12.14-31.12.15: -45.4%

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



Comparative Performance:
31.10.09-31.12.19
Sector Investment Managers Ltd



Data Sources:
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 SIPs

Benchmark: FTSE AIM Oil & Gas Index

Net asset value at 31 December 2019: £6.1 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. Strike Energy	5.3%
2. FAR Ltd	5.2%
3. Advantage Oil & Gas	5.1%
4. Torc Oil & Gas	4.3%
5. Tamarack Valley Energy	3.9%
6. Baytex Energy	3.7%
7. Pharos Energy	3.5%
8. Wentworth Resources	3.3%
9. Whitecap Resources	3.1%
10. Carnarvon Petroleum	3.1%
Total Top 10	40.5%
As at 31 December 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 January 2020

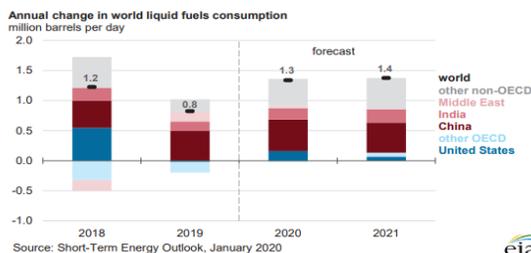
Dear Investor,

Markets started the New Year with severe strain in the Middle East. The killing of general Soleimani, leader of the Iranian Quds force and allegedly responsible for orchestrating and controlling proxy militia across the region, raised the risks of dangerous conflict between Iran and the US and its allies. At the same strike, commander Muhandis of Iraq and leader of Kata'ib Hizbollah, one of the most radical Iran-backed paramilitary groups was also killed. The event prompted the retaliatory missile strike by Iran against US controlled bases in Iraq which did not result in any significant US casualties and therefore were reported with relief as an indication of Iran's "stand down" by the US administration. It remains to be seen if indeed Iran is retreating or is currently evaluating further retaliatory measures most likely by regional proxies as has been its practice for so long now. In the meantime, Saudi Arabia has been keeping a low profile even after the devastating attacks on its oil installations last year, at the time attributed to Iranian interests. In that regional melting pot, anything could happen in the future, potentially the result of a miscalculation or human error.

The latest report from the International Energy Agency (IEA) has reaffirmed the forecast of global supply growth at 2.1 million barrels per day(mmb/d) in 2020 with demand expected to grow by 1.2mmb/d. OECD inventories are estimated to have dropped by 2.9mmb in November last year but they remain at 8.9mmb above the five-year average and imply a 60.6 days cover. According to the IEA, current global inventories provide a solid base from which to react to any escalation in geopolitical tension. This outlook would explain why oil prices have retreated back to the levels seen before the US-Iran escalation even though there still appears a market risk premium supporting Brent at around \$65/barrel.

In its latest study, the Energy Information Administration (EIA) expects renewables capacity to grow to 22% of total US power generation by 2021 from the current c.17%, largely at the expense of coal-fired sources and driven mostly by wind turbine capacity. At the same time the world is expected to increasingly consume liquid fuels which will provide most of the demand growth.

Source: Energy Information Administration (EIA)



Oil and gas exploration and production (E&P) shares have started showing a nascent recovery since Opec+Russia announced their decision to cut their supply further in early December. There was also some investor interest in the sector in response to the rise in geopolitical unrest in the Middle East early in the New Year. As expected after a long and protracted bear market, the shares of larger and middle-capitalisation E&P companies were in focus especially those that pay a dividend. We will need sustained trading in oil prices above current levels before investors become convinced of future prospects and step back into smaller companies but this could well happen during the course of 2020.

We would like to wish you all an excellent New Year.

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.