

JUNIOR OILS TRUST

Investing in the oil giants of tomorrow

15
YEARS
TRACK
RECORD

Update January 2020

FUND PERFORMANCE

'C' Bid to Bid since launch:

10.11.04-31.1.20: -41.8%

31.12.19-31.1.20: -7.0%

12 months discrete:

31.1.19-31.1.20: -25.9%

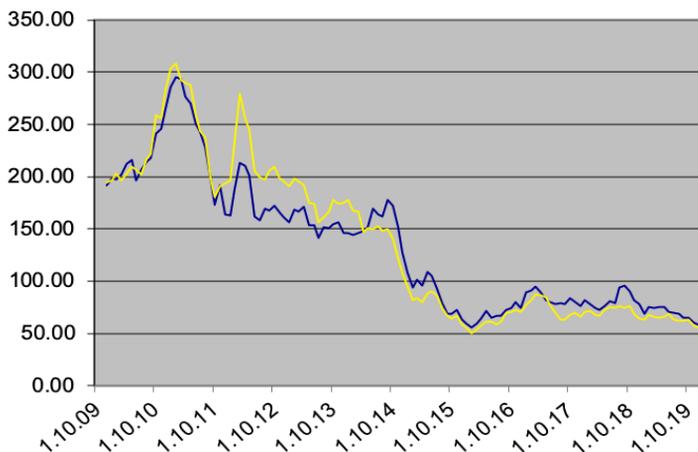
31.1.18-31.1.19: -3.7%

31.1.17-31.1.18: -14.8%

31.1.16-31.1.17: +63.3%

31.1.15-31.1.16: -40.7%

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



Comparative Performance:
31.10.09-31.1.20
Sector Investment Managers Ltd

— Junior Oils Trust
— FTSE AIM Oil & Gas (Rebased)

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 SIPPs

Benchmark: FTSE AIM Oil & Gas Index

Net asset value at 31 January 2020: £5.7 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. FAR Ltd	5.0%
2. Strike Energy	4.6%
3. Advantage Oil & Gas	4.5%
4. Wentworth Resources	4.3%
5. TORC Oil & Gas	4.0%
6. Tamarack Valley Energy	3.5%
7. Pharos Energy	3.3%
8. Baytex Energy	3.1%
9. Vermillion Energy	3.1%
10. Carnarvon Petroleum	3.1%
Total Top 10	38.5%
As at 31 January 2020	

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 February 2020

Dear Investor,

The start of the year has been characterised by elevated geopolitical tension, continued trade wars and economic uncertainty, with fears compounded further by the Coronavirus epidemic. Whilst it is uncertain as to what magnitude of impact this will have on the global economy, the priority is to contain the spread of this natural disaster before it reaches pandemic proportions. The short term effect on demand for oil and gas is evident by the travel restrictions imposed on main Chinese centres and the suspension of production in this most important base for world manufacturing. As growth in demand for oil has been driven primarily by China and India for the past four to five years, the International Energy Agency's expects that annual demand will drop by more than 300,000 barrels of oil per day this year. OPEC+Russia are now considering cutting their production by 500k/day in order to bring markets back towards balance.

Looking out further into the medium term, Helmerich & Payne, the large American drilling services operator, this week supported the view that US oil production should plateau in the first half of this year and this is further supported by the recent drop in energy prices. Capital spending among Exploration and Production companies is expected to be approximately 10% less in the current year with 14% less wells drilled year-on-year. An interesting statistic is also that new wells dominate the US tight-oil supply picture with a 45% share, up from 4% in 2015 and 2016. As new tight wells decline most rapidly in their first two years of production, it becomes more difficult to sustain growth especially with lower capital spending and less drilling. The main growth engines of US production, the basins of Permian, Williston and Eagle Ford could experience a sharp slow-down in growth in the next two years. With mature production elsewhere declining and few material international exploration finds the supply-demand picture could be very different once the effects of the epidemic are absorbed by the global economy.

New Wells Dominate US Tight-Oil Supply Picture

Share of oil production from wells grouped by their year of first production (million B/D).

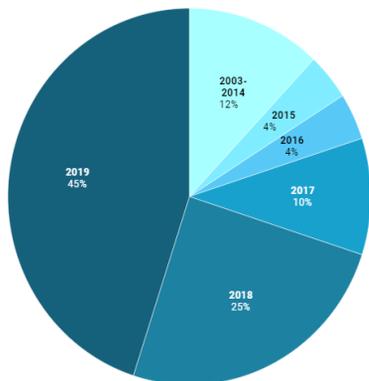


Chart: Journal of Petroleum Technology - Source: ShaleProfile - Created with Datawrapper

Permian Basin Terminal Decline Rates

Years On Production	2010 Well Decline		2011 Well Decline		2012 Well Decline		2013 Well Decline		2014 Well Decline	
	Well Decline	B/D								
5	14%	26	19%	24	16%	25	16%	28	17%	37
6	16%	22	11%	22	13%	22	14%	23		
7	7%	27	16%	18	10%	20				
8	13%	18	10%	17						

Data reflects decline rates and avg. daily production grouped by the year wells were drilled. Table: Journal of Petroleum Technology - Source: ShaleProfile - Created with Datawrapper

Williston Basin Terminal Decline Rates

Years On Production	2010 Well Decline		2011 Well Decline		2012 Well Decline		2013 Well Decline		2014 Well Decline	
	Well Decline	B/D								
5	18%	54	17%	54	20%	46	14%	49	16%	48
6	14%	47	14%	47	11%	41	15%	42		
7	16%	40	9%	43	10%	37				
8	6%	37	12%	38						
9	9%	35								

Data reflects decline rates and avg. daily production grouped by the year wells were drilled. Table: Journal of Petroleum Technology - Source: ShaleProfile - Created with Datawrapper

Eagle Ford Terminal Decline Rates

Years On Production	2010 Well Decline		2011 Well Decline		2012 Well Decline		2013 Well Decline		2014 Well Decline	
	Well Decline	B/D								
5	21%	27	22%	27	21%	29	24%	28	24%	30
6	30%	19	20%	22	19%	23	15%	24		
7	8%	18	12%	19	14%	20				
8	17%	15	6%	19						
9	12%	13								

Data reflects decline rates and avg. daily production grouped by the year wells were drilled. Table: Journal of Petroleum Technology - Source: ShaleProfile - Created with Datawrapper

Source: Journal of Petroleum Technology, NBF Energy

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.