



JUNIOR OILS TRUST

INTERIM REPORT AND UNAUDITED FINANCIAL STATEMENTS

for the six month period ended 28 February 2019

JUNIOR OILS TRUST

Authorised Fund Manager and Registrar

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Authorised and regulated by the Financial Conduct Authority.

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JUNIOR OILS TRUST

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JUNIOR OILS TRUST

AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 28 February 2019

Percentage change to 28 February 2019

	<u>Six months</u>	<u>1 year</u>	<u>3 years</u>	<u>5 years</u>	<u>Since launch*</u>
Junior Oils Trust	-22.15%	1.1%	31.43%	-48.63%	-22.98%

* launched 10.10.2004.

External Source of Economic Data: Morningstar (Class P - bid to bid, net income reinvested). Class P units first priced on 13 December 2013. In the period to that date, past performance information for Class A units has been used.

Smaller, exploration and production focused energy equities have been in a weak, consolidation mode, following the oil price collapse in late 2014. Oil prices recovered strongly in 2018, reaching US\$87 per barrel for Brent crude in October, driven by impending US sanctions on Iranian exports and severe loss of production in Venezuela due to economic and political problems. A reversal of the US sanctions policy, allowing "exceptions" to Iranian exports to Asian countries, caused a 40% drop in crude prices in the last quarter of the year. Such volatility in the world's most traded commodity has unsettled not only the most seasoned traders but kept most investors away from smaller oil shares. Prices have been recovering towards the \$70/barrel for Brent in the beginning of 2019 as the market realises that the supply/demand balance is getting tighter. Saudi Arabia has been reported to support extending the Opec (Organisation for petroleum exporting countries) supply cuts for longer as it believes it is preferable to sell its resources at a higher price than fight for market share against the US shale industry. Meanwhile, Venezuelan production continues to decline as the country experiences dramatic civil unrest.

Looking longer-term, the International Energy Agency (IEA) recently updated its annual oil market forecast where they focus on the role US shale oil will play in providing supply growth. The Paris based agency believes that the US will account for 70% of the increase in global production capacity until 2024, overtaking Russia and Saudi Arabia in terms of exports. Whilst this is seen as strengthening oil security globally, the IEA states that it is hard to forecast investment levels towards the end of the period and beyond implying doubt as to whether the industry will continue to meet or exceed expectations. On the demand side, China and India are set to continue to be the main drivers of growth by an expansion of oil consumers lifted out of poverty and therefore needing more petrochemicals and aviation transport (Asia accounts for 75% of the aviation demand increase over the forecast period).

Most major oil companies believe that continued speculation about the role of hydrocarbons in the world's battle against global warming and CO₂ emissions clouds public opinion. In its global backdrop analysis, BP explains how important hydrocarbons will continue to be if more people are to be lifted out of poverty around the world. Despite increased use of renewables and efficiency improvements in the use of hydrocarbons by the more affluent countries, 80% of the world's population consumes less energy than the level required by the United Nations' Human Development Index to provide a satisfactory living standard. Most studies on the role of hydrocarbons in future agree that it will be nearly impossible for renewables to substitute increasing demand for hydrocarbons by the developing parts of the world. Chevron, the US major, offers a very detailed analysis on the likely development of global supply and demand, highlighting two major trends (i) depletion of existing resources requires significant supply additions that are not currently visible and (ii) most of the global demand growth will be in the petrochemicals industry rather than power generation or transportation. Taking a longer-term view of demand for oil & gas, the current under-valuation of the exploration and production sector becomes quite attractive. As the major integrated oil companies concentrate on capital discipline and investments in downstream refining and petrochemical activities, the smaller exploration focused companies should become the vital supply-adding actors. A valuation re-rating is, therefore, justified.

The Junior Oils Trust experienced a volatile period, losing 22.15% of its value in the six months reported on to 28 February 2019, after gaining 29.2% in the previous six month period to 31 August 2018. Its benchmark, the FTSE 350 Oil & Gas index declined by a much smaller 5.8% in the same period as the integrated oil majors, such as BP and Royal Dutch Shell retained their value, partly due to their rich dividend yields, asset diversification and better liquidity. Investors appeared to lose confidence in smaller oil companies again in the face of another sharp fall in oil prices. Some of our core, overweight positions in the Junior Oils Trust have outperformed, reducing the impact of substantial corrections elsewhere in the portfolio. Carnarvon Petroleum is preparing for a high-impact drilling campaign that could prove its assessment of a large resource potential. Cooper Energy continued to make good progress in its gas supply arrangements in South-East Australia and we have capitalised in the take-over of Faroe Petroleum by Norwegian DNO. Another core, holding, Ophir Energy, is subject to take-over approach, solidifying its market value. A disappointing drilling result in the Gambia saw FAR Limited lose a large part of its market value even though it was fully carried on the programme and continues to make good progress on its significant Senegal project together with partners Cairn and Woodside. We have taken advantage of the correction in oil equities to diversify and add to our exposure to Canadian oil and gas producers. We feel that this segment of the market has been oversold substantially below intrinsic value and should get re-rated once confidence in global supply-demand dynamics gets restored. We believe that energy equities, particularly the better value smaller companies, are likely to outperform the market and the sector in 2019 and remain optimistic for recovery in our Fund's value in the medium term.

Angelos Damaskos
25 March 2019

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JUNIOR OILS TRUST

AUTHORISED INVESTMENT ADVISER'S REPORT

for the six month period ended 28 February 2019

Portfolio changes

Purchases	Cost (£)	Sales	Proceeds (£)
Advantage Oil & Gas	313,829	Faroe Petroleum	960,000
Pine Cliff Energy	298,893	Iron Bridge Resources	540,874
TORC Oil & Gas	288,312	Carnarvon Petroleum	203,267
Baytex Energy	281,482	Cooper Energy	123,974
Real Energy	180,317		
TAG Oil	84,116		
Cequence Energy	47,885		
Total purchases for the period	1,494,834	Total sales for the period	1,828,115

AUTHORISED STATUS AND GENERAL INFORMATION

Authorised status

Junior Oils Trust (the Trust) is an authorised unit trust scheme within the meaning of the Financial Services and Markets Act 2000 and is a UCITS scheme operating under the Collective Investment Schemes Sourcebook (COLL) as issued by the Financial Conduct Authority.

Investment objectives

The investment objective of the Trust is to provide long-term capital growth from a global portfolio of small to medium capitalisation companies specialising in oil exploration and production. There may be occasions in light of adverse market conditions where the Investment Manager chooses to hold high levels of bonds and government securities.

Rights and terms attaching to each unit class

Each unit of each class represents a proportional entitlement to the assets of the Trust. The allocation of income and taxation and the rights of each unit in the event the Trust is wound up are on the same proportional basis.

Change in prospectus

With effect from 1 April 2019 the Trust has changed from a dual priced unit trust to a single priced unit trust and is operating a 'swinging' single price mechanism.

Also, on that date, the initial service charge that applied to class P units was removed. An initial service charge will still be applied to class C and class I units. Details of these charges can be found in the Prospectus.

Up to date key investor information documents, prospectus and manager's reports and accounts for any fund within the manager's range, can be requested by the investor at any time.

JUNIOR OILS TRUST

DIRECTORS' STATEMENT

This report has been prepared in accordance with the requirements of the Collective Investment Schemes Sourcebook as issued and amended by the Financial Conduct Authority.

A handwritten signature in black ink, appearing to be 'A Hamer', with a long horizontal stroke extending to the left.

ALLAN HAMER
JOINT MANAGING DIRECTOR

A handwritten signature in black ink, appearing to be 'G R Hitchin', written in a cursive style.

G R HITCHIN
INVESTMENT DIRECTOR

MARLBOROUGH FUND MANAGERS LTD
12 April 2019

JUNIOR OILS TRUST

COMPARATIVE TABLE

Accumulation units were first offered at 100p on 10 October 2004. On 12 March 2012, the units were reclassified as Class C units and Class I units became available for purchase. On 13 December 2013, Class P units became available for purchase.

<u>Class C accumulation units</u>	Period to	Year to	Year to	Year to
Change in net assets per unit	28.02.2019	31.08.2018	31.08.2017	31.08.2016
	pence	pence	pence	pence
Opening net asset value per unit	93.06	77.97	70.57	68.50
Return before operating charges*	(17.90)	16.61	8.94	3.30
Operating charges	(0.75)	(1.52)	(1.54)	(1.23)
Return after operating charges*	(18.65)	15.09	7.40	2.07
Distributions on accumulation units	0.00	0.00	0.00	0.00
Retained distributions on accumulation units	0.00	0.00	0.00	0.00
Closing net asset value per unit	74.41	93.06	77.97	70.57

* after direct transaction costs of: 0.02 0.08 0.16 0.06

Performance

Return after charges -20.04% 19.35% 10.49% 3.02%

Other information

Closing net asset value	£3,916,985	£5,577,888	£5,380,251	£5,769,738
Closing number of units	5,263,771	5,994,073	6,900,281	8,175,356
Operating charges	1.88% ^A	1.88%	1.86%	1.88%
Direct transaction costs	0.06% ^A	0.10%	0.19%	0.09%

Prices

Highest unit price	100.82p	104.19p	102.30p	87.27p
Lowest unit price	65.92p	71.09p	68.82p	47.85p

<u>Class I accumulation units</u>	Period to	Year to	Year to	Year to
Change in net assets per unit	28.02.2019	31.08.2018	31.08.2017	31.08.2016
	pence	pence	pence	pence
Opening net asset value per unit	99.97	83.37	75.09	72.44
Return before operating charges*	(19.19)	17.80	9.47	3.60
Operating charges	(0.60)	(1.20)	(1.19)	(0.95)
Return after operating charges*	(19.79)	16.60	8.28	2.65
Distributions on accumulation units	0.00	0.00	0.00	0.00
Retained distributions on accumulation units	0.00	0.00	0.00	0.00
Closing net asset value per unit	80.18	99.97	83.37	75.09

* after direct transaction costs of: 0.02 0.09 0.17 0.06

Performance

Return after charges -19.80% 19.91% 11.03% 3.66%

Other information

Closing net asset value	£270,336	£486,666	£330,361	£479,393
Closing number of units	337,157	486,807	396,239	638,431
Operating charges	1.38% ^A	1.38%	1.36%	1.38%
Direct transaction costs	0.06% ^A	0.10%	0.19%	0.09%

Prices

Highest unit price	103.41p	106.79p	104.09p	88.21p
Lowest unit price	70.97p	76.25p	73.24p	50.77p

^A These figures have been annualised.

JUNIOR OILS TRUST

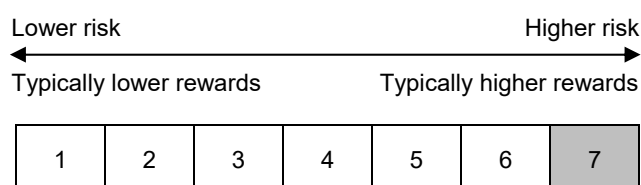
COMPARATIVE TABLE

Class P accumulation units	Period to	Year to	Year to	Year to
Change in net assets per unit	28.02.2019	31.08.2018	31.08.2017	31.08.2016
	pence	pence	pence	pence
Opening net asset value per unit	100.87	84.00	75.54	72.76
Return before operating charges*	(19.37)	17.95	9.54	3.64
Operating charges	(0.53)	(1.08)	(1.08)	(0.86)
Return after operating charges*	(19.90)	16.87	8.46	2.78
Distributions on accumulation units	0.00	0.00	0.00	0.00
Retained distributions on accumulation units	0.00	0.00	0.00	0.00
Closing net asset value per unit	80.97	100.87	84.00	75.54
 * after direct transaction costs of:	 0.02	 0.09	 0.17	 0.06
 Performance				
Return after charges	-19.73%	20.08%	11.20%	3.82%
 Other information				
Closing net asset value	£4,558,194	£5,666,177	£5,781,531	£5,429,414
Closing number of units	5,629,522	5,617,292	6,882,646	7,187,419
Operating charges	1.23% ^A	1.23%	1.21%	1.23%
Direct transaction costs	0.06% ^A	0.10%	0.19%	0.09%
 Prices				
Highest unit price	104.34p	107.73p	104.78p	88.62p
Lowest unit price	71.65p	76.89p	73.68p	51.02p

^A These figures have been annualised.

Operating charges are the same as the ongoing charges and are the total expenses paid by each unit class in the period. Direct transaction costs are the total charges for the period, included in the purchase and sale of investments in the portfolio of the Trust. These amounts are expressed as a percentage of the average net asset value over the period and the average units in issue for the pence per unit figures.

SYNTHETIC RISK AND REWARD INDICATOR



The synthetic risk and reward indicator above aims to provide you with an indication of the overall risk and reward profile of the Trust. It is calculated based on the volatility of the Trust using weekly historic returns over the last five years. If five years data is not available for a fund, the returns of a representative portfolio are used.

The Trust has been measured as 7 because it has experienced very high volatility historically. During the period the synthetic risk and reward indicator has remained unchanged.

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PORTFOLIO STATEMENT

as at 28 February 2019

Holding or nominal value		Bid value £	Percentage of total net assets %
UNITED KINGDOM (28.16%, August 2018 - 31.97%)			
1,000,000	Amerisur Resources	163,400	1.87
6,767,295	Baron Oil	20,302	0.23
3,136,168	Burj Petroleum *	0	0.00
20,479,270	Canadian Overseas Petroleum	48,126	0.55
4,250,000	Circle Oil *	0	0.00
2,083,334	Highlands Natural Resources	262,500	3.00
800,000	Ophir Energy	441,600	5.05
1,000,000	Pantheon Resources	241,000	2.76
580,000	Parkmead Group (The)	308,560	3.53
4,000,000	President Energy	312,000	3.57
400,000	SOCO International	264,000	3.02
67,500	Tienpay *	0	0.00
97,333	Tower Resources	1,022	0.01
400,000	Trinity Exploration & Production	50,000	0.57
800,000	Victoria Oil & Gas	116,160	1.33
1,087,643	Wentworth Resources	233,843	2.67
	Total United Kingdom	2,462,513	28.16
EUROPE (2.02%, August 2018 - 1.72%)			
1,100,000	North Energy	176,633	2.02
	Total Europe	176,633	2.02
AUSTRALIA (28.30%, August 2018 - 29.93%)			
4,166,666	Calima Energy	93,933	1.07
4,000,000	Carnarvon Petroleum	869,547	9.94
2,000,000	Cooper Energy	547,492	6.26
8,437,500	Entek Energy	45,289	0.52
14,058,681	FAR	445,220	5.09
10,000,000	Oilex	26,838	0.31
118,750,000	Pancontinental Oil & Gas	127,480	1.46
3,459,340	Real Energy	241,387	2.76
1,500,000	Tap Oil	78,098	0.89
	Total Australia	2,475,284	28.30
CANADA (31.62%, August 2018 - 26.00%)			
200,000	Advantage Oil & Gas	253,598	2.90
500,000	Africa Oil	331,277	3.79
200,000	Baytex Energy	277,587	3.17
160,000	Bellatrix Exploration	56,660	0.65
130,000	Birchcliff Energy	275,474	3.15
217,116	Cequence Energy	65,725	0.75
265,883	Crown Point Energy	77,451	0.89
1,000,000	Madalena Energy	77,108	0.88
190,000	Painted Pony Energy	158,442	1.81
1,500,000	Pine Cliff Energy	205,620	2.35
1,400,000	Questerre Energy (CAD)	251,885	2.88
319,847	Questerre Energy (NOK)	58,245	0.67
390,000	TAG Oil	76,851	0.88
200,000	Tamarack Valley Energy	319,854	3.66
100,000	TORC Oil & Gas	279,301	3.19
	Total Canada	2,765,078	31.62
	Portfolio of investments	7,879,508	90.10
	Net current assets	866,007	9.90
	Total net assets	8,745,515	100.00

* Unquoted stocks.

JUNIOR OILS TRUST

PORTFOLIO STATEMENT

as at 28 February 2019

Burj Petroleum is being dissolved and deemed valueless by the fund manager.

Circle Oil is delisted and deemed valueless by the fund manager.

Tienpay is not tradeable and is deemed valueless by the fund manager.

PORTFOLIO TRANSACTIONS

for the six month period ended 28 February 2019

£

Total purchases costs, including transaction charges

1,494,834

Total sales proceeds, net of transaction charges

1,828,115

JUNIOR OILS TRUST

STATEMENT OF TOTAL RETURN

for the six month period ended 28 February 2019

	28 February 2019		28 February 2018	
	£	£	£	£
Income:				
Net capital gains/(losses)		(2,302,052)		(443,014)
Revenue	9,899		1,983	
Expenses	<u>(74,121)</u>		<u>(87,461)</u>	
Net expense before taxation		(64,222)		(85,478)
Taxation		<u>(1,345)</u>		<u>(287)</u>
Net expense after taxation		<u>(65,567)</u>		<u>(85,765)</u>
Total return before distributions		(2,367,619)		(528,779)
Distributions		3,602		6,029
Change in net assets attributable to unitholders from investment activities		<u>(2,364,017)</u>		<u>(522,750)</u>

STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the six month period ended 28 February 2019

	28 February 2019		28 February 2018	
	£	£	£	£
Opening net assets attributable to unitholders		* 11,730,731		11,492,143
Amounts receivable on issue of units	510,018		514,706	
Amounts payable on cancellation of units	(1,131,104)		(1,601,072)	
Amounts payable on unit class conversions	<u>(113)</u>		<u>(167)</u>	
		(621,199)		(1,086,533)
Change in net assets attributable to unitholders from investment activities		(2,364,017)		(522,750)
Closing net assets attributable to unitholders		<u>8,745,515</u>		* <u>9,882,860</u>

* These figures are not the same as the comparatives are taken from the preceding interim period and not the last final accounts.

JUNIOR OILS TRUST

BALANCE SHEET

as at 28 February 2019

	28 February 2019	31 August 2018
	£	£
Assets:		
Fixed Assets:		
Investments	7,879,507	10,512,548
Current Assets:		
Debtors	3,428	46,334
Cash and bank balances	935,851	1,232,784
Total assets	<u>8,818,786</u>	<u>11,791,666</u>
Liabilities:		
Creditors:		
Bank overdrafts	51,001	35,363
Other creditors	22,270	25,572
Total liabilities	<u>73,271</u>	<u>60,935</u>
Net assets attributable to unitholders	<u>8,745,515</u>	<u>11,730,731</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the six month period ended 28 February 2019

Basis for preparation

The interim financial statements have been prepared in compliance with FRS102 and in accordance with the Statement of Recommended Practice for UK Authorised Funds issued by The Investment Association in May 2014.

The interim financial statements are prepared in sterling, which is the functional currency of the Trust. Monetary amounts in these financial statements are rounded to the nearest pound.

The interim financial statements have been prepared on the historical cost convention, modified to include the revaluation of investments and certain financial instruments at fair value.

Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 August 2018 and are described in those annual financial statements.

The investments of the Trust have been valued at their fair value at 12 noon on 28 February 2019.



Marlborough

— Fund Managers —

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