GUINNESS | ATKINSON
FUNDS

# Guinness Atkinson Energy Brief

**Number 23 – June 2006**
**By Tim Guinness, Lead Manager of the Global Energy Fund**

## Market Background in May 2006

The oil price (West Texas Intermediate - WTI) opened at $71.88 on May 1st and rose almost $3 in the first two days' trading to close at $74.61 on May 2nd. It then fell 8% over the next two and a half weeks and closed at $68.53 on May 19th. The price rallied again to end the month at $71.29. Brent continued to trade at a slight premium to WTI in the first half of the month, closing higher on 8 of the first 10 trading days in the month. However, it has traded at a slight discount since then. Since the month end the prices have remained relatively stable: on June 5th WTI and Brent closed at $71.65 and $68.73 respectively.

**Oil price (WTI) 18 months from 1st December 2004 to 31st May 2006**

Source:Bloomberg

In a month which saw a significant fall in commodity prices, the following factors kept the oil price strong:

- Continued uncertainty about the supply of oil from Iran. On May 8th Iran threatened to quit the nuclear non-proliferation treaty, and on the 18th the Iranian President ruled out halting nuclear work in return for EU incentives. These ongoing concerns appear to be underpinning WTI around $70.
- The driving season in the US begins at the start of June, placing more pressure on gasoline in storage.
- The National Oceanic and Atmospheric Administration (NOAA) published its 2006 Atlantic hurricane season outlook on May 22nd. The outlook predicts a very active

2006, with 13-16 named storms, 8-10 hurricanes and 4-6 major hurricanes. The price of WTI moved up 4.4% on the news.

- CSFB's Oil and Gas Daily from 24th May cites Deutsche Bank's chief oil economist's prediction that oil prices could spike "above $100 a barrel" if a new shortfall were to hit already tight crude supplies.

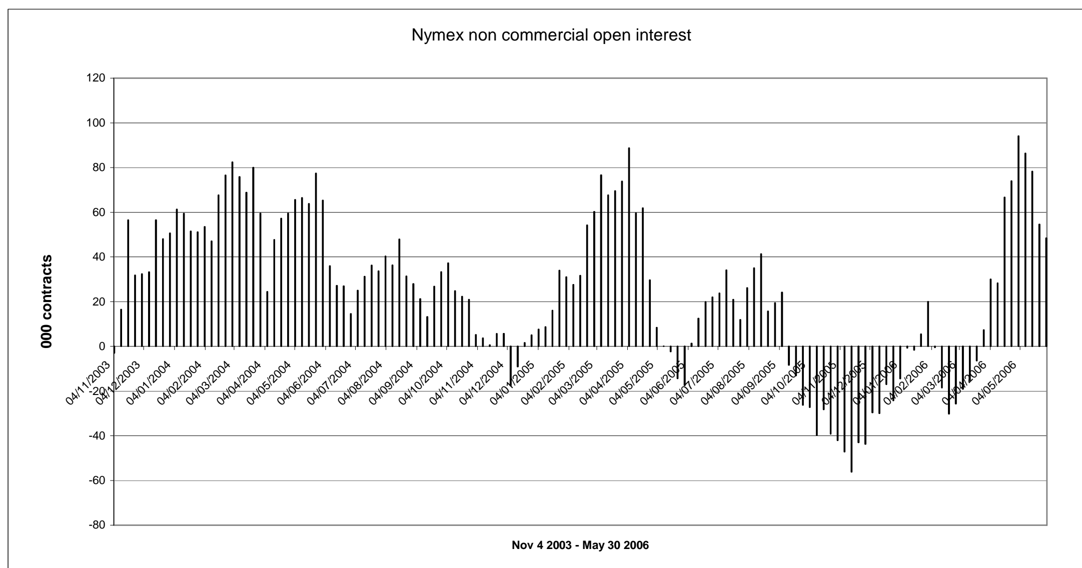
These strengthening factors were countered by:

- Builds in US inventories. The DOE reported a surprise build in crude of 1.7 MMB on May 4th and another build of 0.3 MMB on May 11th. There were also significant builds in gasoline stocks on both of these days.
- A weakening of global commodity prices. Concerns about inflation and mixed messages about US interest rates on May 17th caused marked falls across both equity and commodity markets. Henry Hub gas fell 16% in 6 trading days from May 11th; the price of WTI fell 6.5% in the same period.

**Speculative positions**

Another factor which caused the relative weakening in price over the middle section of the month was the closing out of long future positions. The non commercial open position swung from 94,000 Nymex contracts long on May 2nd to 48,000 long on May 30th.

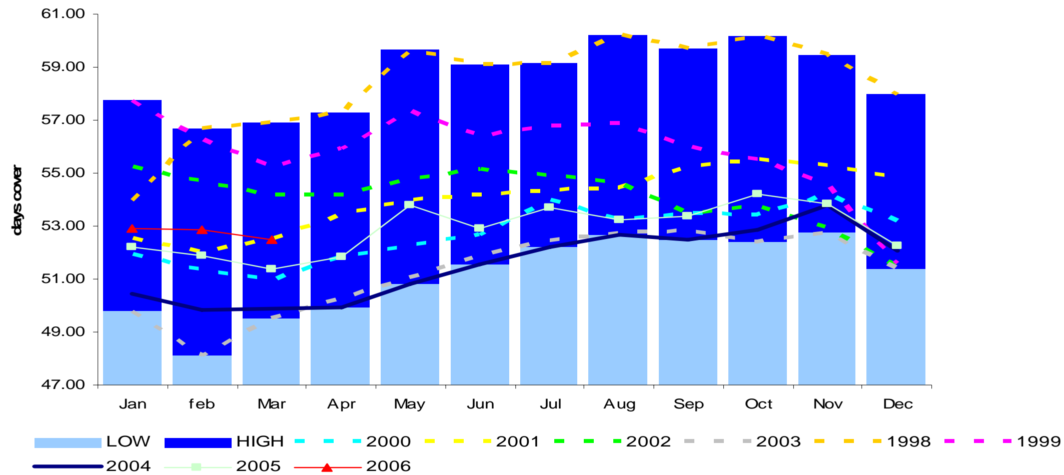
**Non Commercial net futures – Nymex crude oil contracts**
**4th Nov 2003 – 30th May 2006**




Source: Bloomberg/Nymex

As far as broad inventory statistics are concerned (and hence "tightness" of the market) the February Organization for Economic Co-operation and Development (OECD) total crude and product number published in mid May by the IEA showed oil inventories well above the mid point of the 8 year high low range but when expressed as number of days of demand inventories can be seen (more correctly I think) to be hovering around the mid point of the last 8 year high low range.

**OECD Total Product and Crude Inventories – Monthly 1998 to Feb 2006**

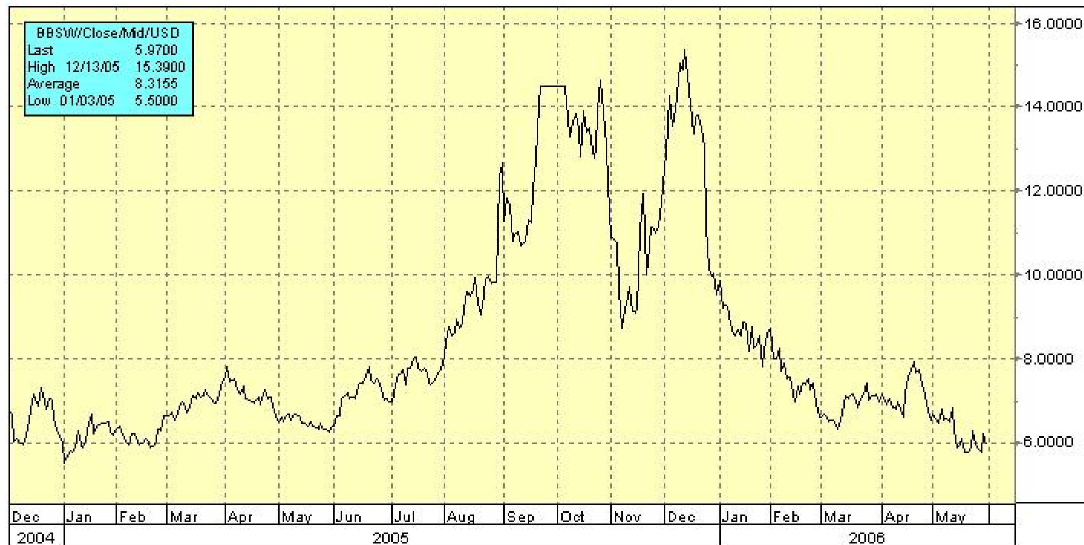



Source:IEA Oil market report

## Gas Price ($/mcf)

The Henry Hub price was more volatile than the WTI price over the month. It opened at $6.64 and traded pretty flat in the early part of the month to close at $6.82 on May 11th. However, as mentioned above, it then fell 16% in 6 trading days to $5.76 on May 19th before recovering to $5.97 by the end of the month. Gas in storage continues to be very significantly above normal: DOE data released on June 1st showed gas in storage of 2,243 Billion Cubic Feet (Bcf), which is 447 Bcf higher than this time last year.

**Henry Hub Gas price 18 months 1st December 2004 – 31st May 2006**




Source:Bloomberg

The gas and oil price moves have taken the oil/gas ratio in six months from below its historic 6:1 – 9:1 range to above it. On May 31st with gas at $5.97 vs oil at $71.29 the ratio was 11.9X. By contrast, at the end of November last year it was 4.5X. . History tells us this will not persist. If history turns out a good guide and for example gas persists at $6/thousand cubic feet (mcf) then WTI would in due course fall back to $45; on the same logic if oil persists at $72 gas would recover to $9.50.

**Oil & gas equities**.

Turning to oil and gas equities, May saw a drop in energy stock prices. The main index of oil stocks, the MSCI World Energy index, was down 3.6% during the month.

**Fund Performance Review**

Over May the Fund fell 4.3% and thus underperformed the MSCI World Energy Index by 0.7%. Within the Fund, May's stronger performers were Ensign, Opti Canada, Hess, Unit Corp and Canadian Oil Sands Trust (two of which were in the weakest performer list last month). Poorer performers were OMV, Sunoco, Petrobras, Sasol and Whiting.

**Energy Fund vs S&P500 and MSCI Energy Index YTD 31st Dec 2005 to 31st May 2006**

| Range 12/30/05 - 5/31/06 | | Period D Daily | | 152 Day | Period |
|---|---|---|---|---|---|
| Securities | Crncy | Prc Appr | Total Ret | Difference | Annual Eq |
| 1 GAGEX US Equity | USD | 10.03 % | 10.03 % | -.52 % | 25.80 % |
| 2 MSGUENR Index | USD | 10.55 % | 10.55 %* | | 27.23 % |
| 3 SPX Index | USD | 1.75 % | 2.57 % | -7.98 % | 6.28 % |

(* = No dividends or coupons)

Source: Bloomberg

**Performance as of March 31, 2006**

| Inception date June 30 2004 | YTD | Last 12 months | Full Year 2005 | Inception to end 2005 (annualised) | Since Inception (annualised) |
|---|---|---|---|---|---|
| **Global Energy Fund** | 10.03% | 52.27% | 64.07% | 58.76% | 50.90% |
| **MSCI Energy Index*** | 10.55% | 29.23% | 26.20% | 28.88% | 28.52% |
| **S&P 500 Index** | 2.57% | 8.64% | 4.91% | 8.12% | 7.72% |

Source: Bloomberg *no dividends

*Performance data quoted represent past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be lower or higher than the performance quoted. For most recent month-end and quarter-end performance, visit www.gafunds.com/performance.asp or call (800) 915-6566.*

*The Fund imposes a 1% redemption fee on shares held for less than 30 days. The performance cited above does not reflect this redemption fee; if deducted the performance would have been lower.* For each Fund the total returns reflect a fee waiver in effect and in the absence of this waiver, the total returns would be lower. *(As of August 1, 2006 the redemption fee is 2% for shares held less than 30 days.)*

**Buys/Sells**

We did not buy or sell any new stocks over the month.

The following table shows the asset allocation at various recent dates since end December 2004.

| %s | 31Dec 2004 | 31 Dec 2005 | 31 Jan 2006 | 28 Feb 2006 | 31 Mar 2006 | 30 Apr 2006 | 31st May 2006 | Change in May |
|---|---|---|---|---|---|---|---|---|
| Integrated | 23.5 | 20.6 | 20.3 | 20.5 | 20.0 | 20.3 | 19.8 | -0.5 |
| E&P Refining | 7.3 | 6.9 | 6.9 | 6.8 | 6.5 | 6.5 | 7.1 | +0.6 |
| **Sub total integrated** | **30.8** | **27.5** | **27.2** | **27.3** | **26.5** | **26.8** | **26.9** | **+0.1** |
| Emerging Mkts | 16.4 | 14.8 | 14.3 | 14.9 | 14.2 | 14.9 | 15.7 | +0.8 |
| **Emerging Markets** | **16.4** | **14.8** | **14.3** | **14.9** | **14.2** | **14.9** | **15.7** | **+0.8** |
| E&P Oil Sands | 19.1 | 17.7 | 18.0 | 18.1 | 17.0 | 17.6 | 17.0 | -0.6 |
| E&P | 25.2 | 27.3 | 16.8 | 16.1 | 17.6 | 16.9 | 16.8 | -0.1 |
| **Sub total E&P** | **44.3** | **45.0** | **34.8** | **34.2** | **34.6** | **34.5** | **33.8** | **-0.7** |
| Oil Services & Eqt | 4.0 | 2.3 | 13.4 | 13.8 | 14.3 | 13.0 | 13.5 | +0.5 |
| Refining | - | 7.0 | 6.8 | 6.0 | 6.8 | 6.7 | 6.5 | -0.2 |
| Other | 4.5 | 3.4 | 3.5 | 3.8 | 3.6 | 4.1 | 3.6 | -0.5 |
| Total | 100 | 100 | 100 | 100 | 100 | 100 | 100 | - |

**Market Outlook**

The future price of equities involved in the energy business will continue to be determined by evolving perceptions of the likely medium term level of the oil and gas price.

Here demand and supply responses to $50+ oil price will be of great importance as will OPEC's behaviour. Whether the call on OPEC (shown below as having grown by 3.3m b/d over the last three years) will continue to grow will be entirely determined by that demand and supply response.

Estimated Annual World Oil Demand Growth 2000 – 2006

| **Million Barrels per Day** | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|---|---|
| World demand | 76.7 | 77.4 | 77.7 | 79.4 | 82.5 | 83.6 | 84.8 |
| Non OPEC supply plus OPEC NGLS | 49.2 | 50.2 | 51.8 | 52.7 | 54.0 | 54.3 | 55.7 |
| Call on OPEC | 27.5 | 27.2 | 25.9 | 26.7 | 28.5 | 29.3 | 29.1 |
| World demand growth | 0.7 | 0.7 | 0.3 | 1.7 | 3.1 | 1.1 | 1.2 |
| Non opec supply growth | 1.2 | 1.0 | 1.6 | 0.9 | 1.3 | 0.3 | 1.4 |
| Call on opec change | -0.5 | -0.3 | -1.3 | 0.7 | 1.8 | 0.8 | -0.2 |

Source: IEA Oil Market Report

OPEC's ongoing response will become clearer over the next few months. If OPEC wishes to achieve $50+ on a long term basis it will have to rein in production which has been appreciably above what is required for nearly 18 months, although as the following chart shows the gap between OPEC production and the call on OPEC is slowly closing.

**OPEC apparent production vs Call on OPEC 2000 - 2006**

Source: Bloomberg/IEA Oil Market Report

It is also worth commenting that revisions to IEA data retrospectively increasing the call on OPEC in 2003, 2004 and 2005 has improved the picture we are now looking at markedly. What only 8 months ago looked like a very large level of over production now turns out rather less. The Call on OPEC as calculated 8 months ago compared with today is shown in the following table.

| | 2003 | 2004 | 2005 |
|---|---|---|---|
| Call on OPEC ( per IEA Sept 2005) MM boed | 26.3 | 27.7 | 28.4 |
| Call on OPEC ( per IEA May 2006) MM boed | 26.8 | 28.5 | 29.3 |
| Change MM boed | 0.5 | 0.8 | 0.9 |

(MM boed – Million Barrels of oil equivalent per day)

What, then, is the immediate outlook? On supply I think the picture in the table above of the growth in non OPEC supply in 2006 roughly matching the growth in global demand is a correct one. On demand my view remains that the effect on oil demand of an over $50 oil price will be relatively modest – I believe the world can handle a doubled oil price without difficulty.

What, though, of $75 WTI? This represents a trebling rather than a doubling of the oil price from its 1985-2000 average in real terms. Self-evidently any demand reduction effect will be somewhat greater. Against this we can put a continuing strong upswing in China oil demand driven significantly by growing car ownership.

Between China and the Middle East I estimate we have 0.8million barrels per day of annual demand growth. It is then not hard to believe that the rest of Asia, the FSU, and the rest of the emerging world will require half this again. So we are now at 1.2m b/d. It may be that the developed world (US, Europe, Japan) will only grow demand modestly: Only 0.2 – 0.3m b/d perhaps. But this means 1.5m b/d each year.

And this is set to continue for up to twenty years. By contrast non OPEC production growth looks, on all the data I see, as having great difficulty expanding at this rate when it is having simultaneously to replace the declines in the mature basins such as N America, North Sea, Indonesia, and Mexico.

This analysis is what is driving the current market. High OPEC production and rising inventories in the short term has only taken inventories to midway tight/loose and at this level these are not going to have their historic effect of dampening price rises as larger inventories are needed as a precaution against disruption as oil supply capacity limits are neared.

So back to the immediate prospects for the oil price. I repeat my comment of last month. I think we are seeing the oil price on the rise again potentially to test where oil demand will react. The oil market has been surprisingly resilient in the face of the unwinding of the Nymex long non commercial futures position (from 94,000 long to 48,000 long over the month of May). . In the recent past this type of sharp unwinding has caused 10-20% corrections in the oil price (eg it could have caused a drop from $75 to $60 rather than to $68.5).

As I have articulated before I believe testing for demand response is likely to require oil at over $85/b. As I stated last month it likely will not go in a straight line. Oil never does. But I repeat we should start to work on the assumption the oil price may average $65 in 2006. Six months ago I gave the probabilities as 30% Oil 2006 $45; 40% $55 and 30% $65. I think the top scenario is upon us.

As I comment further below oil and gas stocks continue to remain cheap if the oil price continues – on average – to strengthen.

**Current portfolio**

The invested fund at 31st May 2006 was on a Price to earnings ratio (PER) (2005) of 12.5X with a median PER (2005) of stocks held of 12.3X. By comparison the S&P500 Index at 1270.1 was on a PER of 17.1X (2005) *(Based on S&P500 earnings per share (EPS) estimates of 74.23 (2005) 67.68 (2004))*. Comparisons with 2004 and the average WTI oil price in the relevant period is shown in the following table

| | 2004 | 2005 |
|---|---|---|
| Fund PER | 18.8X | 12.5X |
| S&P500 PER | 18.8X | 17.1X |
| Premium +/Discount - | nil | -27% |
| Fund 2004 vs S&P500 2005 | +10% | |
| WTI average | $41.5/barrel | $56.6/barrel |

In assessing whether this picture represents good value one increasingly has to have a view on the long run oil price. If it is over $55 (let alone $65), and growing, then to me a 12.5X (2005) multiple still looks to me cheap and there could easily be 37% upside (taking the fund multiple to the market 17.1X (2005) If the long run price falls back to $41.5 the PER of 18.8X would likely be considered a little expensive. And if the long run price is $46, say, we are more or less fairly priced. If I repeat this sort of arithmetic for $65 oil the upside is commensurately greater.

**Portfolio Holdings**

Our integrated stock exposure (c.20%) is principally comprised of midcap stocks (Conoco-Phillips; Occidental; Petro-Canada; OMV) and stocks we also categorise as exploration and production (E&P)/Refining (Marathon; Amerada Hess). We do, however, also hold Royal Dutch Shell (8.3X 2005) and Chevron (9.1X 2005). Generally it remains our view that mid caps continue to be relatively less expensive stocks on PER and CFROI valuation bases than the larger companies. However the gap is steadily narrowing. So while three of our eight holdings are on 2005 PERs of 9.0X or less nonetheless two (Petrocanada 14.7X and Hess Corp 12.6X) are now on higher PERs than BP (11.3X 2005) or Exxon (10.9X 2005).

Our E&P and Oil Sands exposure (c.34%) gives us exposure most directly to a rising or sustained high oil price. The stocks with oil sands exposure - Shell Canada, Encana, OPTI, Nexen and Canadian Oil Sands Trust are on 2005 PERs of between 14.1X and 19.7X (except

OPTI which is a new project company). The higher multiples can be justified in that they have reserves with very long lives. The pure E&P stocks are all now in the US (Anadarko, Apache, Pioneer Natural Resources, Plains Exploration and Whiting). The median PER of these stocks is 9.8X (2005). Plains' higher PER is principally due to the effect of hedging losses. Their PER for 2006 is 9.6X as these fall out of the picture.

We have exposure to a diverse group of Emerging Markets stocks (c14%). Some are mainly E&P focused (for example, Petrochina), others have significant downstream businesses. SASOL is a leader in coal/gas to oil technology. Four of our principal Emerging Market stocks are on PERs (2005) of 11.6X or under (Petrobras (8.1X), Petrochina (11.6X), Repsol (8.5X) and CNOOC (9.9X). The exception is Sasol (16.1X).

We have established a more meaningful exposure to North American oil service stocks having concluded that a sustained high oil price means an extraordinarily good trading environment for them outweighing concerns we have felt about valuation levels. Inevitably some of these trade on high 2005 PERs– Patterson UTI (13.9X), Ensign (23.4X), Helix (used to be Cal Dive) (19.1X), Unit Corp (13.0X), Global Santafe (34.8X) and Todco (45.5X). However these drop very much in 2006: on estimated 2006 earnings they are all trading between 7.4X and 14.7X.

Of other holdings Peabody is on a fairly high rating (39.5X 2005) but gives exposure to steadily improving coal prices as higher oil prices drag them up and their earnings are projected to more than double over the next two years and its energy reserves are comparable to Exxon's. Tesoro and Sunoco, our independent refining companies, are well positioned to benefit from current higher refining margins in the US. They are on 2005 PERs of 9.5X and 9.7X respectively.

Overall, the Fund continues to seek to be well placed to benefit from a sustained high oil price environment.

Tim Guinness
6 June 2006

As of May 31st, 2006, the Fund did not hold any shares of BP or EXXON. The Fund's holdings, industry sector weightings and geographic weightings may change at any time due to ongoing portfolio management. References to specific investments and weightings should not be construed as a recommendation by the Fund or Guinness Atkinson Asset Management, Inc. to buy or sell the securities.

**Mutual fund investing involves risk and loss of principal is possible. The Fund invests in foreign securities which will involve greater volatility, political, economic and currency risks and differences in accounting methods. The Fund is non-diversified meaning it concentrates its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. The Fund also invests in smaller companies, which involve additional risks such as limited liquidity and greater volatility.**

The S&P 500 Index is a broad based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. The MSCI World Energy Index is an unmanaged index composed of more than 1,400 stocks listed on exchanges in the U.S., Europe, Canada, Australia, New Zealand and the Far East. They assume reinvestment of dividends, capital gains and excludes management fees and expenses. They are not available for investment.

Price to earnings ratio reflects the multiple of earnings at which a stock sells.

Earnings Per Share (EPS) is calculated by taking the total earnings divided by the number of shares outstanding.

This information is authorized for use when preceded or accompanied by a prospectus for the Guinness Atkinson Global Energy Fund. The prospectus contains more complete information, including investment objectives, risks, charges and expenses related to an ongoing investment in the Fund. Please read the prospectus carefully before investing.

Distributed by Quasar Distributors, LLC (06/06).

**Historical Context**
**Oil price (WTI) last 18 years. Source: Bloomberg**

For the oil market, the period since the Iraq Kuwait war (1990/91) can be divided into two distinct periods: The first 8-year period was broadly characterised by decline. The oil price steadily weakened 1991 - 1993, rallied between 1994 –1996, and then sold off sharply, to test 20 year lows in late 1998. This latter decline was partly induced by a sharp contraction in demand growth from Asia, associated with the Asian crisis, partly by a rapid recovery in Iraq exports after the UN Oil for food deal, and partly by a perceived lack of discipline at OPEC in coping with these developments.

The last 6 1/2 years, by contrast, have seen a much stronger price and upward trend. There was a very strong rally between 1999 and 2000 as OPEC implemented 4 m b/d of production cuts. It was followed by a period of weakness caused by the roll back of these cuts, coinciding with the world economic slowdown, which reduced demand growth and a recovery in Russian exports from depressed levels in the mid 90s that increased supply. OPEC responded rapidly to this during 2001 and reintroduced production cuts that stabilised the market relatively quickly by the end of 2001

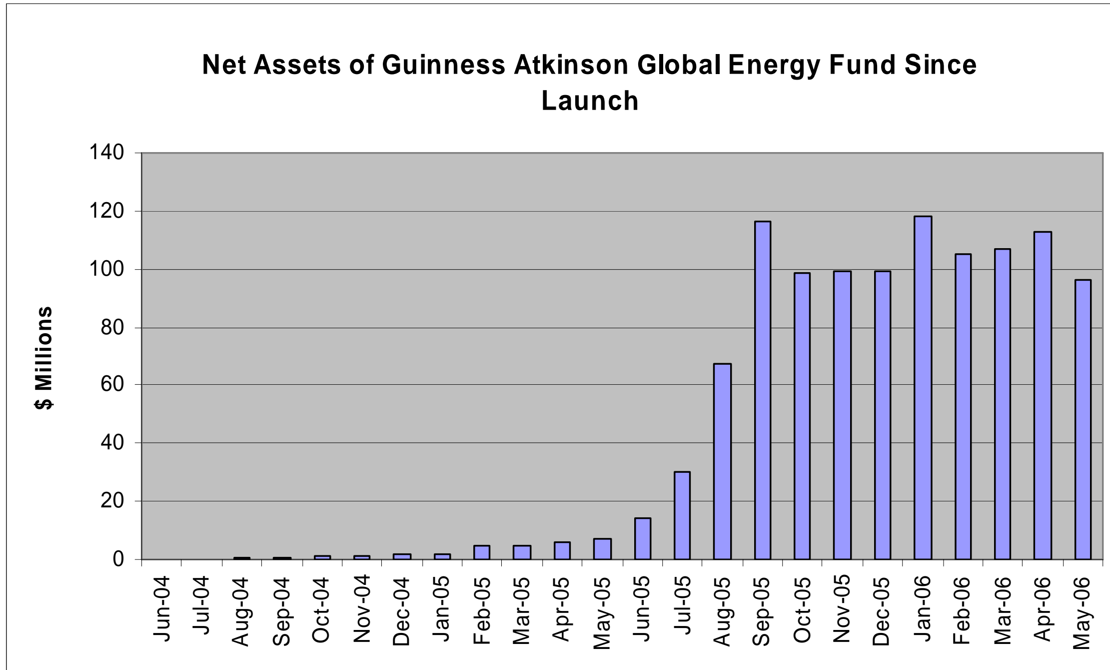
Then, in late 2002 early 2003, war in Iraq and a general strike in Venezuela caused the price to spike upward. This was quickly followed by a sharp sell off due to the swift capture of Iraq's Southern oil fields by Allied Forces and expectation that they would win easily. Then higher prices were generated when the anticipated recovery in Iraq production was slow to materialise. This was in mid to end 2003 followed by a much more normal phase with positive factors ( china demand; Venezuelan production difficulties; strong world economy) balanced against negative ones (Iraq back to 2.5m b/d; 2Q seasonal demand weakness) with stock levels and speculative activity needing to be monitored closely. OPEC's management skills appeared likely to be the critical determinant in this environment. By mid 2004 the market had become unsettled by the deteriorating security situation in Iraq and Saudi Arabia and increasingly impressed by the regular upgrades in IEA forecasts of near record world oil demand growth in 2004 caused by a triple demand shock from strong demand simultaneously from China; the developed world (esp USA) and asia ex China. Higher production by OPEC has been one response and there is now some worry that this, if not curbed, may cause an oil price sell off. The spotlight prior to Katrina/Rita has been on OPEC and inventory levels worldwide.

**N American Gas price last 14 years (Henry Hub) (Source: Bloomberg)**

On the gas market, the price traded between $1.50 and $3/Mcf for the period 1991 - 1999. This was followed by two significant spikes up to $8-10/Mcf, one in late 2000 and one early in 2003. The spikes were caused by very tight supply situations because there is an underlying problem with supply in the rapid depletion of North American gas reserves. On both occasions, the price spike induced a spurt of drilling which brought the price back down. More recently we have seen another period of very firm (over $5/Mcf) gas prices followed by a hurricane induced spike. North American gas prices are important to many E&P companies. In the short-term, they do not necessarily move in line with the oil price, as the gas market is essentially a local one. (In theory 6 Mcf of gas is equivalent to 1 barrel of oil so $54 per barrel equals $9/Mcf gas). It is a regional market more than a global market because Liquid Natural Gas imports cannot rapidly respond to increased demand because of the high infrastructure spending needed to increase capacity but that is slowly becoming less true as LNG infrastructure is put in place.

**Portfolio at 31st May 2006**

| | | | | PER 2005 | | 31.03.06 |
|---|---|---|---|---|---|---|
| **Stock** | **Value ($'000)** | **Country** | **% of NAV** | **IBES Median** | **Sector** | **Mkt Cap** |
| ROYAL DUTCH SHELL | 3,095,902 | UK | 3.21 | **8.3** | Integrated | **209.19** |
| CHEVRON CORP | 3,186,568 | US | 3.30 | **9.1** | Integrated | **129.43** |
| CONOCOPHILLIPS | 3,125,134 | US | 3.24 | **6.6** | Integrated | **87.01** |
| OCCIDENTAL PETE CORP | 3,275,321 | US | 3.40 | **7.7** | Integrated | **37.26** |
| PETRO-CANADA | 3,310,627 | Canada | 3.43 | **14.7** | Integrated | **24.45** |
| OMV AG | 3,267,332 | Austria | 3.39 | **10.8** | Integrated | **19.95** |
| MARATHON OIL CORP | 3,133,187 | US | 3.25 | **8.9** | E&P/Refining | **27.94** |
| HESS CORPORATION | 3,291,150 | US | 3.41 | **12.6** | E&P/Refining | **13.25** |
| PETROCHINA CO | 3,058,107 | China | 3.17 | **11.6** | Emerging Mkts | **183.53** |
| CNOOC LTD | 1,482,668 | China | 1.54 | **9.9** | Emerging Mkts | **31.20** |
| PETROLEO BRASILEIRO | 3,098,307 | Brazil | 3.21 | **8.1** | Emerging Mkts | **94.70** |
| REPSOL YPF SA | 3,191,672 | Arg/Spain | 3.31 | **8.5** | Emerging Mkts | **34.63** |
| SASOL | 3,125,543 | S Africa | 3.24 | **16.1** | Emerging Mkts | **25.58** |
| DRAGON OIL | 115,561 | FSU | 0.12 | **12.1** | Emerging Mkts | **1.46** |
| IMPERIAL ENERGY CO | 9,722 | FSU | 0.01 | **nm** | Emerging Mkts | **0.50** |
| AFREN | 112,659 | W Africa | 0.12 | **nm** | Emerging Mkts | **0.20** |
| SHANDONG MOLONG PE | 78,146 | China | 0.08 | **14.4** | Emerging Mkts | **0.13** |
| ENCANA CORPORATION | 3,327,957 | Canada | 3.45 | **14.4** | E&P/Oil sands | **39.94** |
| IMPERIAL OIL LTD | 167,473 | Canada | 0.17 | **15.7** | E&P/Oil sands | **35.85** |
| SHELL CANADA | 1,511,071 | Canada | 1.57 | **16.6** | E&P/Oil sands | **29.03** |
| CDN OIL SANDS TRUST | 3,460,795 | Canada | 3.59 | **19.7** | E&P/Oil sands | **13.29** |
| NEXEN INC | 3,247,693 | Canada | 3.37 | **14.1** | E&P/Oil sands | **14.39** |
| OPTI CANADA INC | 3,454,630 | Canada | 3.58 | **nm** | E&P/Oil sands | **2.97** |
| SYNENCO ENERGY | 906,910 | Canada | 0.94 | **nm** | E&P/Oil sands | **1.00** |
| APACHE CORP | 3,138,181 | US | 3.25 | **8.3** | E&P | **21.63** |
| ANADARKO PETE | 3,167,456 | US | 3.29 | **9.6** | E&P | **23.23** |
| ENCORE OIL | 141,352 | UK | 0.15 | **nm** | E&P | **0.01** |
| PIONEER NATURAL RES | 3,197,464 | US | 3.32 | **10.7** | E&P | **5.69** |
| PLAINS EXPL & PRODTN | 3,299,751 | US | 3.42 | **nm** | E&P | **3.03** |
| WHITING PETE CORP | 3,129,854 | US | 3.25 | **9.8** | E&P | **1.51** |
| GREY WOLF EXPL | 29,235 | Canada | 0.03 | **27.4** | E&P | **0.06** |
| GRANBY OIL & GAS | 25,451 | UK | 0.03 | **nm** | E&P | **0.03** |
| UNIT CORP | 1,093,540 | US | 1.13 | **13.0** | Eqt & Services | **2.57** |
| HELIX ENRGY SOLNS | 2,988,923 | US | 3.10 | **19.1** | Eqt & Services | **2.94** |
| ENSIGN ENERGY SERVCS | 1,162,192 | Canada | 1.21 | **23.4** | Eqt & Services | **2.91** |
| GLOBALSANTAFE CORP | 3,288,510 | US | 3.41 | **34.8** | Eqt & Services | **14.87** |
| PATTERSON UTI ENERGY | 3,241,459 | US | 3.36 | **13.9** | Eqt & Services | **5.51** |
| TODCO | 1,132,077 | US | 1.17 | **45.5** | Eqt & Services | **2.42** |
| SUNOCO INC | 3,168,858 | US | 3.29 | **9.7** | Refining | **10.33** |
| TESORO CORPORATION | 3,259,745 | US | 3.38 | **9.5** | Refining | **4.74** |
| PEABODY ENERGY CORP | 3,252,901 | US | 3.37 | **39.5** | Coal Mining | **13.28** |
| **STOCKS** | 94,751,084 | | 98.27 | 12.5 | | |
| **CASH** | 1,669,221 | | 1.73 | 33.0 | | |
| **TOTAL** | 96,420,305 | | 100.00 | 12.6 | | |




Source: Investors Bank & Trust/Guinness Atkinson