

United States 12 Month Oil Fund, LP
Form 10-Q
August 08, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

^x Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 30, 2018.

OR

..Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to .

Commission file number: 001-33859

United States 12 Month Oil Fund, LP

(Exact name of registrant as specified in its charter)

Delaware 26-0431897
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1999 Harrison Street, Suite 1530

Oakland, California 94612

(Address of principal executive offices) (Zip code)

(510) 522-9600

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes " No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes " No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer "	Accelerated filer	x
Non-accelerated filer " (Do not check if a smaller reporting company)	Smaller reporting company "	
	Emerging growth company "	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided to Section 7(a)(2)(B) of the Securities Act. "

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
" Yes x No

The registrant had 3,200,000 outstanding shares as of August 6, 2018.

UNITED STATES 12 MONTH OIL FUND, LP

Table of Contents

	Page
<u>Part I. FINANCIAL INFORMATION</u>	
<u>Item 1. Condensed Financial Statements.</u>	<u>1</u>
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.</u>	<u>16</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk.</u>	<u>34</u>
<u>Item 4. Controls and Procedures.</u>	<u>35</u>
<u>Part II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings.</u>	<u>35</u>
<u>Item 1A. Risk Factors.</u>	<u>35</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.</u>	<u>35</u>
<u>Item 3. Defaults Upon Senior Securities.</u>	<u>36</u>
<u>Item 4. Mine Safety Disclosures.</u>	<u>36</u>
<u>Item 5. Other Information.</u>	<u>36</u>
<u>Item 6. Exhibits.</u>	<u>36</u>

Part I. FINANCIAL INFORMATION

Item 1. Condensed Financial Statements.

Index to Condensed Financial Statements

Documents	Page
<u>Condensed Statements of Financial Condition at June 30, 2018 (Unaudited) and December 31, 2017</u>	<u>2</u>
<u>Condensed Schedule of Investments (Unaudited) at June 30, 2018</u>	<u>3</u>
<u>Condensed Statements of Operations (Unaudited) for the three and six months ended June 30, 2018 and 2017</u>	<u>5</u>
<u>Condensed Statement of Changes in Partners' Capital (Unaudited) for the six months ended June 30, 2018</u>	<u>6</u>
<u>Condensed Statements of Cash Flows (Unaudited) for the six months ended June 30, 2018 and 2017</u>	<u>7</u>
<u>Notes to Condensed Financial Statements for the period ended June 30, 2018 (Unaudited)</u>	<u>8</u>

*United States 12 Month Oil Fund, LP**Condensed Statements of Financial Condition**At June 30, 2018 (Unaudited) and December 31, 2017*

	June 30, 2018	December 31, 2017
Assets		
Cash and cash equivalents (at cost \$79,031,716 and \$83,241,625, respectively) (Notes 2 and 5)	\$ 79,031,716	\$ 83,241,625
Equity in trading accounts:		
Cash and cash equivalents (at cost \$4,977,569 and \$4,988,459, respectively)	4,977,569	4,988,459
Unrealized gain (loss) on open commodity futures contracts	16,534,641	11,072,567
Dividends receivable	20,611	16,769
Interest receivable	2,291	2,694
Directors' fees and insurance receivable	2,320	—
Total assets	\$ 100,569,148	\$ 99,322,114
Liabilities and Partners' Capital		
Payable due to Broker	\$ 14,206,502	\$ 7,565,281
General Partner management fees payable (Note 3)	40,206	46,592
Professional fees payable	71,769	145,177
Brokerage commissions payable	4,862	7,362
Directors' fees and insurance payable	—	1,014
License fees payable	2,339	2,786
Total liabilities	14,325,678	7,768,212
Commitments and Contingencies (Notes 3, 4 and 5)		
Partners' Capital		
General Partner	—	—
Limited Partners	86,243,470	91,553,902
Total Partners' Capital	86,243,470	91,553,902
Total liabilities and partners' capital	\$ 100,569,148	\$ 99,322,114
Limited Partners' shares outstanding	3,400,000	4,350,000
Net asset value per share	\$ 25.37	\$ 21.05
Market value per share	\$ 25.32	\$ 20.92

See accompanying notes to condensed financial statements.

United States 12 Month Oil Fund, LP
Condensed Schedule of Investments (Unaudited)
At June 30, 2018

	Notional Amount	Number of Contracts	Value/ Unrealized Gain (Loss) on Open Commodity Contracts	% of Partners' Capital
Open Futures Contracts - Long				
United States Contracts				
NYMEX WTI Crude Oil Futures CL August 2018 contracts, expiring July 2018	\$5,057,822	105	\$ 2,727,928	3.16
NYMEX WTI Crude Oil Futures CL September 2018 contracts, expiring August 2018	5,216,363	104	2,319,477	2.69
NYMEX WTI Crude Oil Futures CL October 2018 contracts, expiring September 2018	5,318,326	104	2,057,354	2.39
NYMEX WTI Crude Oil Futures CL November 2018 contracts, expiring October 2018	5,240,137	104	2,056,503	2.38
NYMEX WTI Crude Oil Futures CL December 2018 contracts, expiring November 2018	5,736,457	104	1,490,503	1.73
NYMEX WTI Crude Oil Futures CL January 2019 contracts, expiring December 2018	5,810,066	105	1,419,184	1.65
NYMEX WTI Crude Oil Futures CL February 2019 contracts, expiring January 2019	6,100,906	104	988,774	1.15
NYMEX WTI Crude Oil Futures CL March 2019 contracts, expiring February 2019	6,040,493	104	985,747	1.14
NYMEX WTI Crude Oil Futures CL April 2019 contracts, expiring March 2019	6,064,199	105	972,901	1.13
NYMEX WTI Crude Oil Futures CL May 2019 contracts, expiring April 2019	6,065,154	104	853,966	0.99
NYMEX WTI Crude Oil Futures CL June 2019 contracts, expiring May 2019	6,585,826	104	287,534	0.33
NYMEX WTI Crude Oil Futures CL July 2019 contracts, expiring June 2019	6,512,180	105	374,770	0.43
Total Open Futures Contracts*	\$69,747,929	1,252	\$ 16,534,641	19.17

United States 12 Month Oil Fund, LP
Condensed Schedule of Investments (Unaudited)(Continued)
At June 30, 2018

	Principal Amount	Market Value	% of Partners' Capital
Cash Equivalents			
United States Treasury Obligations			
U.S. Treasury Bills:			
1.56%, 7/05/2018	\$3,000,000	\$2,999,483	3.48
1.56%, 7/12/2018	2,000,000	1,999,053	2.32
1.60%, 7/19/2018	2,000,000	1,998,410	2.32
1.61%, 7/26/2018	4,000,000	3,995,569	4.63
1.63%, 8/02/2018	3,000,000	2,995,680	3.47
1.71%, 8/09/2018	2,000,000	1,996,327	2.31
1.77%, 8/16/2018	3,000,000	2,993,272	3.47
1.82%, 8/23/2018	3,000,000	2,992,050	3.47
1.82%, 8/30/2018	3,000,000	2,990,975	3.47
1.85%, 9/06/2018	2,000,000	1,993,188	2.31
1.90%, 9/13/2018	2,000,000	1,992,251	2.31
1.92%, 9/20/2018	2,000,000	1,991,428	2.31
1.90%, 9/27/2018	2,000,000	1,990,821	2.31
1.87%, 10/04/2018	2,000,000	1,990,210	2.31
1.90%, 10/11/2018	2,000,000	1,989,347	2.31
1.97%, 10/18/2018	2,000,000	1,988,192	2.31
2.00%, 10/25/2018	2,000,000	1,987,240	2.30
2.00%, 11/01/2018	2,000,000	1,986,470	2.30
2.03%, 11/08/2018	2,000,000	1,985,519	2.30
2.05%, 11/15/2018	3,000,000	2,976,824	3.45
2.07%, 11/23/2018	2,000,000	1,983,486	2.30
2.05%, 11/29/2018	2,000,000	1,983,013	2.30
2.09%, 12/06/2018	3,000,000	2,972,745	3.45
2.06%, 12/13/2018	3,000,000	2,971,950	3.45
2.09%, 12/20/2018	3,000,000	2,970,330	3.44
2.07%, 12/27/2018	3,000,000	2,969,421	3.44
Total Treasury Obligations		63,683,254	73.84
United States - Money Market Funds			
Fidelity Investments Money Market Funds - Government Portfolio	8,600,000	8,600,000	9.97
Goldman Sachs Financial Square Funds - Government Fund - Class FS	3,000,000	3,000,000	3.48
Morgan Stanley Institutional Liquidity Funds - Government Portfolio	8,000,000	8,000,000	9.28
Total Money Market Funds		19,600,000	22.73
Total Cash Equivalents		\$83,283,254	96.57

*Collateral amounted to \$4,977,569 on open futures contracts.

See accompanying notes to condensed financial statements.

*United States 12 Month Oil Fund, LP**Condensed Statements of Operations (Unaudited)**For the three and six months ended June 30, 2018 and 2017*

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Income				
Gain (loss) on trading of commodity futures contracts:				
Realized gain (loss) on closed futures contracts	\$ 5,789,281	\$ 474,575	\$ 10,264,256	\$ 6,619,094
Change in unrealized gain (loss) on open futures contracts	3,598,029	(10,335,615)	5,462,074	(27,523,684)
Dividend income	60,127	43,444	114,237	86,469
Interest income*	287,399	144,453	528,254	252,931
ETF transaction fees	1,050	2,800	3,500	4,550
Total income (loss)	9,735,886	(9,670,343)	16,372,321	(20,560,640)
Expenses				
General Partner management fees (Note 3)	126,585	159,419	253,881	332,486
Professional fees	36,319	53,800	74,415	125,800
Brokerage commissions	2,645	4,709	3,219	8,841
Directors' fees and insurance	3,583	3,468	6,814	6,588
License fees	3,165	3,985	6,347	8,312
Total expenses	172,297	225,381	344,676	482,027
Net income (loss)	\$ 9,563,589	\$ (9,895,724)	\$ 16,027,645	\$ (21,042,667)
Net income (loss) per limited partnership share	\$ 2.72	\$ (1.73)	\$ 4.32	\$ (3.60)
Net income (loss) per weighted average limited partnership share	\$ 2.70	\$ (1.63)	\$ 4.28	\$ (3.48)
Weighted average limited partnership shares outstanding	3,541,758	6,056,044	3,746,133	6,047,790

* Interest income does not exceed paid in kind of 5%.

See accompanying notes to condensed financial statements.

United States 12 Month Oil Fund, LP

Condensed Statement of Changes in Partners' Capital (Unaudited)

For the six months ended June 30, 2018

	General Partner	Limited Partners	Total
Balances, at December 31, 2017	\$ —	\$ 91,553,902	\$91,553,902
Redemption of 950,000 partnership shares	—	(21,338,077)	(21,338,077)
Net income (loss)	—	16,027,645	16,027,645
Balances, at June 30, 2018	\$ —	\$ 86,243,470	\$86,243,470
Net Asset Value Per Share:			
At December 31, 2017			\$21.05
At June 30, 2018			\$25.37

See accompanying notes to condensed financial statements.

United States 12 Month Oil Fund, LP

Condensed Statements of Cash Flows (Unaudited)

For the six months ended Jun