INDEPENDENT
CAPITAL GROUP

ENERGY
CHAMPIONS FUND

ECF Factsheet

December 2020

Fund objectives

The fund aims to generate long term capital growth by primarily investing in equities from companies offering exposure to the energy market.

Fund facts

Investment manager
Independent Capital Group AG

Fund name
White Fleet II Energy Champions Fund

Legal status
Luxembourg SICAV with UCITS IV status

Base currency
USD

NAV calculation
Daily

Inception date
March 2014

Fund size
USD $12.9m

Benchmark
MSCI World Energy Sector Net TR Index

Custodian
Credit Suisse (Luxembourg) S.A.

Codes

Share classes
A1 Retail USD class, accumulating
A2 Retail USD class, distributing
I2 Institutional USD class, distributing

Bloomberg ticker
A1 WFECHA1 LX Equity
A2 WFECHA2 LX Equity
I2 WFECI2D LX Equity

ISIN
A1 LU1018863792
A2 LU1018863875
I2 LU1092313045

Valor-Number
A1 23322792
A2 23322921
I2 25025474

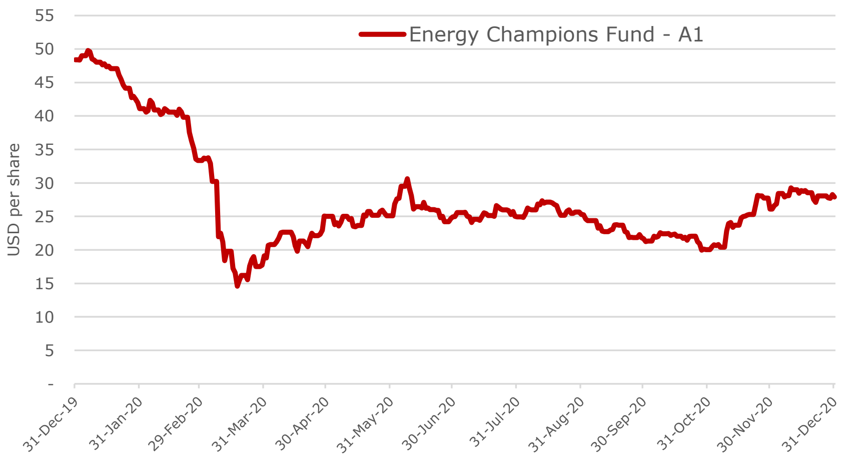
Dealing & prices

Mgmt fee p.a.
A1 1.25%
A2 1.25%
I2 0.65%

Min Subscription
A1 One share
A2 One share
I2 USD $2m

Trading frequency
Daily

Performance over 1 year



Cumulative net performance in USD

	NAV 31.12.2020	December 30.11.-31.12.2020	YTD	CY2019	3 Year	Since Inception
Class A1	27.9	6.9%	-42.4%	11.0%	-52%	-72%*
Class A2	25.2	6.9%	-42.4%	11.0%	-52%	-72%*
Class I2	248.3	7.0%	-42.0%	11.7%	-51%	-72%**

**Indicative Total Return calculations / Inception date: Class A1/A2 28.2.2014, **Class I2 12.9.2014*

Monthly comment

At the end of 2020 Brent crude prices topped $50/bl for the first time since early March. The latest milestone in a remarkable oil-market recovery fuelled by supply curtailments and drivers returning to the road. Its recent rally shows how hopes for coronavirus-vaccine distribution and economic-stimulus programs are helping to heal global energy markets. Indeed, the oil sector has been hit harder than almost any other by the pandemic. Crude prices fell from near $70/bl at the beginning of 2020 to below $20/bl in April as lockdown slashed fuel demand. The crisis reached its crescendo in April, when the US oil price WTI briefly turned negative. After a short but damaging price war, OPEC and Russia enacted record supply cuts to stabilise markets. Companies were forced to rip up investment plans while European energy majors began to look to a greener future. Oil and gas companies wrote down +$150bn combined in the first three quarters of 2020, the most for that nine-month period since at least 2010. Defaults by US oil and gas producers are set to outstrip all other sectors again in 2021 according to Fitch. There are, however, signs of a nascent recovery after the turbulence of 2020. Crude has crept back above $50/bl and some investors are betting that the cycle is turning, even as expectations for peak demand loom over the horizon. On the demand side, oil consumption is expected to rise by the most on record in 2021. The IEA expects demand to rise by almost 6mboe/d but will average 96.9mboe/d, still below the pre-pandemic record of 100mboe/d in 2019. On the supply side, the outlook is more complex. US shale stabilised in the 2H 2020 but the days of gangbuster growth are behind it. Some estimate oil project investment will never fully recover to pre-virus levels. The industry will continue to consolidate to reduce costs and assure investor returns. Finally, most analysts expect the oil market to stay in deficit during 2021. However, the market rebalancing remains heavily dependent upon the output management of OPEC+ and OPEC's decision to assess the market on a monthly basis will undoubtedly drive volatility. Nevertheless, we are persuaded that investors are still looking to rotate into cyclical commodities such as oil and natural resource equities. Valuations continue to look very attractive with a P/CF of 3.9x and a healthy FCF yield of +10% this year. We think that the reduced cost structures and promised capital restraint should set the sector up well to finally deliver on long-awaited capital return growth in 2021+, and as a result, should drive a further catch-up move in the broader sector.

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Financial statistics*

Number of holdings	25
Market cap	$24bn
P/B ratio	1.1x
P/cash flow	3.9x
FCF yield 2020E	7.1%
FCF yield 2021E	11.3%
Dividend yield	3.7%
Net debt/equity	55%

Operating statistics in boe*

Production	325 kboe/d
Cash costs	$15/boe
Reserve life (1P reserves)	12 years
Reserve valuation (EV/1P)	$9/boe
Reserve replacement ratio	138%

Market cap. segmentation*

Small	< $3bn	40%
Mid	$3 - 30br	33%
Large	> $30bn	27%

Top commodity exposure*

Crude & liquids	73%
Natural gas	27%

Top 5 country exposure (production)*

United States	44%
Canada	15%
Russia	6%
Brazil	5%
Oman	4%

Top 5 holdings

Diamondback Energy	5.1%
BP	4.8%
Canadian Natural Resources	4.7%
Lukoil	4.7%
Devon Energy	4.6%

ESG transparency	ECF	Universe
CO_2/mmboe	15	43
GHG/mmboe	23	54
Waste/mmboe	0.4	2.1
Gas flaring/mmboe	2.1	9.0
Spills/mmboe	6.5	6.1
Energy intesity/boe	473	1'034
Fatalities/th.empl.	0.13	0.15
%Women on board	21%	15%
Policy Score	59%	41%

Transparent Investment
Climate Impact

The ECF is the first fund in Switzerland and the first energy fund globally to have received South Pole Carbon's label as a "Climate Impact Transparent Investment"

Contact

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Why commodities

Commodities have been key in the economic development of the world. The industrialisation and urbanisation of the developing world is far from complete. Urban population is expected to grow globally from 52% to 66% by 2050. Urbanisation drives per capita wealth increase and with it the demand for natural resources. The increase in average income is happening on an unprecedented scale and speed. During the next 20 years the world population is expected to grow larger and on average younger. Middle class expands on a global basis, more than doubling by 2030 to reach >5 billion people. India and China show the largest increases with each reaching more than 1 billion middle-class citizens, China alone has the potential for 250 million people to urbanise in the next 10 years. By 2030, global middle-class consumption is expected to be more than $63 trillion vs $35 trillion in 2015. Demand for commodities remains continual, while they are becoming scarcer.

Why natural resource equities and the Energy Champions Fund

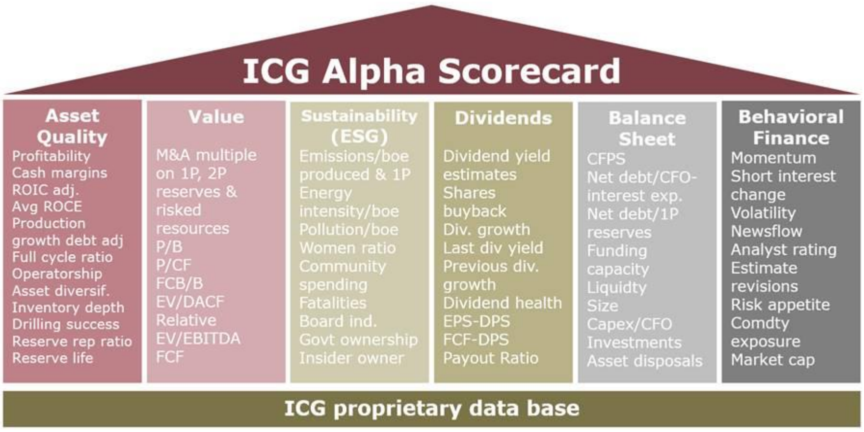
Natural resource companies are entering a phase of improving margins and the valuation is very low on a relative basis compared to the global equity markets. A portfolio of natural resource equities reduces firm specific risks while it increases the commodity exposure. The Energy Champions Fund offers the investor the opportunity to participate in an actively managed portfolio of natural resources companies active in the energy sector and this in a pragmatic sustainable way. This means considering sustainability criteria without losing sight for return.

ICG Investment Process

Our investment process is based on a quantitative approach to find the best-in-class companies. The consistent methodological process, which has been backtested successfully, is non-predictive with >90% of the analysis based on historical data. Our process has a portfolio view and helps to create a balanced portfolio instead of single stock bets or market cap weightings. After defining the broad investment universe, selecting the best-in-class subsectors with the highest margins or most attractive investment opportunities, the universe is further filtered down to companies with significant subsector exposure. To properly analyse natural resource related companies, the ICG Investment team makes use of standardised data. We developed a proprietary data base to better analyse financial and operating figures. Extensive data is used (>200'000 data points) to analyse trends across the industry and pinpoint sector champions.

ICG Alpha Scorecard

To better measure the relative attractiveness of natural resource companies in a specific subsector we use sub-sector Alpha Scorecards to facilitate the investment decision. The ICG Alpha Scorecard is a quantitative and qualitative screening scorecard that pinpoints sector champions with strong economic «moat» based on different variables. The approach helps to identify companies with a relative good track record in different key financial and operational variables (statistically robust dependence of performance to scorecard variables). The majority of variables are based on historical figures from the last fiscal year or based on a 3 year average. The majority of variables are also dynamic. The Investment Management team selects the top 25 companies based on the ICG Alpha Scorecard ranking. All positions are equally weighted, however we may reduce the weight or even exclude a company on exceptionally events (e.g. oil spill, political risk). Monthly position update based on all instruments and rebalancing is only done if it makes sense.



Investment Manager

The Energy Champions Fund is managed by Independent Capital Group AG, an independent asset management and investment advisory firm based in Zurich and Basel. Independent Capital Group AG has taken over the team of the commodities and energy investment boutique Gateway Capital Group in Basel in 2014. The experienced portfolio management team has a long proven track record in selecting natural resources investments and is responsible for other commodity investment solutions.

* based on weighted average and/or weighted average barrels of oil equivalent (boe) numbers