INDEPENDENT
CAPITAL GROUP

MSCI
ESG RATINGS
BBB

CCC | B | BB | BBB | A | AA | AAA

ENERGY
CHAMPIONS FUND





ECF Factsheet — **April 2022**

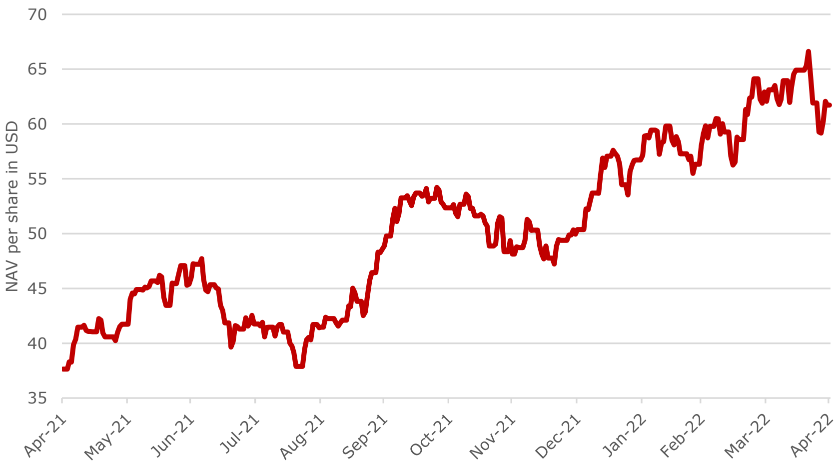
Fund objectives
The fund aims to generate long term capital growth by primarily investing in equities from companies offering exposure to the energy market.

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 $27m
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 **+65%**



Cumulative net performance in USD

	NAV 29.04.2022	April 31.03.-29.04.2022	YTD	CY2021	3 Year	Since Inception
Class A1	62.1	-0.5%	22.6%	80.4%	23.3%	-38.3%
Class A2	55.0	-0.6%	22.6%	80.5%	23.3%	-38.3%
Class I2	546.2	-0.5%	22.8%	81.6%	25.7%	-38.8%

**Indicative total return calculations / Inception date: Class A1/A2 28.2.2014, Class I2 12.9.2014*

Monthly comment
Oil climbed for a fifth month in April, marking the longest monthly winning streak since January 2018 before falling at the beginning of May. Oil demand keeps holding up on a global level. Most oil products have fully or almost fully recovered back to 2019 levels. Particularly China’s oil demand was very strong this year until the recent lockdown. According to JP Morgan energy demand is expected to exceed supply by 20% and would require $1.3tn of incremental capital to close the gap by 2030. Therefore energy investment needs to rise 45% to $2.7tn annually by 2030, to meet rising energy demand. US oil and gas producers are suddenly under pressure to accelerate the pace of supply additions and contribute to the security of global energy markets. Certain public producers already started revising their capital and production guidance for 2022 up. While the upside for production in 2H22 remains limited amid ongoing supply chain bottlenecks and cost escalation, the outlook for the rig counts keeps improving and nationwide growth capacity for 2023 looks much more favourable than it looked like two months ago. Nevertheless, Rystad expects the US to grow by 1mboe/d but labour and equipment shortages may reduce growth potential by half. Particularly fascinating is that total free cash flow generated by upstream for all the public E&P companies is expected to increase from $460bn in 2021 to almost $850bn this year! This will be the highest value on record. Indeed, our ECF portfolio has a weighted avg. FCF yield for 2022E of 19.3%! Energy stocks are far from pricing in strong and sustainable outlooks for fundamentals and shareholder return. For instance, Energy S&P 500 weight is only 4% (vs. 20yr average of 8% and 2008 peak of 16%). For a sector that is a direct input into every segment of the economy and a natural hedge against geopolitics and inflation. In ours view, energy’s earnings stream is worth more than the 2022E PE of 10.3x (ECF with a PE of 5.6x) which is a steep discount relative to long-term average of 16.5x since 1990. During 2013-2014 it traded at 13.5x when oil price was at a similar level though profit margins were much lower and credit risk was higher. Interestingly, all US publicly-listed energy companies have a combined market cap of only $2.2tn, which is lower than Apple’s market cap even though these companies collectively generate 5x higher revenues. Energy continues to be the cheapest sector on all valuation metrics despite the strong performance over the last 2 years. Also relative energy stocks are cheap discounting oil prices in the range of $50-$70/bl vs spot prices of $100/bl. No wonder to us that W. Buffett increased its energy exposure heavily this year making Chevron it’s 4th biggest position. However, with anti-Energy constraints likely loosening given increasing ESG performance pressure and with many reconsidering how to define ESG, we expect a positive impact to energy equity flows in the future.

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ECF Factsheet

April 2022

Financial statistics*

Number of holdings	25
Market cap	$39bn
P/B ratio	2.0x
P/cash flow	5.1x
EV/EBITDA 2022E	3.5x
FCF yield 2022E	19.3%
Dividend yield	4.3%
Net debt/equity	34%

Operating statistics in boe*

Production	277 kboe/d
Cash costs	$15/boe
Reserve life (1P reserves)	13 years
Reserve valuation (EV/1P)	$16/boe
Reserve replacement ratio	149%

Market cap. segmentation*

Small	< $3bn	17%
Mid	$3 - 30br	39%
Large	> $30bn	44%

Top commodity exposure*

Crude & liquids	72%
Natural gas	28%

Top 5 country exposure (production)*

Canada	37%
United States	36%
Brazil	4%
China	4%
Norway	3%

Top 5 holdings

Tourmaline Oil	4.9%
Suncor Energy	4.7%
Cnooc	4.6%
Cenovus Energy	4.5%
Canadian Natural Resources	4.4%

ESG transparency	ECF	Universe
CO2/production	32	42
GHG/mmboe	27	46
Waste/production	1.3	1.8
Gas flaring/boe	2.6	2.3
Energy intesity/boe	128	183
Fatalities/th.empl.	0.04	0.06
%Women on board	22%	16%
Overall Policy Score	65%	50%
Insider ownership	11%	5%

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"

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

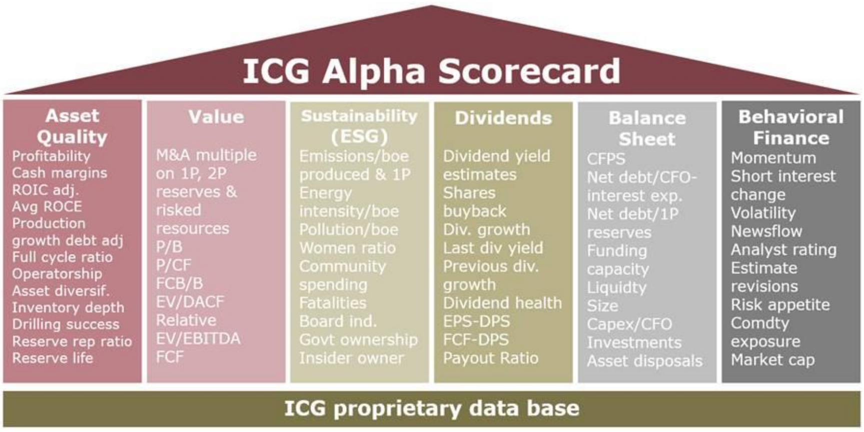
Natural resource companies are entering a phase of improving margins and the valuation is very low on a relative basis compared to the global equity markets. A portfolio of natural resource equities reduces firm specific risks while it increases the commodity exposure. The Energy Champions Fund offers 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.



Contact

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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