ENERGY
CHAMPIONS FUND





ECF Factsheet | **August 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 $28m

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

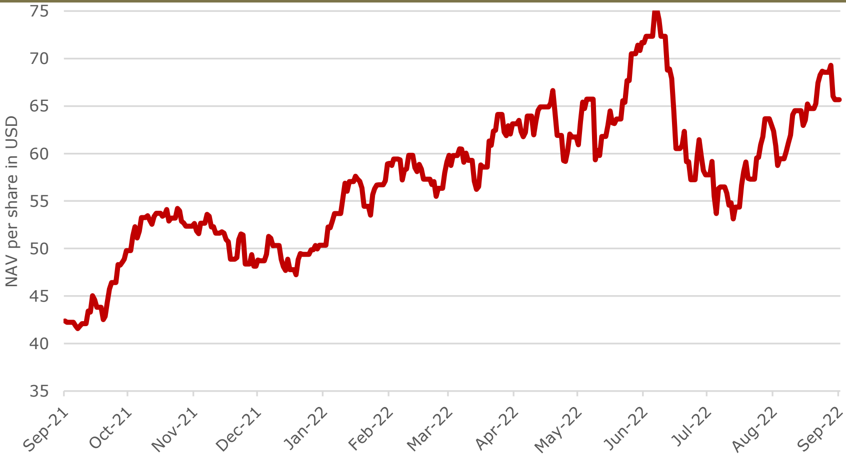
Dealing & prices

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 **+59.4%**



Cumulative net performance in USD

	NAV 31.08.2022	August 29.07.-31.08.2022	YTD	CY2021	3 Year	Since Inception
Class A1	65.7	3.1%	30.4%	80.4%	56.6%	-31.5%
Class A2	57.1	3.2%	30.4%	80.5%	56.6%	-31.5%
Class I2	568.0	3.2%	31.0%	81.6%	59.6%	-32.4%

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

Monthly comment

Oil declined by more than 20% in the three months through August, overturning all of the gains since Russia's invasion of Ukraine at the end of February. Investors are focusing on tighter monetary policy around the world, which could crimp economic growth and eventually hit oil demand. Notwithstanding that we are in the midst of a global energy crisis. There are regional differences and levels of exposure to the energy crunch. However, few expected that in 2022 Europe would be burning more coal, importing more liquified natural gas, shifting from gas to oil for industry, and spending more money to subsidize fossil fuel consumption. Mainly, European and Asian natural gas prices trade at record high levels. Russia cut exports to Europe to multiyear lows this summer supplying less than a third of normal volumes and there's no clarity on further moves. Europe is filling its gas reserves for the winter through alternative supplies (LNG imports YTD up 70% from 2021 levels) but also demand destruction and substitution. Nevertheless, European gas storage facilities are about 75% full. Despite the cuts, the pace of refilling is at average levels thanks to alternative supplies. There is a high probability that Europe reaches its goal of filling storage to 80% by the end of October, traditionally the start of the heating season. Yet, electricity prices jumped in Germany to >€600/MWh for the first time ever. The current price is >1'000% higher than the €41.1/MWh 2010-2020 average. High prices are likely to persist because in a case of a cold winter creating high gas demand, Europe has limited ability to increase its current flows from non-Russian sources and there is still the threat that Russia could shut off its remaining flows at any moment. Numerous industry executives, including the chief executives of Chevron and Shell have said recently that they expect the market to remain tight also for crude oil. Last week Saudi Prince Abdulaziz bin Salman said the oil futures market has become increasingly disconnected from supply and demand for energy. Saudi Arabia is considering cuts to OPEC+ production to try to balance this, a move that other members of the oil cartel said they may also support. The total free cash flow generated by all public oil and gas companies is expected to increase from $340bn in 2021 to >$550bn this year! This will be the highest value on record. Interestingly, all publicly-listed energy companies (excl. Saudi Aramco) have a combined market cap of $3tn, which is about Apple's market cap even though these companies collectively generate 5x higher free cash flow. Further to that, given meaningful cost reductions, a robust commodity outlook and growing focus on cash harvesting, BMO believes that the industry ROCE could reach its highest level in 15 years, potentially exceeding 25% by 2023.

INDEPENDENT CAPITAL GROUP

MSCI ESG RATINGS A

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

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Financial statistics*

Number of holdings	25
Market cap	$35bn
P/E 2022E	5.4x
P/cash flow	4.1x
EV/EBITDA 2022E	3.2x
FCF yield 2022E	21.7%
Dividend yield	4.7%
Net debt/equity	54%

Operating statistics in boe*

Production	255 kboe/d
Cash costs	$13/boe
Reserve life (1P reserves)	12 years
Reserve valuation (EV/1P)	$17/boe
F&D organic costs 3yrs avg	$14/boe

Market cap. segmentation*

Small	< $3bn	15%
Mid	$3 - 30br	55%
Large	> $30bn	30%

Top commodity exposure*

Crude & liquids	54%
Natural gas	46%

Top 5 country exposure (production)*

United States	44.4%
Canada	17.9%
Norway	8.2%
Brazil	8.0%
Australia	4.9%

Top 5 holdings

Comstock Resources	4.6%
ConocoPhillips	4.4%
Equinor	4.4%
Woodside Energy Group	4.4%
BP	4.3%

ESG transparency	ECF	Universe
CO2/production	33	39
GHG/mmboe	26	43
Waste/production	1.7	2.3
Gas flaring/boe	2.1	2.3
Energy intesity/boe	142	172
Fatalities/th.empl.	0.04	0.10
%Women on board	23%	21%
Overall Policy Score	67%	45%
Insider ownership	12%	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

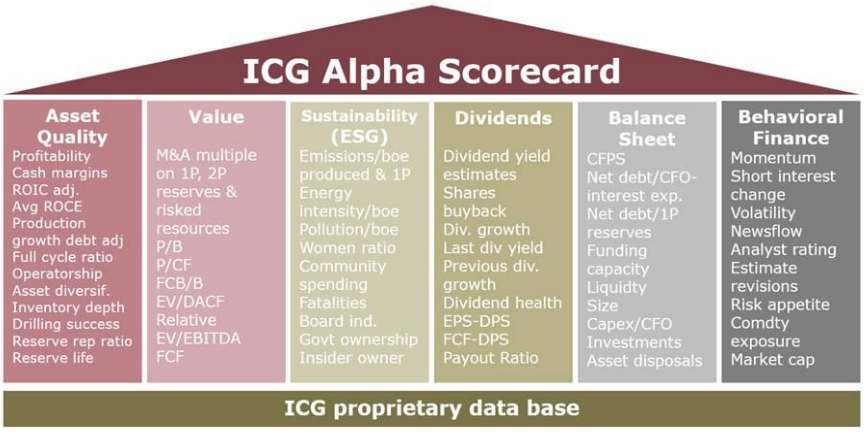
Natural resource companies are entering a phase of improving margins and the valuation is very low on a relative basis compared to the global equity markets. A portfolio of natural resource equities reduces firm specific risks while it increases the commodity exposure. The Energy Champions Fund offers 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 (>300'000 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