INDEPENDENT
CAPITAL GROUP

MSCI
ESG RATINGS
AA

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

ENERGY
CHAMPIONS FUND





ECF Factsheet

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

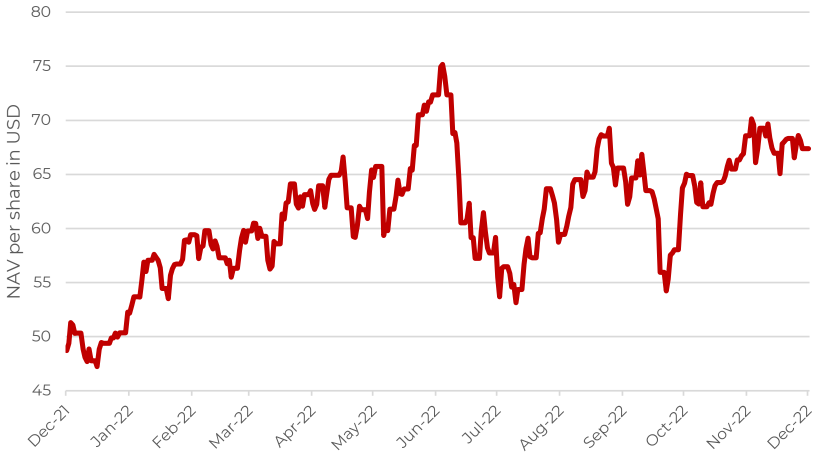
Share classes
A1 Retail USD class, accumulating
A2 Retail USD class, distributing
I2 Institutional USD class, distributing
Bloomberg ticker
A1 WFECHA1 LX Equity
A2 WFECHA2 LX Equity
I2 WFECI2D LX Equity
ISIN
A1 LU1018863792
A2 LU1018863875
I2 LU1092313045
Valor-Number
A1 23322792
A2 23322921
I2 25025474

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

December 2022

Performance over 1 year **+26%**



Cumulative net performance in USD

	NAV 30.12.2022	December 30.11.-30.12.2022	YTD	CY2021	3 Years	5 Years	Since Inception
Class A1	63.1	-8.1%	25.2%	80.4%	28.7%	4.3%	-36.9%
Class A2	54.8	-8.1%	25.2%	80.5%	28.7%	4.3%	-37.0%
Class I2	546.5	-8.0%	26.0%	81.6%	31.2%	7.7%	-37.2%

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

Monthly comment

Crude oil prices started the year 2023 at same levels as a year ago despite what happened during 2022. Indeed, according to UBS the energy problems of 2022 - redirected Russian supply, chronic underinvestment in upstream capacity - are here to stay. And with demand recovering in China as well as in emerging markets overall, energy prices should continue to climb in 2023. With China reopening, oil demand looks set to exceed 2019 levels and hit a record high of 103mboe/d in 2H23. Emerging Asia, including India, should return to driving oil demand growth in 2023. Meanwhile, Russian oil production should fall in 2023 due to the EU's embargo on Russian crude and refined products (to come into force on 5 February). While production outside the OPEC+ group, which is primarily driven by the US, will likely grow again in 2023, the increase should only be modest following years of underinvestment in building new supply. With OECD oil inventories (commercial and strategic) standing at the lowest level since 2004 and spare capacity set to keep dwindling in 2023, UBS believes higher prices are needed to slow down oil demand growth and encourage investments in new production. 2022 has proven to be another strong year for the oil and gas players. According to Rystad, revenues of public E&P companies increased 55% in 2022, reaching $2.4tn in total. This is about 40% higher than the previous record from 2013. This is not, however, as impressive as the growth in profit, where profit is defined as revenue minus all operational costs, cash to governments and investments. Combined profit reached $800bn, 76% higher than in 2021, which was the previous record year in terms of profit. On the other side, total investments grew by 18%, or $45bn, over 2021. The global upstream investment ratio dropped to about 27% this is a new all-time low. This shows that oil and gas companies remain cautious and the shift in industry behaviour of return vs. growth may continue. Nevertheless, the E&P energy weighting in the S&P500 remains well below historical averages (even after this year's outperformance), but it is attracting attention. What's particularly interesting is the gap between earnings contribution and market cap weight is essentially as high as it was in 2007-2008. In fact, looking at P/E, there are few periods where energy has traded this cheap (mid -1980s post oil collapse, 2005-2009, 2011-2012, and today). The ECF has now a record low P/CF of 2.8x.

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December 2022

Financial statistics*

Number of holdings	25
Market cap	$32bn
P/E 2023E	4.9x
P/cash flow	2.8x
EV/EBITDA 2023E	2.6x
FCF yield 2023E	19.9%
Dividend yield	6.7%
Net debt/equity	59%

Operating statistics in boe*

Production	272 kboe/d
Cash costs	$13/boe
Reserve life (1P reserves)	12 years
Reserve valuation (EV/1P)	$15/boe
F&D organic costs 3yrs avg	$15/boe

Market cap. segmentation*

Small	< $3bn	14%
Mid	$3 - 30bn	55%
Large	> $30bn	31%

Top commodity exposure*

Crude & liquids	56%
Natural gas	44%

Top 5 country exposure (production)*

United States	41%
Norway	13%
Canada	11%
Brazil	8%
Australia	5%

Top 5 holdings

Woodside Energy	4.9%
TotalEnergies	4.8%
ENI	4.8%
Galp Energia	4.7%
BP	4.7%

ESG transparency**	ECF	Benchmark
Scope 1 GHG/EVIC	203	249
Scope 1,2,3 GHG/EVIC	3'326	3'450
GHG intensity	359	438
Gas flaring	418	776
Hydrocarbon spills	81	140
Fatality rate	0.3%	0.7%
Women on board	29%	22%
Independent board	75%	79%
Insider ownership	12%	4%

***find more in our ESG Quarterly*

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. 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. 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 reamins continual, while they are becoming scarcer.

Why natural resource equities and the Industrial Metals Champions Fund

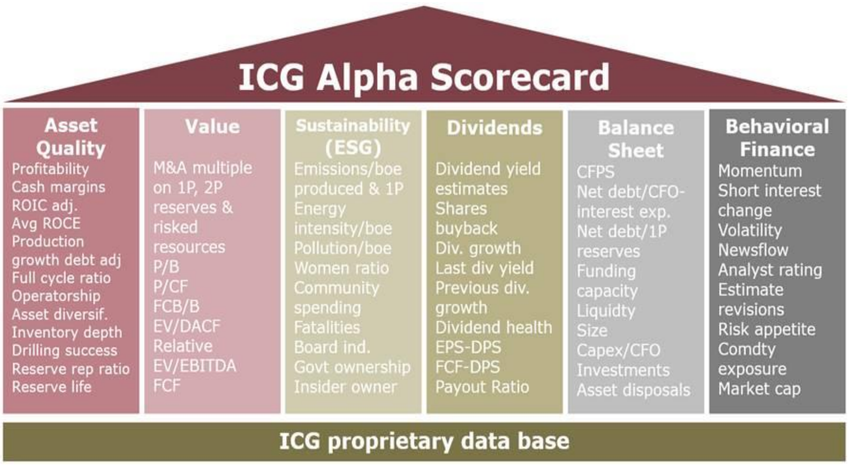
Natural resource companies are entering a phase of improving margins and the valuation is very low on a relative basis compared to the global equity markets. A portfolio of natural resource equities reduces firm specific risks while it increases the commodity exposure. The Energy Champions Fund offers the investor the opportunity to participate in an actively managed portfolio of energy s companies active in the attractive oil and gas sector and this in a pragmatic sustainable way.

ICG Investment Process

Our investment process is based on a quantitative approach to find the best-in-class companies. The consistent methodological process 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. We developed a proprietary data base to better analyse financial and operating figures. Extensive data is used (>170'000 data points) to analyse trends across the industry and pinpoint sector champions. 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.

ICG Alpha Scorecard

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. The majority of variables are dynamic and based on historical figures from the last fiscal year or on a 3 year average. All 25 positions are equally weighted, however we may reduce the weight or even exclude a company on exceptionally events (e.g. oil spill, political risk).



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.

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