

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 \$25m

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 WFEC1A1 LX Equity

A2 WFEC1A2 LX Equity

I2 WFEC1I2 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

April 2023

Performance over 1 year -1%



Cumulative net performance in USD

	NAV	April	YTD	CY2022	3 Years	5 Years	Since Inception
	31.03.2023	31.03.-28.04.2023					
Class A1	59.8	5.0%	-5.3%	25.2%	138.9%	-5.6%	-40.3%
Class A2	51.9	5.0%	-5.3%	25.2%	138.9%	-5.6%	-40.3%
Class I2	518.9	5.1%	-5.1%	26.0%	143.5%	-2.5%	-38.2%

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

Monthly comment

The recent banking crisis resulted in a sell-off in risk assets and commodities. Nevertheless, OPEC+'s oil output-cut bombshell at the start of April is widely expected to tighten oil markets further. Experts see the reason behind the cut being more economic than political as they want to keep oil prices at a comfortable level, which most estimate at \$80/bl. Analysts expect the 2H of 2023 to show a deficit of >1.4mboe/d on average. Looking into oil and gas companies, first quarter earnings season started well. The two largest US oil and gas companies ExxonMobil and Chevron reported booming profits of \$11.4bn resp. \$6.6bn. Both companies have posted hefty profits averaging \$9-11bn for four straight quarters even as international crude prices slid more than 35% from last year's peak. Despite increasing dividends and buybacks, spare cash is increasing. Meanwhile, Exxon's net debt to capital ratio shrank to 4% and has a near record cash pile of \$33bn. As companies remain aflush with cash, it is no wonder that M&A rumours are increasing. Most notable was the WSJ rumour that ExxonMobil would be looking into Pioneer Natural Resources to become the Permian champion with a substantial amount of high-yielding undrilled inventory. However, despite being a much-anticipated target, nothing happened so far. Nevertheless, according to Rystad assets worth \$21bn are currently up for sale in the Permian alone. The potential for a string of acquisitions in 2023 is no surprise to us. Another interesting development is the changing investor perception towards the sector as a solution to the energy transition. As the plans to build up low-carbon businesses to achieve scale start to take shape, supported not least by the strength of upstream cash flows and strong balance sheets, we believe the message of the legacy major oil and gas companies as being part of the solution to the energy transition is starting to resonate with investors. Our impression is that the markets' approach to the energy transition is becoming more balanced and educated, with the major oil and gas companies being more aptly referred to as integrated energy companies. We think that energy companies are key to the energy transition as they understand energy systems with all their operational, geological, geopolitical challenges u.a. and this is still underestimated.

ECF Factsheet

Financial statistics*

Number of holdings	25
Market cap	\$24bn
P/E 2023E	6.9x
P/cash flow	2.4x
EV/EBITDA 2023E	3.0x
FCF yield 2023E	14.2%
Dividend yield	7.6%
Net debt/equity	20%

Operating statistics in boe*

Production	192 kboe/d
Cash costs	\$13/boe
Reserve life (1P reserves)	12 years
Reserve valuation (EV/1P)	\$15/boe
F&D organic costs 3yrs avg	\$14/boe

Market cap. segmentation*

Small	< \$3bn	22%
Mid	\$3 - 30bn	52%
Large	> \$30bn	26%

Top commodity exposure*

Crude & liquids	60%
Natural gas	40%

Top 5 country exposure (production)*

United States	34%
Canada	17%
Norway	11%
Brazil	8%
Kurdistan	6%

Top 5 holdings

Cnooc	5.2%
MOL Hungarian Oil & Gas	4.8%
ARC Resources	4.6%
Chord Energy	4.6%
Chesapeake Energy	4.5%

ESG transparency** ECF Benchmark

Scope 1 GHG/EVIC	209	233
Carbon footprint/EVIC	219	259
GHG intensity	350	411
Gas flaring	219	577
Hydrocarbon spills	76	146
Fatality rate	0.1%	0.4%
Women on board	25%	30%
Independent board	72%	79%
Insider ownership	10%	4%

**find more in our ESG Quarterly



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" fund.

Contact

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

Disclaimer: This is an advertising document. The state of the origin of the fund is Luxembourg. In Switzerland, the representative is ACOLIN Fund Services AG, Leutschenbachstrasse 50, CH-8050 Zurich, whilst the paying agent is Credit Suisse (Switzerland) Ltd., Paradeplatz 8, CH-8001 Zurich. The prospectus, the key information documents or the key investor information documents, the articles of association as well as the annual and semi-annual reports may be obtained free of charge from the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units.

April 2023

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 remains continual, while they are becoming scarcer.

Why natural resource equities and the Industrial Metals Champions Fund

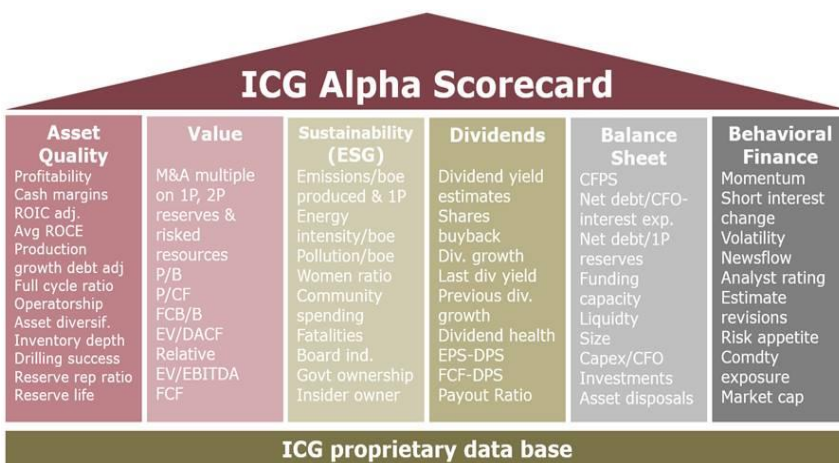
Natural resource companies are entering a phase of improving margins and the valuation is very low on a relative basis compared to the global equity markets. A portfolio of natural resource equities reduces firm specific risks while it increases the commodity exposure. The Energy Champions Fund offers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