

# 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

#### Custodian

Credit Suisse (Luxembourg) S.A.

### Codes

#### Share classes

- A1 Retail USD class, accumulating
- A2 Retail USD class, distributing
- I1 Institutional USD class, accumulating
- I2 Institutional USD class, distributing

#### Bloomberg ticker

- A1 WFEC1A1 LX Equity
- A2 WFEC1A2 LX Equity
- I1 WFEC1IA LX Equity
- I2 WFEC1ID LX Equity

#### ISIN

- A1 LU1018863792 C *pending*
- A2 LU1018863875 I1 LU1092312823
- B *pending* I2 LU1092313045

#### Valor-Number

- A1 23322792 C *pending*
- A2 23322921 I1 25025471
- B *pending* I2 25025474

### Dealing & prices

#### Mgmt fee p.a.

- A1 1.25% C 2.00%
- A2 1.25% I1 0.65%
- B 1.50% I2 0.65%

#### Min Subscription

- A1 USD \$1m C One share
- A2 USD \$1m I1 USD \$5m
- B USD \$0.5m I2 USD \$5m

#### Trading frequency

Daily

## February 2024

### Performance over 3 years



### Cumulative net performance in USD

	NAV	February	YTD	3 Years	5 Years	10 Years	Since Inception*
	29.02.2024	31.01. - 29.02.2024					
Class A1	64.0	3.4%	-2.3%	78.5%	27.5%	-36.1%	-36.1%
Class A2	54.5	3.4%	-2.3%	78.5%	27.5%	-36.1%	-36.1%
Class I1*	94.6	3.5%	-2.2%				-5.9%
Class I2*	547.3	3.5%	-2.2%	81.9%	31.7%		-33.5%

\*I2-Class since 12.9.2014, I1-Class since 01.12.2022

### Monthly comment

Crude oil has seen a gradual but steady upward trend this year. The widening time spreads indicate a tightening of physical conditions influenced by various disruptions, such as attacks on ships in the Red Sea. Hedge funds have also reduced their short positions. Nevertheless, delayed expectations of a Federal Reserve rate cut, robust production from non-OPEC+ sources and an uncertain Chinese demand outlook have limited gains. OPEC+ extended its oil production cuts until the middle of the year, totalling around 2mboe/d. This extension had been widely expected by traders and analysts. Surprisingly, Russia pledged to strengthen its role by focusing more on production cuts than exports. Russia announced an additional 471 kboe/d cut for Q2/24. If these cuts are implemented in full, the oil market is likely to tighten further, according to UBS analysis. The earnings season for international oil companies (IOCs) has come to a close in Q4, with EPS results beating expectations by an average of 7% after missing by 6% in Q3. De-risked balance sheets enabled the sector to beat forecasts, with distributions now averaging 45% of operating cash flow, according to Jefferies. Consolidation in the US shale industry pushed the value of global mergers and acquisitions in the oil and gas exploration sector to its highest level in seven years in the first quarter. Deals worth over \$55bn were announced in the first two months of 2024. In particular, the acquisition of Endeavor Energy Resources by Diamondback Energy, both of which focus on the Permian Basin, attracted a lot of attention. Woodmac reports that the ten largest producers in the Permian Basin will now account for 53% of production in the basin. M&A's have the potential to lower the break-even point through cost synergies and encourage a move away from short-term thinking in terms of investment and growth, making companies less vulnerable to price volatility. It is worth noting that such acquisitions are often preceded by a slowdown in oil and natural gas production growth. Therefore, this series of follow-on deals could also support global crude oil and natural gas prices.

**ECF Factsheet**

## Financial statistics\*

Number of holdings	25
Market cap	\$32bn
P/E 2024E	9.0x
P/cash flow	3.3x
EV/EBITDA 2024E	3.4x
FCF yield 2024E	12.2%
Dividend yield	5.7%
Net debt/equity	19%

## Operating statistics in boe\*

Production	224 kboe/d
Cash costs	\$17/boe
Reserve life (1P reserves)	11 years
Reserve valuation (EV/1P)	\$12/boe
F&D organic costs 3yrs avg	\$15/boe

## Market cap. segmentation\*

Small	< \$3bn	34%
Mid	\$3 - 30bn	41%
Large	> \$30bn	25%

## Top commodity exposure\*

Crude & liquids	61%
Natural gas	39%

## Top 5 country exposure (production)\*

United States	56%
Norway	7%
Canada	6%
Kurdistan	6%
China	4%

## Top 5 holdings

Cnooc	6.1%
Diamondback Energy	5.2%
SM Energy	5.1%
Chesapeake Energy	4.9%
Shell	4.6%

## Transparency ECF O&amp;G Universe

Scope 1 GHG/EVIC	252	411
Carbon footprint/EVIC	268	442
GHG intensity	318	463
Gas flaring	390	916
Hydrocarbon spills	53	106
Fatality rate	0.00%	0.33%
Women on board	26%	22%
Independent board	75%	62%
Sustainability Rating	57.3	40.4



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

**Independent Capital Group AG**

Waldmannstrasse 8  
 8001 Zurich  
 +41 44 256 16 16

<http://www.independent-capital.com>

\* 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.

**February 2024**

## 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

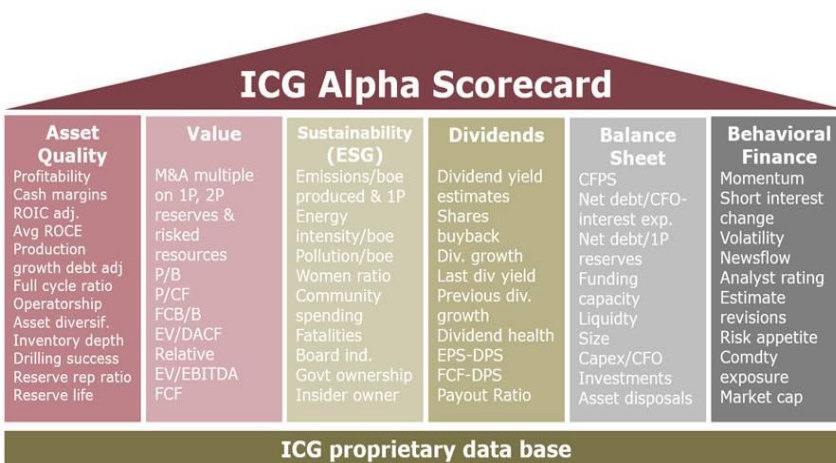
Natural resource companies are entering a phase of improving margins and the valuation is very low on a relative basis compared to the global equity markets. A portfolio of natural resource equities reduces firm specific risks while it increases the commodity exposure. The Energy Champions Fund offers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



## ICG proprietary data base

## 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.