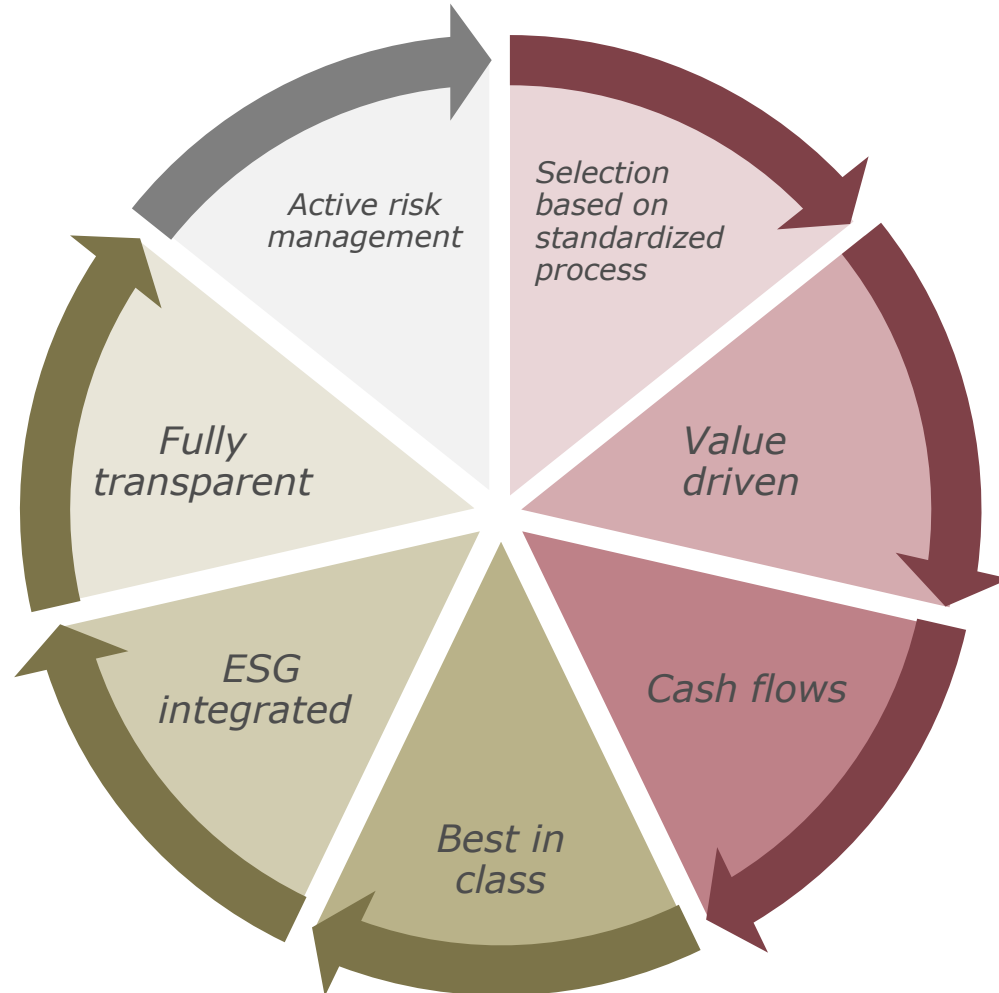


ICG Investment Funds  
**ENERGY CHAMPIONS FUND**

August 2022

ICG Investment Funds  
Why invest with us

Actively managed balanced portfolio of 25 companies



# Energy Champions Fund Performance

**MSCI**  
ESG RATINGS

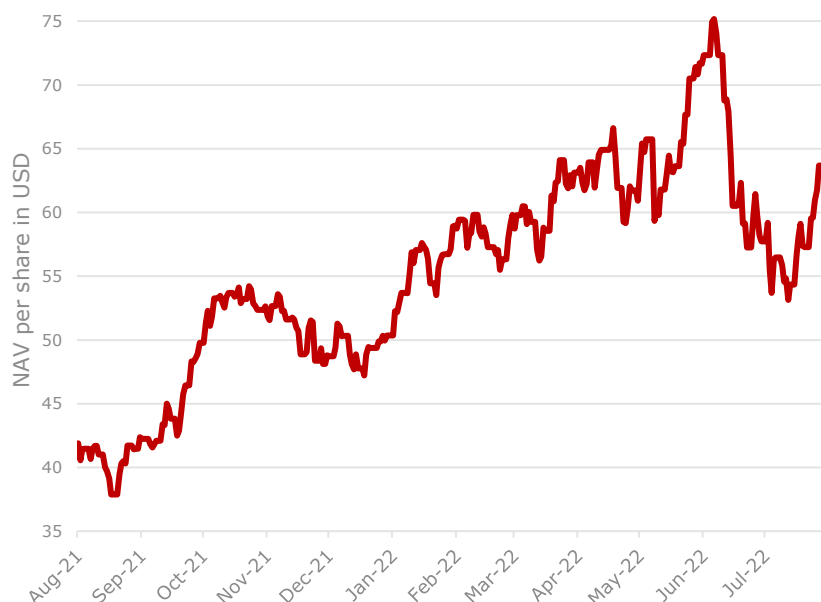


CCC B BB BBB **A** AA AAA

**ENERGY**  
CHAMPIONS FUND



ECF performance over 1 year at **53.5%**



Indexed performance since inception vs. S&P GSCI Energy Index TR



Cumulative performance, net total return

Share classes	FX		NAV 29.07.2022	July	YTD	CY2021	1 Year	2 Years	3 Years	5 Years	Since inception*
Class A1	USD	Acc.	63.7	9.4%	26.4%	80.4%	52.5%	154.7%	42.8%	19.1%	-36.3%
Class A2	USD	Distr.	55.3	9.4%	26.4%	80.5%	52.5%	154.6%	42.8%	19.1%	-36.4%
Class I2	USD	Distr.	550.3	9.4%	26.9%	81.6%	53.5%	157.9%	45.5%	23.0%	-36.7%
Class I1	USD	Acc.									

Percentile scoring to peers acc. Bloomberg **67%** **99%** **80%** **61%** **38%**

\*Inception share class A1 & A2 was 28.02.2014, share class I2 was 12.09.2014

# Energy Champions Fund

## Portfolio transparency

### ENERGY CHAMPIONS FUND



Financials	ECF	MSCI World Energy	Operating Upstream companies	ECF	MSCI World Energy*	All 25 holdings	ECF
Number of holdings	25	70	Production in kboe/d	253	847	VERMILION ENERGY INC	5.5%
Upstream in %	92%	56%	Share of oil in production	57%	60%	PETROLEO BRASILEIRO-SPON ADR	5.1%
Market cap	\$40bn	\$153bn	Production CAGR 2021-2025E	5.6%	1.8%	TOURMALINE OIL CORP	5.0%
P/B	1.9x	2.1x	Cash costs \$/boe	15.3	18.3	EQUINOR ASA	4.6%
P/Cash Flow	4.0x	7.2x	F&D costs organic \$/boe	15.2	17.2	WOODSIDE ENERGY GROUP LTD	4.5%
EV/EBITDA 2022E	2.9x	5.1x	Reserve valuation EV/1P (Proven Reserves) \$/boe	16.1	21.5	BP PLC	4.5%
EV/EBITDA 2023E	3.0x	5.4x	Reserve valuation EV/2P Reserves \$/boe	10.1	13.2	ARC RESOURCES LTD	4.2%
P/E 2022E	4.8x	8.7x	Resource valuation EV/ Resources \$/boe	6.3	6.9	CENOVUS ENERGY INC	4.2%
P/E 2023E	5.0x	8.9x	1P Reserve Life in years	11.4	11.5	PIONEER NATURAL RESOURCES	4.2%
EBITDA Margin 2022E	63%	34%	Reserve replacement ratio (RRR Index)	94%	25%	MURPHY OIL CORP	4.1%
FCF yield 2022E	22.5%	15.0%	Operated assets	67%	60%	COMSTOCK RESOURCES INC	4.1%
FCF yield 2023E	18.8%	12.3%	Drilling success rate 3 years avg	65%	68%	CONOCOPHILLIPS	4.1%
ROE	23.7%	20.5%				DIAMONDBACK ENERGY INC	4.1%
ROIC	27.0%	17.1%				MARATHON OIL CORP	4.1%
Dividend yield	5.6%	3.8%				CNOOC LTD	4.1%
Net debt/ equity	44%	47%				SUNCOR ENERGY INC	4.0%
Insider ownership	10.8%	0.9%				TOTALENERGIES SE	4.0%
						PDC ENERGY INC	3.9%
						AKER BP ASA	3.7%
						SERICA ENERGY PLC	3.5%
						PAREX RESOURCES INC	3.1%
						RANGER OIL CORP-A	2.9%
						YANGARRA RESOURCES LTD	2.9%
						DNO ASA	2.8%
						CHORD ENERGY CORP	2.7%

All figures based on weighted averages as per 03.08.2022

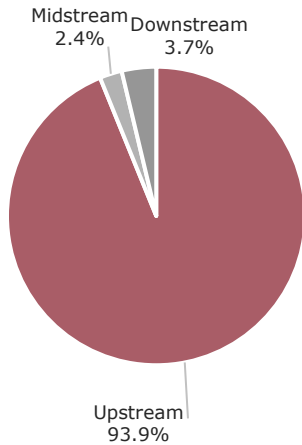
Sources: Bloomberg, ICG Database

# Energy Champions Fund

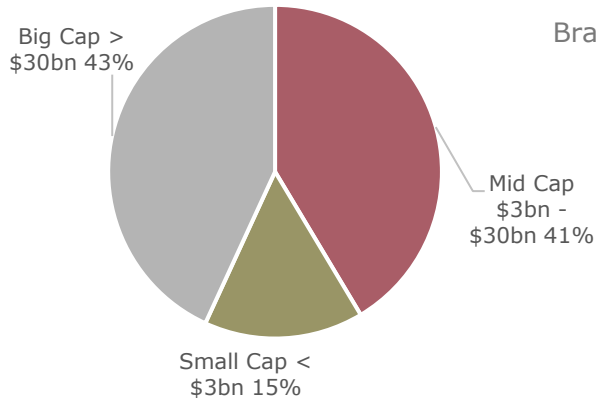
## Portfolio exposure



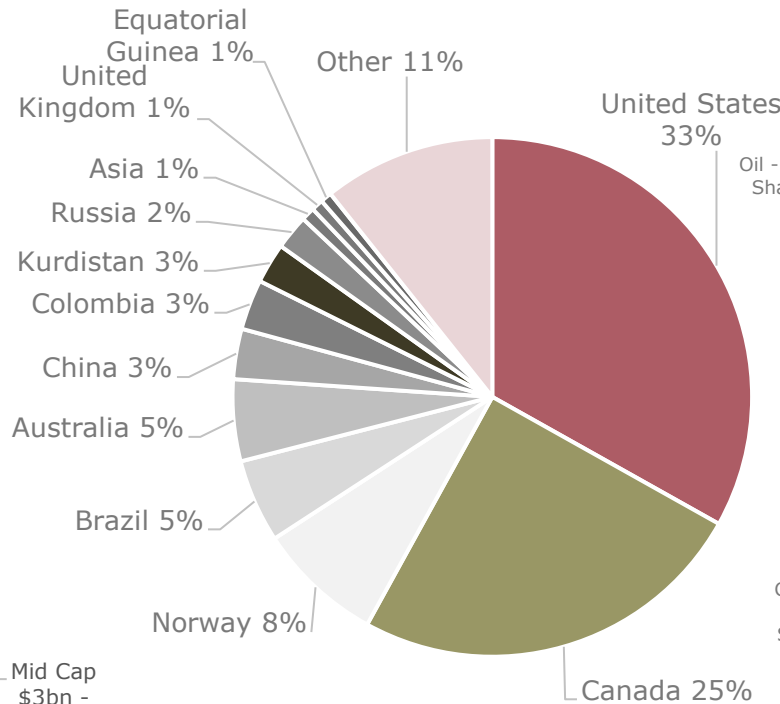
Sub-segment exposure



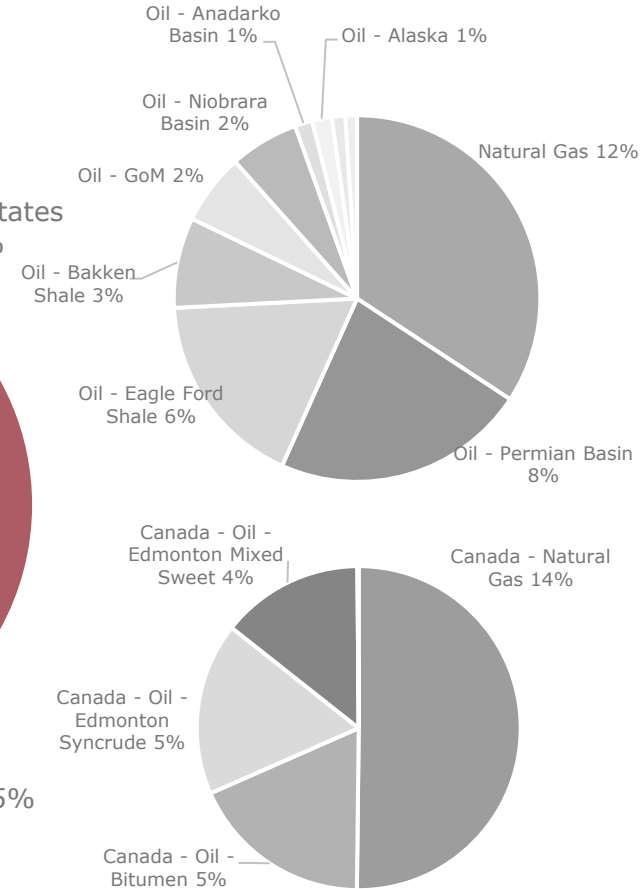
Market cap segmentation



Production exposure in BOE



North America Exposure



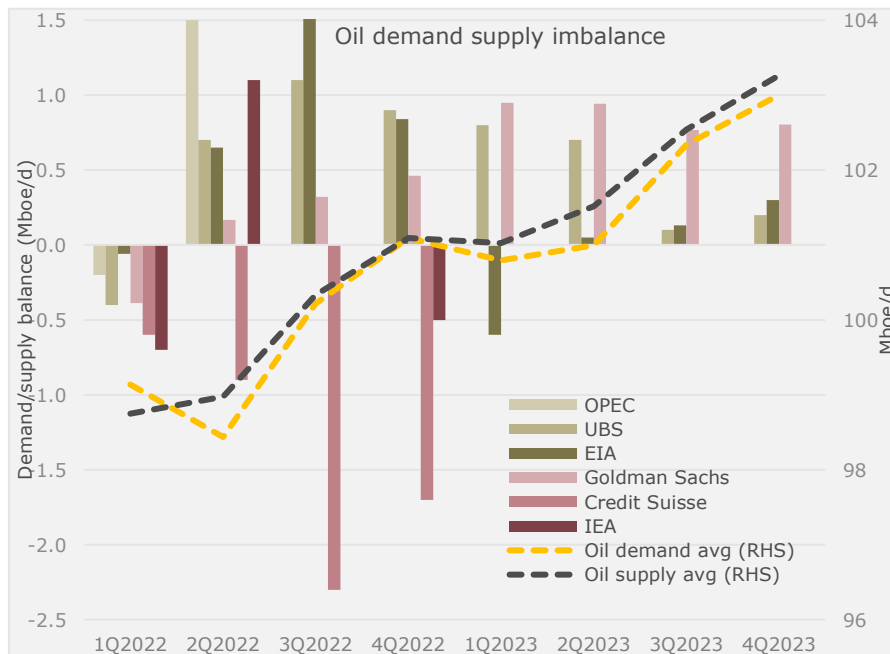
\* All figures based on weighted averages as per 03.08.2022

## Energy markets

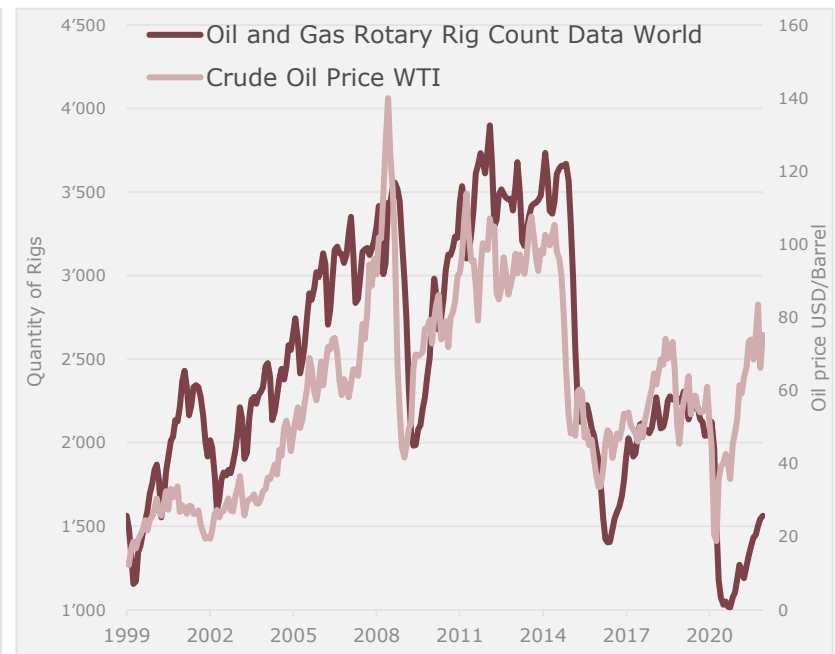
# Oil markets to continue tight

- Crude oil markets were in deficit during 2021 and since the beginning of the war and the outlook is difficult
  - About 2/3 of Russian oil was struggling to find buyers even at hugely discounted prices
  - Russia is the world's third-largest producer of oil (11.5% of global output) and second-largest exporter of oil
  - At risk in total on the energy side is 4.3mboe/d of oil, 2.8mboe/d of oil products and 120bcm of gas
- Meanwhile, oil demand increased again and recovered to pre-pandemic levels in 2022 and will grow through 2030 according to most analysts
- The lack of investment in new supply over the last five years comes to view
  - Reinvestment rate is the lowest in over 20 years. Lack of major projects to pressure medium-term supply

Oil market imbalance continued to recover but 2022 to stay relatively tight and outlook increasingly unsure



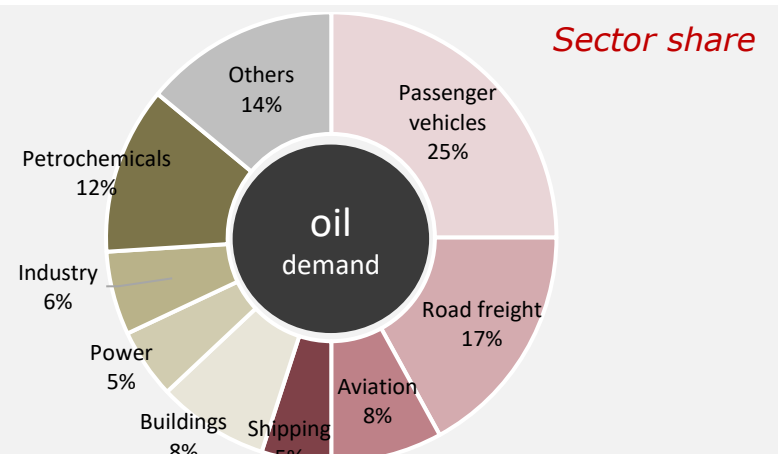
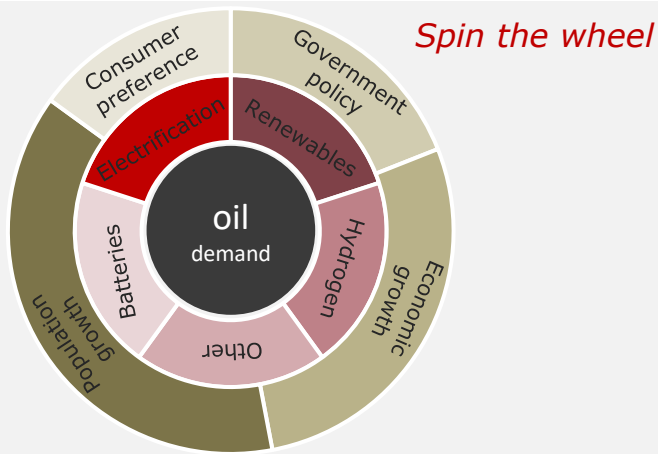
Disconnect between rising oil prices and the apathy in the number of rig count around the world



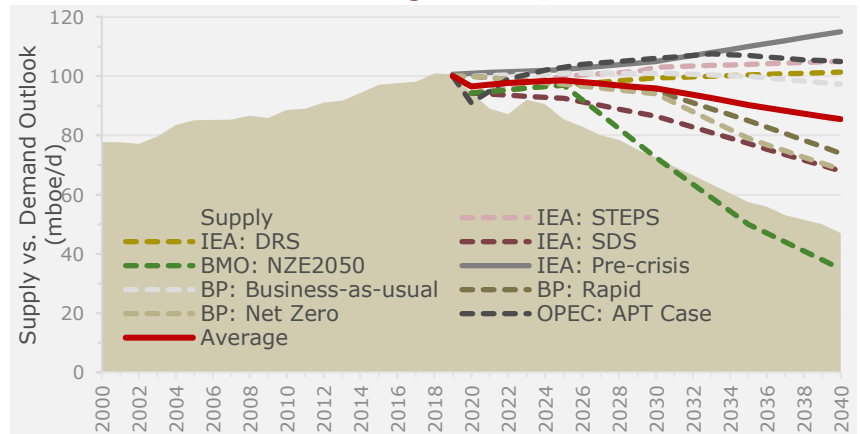
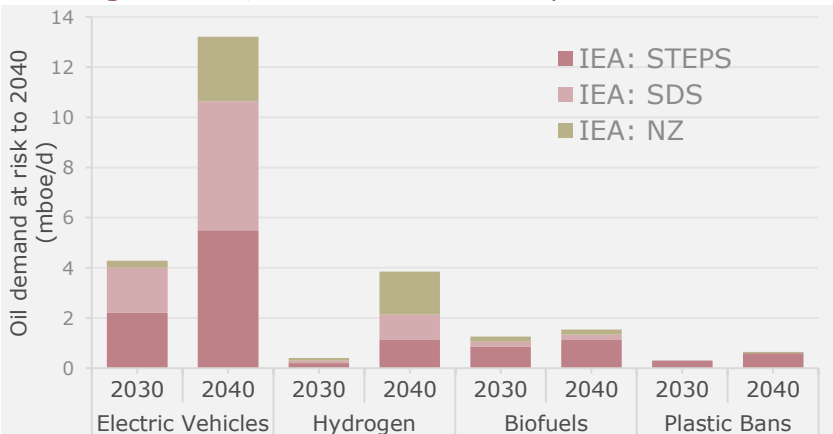
# Future of oil?

## Significant debate on the future of oil

There is an increasingly aggressive push by many developed countries to dramatically reduce or eliminate the consumption of fossil fuels. The transition to “clean energy” has become an irresistible force that is gaining momentum, especially in the developed world.

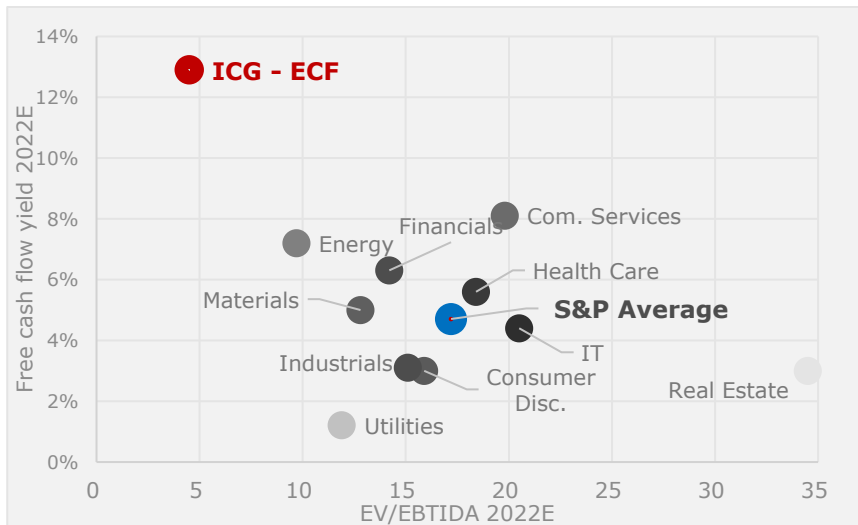
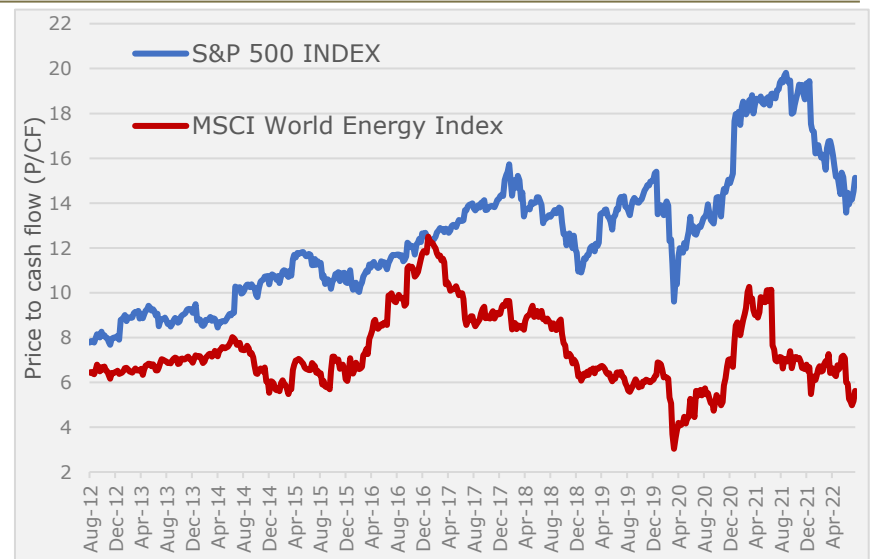
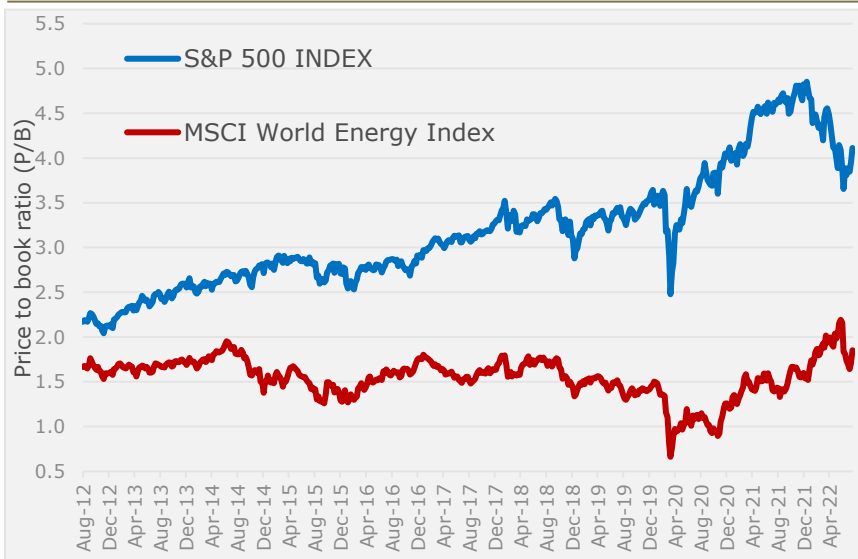


By 2030 ~5mboe/d of oil demand is at risk, mostly from increasing EV penetration. By 2040, the potential volume of demand that is lost grows, however, total demand in 2040 could still be roughly in line with where it was in 2019. This is because **transitions do not happen overnight**. In fact, oil demand is most likely to continue to increase over the next decade before it begins a slow, inexorable decline.



# Comeback?

## Valuation relative as well as absolute record low







## ICG Alpha Scorecard Variables

- The ICG Alpha Scorecard is based on a multiple of variables (statistically robust dependence of performance to scorecard variables). Variables are based on a mix of financial and operational figures as well as soft criteria

# ICG Alpha Scorecard

Asset Quality	Value	Sustainability (ESG)	Dividends	Balance Sheet	Behavioral Finance
<ul style="list-style-type: none"> <li>Profitability</li> <li>Cash margins</li> <li>ROIC adj.</li> <li>Avg ROCE</li> <li>Production growth debt adj</li> <li>Full cycle ratio</li> <li>Operatorship</li> <li>Asset diversif.</li> <li>Inventory depth</li> <li>...</li> </ul>	<ul style="list-style-type: none"> <li>M&amp;A multiple on 1P, 2P reserves &amp; risked resources</li> <li>P/B</li> <li>P/CF</li> <li>FCB/B</li> <li>EV/DACF</li> <li>Relative EV/EBITDA</li> <li>...</li> </ul>	<ul style="list-style-type: none"> <li>Emission/boe produced &amp; 1P</li> <li>Energy intensity/boe</li> <li>Pollution/boe</li> <li>Women ratio</li> <li>Community spending</li> <li>Fatalities</li> <li>Board ind.</li> <li>...</li> </ul>	<ul style="list-style-type: none"> <li>Dividend yield estimates</li> <li>Shares buyback</li> <li>Div. growth</li> <li>Last div yield</li> <li>Previous div. growth</li> <li>Dividend health</li> <li>...</li> </ul>	<ul style="list-style-type: none"> <li>CFPS</li> <li>Net debt/CFO-interest exp.</li> <li>Net debt/1P reserves</li> <li>Funding capacity</li> <li>Liquidty</li> <li>Size</li> <li>Capex/CFO</li> <li>...</li> </ul>	<ul style="list-style-type: none"> <li>Momentum</li> <li>Short interest change</li> <li>Volatility</li> <li>Newsflow</li> <li>Analyst rating</li> <li>Estimate revisions</li> <li>Risk appetite</li> <li>...</li> </ul>

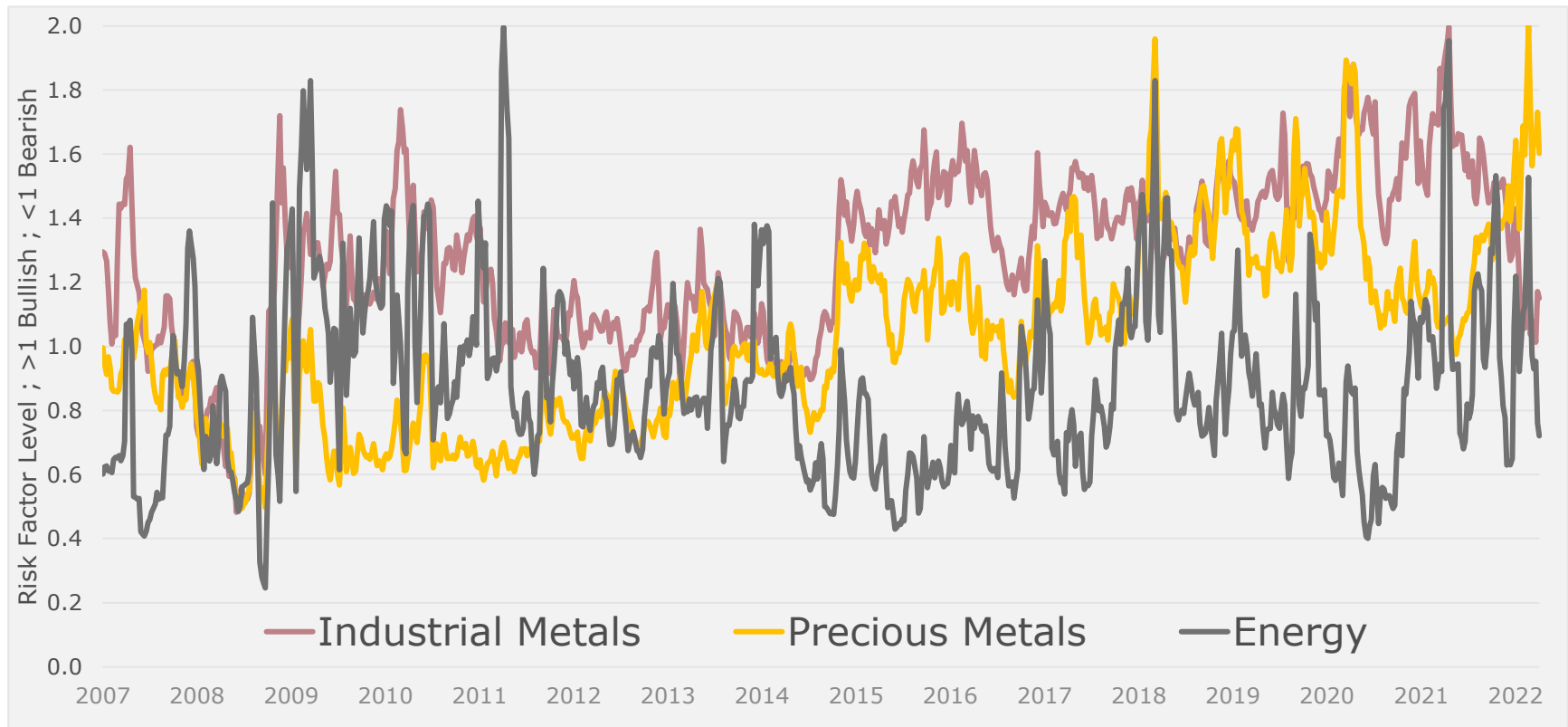
**ICG proprietary data base**

## ICG Risk Factor Model

### Dynamic and systematic asset allocation

- ICG applies a rule based systematic approach to define the current attractiveness of the main sub-sectors: energy, industrial metals, precious metals and agriculture for equities and commodities
- For this the ICG team developed a dynamic **risk factor model** for each sub-sector

The risk factor model shows "**Bullish > 1.0x and Bearish < 1.0x**" and according to that the we adjust the exposure and market risk to each sub-sector: energy, industrial metals and precious metals



# Asset Management

## Experienced investment team



**Pablo Gonzalez, CFA**  
**Senior Portfolio Manager**

- Prior managing director and portfolio manager for commodities and energy investments with the commodity boutique Gateway Capital Group, Basel
- Private client's advisor with UBS AG, Basel
- Equity sales trader at UBS AG investment banking, Zurich
- CFA Charterholder
- B. A. in Business Admin. (Finance & Controlling), University of Applied Sciences and Arts Northwestern Switzerland FHNW, Basel; Bachelor thesis on "Valuation of Commodity-related Companies"



**Dietrich Joos**  
**Head Asset Management**  
**Partner, Executive Director**

- Board member at Hoffmann & Partner
- Board member at ACM Biosciences
- Non-executive director at Louvre Group
- Prior founding partner of the commodities and energy investment boutique Gateway Capital Group, Basel
- Portfolio manager with F. Hoffmann-La Roche AG (treasury department) where Mr. Joos initiated the participation in several major commodity related deals incl. the management buyout of Marc Rich & Co which is today's Glencore
- Financial analyst (Swiss equities) with UBS AG
- Economist (lic.rer.pol.), University of Basel



**Cyrill Joos**  
**Portfolio Manager**

- Prior Research analyst with Gateway Capital Group, Basel
- Private client's advisor with UBS AG, Basel
- CFA Level 2 candidate
- BSc. in Business Administration, University of Applied Sciences and Arts Northwestern Switzerland FHNW, Basel
- Bachelor thesis on "Analysis of cost ranges of new energy sources"



**Manny Weiss**  
**Advisor**

- International commodities trader, hedge fund manager, financier and businessman
- CEO of Marylebone Diversified LLP, a London based trading advisor in the base metals business
- Prior head of aluminum trading at Marc Rich & Co (later Glencore)
- City University of New York, M.A.

## Why again? Roundup

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### **Relative best companies - ICG Alpha Scorecard**

- *All our investment funds use proven quantitative multi-factor models that are solely based on unemotional systematic and methodological processes. For this we developed a proprietary data base to better analyse financial and operational figures.*
- *The ICG Alpha Scorecard is a quantitative and qualitative screening scorecard that pinpoints sector "champions" with strong economic "moat" based on different variables*
- *We invest in the top 25 companies out of a universe of 150 companies for each sub-sector*

### **Cash flow focus – No exploration or development companies**

- *Cash flow is the ultimate measure of how a business is doing*
- *In the natural resource industry from exploration to production a lot of unexpected things can happen - we want to focus on the ones that already produce and show a cash flow stream*
- *Cash is king and represents safety*

### **Risk Management – Dynamic Risk Factor Model**

- *ICG applies a rule based systematic approach to define the current attractiveness of the main sub-sectors: energy, industrial metals, precious metals and the commodities within*
- *Thanks to this dynamic risk factor model we can adjust the exposure of each sub-sector and increase or reduce the market risk*

### **Sustainability – Done in a pragmatic sustainable way**

- *Sustainability is an integrated part of the ICG investment process. We consider environmental, social and governance criteria without losing sight for return*
- *The Sustainability (ESG) part makes at least 20% of the total scores of the ICG Alpha Scorecard*
- *We report an ESG quarterly report for all our investment funds with the ESG score results from our ICG Alpha Scorecard as well as independent ESG rating agencies*

# Energy Champions Fund

## At a glance

### Fund details & how to invest

Share classes	I1 Institutional
Currency	USD
Distribution	Accumulating
Main Bloomberg ticker	WFECI2D LX Equity
ISIN	LU1092312823
Valoren number	Pending
Mgmt fee p.a.	0.65%
Min. subscription	USD 2 million
Trading frequency	Daily, no lock-up, no redemption fees
Legal status	Luxembourg SICAV with UCITS-IV status
Launch date	March 2014
Fund size	USD 28.0 million
Benchmark	MSCI World Energy Index
Custodian	Credit Suisse AG

### Monthly Newsletter

## ENERGY CHAMPIONS FUND

### ECF Factsheet June 2021

**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

**Performance over 1 year +85.5%**

**Investment strategy**  
Oil recently rallied to above \$70/bbl, its highest level since October 2018. Unlike then, when the market was supported by excessive fear of a potential stop in Iran oil exports, the current rally is driven by a steadily tightening physical market, with strengthening time spreads across WTI, Brent and Dubai. The tight WTI-Brent differential implies that North America is driving the current deficit, as local demand rebounds in the face of inelastic local supply. This tightening is in fact running slightly ahead of most analyst expectations, with high-frequency mobility and flying data pointing to global demand currently near 97.5mbob/d and with shipping data pointing to a still moderate ramp-up in OPEC+ exports. Goldman Sachs estimates that the global market is in a 2.3mbob/d deficit currently, with the remaining excess inventories down to 330mbob. At the current rate of draws, this excess will be gone within 3 months. However, oil prices are down this week as the market awaits the next OPEC+ decision, scheduled for July 1. While the need for higher OPEC+ output in August is clear, there remains scepticism over the magnitude of this next output hike. Ultimately, much more OPEC+ supply will be needed to balance the oil market by 2022. Analysts forecast demand to rise by an additional +2mbob/d by year-end, leaving for a 5mbob/d supply shortfall, well in excess of what Iran (1mbob/d max) and US shale producers can bring online (expected up 0.3mbob/d over the year-end). Therefore, it's not so surprising to see some commodity traders like Triflora or bank analysts like Bank of America saying oil may surge to \$100/bbl next year. After the hard times of 2019/20, the higher oil prices came initially as a relief and now as an opportunity for the oil and gas producers. Firstly, a wider array of organic developments should provide good returns with budgeting at \$60/bbl; and secondly, the large-scale continuing divestment by the major oil companies - driven by a push towards greener energy - is providing scope for organic growth. Oil and gas companies are generating record free cash flows currently and valuation continue to be depressed. Further to that, futures prices for crude oil and natural gas remain well ahead of sell-side consensus expectations based on data compiled by Bloomberg. This suggests material C/P / EPS revisions are anticipated in the coming months. We continue to see the current environment as a very attractive investment opportunity for the natural resource sector.

**Share classes**  
I1 Institutional USD class, accumulating

**Main Bloomberg ticker**  
WFECI1 LX Equity

**ISIN**  
LU1092312823

**Dealing & prices**  
Mgmt fee p.a.: 0.65%

**Min Subscription**  
I1 USD 2m

**Trading frequency**  
Daily

PDF

### ESG Quarterly

## ENERGY CHAMPIONS FUND

### ESG Quarterly Report 2Q 2021

**Responsible Investment**  
Sustainability is an integrated part of the ICG investment process. The Sustainability (ESG) part makes at least 20% of the total scores of the ICG Alpha Scorecard

**ICG Alpha Scorecard ESG results**

Category	ECF	Universe	Delta
Environmental	36.4	45.4	-26%
CO2/production	13.5	44.0	-69%
GHG/production	2.4	1.9	27%
Waste/production	98	196	-50%
Energy intensity	1.1	2.0	-44%
Gas flaring/production	0.1	0.7	-82%
Spills/production	392	436	-10%
Embedded carbon/reserves			

**Overall Better**  
ICG environmental footprint overall better

**Independent ESG rating scores**

**South Pole**  
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

**Sustainability**  
Built on a transparent methodology, Sustainability's ESG Risk Ratings empower investors with a coherent and consistent approach to assessing financially material Environmental, Social and Governance (ESG) data and issues that affect the long-term performance of their investments at both the security and portfolio level.

**SUSTAINALYTICS ESG Risk Rating**

Rating	Score
High	38.9
Severe	43.9

**ESG Risk Rating Universe**  
40+

**MSCI ESG Research**  
An MSCI ESG Rating is designed to measure a company's resilience to long-term, industry material environmental, social and governance (ESG) risks. MSCI uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. MSCI ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC).

**ESG MSCI ESG Rating**  
BB

**Overall Better**  
The fund's overall ESG Rating is BB, which is better than the average of its peers.

**ESG Governance score**

Category	ECF	Universe	Delta
Governance	11%	13%	-18%
Disclosure score	24%	20%	+20%
Policy score	77%	65%	+18%
Board independence	62	61	0%
Board avg. age	14%	7%	100%
Insider ownership	7%	4%	61%
Govt ownership	68	70	-3%

**Overall Better**  
ICG governance score overall better

**Contact**  
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Phone: +41 43 81 11 11 | Email: info@icg.com

PDF

## THANK YOU FOR YOUR TRUST

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