INDEPENDENT
CAPITAL GROUP

MSCI ESG RATINGS AA

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

# ENERGY
## CHAMPIONS FUND





## ECF Factsheet

## February 2023

### 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

**Benchmark**
MSCI World Energy Sector Net TR Index

**Custodian**
Credit Suisse (Luxembourg) S.A.

### Codes

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

**Main Bloomberg ticker**
WFECHA1 LX Equity

**ISIN**
I1 LU1092312823

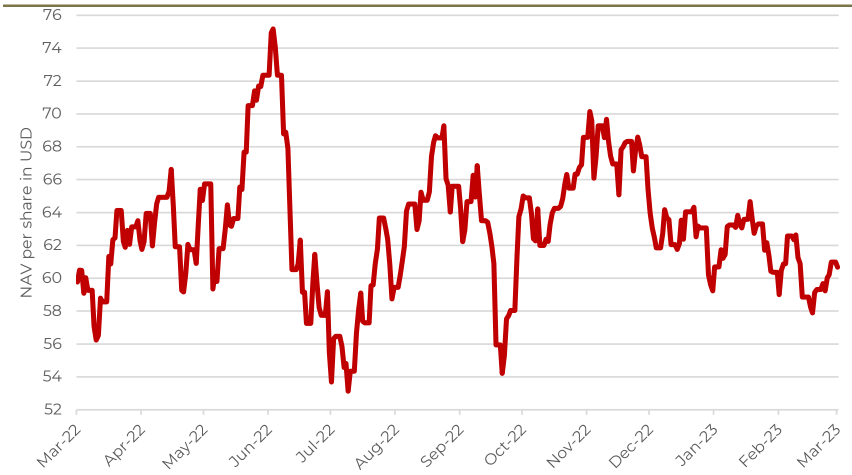
### Dealing & prices

**Mgmt fee p.a.**
I1 0.65%

**Min Subscription**
I1 1 share

**Trading frequency**
Daily

### Performance over 1 year +1%




### Cumulative net performance in USD

| | NAV | February | YTD | CY2022 | 3 Years | 5 Years | Since Inception |
|---|---|---|---|---|---|---|---|
| | 28.02.2023 | 31.01.-28.02.2023 | | | | | |
| Class A1 | 59.2 | -4.7% | -6.1% | 25.2% | 77.6% | 9.6% | -40.8% |
| Class A2 | 51.5 | -4.7% | -6.1% | 25.2% | 77.6% | 9.6% | -40.8% |
| Class I2 | 514.0 | -4.7% | -6.0% | 26.0% | 81.0% | 13.1% | -40.9% |

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

### Monthly comment

Energy markets remain lower this year as the prospect of tighter US monetary policy and rising inventories in the US have so far outweighed optimism that Chinese demand will strengthen as activity picks up. Indeed, China's crude oil consumption is expected to hit pre-pandemic highs and might contribute to most of the global oil demand in 2023 according to most analysts. On the supply side, US shale growth could slow to 300kboe/d in 2023, which is half of the growth of last year on issues with labour shortages and supply chain bottlenecks according to the Fed of Dallas and the EIA. Further to that, Russian flows are also in focus as western sanctions and bans related to the war in Ukraine tighten. However, markets have generally overestimated the extent of Russian oil supply disruptions since the Ukraine war began. Nevertheless, Russia's deputy prime minister Novak recently indicated that the country will cut its oil production by 500kboe/d in March. According to Goldman Sachs, after all, the bullish micro fundamental story is still very much intact. Even front-end oil time spreads have moved back into backwardation, a sign of physical tightness. Interestingly, products now exhibit higher implied volatility than crude prices, unprecedented since the mid-2000s "Golden Age of Refining", highlighting that the most binding constraints exist in seaborne transportation and distillation, rather than well-head production. This has direct implications for crude differentials, where quality concerns (product netbacks) and seaborne transportation costs now govern regional swings in crude prices. On the natural gas side, several US companies recently announced they are pulling back on gas drilling as US gas prices have fallen by about 50% this year. February saw the most oil and gas rig drop since June 2020. The 4Q results for the oil and gas companies have proven what we have communicated for some time. The profit for the upstream industry reached a record high-level last year. Interestingly, a key observation from the quarter results is the change in strategy from some of the European majors. Companies like BP and Shell have reversed some of their aggressive energy transition strategies. The clearest case is BP, the company is now guiding higher future upstream investments and higher oil and gas production. This is evidence that energy security is probably becoming more important post-Russia's invasion of Ukraine.

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## ECF Factsheet — February 2023

### Financial statistics*

| | |
|---|---|
| Number of holdings | 25 |
| Market cap | $25bn |
| P/E 2023E | 5.9x |
| P/cash flow | 2.5x |
| EV/EBITDA 2023E | 2.8x |
| FCF yield 2023E | 15.6% |
| Dividend yield | 7.5% |
| Net debt/equity | 29% |

### Operating statistics in boe*

| | |
|---|---|
| Production | 191 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 | 12% |
| Brazil | 8% |
| Kurdistan | 7% |

### Top 5 holdings

| | |
|---|---|
| PDC Energy | 4.5% |
| Woodside Petroleum | 4.4% |
| Cnooc | 4.4% |
| MOL Hungarian Oil & Gas | 4.4% |
| BP | 4.4% |

| ESG transparency** | ECF | Benchmark |
|---|---|---|
| Scope 1 GHG/EVIC | 225 | 249 |
| Carbon footprint/EVIC | 239 | 279 |
| GHG intensity | 389 | 431 |
| Gas flaring | 201 | 547 |
| Hydrocarbon spills | 74 | 140 |
| Fatality rate | 0.0% | 0.7% |
| Women on board | 27% | 30% |
| Independent board | 72% | 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

### 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

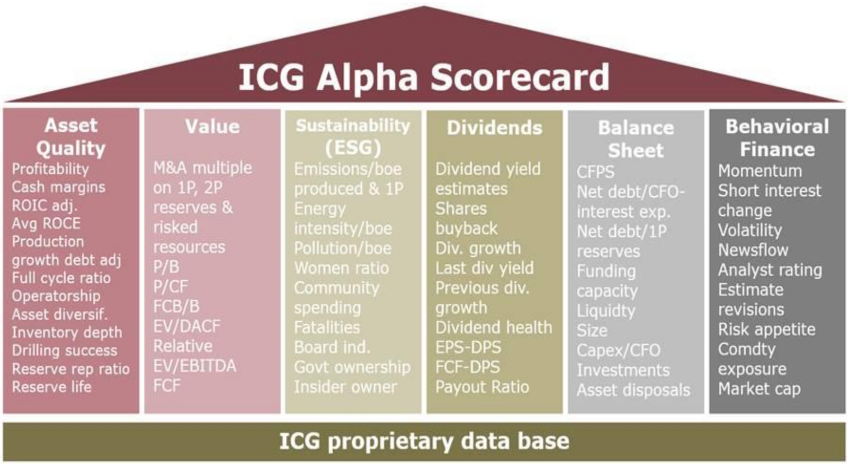
Natural resource companies are entering a phase of improving margins and the valuation is very low on a relative basis compared to the global equity markets. A portfolio of natural resource equities reduces firm specific risks while it increases the commodity exposure. The Energy Champions Fund offers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




### 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.

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