ENERGY
CHAMPIONS FUND





ECF Factsheet | **December 2024**

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 $22m

Custodian
Credit Suisse (Luxembourg) S.A.

Codes

Share classes

A1	USD, acc.	A2	USD, distri
B	*pending*	C	USD, acc.
I1	USD, acc.	I2	USD, distr.

Bloomberg ticker

A1	WFECHA1 LX Equity	A2	WFECHA2 LX Equity
B	*pending*	C	WFIECAU LX Equity
I1	WFECI1A LX Equity	I2	WFECI2D LX Equity

ISIN

A1	LU1018863792	A2	LU1018863875
B	*pending*	C	LU2786375498
I1	LU1092312823	I2	LU1092313045

Valor-Number

A1	23322792	A2	23322921
B	*pending*	C	133667381
I1	25025471	I2	25025474

Dealing & prices

Mgmt fee p.a.

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

Min Subscription

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

Trading frequency
Daily

Performance since inception

Cumulative net performance in USD

	NAV 31.12.2024	December 29.11. - 31.12.2024	YTD	3 Years	4 Years	5 Years	10 Years
Class A1	57.5	-6.0%	-12.2%	14.2%	106.0%	18.8%	-23.4%
Class A2	48.0	-6.0%	-12.2%	14.2%	106.1%	18.8%	-23.4%
Class C*	83.9	-6.1%	-16.1%				
Class I1*	85.5	-6.0%	-11.6%				
Class I2*	484.8	-6.0%	-11.6%	16.4%	111.4%	22.6%	-18.4%

**I2-Class since 12.9.2014, I1-Class since 01.12.2022, C-Class since 11.06.2024*

Monthly comment

The oil market remains highly divided and cutting through the noise is crucial. The IEA predicts a large 950kboe/d inventory build for 2025, while the EIA anticipates a modest draw of 80kboe/d. Historically, IEA forecasts of large builds have often failed to materialize. Since OPEC restricted media access to its meetings, mainstream coverage has leaned bearish. Critics argue that OPEC's production cuts have benefited US producers, raising concerns that OPEC might flood the market to undercut shale. However, a similar attempt by OPEC a decade ago backfired, costing the group billions as US production proved more resilient than expected. Learning from this, OPEC+ has taken a more cautious approach, extending production cuts until March 2025 and slowing monthly supply increases to 138kboe/d, reducing 2025 supply growth by 840kboe/d. Compliance from Kazakhstan and Russia has also improved under Saudi pressure, though its longevity remains uncertain. Despite frequent predictions of a US shale production peak, output continues to grow, albeit more slowly. However, rising gas output relative to crude is signaling maturing shale basins. Indeed, over the past 9 years, 41% of US production growth came from natural gas, with oil contributing only 28%. With oil prices hovering ~$70/bl, many producers have scaled back capex to prioritize free cash flow over expansion. Global demand is expected to rise by 1.3mboe/d in 2025, with China and India leading growth. India's demand increase is forecasted at 330kboe/d, up from 220kboe/d in 2024. Despite ongoing concerns about China's real estate sector, stimulus measures and growing demand for petrochemicals are likely to sustain consumption. Additionally, China exported 4.5m cars in 2024, incl. 3.1m ICE vehicles. This surge in affordable ICE exports could fuel demand growth in emerging markets, where car ownership is becoming more accessible. Interestingly, despite widespread fears of a glut, inventory trends and time spreads, which remain in backwardation, suggest strong near-term demand and no imminent oversupply. Geopolitical risks are also a critical factor heading into 2025. Trump's return to power is expected to lead to tougher sanctions on Iran. Finally depressed sentiment, coupled with attractive valuations and high dividends, makes oil and gas equities a compelling contrarian opportunity.

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December 2024

Financial statistics*

Number of holdings	25
Market cap	$31bn
P/E 2025E	7.7x
P/cash flow	3.2x
EV/EBITDA 2025E	3.4x
FCF yield 2025E	12.2%
Dividend yield	6.1%
Net debt/equity	35%

Operating statistics in boe*

Production	251 kboe/d
Cash costs	$16/boe
Reserve life (1P reserves)	11 years
Reserve valuation (EV/1P)	$13/boe
F&D organic costs 3yrs avg	$18/boe

Market cap. segmentation*

Small	< $3bn	19%
Mid	$3 - 30bn	51%
Large	> $30bn	30%

Top commodity exposure*

Crude & liquids	61%
Natural gas	39%

Top 5 country exposure (production)*

United States	44.8%
Canada	16.4%
Norway	9.6%
Brazil	4.7%
Australia	4.2%

Top 5 holdings

Equinor	4.5%
Veren	4.5%
Woodside Energy Group	4.5%
Aker BP	4.4%
Diamondback Energy	4.4%

Transparency	ECF	O&G Universe
Scope 1 GHG/EVIC	215	418
Carbon footprint/EVIC	234	446
GHG intensity	348	432
Gas flaring	455	922
Hydrocarbon spills	81	91
Fatality rate	0.00%	0.58%
Women on board	29%	25%
Independent board	80%	58%
Sustainalytics Rating	60.3	42.2

More information and details see ESG Quarterly Report

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"

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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

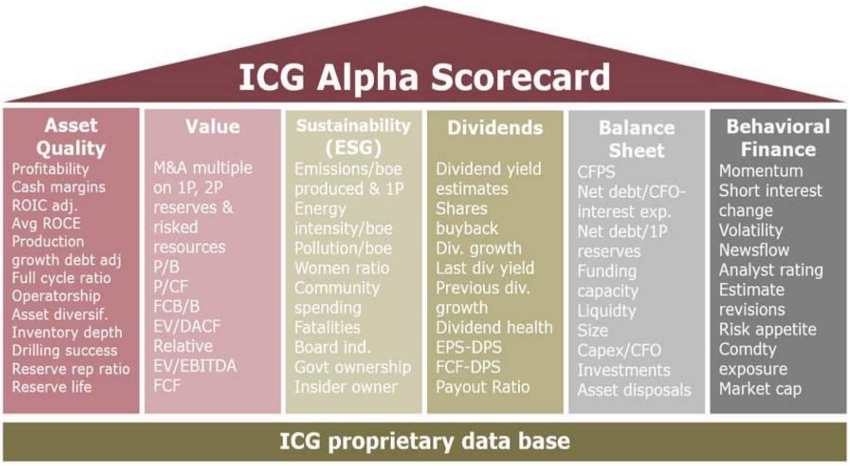
Natural resource companies are entering a phase of improving margins and the valuation is very low on a relative basis compared to the global equity markets. A portfolio of natural resource equities reduces firm specific risks while it increases the commodity exposure. The Energy Champions Fund offers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