INDEPENDENT
CAPITAL GROUP





April 2018

Energy Champions Fund

Summary of Fund Objectives

The fund aims to generate long term capital growth by primarily investing in Stocks from companies offering exposure to the energy markets.

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
Weekly

Inception date
March 2014

Fund size
USD 36 m

Benchmark
MSCI World Energy Sector Net TR Index

Custodian
Credit Suisse (Luxembourg) S.A.

Codes

Share classes
A1 Accumulating
A2 Distributing
I2 Distributing

Bloomberg ticker
A1 WFECHA1 LX Equity
A2 WFECHA2 LX Equity
I2 WFECI2D LX Equity

ISIN
A1 LU1018863792
A2 LU1018863875
I2 LU1092313045

Valor-Number
A1 23322792
A2 23322921
I2 25025474

Dealing & Prices

Mgmt fee p.a.	**Min Subscription**
A1 1.25%	1 Share
A2 1.25%	1 Share
I2 0.65%	10 Mio USD

Trading frequency
Weekly

Contact

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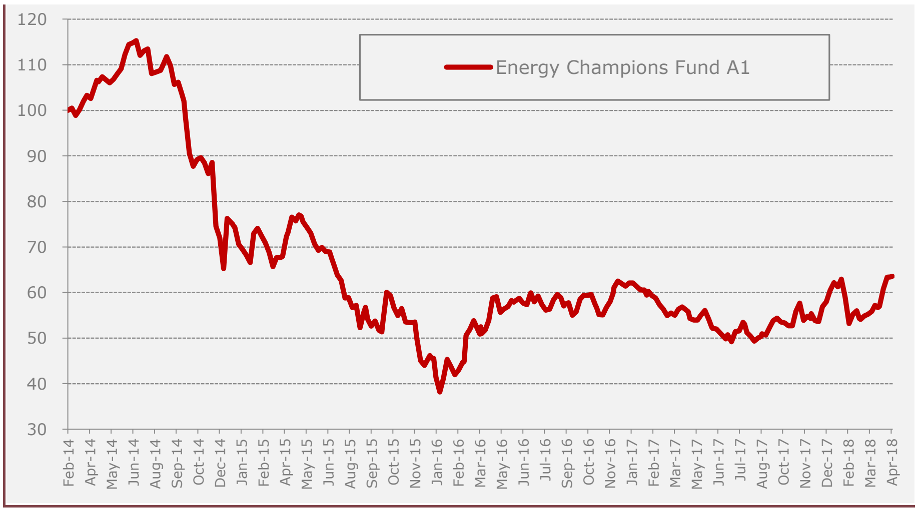
Indexed Performance



Cumulative net Performance in USD

	NAV 30.04.2018	April 29.03. - 30.04.2018	YTD*	1 Year*	Since Inception*
Fund A1 Acc.	63.6	11.1%	9.7%	17.8%	-36.4%
Fund A2 Distr.	61.0	11.1%	9.7%	17.7%	-36.5%
Fund I2 Distr.	591.0	11.2%	10.0%	18.4%	-38.5%

** Indicative Total Return calculations // Inception date: Fund A1/A2 28.2.2014, Fund I2 12.9.2014*

Monthly Report

Commodities and commodity related equities rebounded in April with higher prices across all sub sectors. Especially oil equities had a very strong month with crude WTI surging over 5% to almost $69/bl and strong 1Q18 earnings of oil and gas companies slowly coming in. Oil surged on supply risks and speculation over an upcoming US decision on a deal between Iran and world powers that eased sanctions restricting the Middle Eastern producer’s crude exports. If Trump withdraws from the 2015 accord that restricts Iran’s nuclear program, re-imposed American financial and economic measures may end up disrupting oil sales by OPEC’s third-largest producer. That prospect, combined with tensions over the conflict in Syria and rebel attacks on Saudi Arabia, have spurred investors to raise bullish bets on crude. Some oil traders are already unwilling to sign contracts for Iranian crude and refined products that would be valid after the pullout from the nuclear deal. Analysts expect OPEC and its partners aren’t likely to fill any potential supply gap if Iranian production falls. If Iran supply drops 1mboe/d due to sanctions and output from countries including Angola and Venezuela, where the production has dwindled amid a shortage of cash, falls a combined 0.7mboe/d, OPEC and non-OPEC producers will struggle to raise output back to previous level unless Saudi Arabia is willing to step in and increase its production to 11mboe/d. According to analysts, Saudi Arabia, Kuwait, Iraq and the UAE are the only countries within OPEC with significant spare output capacity available. Full relaxation of their output cuts could add just under 1mboe/d. Outside OPEC, Russia should be able to raise output by 0.2 to 0.3mboe/d. US shale producers do not have the ability to immediately compensate for any potential production disruptions, as they can't open or close the taps as readily as OPEC members can due to their spare capacity. On another note, Goldman Sachs sees a moderate response in US shale to higher prices and an increasing likelihood of OPEC and Russia will extend supply cuts through 2019. According to the investment bank, shale growth is being limited by spare pipeline capacity in Permian and restrained drilling by companies as they began to focus on shareholder returns. We cannot understate the positive impact that the transition to a returns oriented strategic philosophy is having on the outlook for a sector that now measures inventory in decades and not years. This transition is resulting in companies with management compensation increasingly tied to and focused on the bottom line, improving capital efficiency, and return on/of capital to shareholders. Further, with improving balance sheets and cash flow profiles, the revamped business model should enable the operators to traverse the volatility of commodity cycles more seamlessly. In fact, the revamped E&P business model could cannibalize investment dollars from other sectors in time, given attractive valuation metrics if one simplistically looks at multiples, improving earnings growth/cash flow/increased repurchases/dividends and ultimately returns over time. Inversely, should the positive oil macro-economic backdrop moderate, downside risk should in theory be less pronounced.

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Energy Champions Fund

Fund Statistics*

Number of holdings	25
Market cap	USD 36 bn
P/B ratio	1.8x
EV/EBITDA 2018E	6.2x
Net Debt/Equity	37%
Price/Cash Flow	7.7x
Cash cost $/boe	13.4
EV/1P reserves $/boe	18.0
Production CAGR 2017-21E	10%

Market Cap Segmentation

Small	< $5bn	29%
Mid	$5 - 50bn	45%
Big	> $50bn	26%

Sector Weightings

Oil & Gas E&P	80%
Oil & Gas Integrated	20%

Commodity Exposure**

Crude & liquids	68%
Natural gas	32%

Top Holdings

Callon Petroleum	4.8%
PTT Explor & Prod	4.8%
PDC Energy	4.7%
Aker BP	4.6%
Seven Generations Energy	4.5%
Canadian Natural Resources	4.5%
SRC Energy	4.5%
Pioneer Natural Resources	4.5%

Production, Top 5 Country Exposure **

USA	41%
Canada	21%
Norway	8%
China	6%
Oman	4%

Reserves, Top 5 Country Exposure**

USA	42%
Canada	22%
Norway	8%
China	7%
Oman	4%

Transparent Investment

Climate Impact

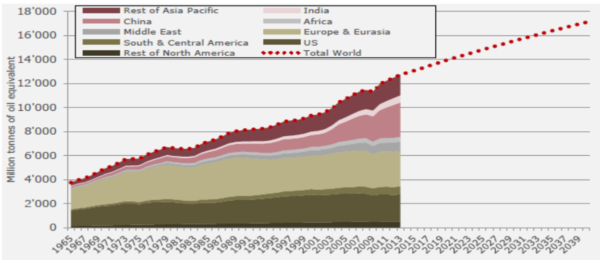
The ECF is the first fund in Switzerland and the first energy fund globally to have received South Pole Carbon's label as a "Climate Impact Transparent Investment"

Fund Objective

The fund invests the majority of its assets globally in equities or equity-type instruments of companies which achieve the majority of their revenues in the exploration, development, production and distribution of energy. This does include, but is not limited to oil, natural gas, coal, and alternative energy sources.

Why the Energy Sector

Half of global primary energy supply is consumed by only 15% of the global population. Global primary energy demand is expected to increase by over one-third by 2035, driven by a growing world population and rising incoms in the developing world. The soaring demand for energy over the next twenty years will occur at a time when finding new sources of supply and extracting them is becoming increasingly challenging and expensive.

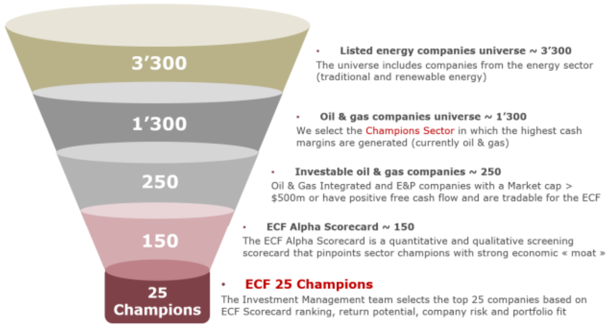


Why the Energy Champions Fund

The Energy Champions Fund offers the investor the opportunity to invest in an actively managed portfolio of best-in-class energy companies based on a knowledge-based investment process and an alpha scorecard based on a proprietary database. The experienced team has a proven track record of selecting energy and commodity stocks (Gateway Natural Resources Fund, established in 2004, outperformed over 90% of its peers over 5 years (source: Bloomberg)).

Investment Process

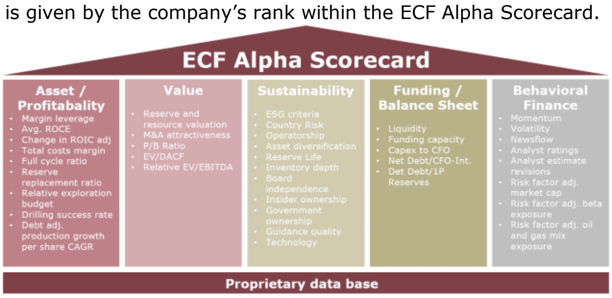
In a first step, the ICG research team analyses and continuously monitors the entire energy market (fossil fuels and renewables). In a second step, the ICG team selects the most attractive sector, the "champions sector" for financial investors, attractiveness being represented by the profit margins generated by each individual sector of the market. Currently, the most attractive energy sector is oil and gas.



Other sectors generate negative margins or depend on subsidies. In a third step, the ICG team identifies the best-in-class companies within the "champions sector". We firstly exclude illiquid and negative cash flow generating companies. We then collect different data for the remaining companies and standardize them in our database.

ECF Alpha Scorecard

Finally, our proprietary ECF Alpha Scorecard selects the 25 energy champions based on objective criteria. The main pillars of the selected energy champions are assets, value, funding, sustainability and behavioral finance. Every pillar contains different independent variables as shown in the following picture. The final weighting of each individual position within the portfolio is given by the company's rank within the ECF Alpha Scorecard.



The Investment Mgmt team selects the top 25 companies based on the ECF Alpha Scorecard ranking, retunr potential (ICG DCF model), company risk and portfolio fit (Mean Variance Optimization). The weighting is chosen to be in line with UCITS IV status and is also historically and statistically proven.

Investment Manager

The Energy Champions Fund is managed by Independent Capital Group AG, an asset management and investment advisory firm based in Zürich. 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 averages, ** Based on barrels of oil equivalent (boe)