

ICE U.S. Carbon Neutral Power Index

Commodity Strategy for Investing in the Electrification of America

Investment Considerations

- The ICE U.S. Carbon Neutral Power Index (ticker: ICECNPIT)¹ is a rules-based, carbon-neutral commodity benchmark that combines carbon allowance futures with the next 12 months of U.S. electricity futures from the 6 major North American power pools that are traded on Intercontinental Exchange (“ICE”).
- Electricity is the most consumed and commodity in the U.S. and faces a dynamic future of disruption from increasing renewable generation in the grid and growth in demand from domestic manufacturing, data centers, and electrical vehicles (EVs).
 - ICECNPIT provides exposure to both electricity and carbon allowances as commodities
 - ICECNPIT exhibits minimal correlation with the major asset classes
 - ICECNPIT offers an effective hedge for inflation with a high correlation to CPI
 - Commodity portfolios deliver better risk-adjusted returns with ICECNPIT than without it

Demand for power is outpacing forecasts

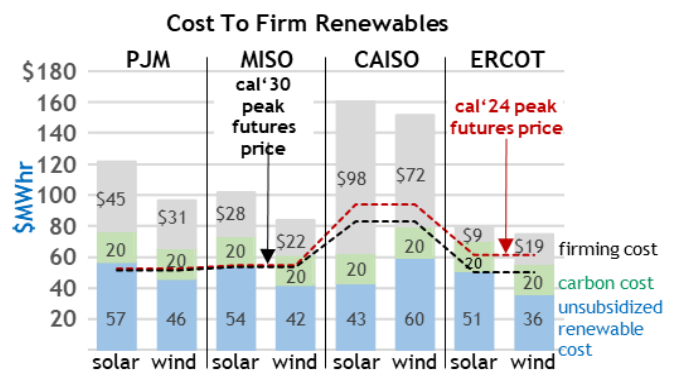
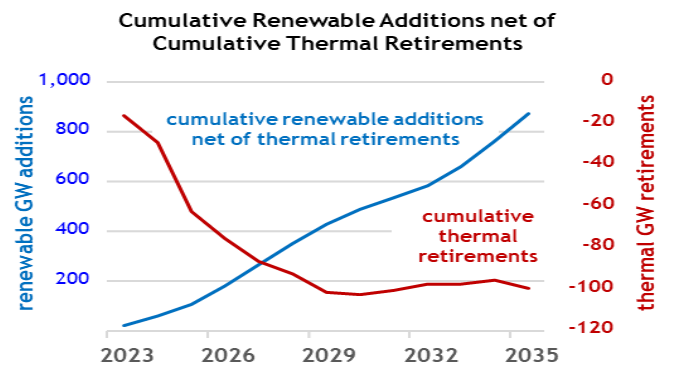
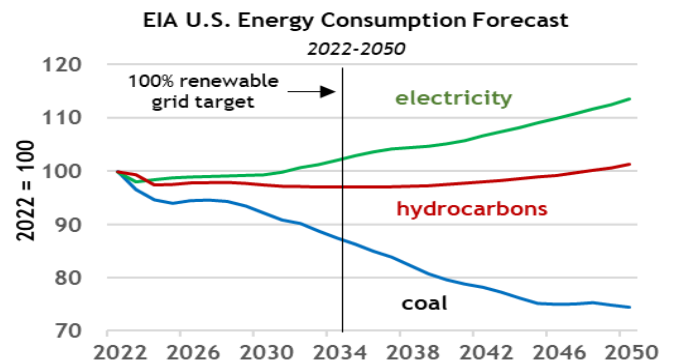
- Weather-normalized demand continues to grow as regulations of building codes and transportation restrict the use of fossil fuels and EVs increase their share of the domestic auto fleet.
- New investments in domestic manufacturing and data centers are expected to double growth in demand for power from current annual forecasts of 2.2% to 4.7% by 2029 according to a recent analysis of FERC data.

Growth in power supply is slowing

- Accelerating retirements of thermal facilities, a permitting system overwhelmed by the volume of new renewable projects, landowner opposition to siting, and supply chain delays increase the probability of grid capacity unable to keep pace with growth in demand.
- New-build development queues for renewable generation are backlogged, delaying completion of new plants by 5 years, up from 3 years 8 years ago.

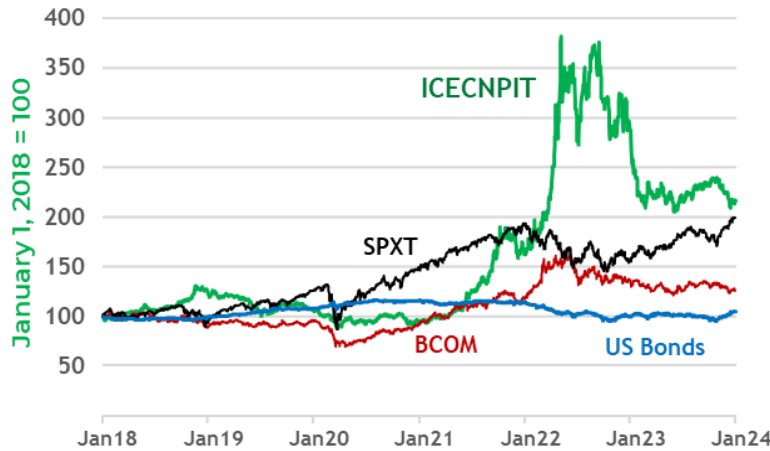
Price and volatility of power will increase

- Investors will require sustainably higher prices for electricity before committing to financing the dispatchable generation required to back up (to firm) intermittent wind and solar power in the grid.
- Power prices will become more volatile as base demand outstrips dispatchable supply and lowers the capacity of the grid to accommodate swings in demand.
- Renewable generation, constrained by long distances from population centers, places increasing pressure on long-distance transmission to deliver power in peak demand periods without congestion and higher prices.



Power Improves Commodity Indexes²

ICECNPIT vs BCOM, SPXT, & US Bonds
Jan 1, 2018- Dec 31, 2023



- Better long-term returns
- Better diversification, minimal correlation with the major asset classes
- Better risk-adjusted performance, lower volatility

Performance Metrics

Jan 1, 2018- Dec 31, 2023

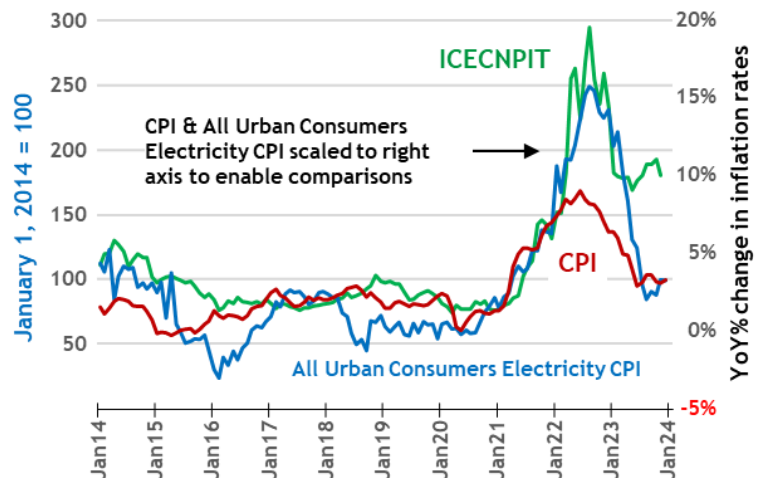
	Annual Returns	Annual Volatility	correlation		
			SPX	US Bonds	US TIPS
ICECNPIT	14.4%	22.9%	0.09	(0.02)	0.08
BCOM	4.4%	15.6%	0.30	(0.09)	0.34
SPXT	11.2%	20.8%	1.00	0.01	0.14
US Bonds	0.3%	5.2%	0.01	1.00	0.62

Power Provides Inflation Protection

- Electricity is the second-largest component in the energy sector at 2.5% of the CPI and will become even more important with climate change regulations.
- Electricity is either directly or indirectly a cost at all levels of the manufacturing and service process.
- The CPI All Consumers Electricity Index tracks the CPI closely with a correlation of 85% since 2014, which underscores the importance of ICECNPIT as a hedge for inflation.

ICECNPI vs CPI & All Urban Consumers Electricity CPI

Jan 1, 2014 through Dec 31, 2023



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