Quarterly Commentary

30 June 2023

ICE U.S. Carbon Neutral Power Index

Index Information	ICECNPIT
Index Inception Date	December 31, 2013
Strategy	Commodity Index
Administrator	ICE Data Indices, LLC
Sponsor	CNIC LLC
NAV of Tracking Funds	

ICECNPIT Description

The ICE U.S. Carbon Neutral Power Index consists of the prompt twelve months of ICE-listed electricity futures contracts from six major U.S. power pools as well as carbon allowance futures contracts designed to offset the emissions of the generation associated with these electricity futures contracts. With the utilization of the six major U.S. power pools, the ICE U.S. Carbon Neutral Power Index is broadly representative of U.S. electricity consumption and price.

Carbon Neutral Investment Company

CNIC is an investment platform for carbon neutral commodity investment products. CNIC applies rigorous fundamental and quantitative analysis with decades of industry experience to create innovative financial products for investors.

Index Overview

Objective

Provide rules-based financial benchmark for investors who need the inflation protection and diversification of commodities in a carbon-neutral format.

Investment Considerations

- Electricity is one of the most consumed commodities in the U.S. and is displacing other energy sources as the U.S. evolves to a 100% renewable grid.
- ICECNPIT provides exposure to electricity and carbon allowances as a commodity.
- ICECNPIT exhibits minimal correlation with every major asset class.
- ICECNPIT is quantifiably carbon neutral based on independently sourced data.

Risk

Commodity-linked investments may be more volatile and less liquid than the underlying commodity, instruments, or measures and their value may be affected by the performance of the overall commodities markets as well as weather, tax, and other regulatory developments. Fixed income investments entail interest rate risk, the risk of issuer default, issuer credit risk and inflation risk.

Performance Summary

The ICE U.S. Carbon Neutral Power Index (ICECNPIT) returned -1.2% for the quarter ended June 30, 2023, outperforming the ICE BofA Commodity MLCX Total Return Strategy (MLCXTR) by 2.2%. For the last 12 months ICECNPI returned -21.2% and underperformed the MLCX by 7.6%.

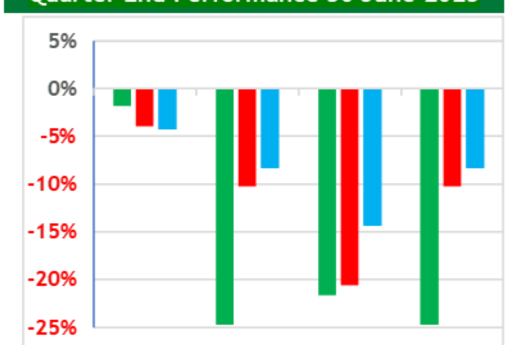
Contributors

- Hot weather conditions in Texas
- Carbon allowance returns
- Growth in weather-normalized demand for power

Detractors

- Ongoing decline in U.S. manufacturing activity
- Mildest June weather in 20 years
- Competing marginal fuels at multiyear lows

Quarter End Performance 30 June 2023

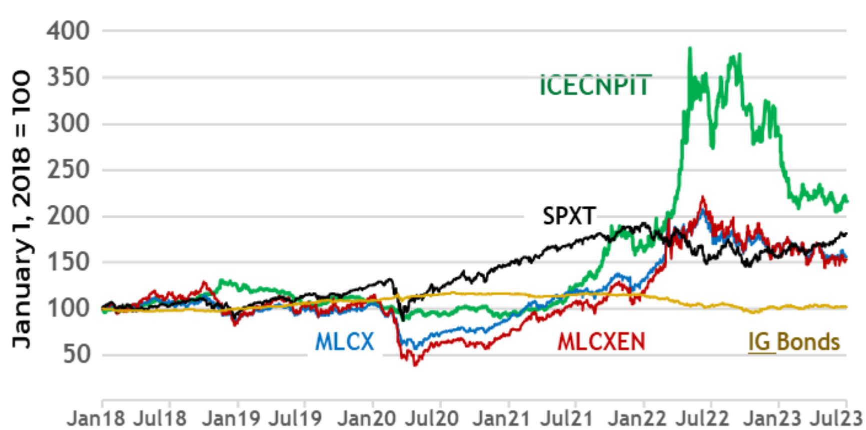


	3 months	6 months	1 year	YTD
ICECNPI	-1%	-24%	-21%	-24%
MLCXEN	-2%	-9%	-19%	-9%
MLCX	-3%	-7%	-14%	-7%

Risk Metrics

	ICECNPI	MLCX
Return 2Q23	-1.2%	-3.3%
Return LTM	-21.2%	-13.5%
Std Dev LTM	31.5%	34.2%
Sharpe LTM	-0.67	-0.40
Info Ratio LTM	-0.23	—
Correlations LTM		
SPX	0.09	0.33
US Agg Bonds	-0.02	-0.09

ICECNPIT vs MLCXEN, MLCX, SPXT & US Bonds



ICE U.S. Carbon Neutral Power Index

Contribution as of 30 June 2023

Power Futures:	weight	contribution to returns QTD	YTD
MidAtlantic	34.1%	-1.6%	-11.7%
MidWest	24.4%	0.1%	-7.2%
Texas	14.2%	1.8%	-1.3%
California	8.1%	-1.1%	-2.6%
Northeast	4.3%	-0.2%	-1.5%
Carbon Credits	15.0%	0.7%	1.5%
Spot Yield		-0.3%	-22.8%
Roll Yield		-2.2%	-3.3%
Collateral Yield		1.3%	1.8%
Total Return		-1.2%	-24.3%

Management Profile

Donald R. Sinclair, *Chairman.* Former President/CEO of Western Gas Partners, LP (NYSE:WES) and former Chief Risk Officer of Natural Gas Clearing House.

Timothy J. Kramer, *Chief Executive Officer*, over 25 years industry experience in power, energy, and commodity markets. A graduate of the U.S. Naval Academy, Kramer is a Certified Financial Risk Manager by Global Association of Risk Professionals.

ICE Data Indices Disclaimer

Quarter in Review

The benign weather trends from the first quarter continued in line with seasonal averages in the second. Both heating and cooling degree days came in only marginally higher than 10-year national averages for the quarter. The absence of excess weather-related demand for power, and for natural gas for fuel and heating, left power prices at the mercy of the ongoing decline in manufacturing activity across the U.S. as measured by the U.S PMI, which fell to its lowest level in 3 years by the end of June. A 4% increase in overall domestic demand and a 5% return from carbon offsets were not enough to offset a 6% decline in natural gas, the marginal fuel for power generation, and a 5% decline in spot power prices, leaving spot yield for the index down 0.3%. Net contribution to performance from roll yield and collateral yield subtracted another 0.9% to deliver a total return for the index of -1.2% for the quarter.

Outlook

Unseasonably mild weather in the first quarter returned to seasonal norms in the second, but failed to lift power prices in the face of continuing weakness in domestic manufacturing activity. The summer forecast from the National Weather Service currently shows temperatures for Texas, the South, and the Northeast well above historical averages, but a healthy generation supply stack and weak domestic manufacturing activity may combine to keep power prices in check. On a positive note, planned retirements of coal and gas plants are expected to reach 16 gigawatts in 2023, of which 9 were taken out of service by midyear. Meanwhile in Europe gas prices have moved sharply higher after a Norwegian unit of Shell plc announced an extension of an outage at the processing facility for two of its major gas fields in the North Sea. The outage and its extension could not have come at a better time for natural gas and power markets in the U.S. After an extended shut down due to an explosion in 2022, 3 trains of the Freeport Sabine LNG processing facility are now fully operational just in time to supply a recovery in exports of LNG to Europe, where natural gas trades at 4 times current prices for natural gas in the U.S. A hot summer and stronger export markets for natural gas set the stage for a potentially strong recovery in U.S. power markets in the third quarter.