

ICE U.S. Carbon Neutral Power Index

uncorrelated, carbon neutral strategy

Index Strategy

- The ICE U.S. Carbon Neutral Power Index (ticker ICECNPI)¹ combines the next 12 months of exchange-traded U.S. electricity futures with sufficient carbon allowance futures to achieve a net zero carbon footprint based on independently sourced data.
- The CNIC ICE U.S. Carbon Neutral Power Index ETF (ticker AMPD)² seeks to track the performance of ICECNPI with investments in electricity and carbon allowance futures and is expected to launch after SEC review in mid-May,

Investment Objectives

- First commodity index with net zero and reduced carbon footprints
- Better diversification and inflation protection than existing commodity index products
- Asset class with structural, persistent returns
- Carbon net zero footprint based on independently sourced data.
- Facilitates buildout of a carbon-free grid by enabling hedges required for financings

Investment Thesis

Commodity Indexes

- \$300 billion directly, and \$800 billion indirectly, are invested in commodity indexes.
- Oil-based, carbon intensive commodities account for over 30% of current indexes.
- Carbon neutral commodity investment vehicles do not exist today.

ESG Investor Demand

- Despite a decline in 2022, ESG assets under management in the U.S. ended the year at \$289 billion in a Morningstar report³, up over 8 times since 2012.
- Increasing stakeholder demands for ESG compliance will force allocations away from current holdings of carbon intensive commodity investment products.

Power Markets

- Retail power consumption is the largest of any commodity in the U.S.
- Increasing demand for electric cars and growing restrictions on natural gas usage have made renewable energy the fastest growing component in the power market.
- In an historical back test from January 1, 2014 through December 31, 2022, ICECNPI delivered better returns at lower risk (measured by historical volatility) than the ICE BofA Commodity Index and all the commodities in the ICE BofA Energy Subindex.

Power a Better Commodity Index⁴

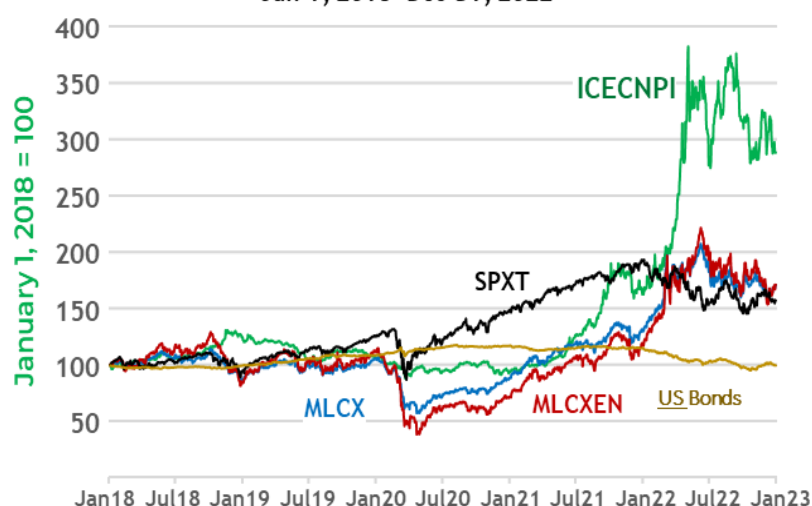
Performance Metrics

Jan 1, 2018- Dec 31, 2022

	Annual Returns	Annual Volatility	correlation		
			SPX	US Agg Bonds	US TIPS
ICECNPI	23.6%	23.3%	0.08	(0.01)	0.09
MLCX	11.2%	24.0%	0.32	(0.08)	0.36
MLCXEN	11.3%	37.3%	0.33	(0.09)	0.34
SPXT	9.4%	21.8%	1.00	(0.03)	0.14

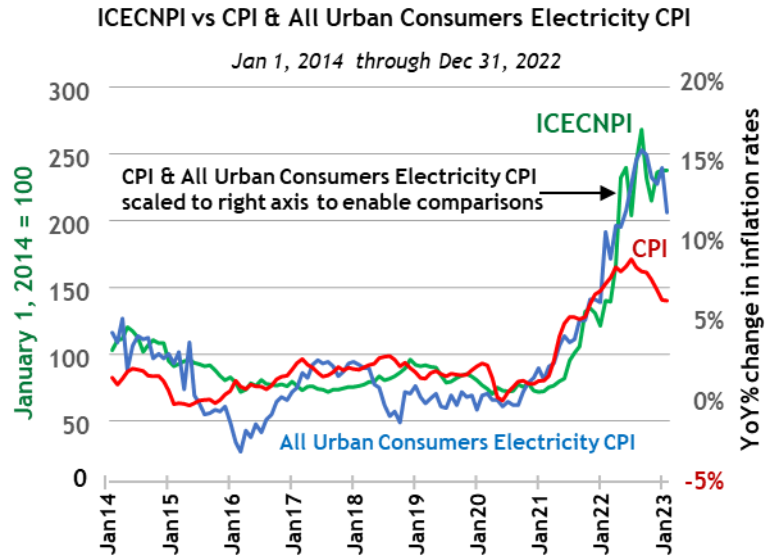
ICECNPI vs MLCX, MLCXEN, SPXT, & US Bonds

Jan 1, 2018- Dec 31, 2022



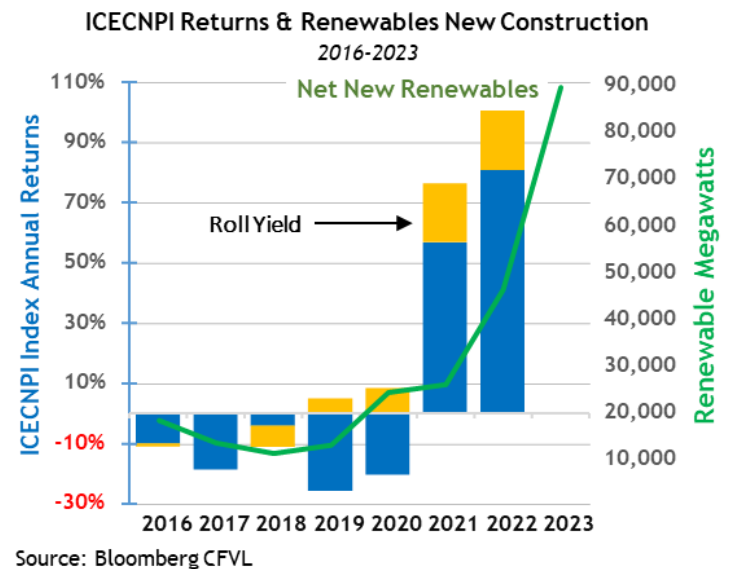
Electricity as a Proxy for Inflation

- Electricity is the second-largest energy component in the CPI and will become even more important as the U.S. moves toward an all-electric vehicle fleet.
- Electricity is an input cost at many levels of the production cycle and this cost is passed through at every touchpoint in the manufacturing process.
- The CPI All Consumers Electricity Index tracks the CPI closely with a correlation of over 85% since 2014, which creates the need for the hedging instrument that ICECNPI and CNIC ICE U.S. Carbon Neutral Power Index ETF provide.



Attractive Power Market Fundamentals

- Dislocation between physical power market fundamentals and long-term financial markets has created severe backwardation in prompt year power prices.
- Structural backwardation is expected to persist for the foreseeable future as consumers of power bid up the front of the forward curve to ensure security of supply while demand for hedges required for financing renewable construction puts significant downward pressure on the back end of the long-dated curve.
- Backwardated markets generate positive returns from spot yield when long-dated futures rise in value as they mature.



Management Team

Donald Sinclair
Chairman

•Former Chairman, Texas Tech Foundation •Former President/CEO, Western Gas Partners, LP (NYSE:WES) •Former Chief Risk Officer of Natural Gas Clearing House (later Dynegy) •Worked with Kramer since 1997 at Duke Energy, Quantum Energy, & Rice University

Tim Kramer
CEO

•25 years industry experience •Chief Commercial Officer for Duke Energy, largest domestic IPP •IPP Chief Commercial Officer with 2015-2019 cumulative P&L of \$550 million at Blackstone portfolio companies • GARP Certified Financial Risk Manager

Charles Wyman
CFO

•35 years industry experience •Global Head of Credit Research at PIMCO •Institutional Investor ranked Morgan Stanley high yield energy analyst •Lehman Brothers M&A, Corporate Finance, Equity Capital Markets, Equity Research •Worked with Kramer since 1993

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3. Stankiewicz, Alyssa. "Sustainable Funds U.S. Landscape Report", Morningstar, 21 February 2023. https://assets.contentstack.io/v3/assets/blt4eb669caa7dc65b2/blt6c347314d19d3e12/63f5280c42666464dee52367/U.S._Sustainable_Funds_Landscape_2023_new.pdf
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