

**Index Information ICECNPIT**

Index Inception Date	December 31, 2013
Index Launch Date	January 18, 2023
Strategy	Commodity Index
Administrator	ICE Data Indices, LLC
Sponsor	CNIC LLC

**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.

**CNIC Funds**

CNIC Funds is an investment platform for 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 the other major asset classes.
- 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 **-0.4%** for the quarter and year-to-date ended March 31, 2024, underperforming the Bloomberg Commodity Total Return Index (BCOMTR) by **-2.6%**.

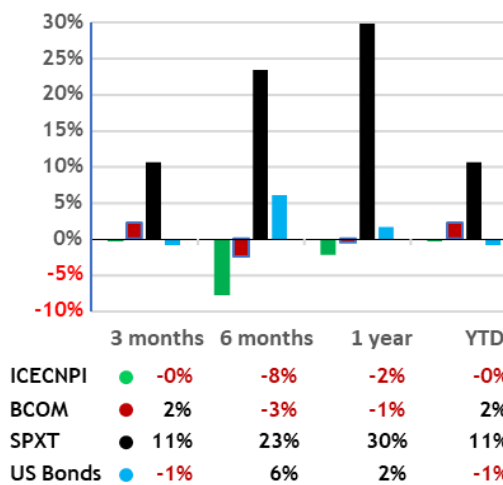
**Contributors**

- Demand from expansion in manufacturing activity
- Higher spot prices in the eastern half of the U.S.
- Collateral yield from high interest rates

**Detractors**

- New retail rate regulations and refunds in California
- Roll yield

**Quarter End Performance 31 March 2024**



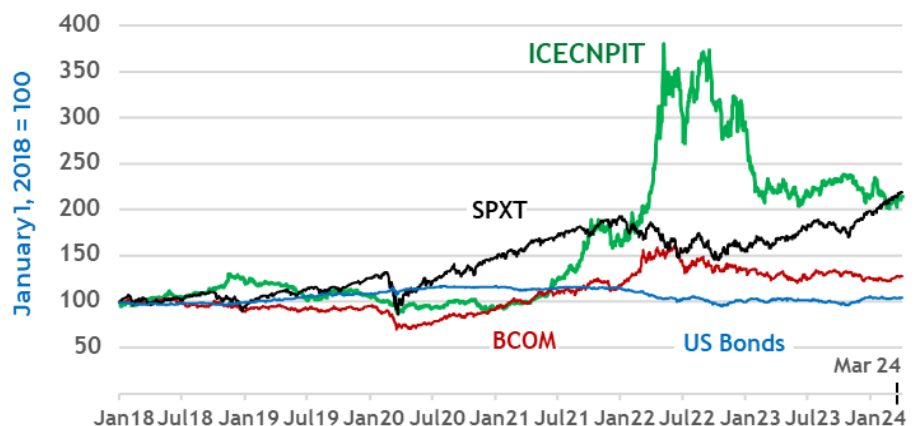
**Risk Metrics**

	ICECNPI	BCOM
Return 1Q24	-0.4%	2.2%
Return YTD	-0.4%	2.2%
Std Dev YTD	1.0%	0.5%
Sharpe Annlzd	-0.08	1.02
Info Ratio LTM	-0.10	-

**Correlations LTM**

SPX	-0.01	0.18
US Agg Bonds	-0.01	0.01
CPI	0.79	0.59

**ICECNPIT vs BCOM, SPXT, & US Bonds**



# ICE U.S. Carbon Neutral Power Index

## Contribution as of 31 March 2024

Power Futures:	weight	contribution to returns	
		QTD	YTD
MidAtlantic	34.1%	2.2%	2.2%
MidWest	24.4%	0.4%	0.4%
Texas	14.2%	0.3%	0.3%
California	8.1%	-1.7%	-1.7%
Northeast	4.3%	0.2%	0.2%
Carbon Credits	15.0%	0.1%	0.1%
Spot Yield		1.5%	1.5%
Roll Yield		-3.2%	-3.2%
Collateral Yield		1.3%	1.3%
<b>Total Return</b>		<b>-0.4%</b>	<b>-0.4%</b>

## Management Profile

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

**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.

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Hypothetical performance results have many inherent limitations, some of which are described below. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particular trading program. One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or adhere to a particular trading program in spite of trading losses are material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of hypothetical performance results and all of which can adversely affect actual trading results.

## Quarter in Review

The first expansion of manufacturing activity in 16 months raised first quarter demand for power, supported a modest recovery in power prices across the eastern half of the U.S., and delivered a positive spot return for the index of 1.49%. Despite continuing warm weather trends that left heating degree days down 11% from 10-year quarterly averages, power prices nationally came in +4% above the lows of the fourth quarter with the highest prices in the MidAtlantic, Midwest, and Northeast. Food, metals, chemicals, and transportation equipment along with new orders helped lift the NAPMPMI manufacturing index 2.5 percentage points to the expansionary reading of 50.3 in March and supported 4.8% growth in power demand over the fourth quarter and 8.4% growth over 5-year first quarter averages. The only negative news came in California from one-time refunds of overcollections by San Diego Gas & Electric that reduced rates by 16% and the implementation by the California Public Utilities Commission of an income-based retail billing program that is expected to lower retail rates by a third. Collateral yield contributed 1.5% to the total return from an average 30-Day SOFR of 5.33% but was not enough to offset a -3.2% loss from roll yield, leaving the index with a negative total return for the quarter of -0.38%.

## Outlook

Current forecasts call for cooler weather in the second quarter, particularly in the southern and western regions of the U.S. due to rapidly weakening El Nino patterns in the Pacific. Fewer heating degree days in the North and cooling degree days in the South are likely to suppress weather dependent demand until early summer when weather models show cooling degree days rising well above historical averages through August, which is projected to be the hottest on record. The outlook for industrial demand is more bullish with the expansion of manufacturing activity that began in the first quarter and over \$600 billion of announced investments in new manufacturing facilities and data centers, of which a significant portion are expected to become operational by 2025. Longer term, demand from AI models such as OpenAI's ChatGPT, according to Rene Haas, CEO of mobile chip design company ARM, could grow from the current level of 4% to as much as 20% to 25% of U.S. power consumption, figures that fall well beyond current projections for growth in U.S. grid capacity.