

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 **2.5%** for the quarter ended June 30, 2024, underperforming the Bloomberg Commodity Total Return Index (BCOMTR) by 0.4%. Year-to-date ICECNPIT returned **2.1%** and underperformed the BCOM by 3.0%.

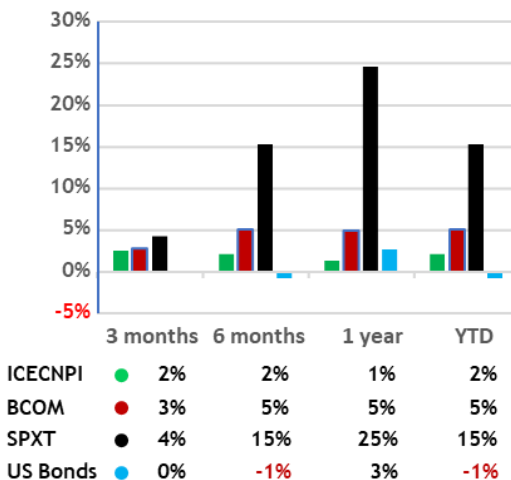
Contributors

- Higher spot prices and demand growth in the Midwest, MidAtlantic, and Texas
- Collateral yield from high interest rates

Detractors

- Weak spot prices on flat demand in California
- Negative roll yield

Quarter End Performance 30 June 2024



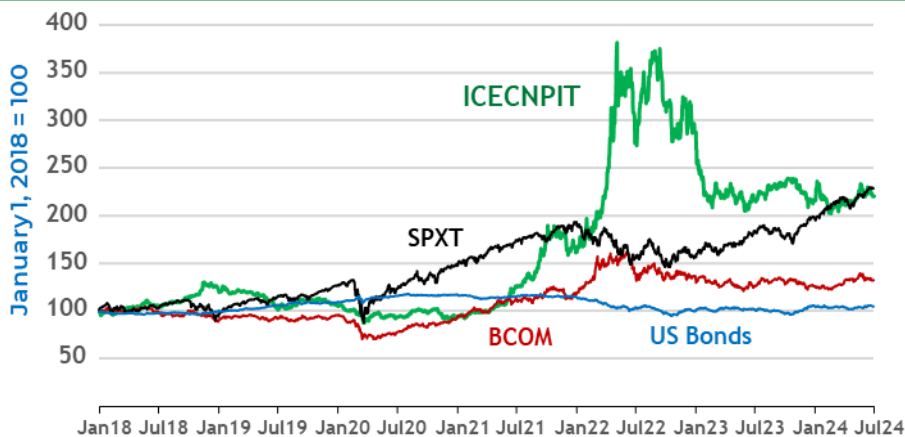
Risk Metrics

	ICECNPI	BCOM
Return 2Q24	2.5%	2.9%
Return YTD	2.1%	5.1%
Std Dev YTD	0.9%	0.6%
Sharpe Annlzd	0.24	0.98
Info Ratio LTM	-0.21	-

Correlations

SPX (LTM)	0.01	0.13
US Bonds (LTM)	0.03	0.04
CPI (jan 14)	0.78	0.59

ICECNPIT vs BCOM, SPXT, & US Bonds



ICE U.S. Carbon Neutral Power Index

Contribution as of 30 June 2024

Power Futures:	weight	contribution to returns	
		QTD	YTD
MidAtlantic	34.1%	1.4%	3.6%
MidWest	24.4%	1.1%	1.5%
Texas	14.2%	0.7%	1.0%
California	8.1%	-0.8%	-2.5%
Northeast	4.3%	0.6%	0.8%
Carbon Credits	15.0%	0.1%	0.2%
Spot Yield		3.1%	4.6%
Roll Yield		-2.0%	-5.2%
Collateral Yield		1.4%	2.7%
Total Return		2.5%	2.1%

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

Warm weather trends that depressed demand for heating in the first quarter of 2024 raised demand for cooling in the second. Cooling degree days came in 41% above 10-year averages for the June quarter after an 11% decline in heating degree days in the first. Nationally, power prices rose 3% from the end of the first quarter with the biggest moves in the MidAtlantic and Northeast. The warm weather lifted demand for power by 4% nationally with the biggest contributions from the Midwest, the MidAtlantic, and Texas and more than offset the loss of momentum in manufacturing activity as measured by the NAPMPMI index, which declined from its expansionary peak of 50.3 in March by 4% to 48.5 by the end of June. The only major negative contribution came from California, where power generation remained flat while prices fell 9% over the quarter on weaker prices for natural gas, the primary fuel for the dispatchable power required to firm intermittent output from wind and solar generation. With carbon offsets flat since March, spot power returned 3.1% for the quarter and together with collateral yield, which contributed 1.4% from an average 30-Day SOFR of 5.33%, more than offset negative roll yield of -2.0% to deliver a positive return of 2.5% for the quarter.

Outlook

The warm weather trends that began with the El Nino weather pattern in 2022 continued through a rare second-year El Nino in 2023 and through the first half of 2024. Current forecasts for July, August, and September show record projections of over 1,000 cooling degree days in North America, numbers that surpass 2023 totals by 3% and 10-year averages by 7.6%. Totals by month rank July 2024 as the fourth warmest on record, August as the warmest, and September as the third warmest. The record demand expected for air conditioning is falling on a grid that is under pressure to supply power to new manufacturing plants and data centers under construction while coping with 5.2 gigawatts of thermal power plant retirements. Spending on construction of new manufacturing facilities is up 27% over 2023 year-to-date with no signs of abating soon. As weather tests the capacity of the grid to supply power as needed, the visibility of future load growth on the grid supports a bullish long-term outlook for power prices.