

Q4 2024 Summary

The oil and gas industry continued to return capital to shareholders through the end of 2024. More than \$300 billion was paid globally (IHS Markit) with further capital returns via buybacks exceeding \$136 billion (Deloitte). Corporate combinations continued through the fourth quarter with the support of rising public equity markets.

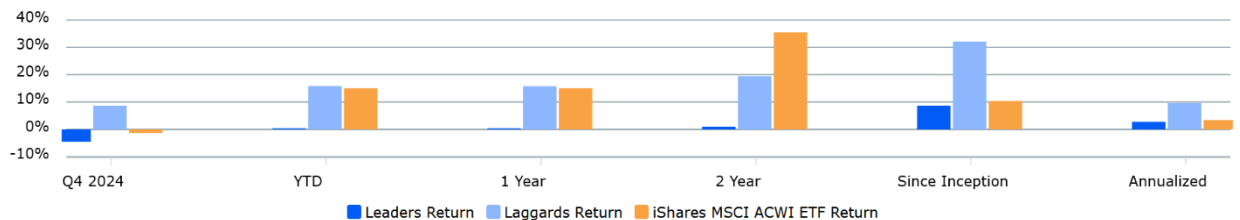
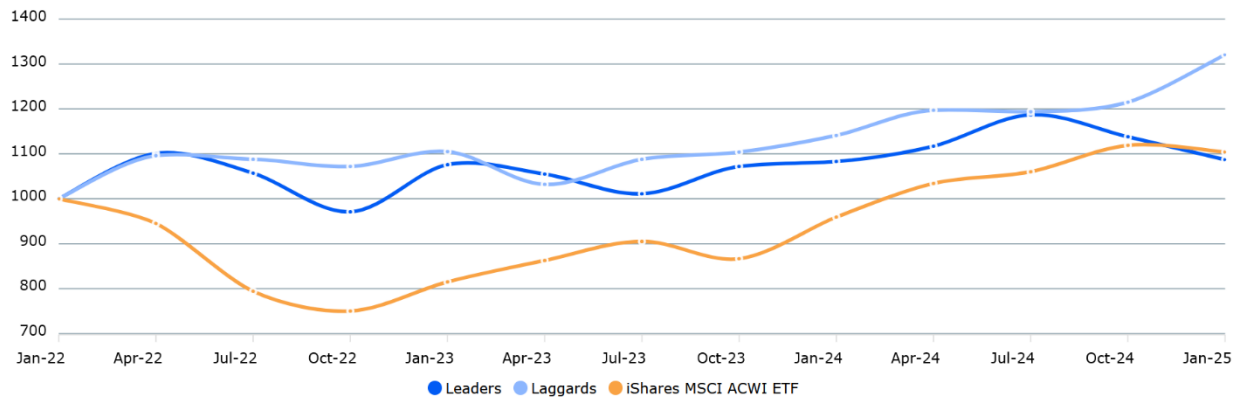
Integrated Oil & Gas Tracker

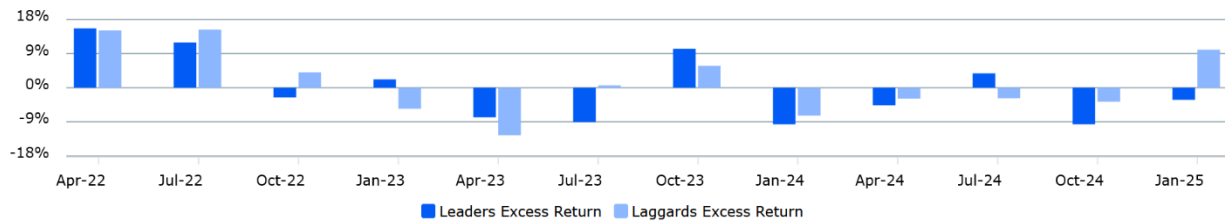
There were no changes to the constituents of Integrated Leaders and Laggards portfolios, each consisting of 9 companies.

- **Leaders portfolio:** holds predominantly European companies, some of which – such as TotalEnergies and Shell – are actively engaging with the energy transition.
- **Laggards portfolio:** continues to be comprised of Canadian oil sands producers and sub-major companies with less stringent emissions targets.

The Integrated Laggards portfolio outperformed the Integrated Leaders portfolio in the 4th quarter and for the year, providing no indication that oil and gas company efforts to transition their businesses are being rewarded by the market. Note that the outperformance by the Laggards in the 4th quarter was primarily driven by YPF S.A.'s 100%+ stock price appreciation (detailed further in the Integrated Laggards Recap section below).

Integrated Oil & Gas





Integrated Leaders Recap

- **Shell and Equinor:** announced the merger of their UK oil and gas assets to create the largest independent producer in the North Sea.
- **TotalEnergies:** acquired significant stakes in two offshore wind projects in Denmark. Expected to be operational in 2029, the wind farms will produce enough power for 400,000 homes in Europe.

Integrated Laggards Recap

- **YPF S.A.:** the 100%+ stock price rise was the primary driver of the Laggard portfolio's outperformance. YPF's price performance clearly illustrates how changes in factors external to business fundamentals may affect a market valuation over a short period. In our view, the rise in YPF's share price in part reflects a reduction of a discount applied to Argentine equities resulting both from relegation to frontier market status and from years of poor government and economic mismanagement. The nation's broad equity market rose approximately 50% in U.S. dollar terms during the quarter, in part tied to hopes for more positive economic outcomes from President Milei's reforms. Also, while YPF's share price increase likely represents a more realistic value of its business given a better economic environment minus a discount, it may not yet reflect potential changes in its transition strategy or its efforts to focus more on natural gas production.

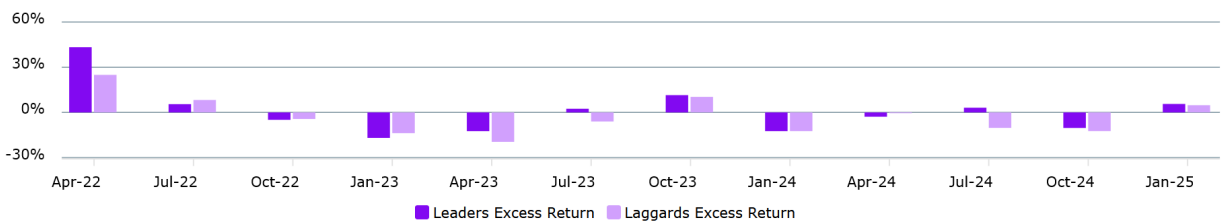
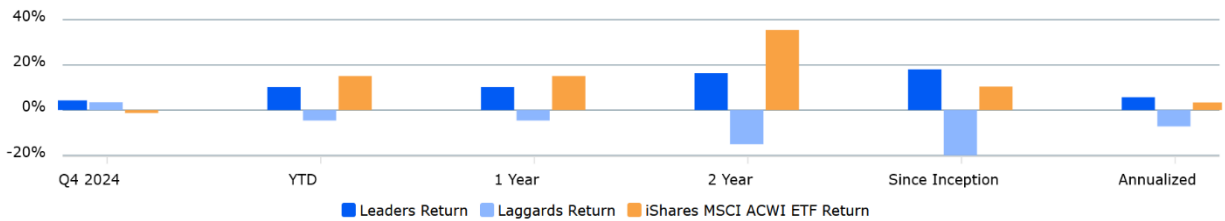
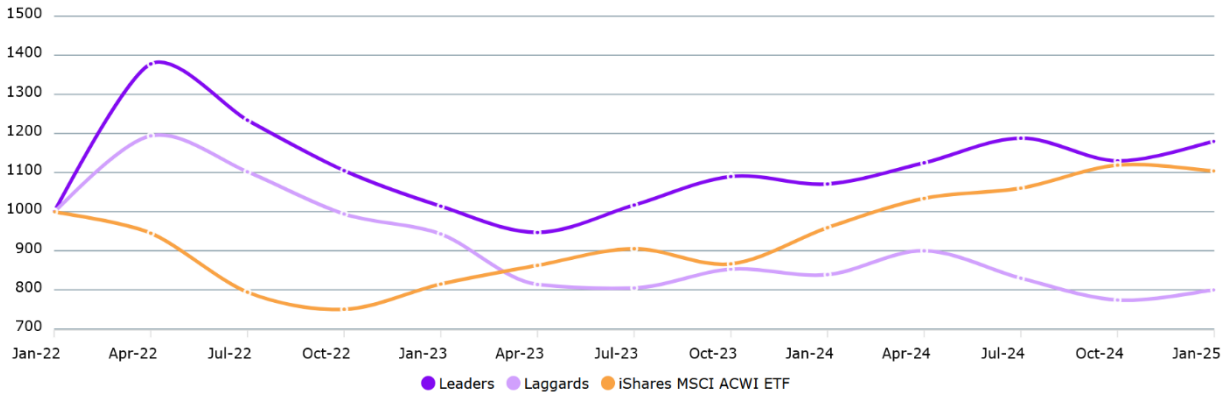
Exploration & Production Tracker

There were changes to both the Leaders and Laggards portfolios in Q4 2024.

- **Leaders portfolio:** Southwestern Energy was acquired by Expand Energy. Energean joined the portfolio as its replacement.
- **Laggards portfolio:** saw the departure of Marathon Oil after its acquisition by ConocoPhillips. Spartan Delta rejoined the portfolio to take its place.

Generally, E&P leaders have greater production and reserves in natural gas (versus oil). E&P Leaders have outperformed Laggards, possibly reflecting the overweight US based gas producers in the Leaders portfolio.

Exploration & Production



E&P Leaders Recap

Notable Leaders news included:

- **CNX Resources:** announced an agreement to acquire the upstream and midstream natural gas assets of Apex Energy II in the Appalachian Basin, which is expected to enhance their position in the region as a gas supplier.
- **Conoco Phillips:** as noted above, acquired Marathon Oil to increase strategic exposure to Permian Basin properties.

E&P Laggards Recap

Notable Laggards news included:

- **Brava Energia S.A.:** began discussion with banks to prepare for potential asset sales, which bolstered its share price.