ENERGIA

Energy Investing Simplified

Energy
A Critical Component of a Sound Portfolio

How Energy Allocation Impacts Portfolio Performance

February 2024

Energy as an Asset Class

Throughout history, energy investing has created generational wealth for many individuals. Smart investors like Warren Buffet have allocated to energy as an asset class due to its increased diversification and inflation hedge effects on investment portfolios. Unfortunately, traditional methods of accessing energy commodity exposure are expensive, complex, and risky.

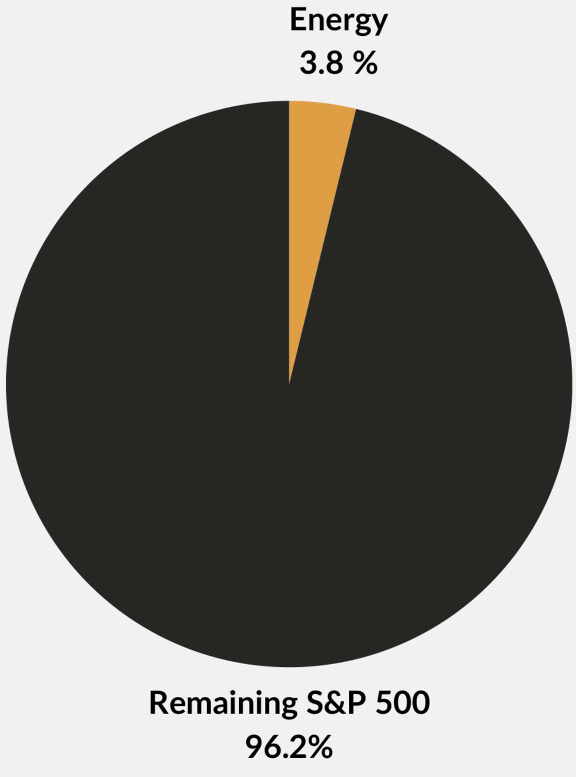
Energia is lowering the barriers to entry for energy investing by offering a streamlined way for investors to own fractional interests in energy assets. Our team of experienced energy professionals leverages the power of AI to create better investment opportunities for investors. The result is a superior way for investors to add the wealth-building properties of energy exposure to their portfolios.

Limited Role of Energy in the S&P 500

With the market volatility of the past 20 years, many investors have forgotten about the benefits of having an energy allocation in their investment portfolios. Owning energy projects gives investors a hedge on inflation and global conflict while providing monthly cash flow.

Prior to 2015, the energy sector routinely made up about 10% of the S&P 500, providing the average S&P 500 investor with energy exposure and the inflation hedge upsides that come along with it. Today, the energy sector comprises only 3.8% of the value in the S&P 500 which leaves investors underhedged against inflation and global conflict.

Energy comprises 3.8% of the S&P 500



Investing in the S&P 500 today is no longer the diversified strategy it once was. The S&P 500 companies' market capitalizations appear to follow a pareto distribution with about 24% of the S&P 500's value being concentrated into 5 companies. This type of concentration exposes investors to management team risks and sector concentration risks which may lead to higher portfolio volatility over time.

The Traditional Portfolio with Energy

Between 2020 and 2023, the resilience of the world's economy was tested through the demand and supply shocks of COVID-19, the resurgence of high inflation due to supply chain shortages and monetary & fiscal policy, and the geopolitical instability from the Russia-Ukraine war and the Israel-Hamas war.

Here is how the traditional 60/40 portfolio performed between 2022 and 2024 compared to a portfolio with a 10% allocation of fractional energy assets. The portfolio with a 10% allocation of fractional energy assets performed better than the traditional 60/40 portfolio with a -0.25% total return compared to a -3.29% total return. This illustrates how a small allocation towards energy assets can provide a hedge on inflation and global conflict.

Example Portfolio with Energy

2022-2023
60% / 30% / 10%

Asset	Allocation	2 -Yr Return	Portfolio Return
U.S. Stocks (S&P 500)	60%	-0.56%	-0.33%
U.S. Bonds	30%	-7.38%	-2.21%
Energia Package (Illustrative)	10%	23.00%	2.30%
Total	**100%**		**-0.25%**

Illustrative Energia Package consists of a diversified portfolio of non-operated working interest in producing oil and natural gas wells. Energia package data sourced from 01/2022 to 12/2023 on actual producing wells. Source: New York Stock Exchange (NYSE)

Example Portfolio without Energy

2022-2023
60% / 40%

Asset	Allocation	2 -Yr Return	Portfolio Return
U.S. Stocks (S&P 500)	60%	-0.56%	-0.33%
U.S. Bonds	40%	-7.38%	-2.95%
Total	**100%**		**-3.29%**

Enhancing Long Term Portfolio Performance

Having an energy asset allocation can also benefit portfolios over the long run by providing increased diversification. Here is how the traditional 60/40 portfolio performed between a 9 year period compared to a portfolio with a 10% allocation of fractional energy assets.

The portfolio with a 10% allocation of fractional energy assets performed better than the traditional 60/40 portfolio with a 96.35% total return compared to a 88.25% total return which highlights the power of diversifying into energy as an asset class over long periods of time.

Example Portfolio with Energy

2015-2024
60% / 30% / 10%

Asset	Allocation	9 -Yr Return	Portfolio Return
U.S. Stocks (S&P 500)	60%	131.75%	79.05%
U.S. Bonds	30%	23.01%	9.20%
Energia Package (Illustrative)	10%	104.00%	10.40%
Total	**100%**		**96.35%**

Illustrative Energia Package consists of a diversified portfolio of non-operated working interest in producing oil and natural gas wells. Energia package data sourced from 01/2015 to 01/2024 on actual producing wells. Source: New York Stock Exchange (NYSE)

Example Portfolio without Energy

2015-2024
60% / 40%

Asset	Allocation	9 -Yr Return	Portfolio Return
U.S. Stocks (S&P 500)	60%	131.75%	79.05%
U.S. Bonds	40%	23.01%	9.20%
Total	**100%**		**88.25%**

The Power of Diversifying Your Portfolio with Energy

Over the past decade, energy investing has proven to generate substantial wealth and offer protection against market volatility, inflation, and global conflicts. However, traditional methods of energy investment have often been expensive, complicated, and risky, hindering many investors from accessing this powerful asset class.

As illustrated, incorporating energy assets into a portfolio can enhance its performance and resilience. Over the past few years, energy allocations have demonstrated their ability to provide a hedge against inflation and global conflicts, as well as increase diversification and reduce volatility.

Energia is revolutionizing energy investing by offering a simplified, cost-effective, and efficient solution for investors to own fractional interests in energy assets. Our team of experienced energy professionals, powered by AI, creates unique investment opportunities for a diverse range of investors. By choosing Energia, you'll not only benefit from the wealth-building properties of energy exposure but also experience a seamless, hassle-free investment experience.

Don't miss out on the potential benefits of energy investing. Join Energia today and gain access to a world of opportunities in the ever-evolving energy sector. Together, we can build a sustainable, innovative, and prosperous energy future.

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The Private Placement Memorandum (PPM) for each Private Fund Offering are available on the investment account offerings webpage. The PPM must be read carefully to fully understand all the implications and risks, and expenses of an investment. There is no assurance any Offering will meet its objectives. Investments are illiquid, not listed on an exchange, and not short-term investment.

Distributions are subject to change and are not guaranteed. Offering represents interest in a newly formed entity. Changes in tax law may adversely affect offerings. Diversification does not guarantee a profit or protect against loss. Risk factors include but are not limited to: Reliance on the Sponsor and Technology Provider, Commodity Price Volatility, and Non-Voting Ownership.