

A black and white photograph of a business meeting. Several people in business attire are gathered around a table. One person is holding a tablet, showing a document with charts and text. Another person is holding a smartphone. There are coffee cups on the table. The scene is dimly lit, with the focus on the people and their interactions.

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# INVESCO DYNAMIC ENERGY EXPLORATION & PRODUCTION ETF



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# PITCH BREAKDOWN

- What is PXE?
- Financial Analysis
- ESG Review
- Risk Evaluation
- SWOT Analysis
- Comparison with Competition
- Stop Loss and Take Profit Margins
- Upcoming News
- Conclusion & Final Thoughts

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# WHAT IS PXE?

- PXE tracks the performance of the Dynamic Energy Exploration & Production Index, which is made up of 30 energy-related companies in the United States.
  - The holdings are spread across the energy industry's various sub-sectors, including oil and gas exploration and production, oilfield services, and refining and marketing.
  - The index uses a tiered equal-weighting approach, with the top 75% of the ranked companies receiving a higher weight than the remaining 25%.
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# FINANCIAL ANALYSIS

- Total Net Assets: 306.57 million
- Number of holdings: 30
- Management Fee: 0.5%
- P/E ratio: 5.59
- P/B ratio: 2.36
- Return on equity: 56.7%
- Weighted market cap: 31.45 billion
- Inception date: 2005

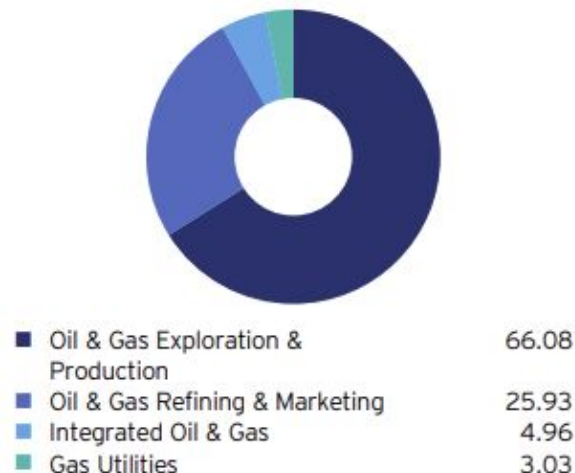


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# ALLOCATION & TOP HOLDINGS

Top ETF holdings (%)		(Total holdings: 30)
Name	Weight	
Marathon Petroleum	5.39	
Phillips 66	5.35	
Pioneer Natural Resources	5.24	
EOG Resources	5.21	
ConocoPhillips	5.18	
Valero Energy	5.17	
Occidental Petroleum	4.96	
Devon Energy	4.95	
APA	3.08	
National Fuel Gas	3.03	

Sector allocation (%)



Geographic allocation (%)





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# FINANCIALS FOR TOP 3 HOLDINGS

	Marathon Petroleum	Phillips 66	Pioneer Natural Resources
Current Ratio	1.8	1.4	1
Debt-to-Equity Ratio	0.96	0.58	0.23
Net Income	11.96 billion	11.01 billion	7.83 billion
Share Outstanding	464 million	471.86 million	239 million

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## Environmental:

- MPC: Reducing Carbon Footprint: “Category 11: Use of Sold Products, Focus on Methane Program and Focus on Energy Project.
- VLO: (2021) 70+ growth capital was deployed to low-carbon projects.
- VLO: On track to achieve 2025 target (reduce GHG emissions by 63%) -> By 2035 (= 100%)
- VLO: “Low-Carbon Hydrogen”... “Renewable Propane and Naphtha”... “Sustainable Aviation Fuel”



## Social:

- Average independent board of directors = 81.5%
- Average women on board = 27.3% (around 5% increase from previous year).
- MPC: Increase representation of women, black, indigenous and people of color in their workforce.
- MPC: FIRST U.S. independent downstream energy company to link executive and employee compensation to DE&I metrics.
- VLO: (2021) \$62,000,000 generated for charitable giving to communities.
- VLO: Maintained 99-100% pay equity ratio for gender and minority status.



## Governance:

- Responsibility: ESG Risks assessed and monitored at least annually.
- MPC: Political Transparency: Company is regulated by Federal, State and local governments.
- VLO: Corporate Policies (New Conduct Guidelines for Business Partners).
- VLO: Non-Executive Board has direct responsibility for determining the strategic direction and policy for sustainable and innovation for the future.

# ESG Review

## MSCI

ESG RATINGS

CCC	B	BB	BBB	A	AA	AAA
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# RISK EVALUATION

- All holdings are companies from energy sector (lack of diversification)
- Capital expenditures are volatile due to fluctuating oil prices (uncertain earnings)
- Potentially unfavourable changes in energy policies (increase tax and expense)



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## STRENGTH

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- Competitive Advantage
- Market Capitalization
- Rank
- Position In Chain Of Supply

## WEAKNESSES

- Regulatory and Political Risks
- Operational Risks

## OPPORTUNITI

ES

- Development Projects
- Diversification
- Positive Forecast

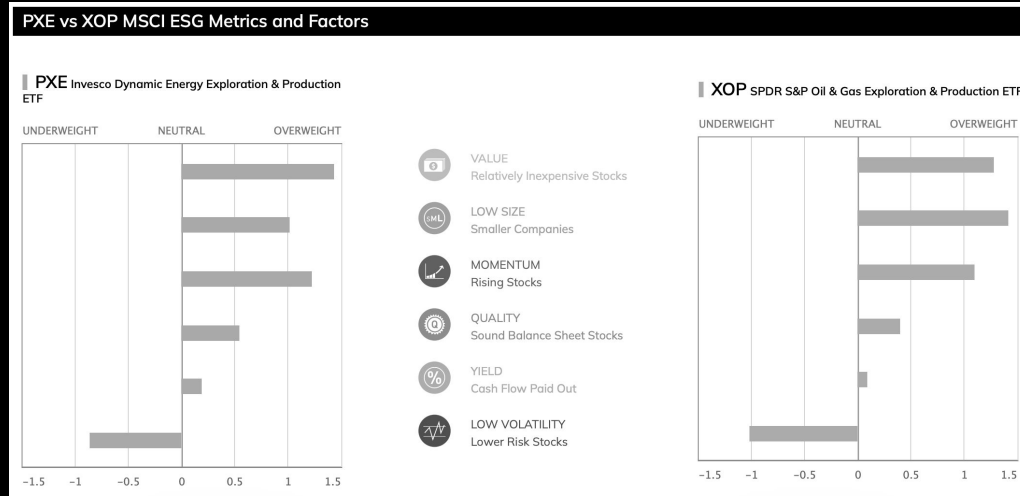
## THREAT

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- Volatility
  - Competition
  - Global Uncertainties
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# HOW DOES PXE COMPARE TO ITS COMPETITION?

PXE and FCG



MSCI ESG Quality score:

PXE: 6.1/10

FCG: 7.8/10

Peer Group Percentile

Rank:

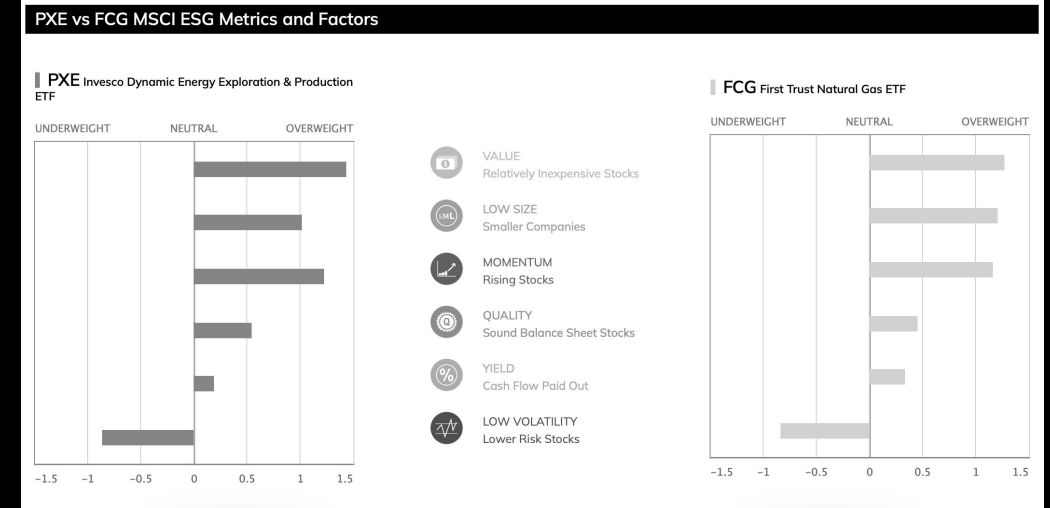
PXE: 6.2

FCG: 21

PXE	FCG
1 Month	1 Month
-9.99%	-10.55%
3 Months	3 Months
-15.35%	-14.26%
YTD	YTD
-6.15%	-7.63%
1 Year	1 Year
24.40%	16.60%
3 Years	3 Years
33.04%	39.40%
5 Years	5 Years
9.20%	5.17%
10 Years	10 Years
1.80%	-9.89%

\* Performance as of 02/21/23

PXE and XOP



MSCI ESG Quality score:

PXE: 6.1/10

XOP: 6.7/10

Peer Group Percentile

Rank:

PXE: 6.2

XOP: 10.2

PXE	XOP
1 Month	1 Month
-9.99%	-9.20%
3 Months	3 Months
-15.35%	-14.17%
YTD	YTD
-6.15%	-5.31%
1 Year	1 Year
24.40%	21.66%
3 Years	3 Years
33.04%	22.59%
5 Years	5 Years
9.20%	1.40%
10 Years	10 Years
1.80%	-4.19%

\* Performance as of 02/21/23

STOP LOSS  
AND TAKE  
PROFIT  
MARGINS



# STOP LOSS ANALYSIS

- PXE has shown strong support around its rally price of \$25 over the past year.
- To reduce the risk of further loss in the event of a bearish reversal, a stop loss of \$24.50 is recommended.
- This will provide an exit strategy if the stock's price continues to fall.

## PXE Candlestick Patterns



# TAKE PROFIT

- PXE has encountered resistance at the \$32 level over the past year, suggesting that it may be challenging to exceed this price point in the short term
- Following a conservative investing principle of a Risk/Reward ratio of 1:2 –1:5 our recommended target take profit will be \$35

## PXE Candlestick Patterns





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# RECOMMENDED HOLD TIME

- Increase of the Reliance on Energy
  - Fund Exposure to Energy Sector
  - Hedge Against Economic Recovery
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# RECOMMENDED HOLD – 5-10 YEARS

- High reliance on energy in the future years
- Exposure to energy in the fund
- Hedge against economic recovery?

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# UPCOMING NEWS



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# CONCLUSION & FINAL THOUGHTS



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- Low P/E Ratio (5.59)
  - Relatively high market cap for Energy ETFs
  - Oil and gas exposure (high diversification in Oakwood's fund)
  - Massively outperformed other alternative Energy ETFs in 2022
  - Forcasted 2.92% increase in fuel consumption / 1.1% increase in fuel production in 2023  
(According to US Energy Information Administration)
  - Uncertainty during Ukraine war given Russia's large share in oil and gas
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