

# Weapons of Mass Disruption

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## The Setup

- Why there wasn't an oil glut before
- The LNG supply surge narrative in context

## The Air Pocket

- The ships that were underway have reached their destinations
- North America has price increases, but no shortages... not the same for everyone
- Restart and repair takes time... and the new Strait order is?

## The Energy Outlook

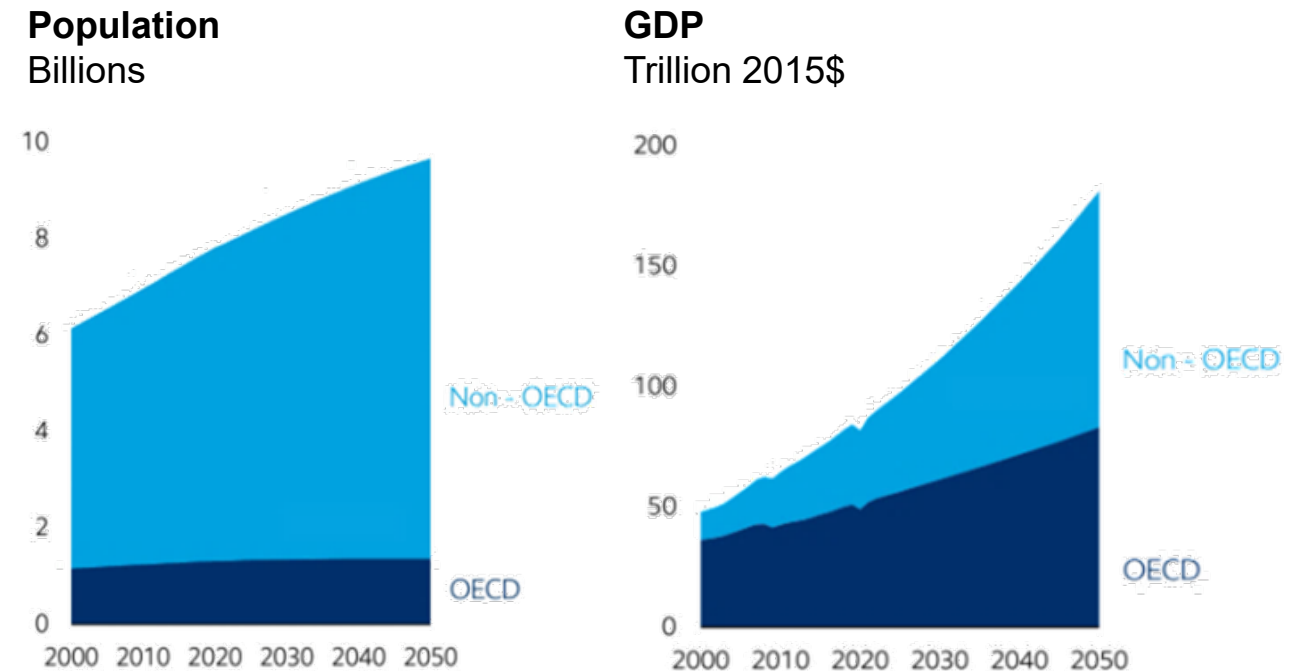
- Energy demand still growing
- All forms of energy still required
- Re-defining risk, value and friends... energy security, reliability and less-so affordability

# The Setup

# Energy Demand 101... Ongoing

## Population Growth and Increased GDP Drive Relentless Energy Demand Growth

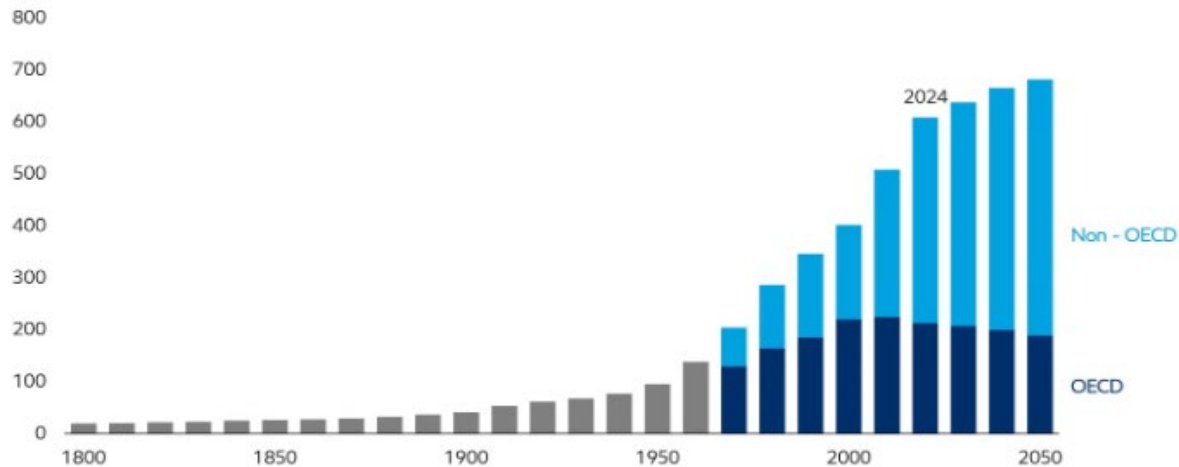
- Population increases by more than 1.5 billion people by 2050
- GDP nearly doubles over the same time
- Rising wealth in the developing world leads to increased energy demand



***Developing countries have 35% higher energy use than today in 2050 and are more than half of global GDP (up from 40% today). More SE Asia, India than China. Watch LatAm, ME, Africa increases***

# Energy Addition at Forefront Proven Over Time

**Global Energy Demand**  
Quadrillion Btu



- 4 billion people live without access to enough energy to support basic human development (housing, infrastructure, jobs and mobility)
- For all countries to achieve basic living standards, we need 20% more energy by 2050
- This projection includes efficiency gains from technology.

***XOM analysis shows basic living standards require 50 MMBtu per person per year, developed countries use around 160MMBtu with 75% for manufacturing, business, and commercial transportation.***

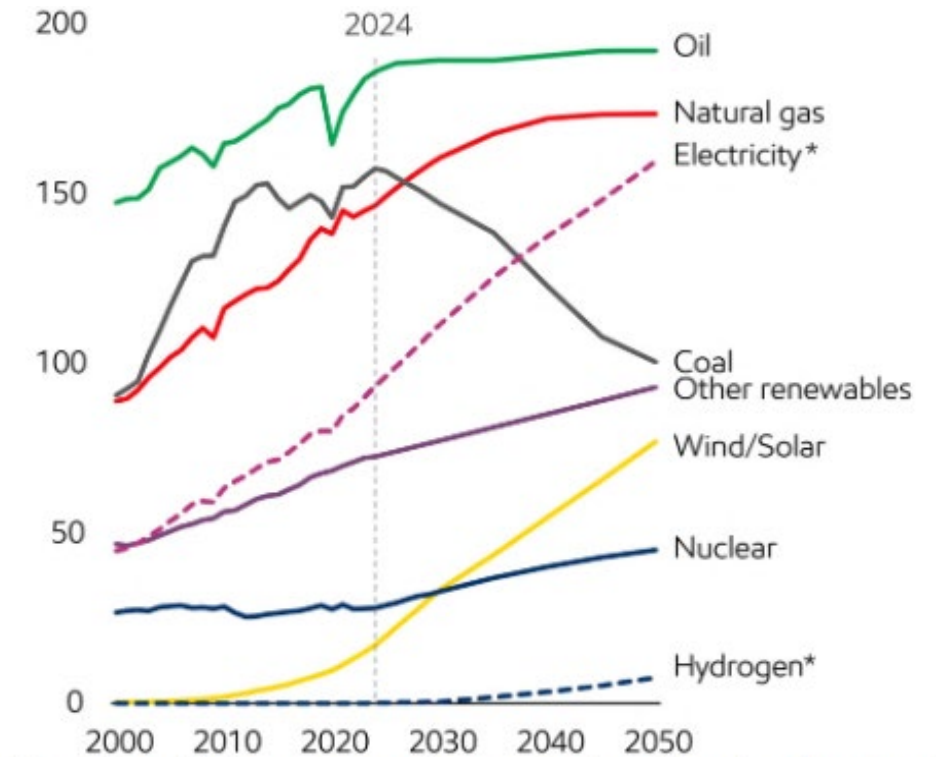
***Power is an enabling driver of crude oil demand in the developing world (Arjun Murti)***

# ALL Forms of Energy are Required

## Hydrocarbons are Energy Dense and Portable

- Oil is essential for industrial manufacturing, commercial transportation, petrochemicals and plastics
- Natural gas is needed for electricity, petrochemicals, fertilizer and industrial heat
- Solar, wind, biofuels continue to rise
- Current situation rewrites the outlook for coal
- Strong growth in nuclear power
- These fuel sources power a 70% rise in electricity demand

**Global Energy Demand By Fuel**  
Primary energy - Quadrillion Btu



\*Electricity and Hydrogen are secondary energies derived from the primary energies shown

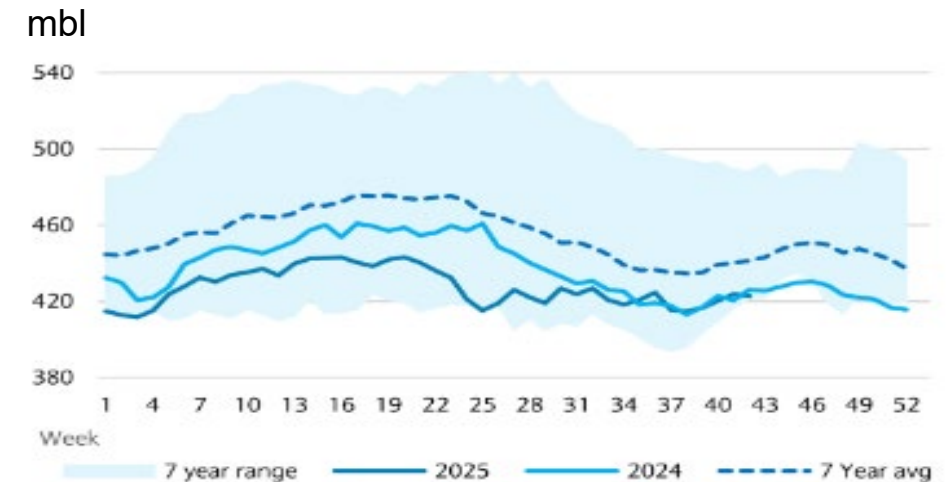
# Where Was the Oil Glut?

## The Physical Market Didn't Support It... Just the Headlines

- Oil demand at record highs
- Refinery runs and margins show strong demand
- China building storage facilities and filling them up with oil
- OPEC cut reversals are a quota rebalance
  - No spare capacity available
- Low global oil and product inventories
- US shale growth decelerating (maybe this changes a bit now?)
- Q1 seasonally is always sloppy with weaker pricing (lucky now!)

**Now it's off the table... LNG supply surges are manageable**

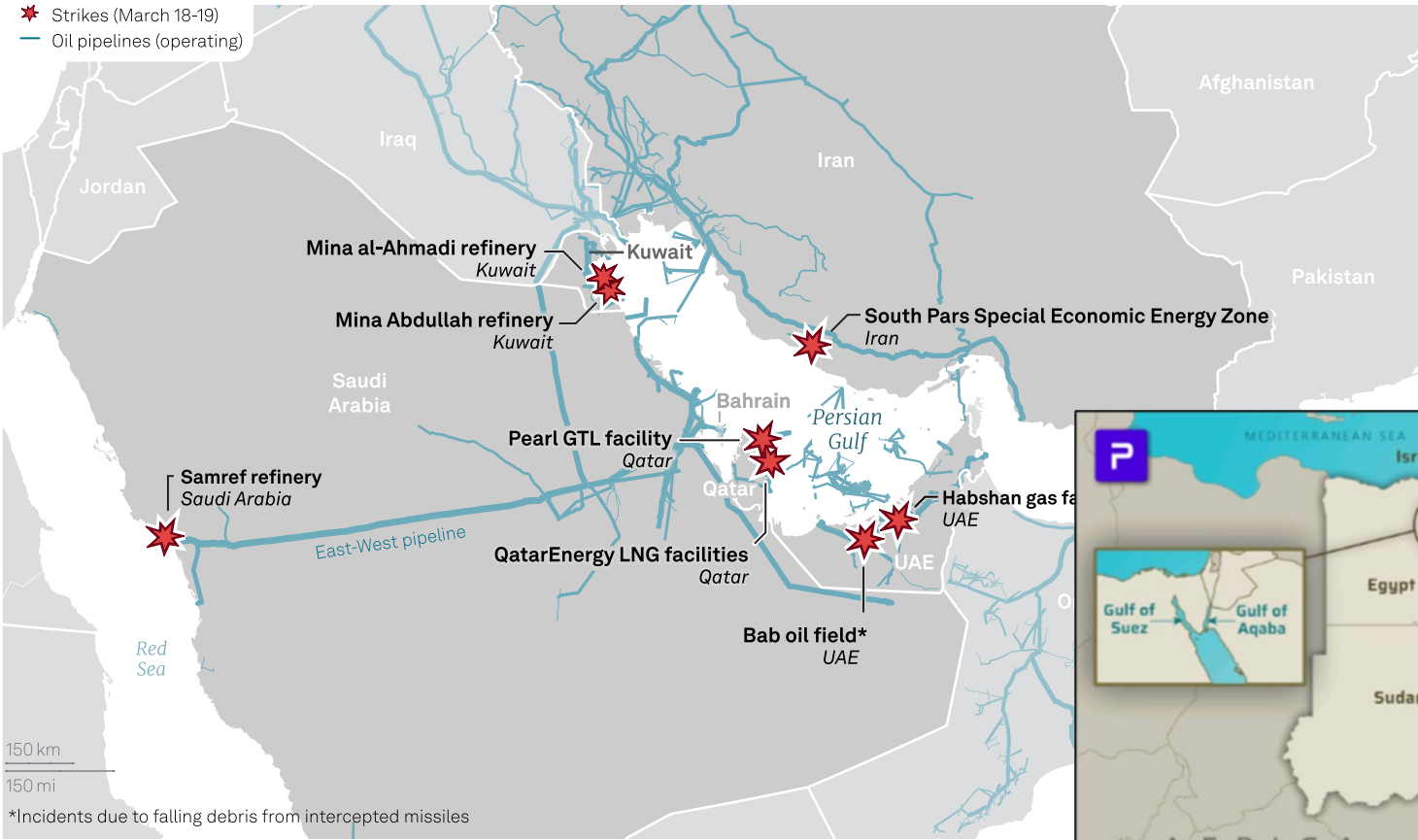
**US Crude Oil Inventories**



# The Air Pocket

# Strait of Hormuz & Conflict Region

## Middle East war escalates with wave of energy asset attacks



<b>Area</b>	5,994,935 km <sup>2</sup> (2,314,657 sq mi) <sup>a</sup>
<b>Population</b>	313,450,000 (2018) (9th) <sup>[1][2]</sup>
<b>Population</b>	50.1/km <sup>2</sup> (130/sq mi)

Iran has over 92 MM people, is 2.5x the size of Texas and 4x the size of California

Canada and California each have 41 MM people



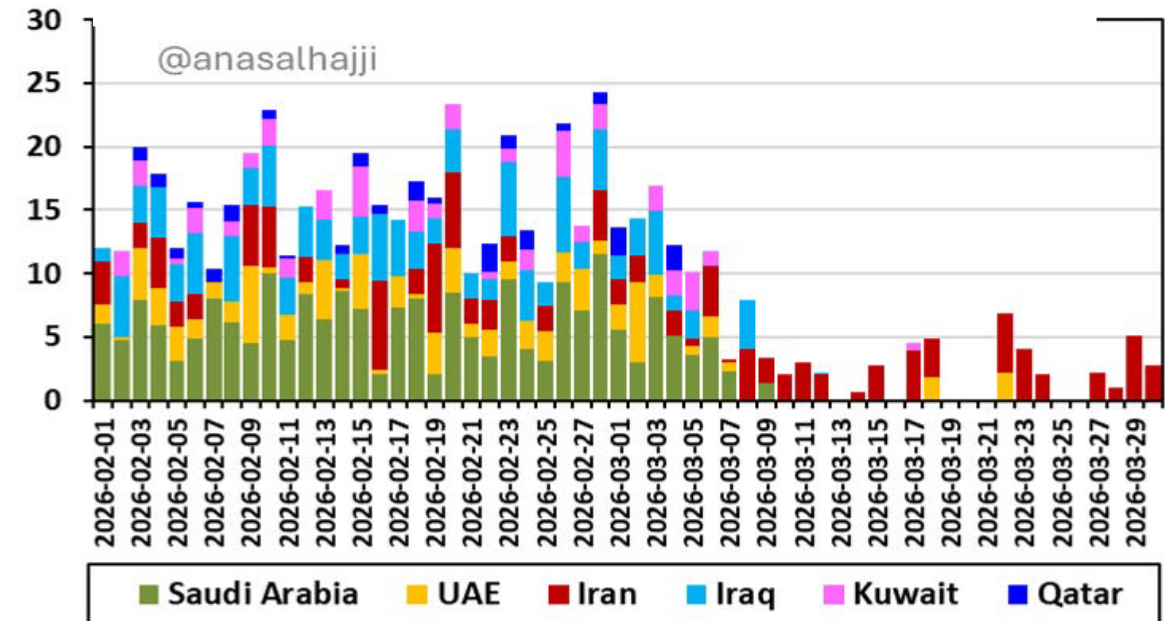
### Chokepoints Everywhere:

- Hormuz
- Suez
- Bab al-Mandab

# Strait of Hormuz Traffic

- Tankers include crude oil, refined products, LPG and LNG
- Container ships with fertilizer, petrochemicals and mined minerals not moving, food not coming in
- Concern about an oil spill in a region where saltwater and desalination plants are critical
- Only oil really getting through the Strait is from Iran and the main buyer is China
- We are missing the equivalent production of Saudi Arabia (11 MMBblsd) every DAY
- Oil production and refining facilities damaged
- LNG plants damaged

**Crude Exports Through Hormuz Strait**  
mb/d



Source: Kpler and EOA, 2026

# This Disruption Has No Precedent

- Usually, ~130 ships cross the Strait of Hormuz across all container, bulk and tanker traffic - now its 0-4
- Risks from insurance, mines, missiles, drones, armed speedboats
- Drones have changed the equation for damage, impact and cost in all wars now
- 20 MMBblsd of oil used to come out, best case 7 can go in pipelines, SPR release is max 2MMBBlsd
- **Impacts vary based on where you are and how much money you have**
- More to come as ship arrivals cease... **the air pocket**
- Consumption restraints in Asia, shortages in Australia, jet fuel in EU, high prices everywhere
- Selling sanctioned Russian oil and Iranian oil on water helps for a few days
- Natural gas is two commodities, piped gas and LNG... prices vary widely
- 17% of global LNG production capacity will take 3-5 years to repair, even when the Strait reopens

# Why Aren't Oil Prices Higher?

## Physical vs. Financial Markets

- Physical market is 100 MMbblsd of barrels in the next month, reflects supply and demand right now and is based on quality and logistics
- Paper (financial) market is billions of \$, an anticipatory forward transaction price, not a forecast, looks months to years out
- Usually paper and physical markets are close, but not now
- Physical has availability issues, freight costs, insurance...Geography matters
- US and Canada have oil and gas access and low transport costs
- We use refined products, not crude oil, and those prices are even higher, with real shortages

**Real vs. Nominal? The 2008 \$150 price is \$220 today**

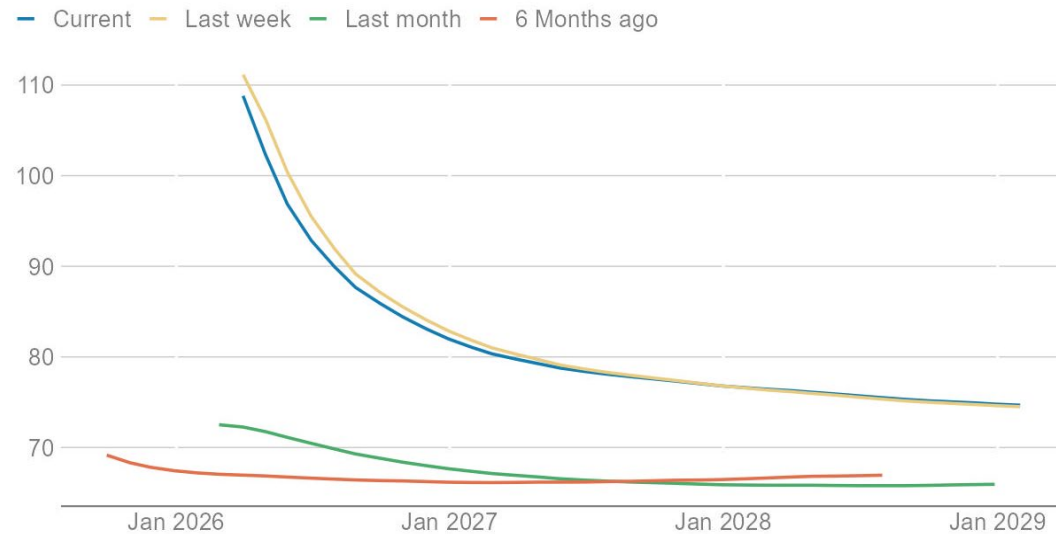
# Physical vs. Financial Markets

## Geography Matters, Futures Are Pricing-In a Solution

- Backwardation with a much higher floor price

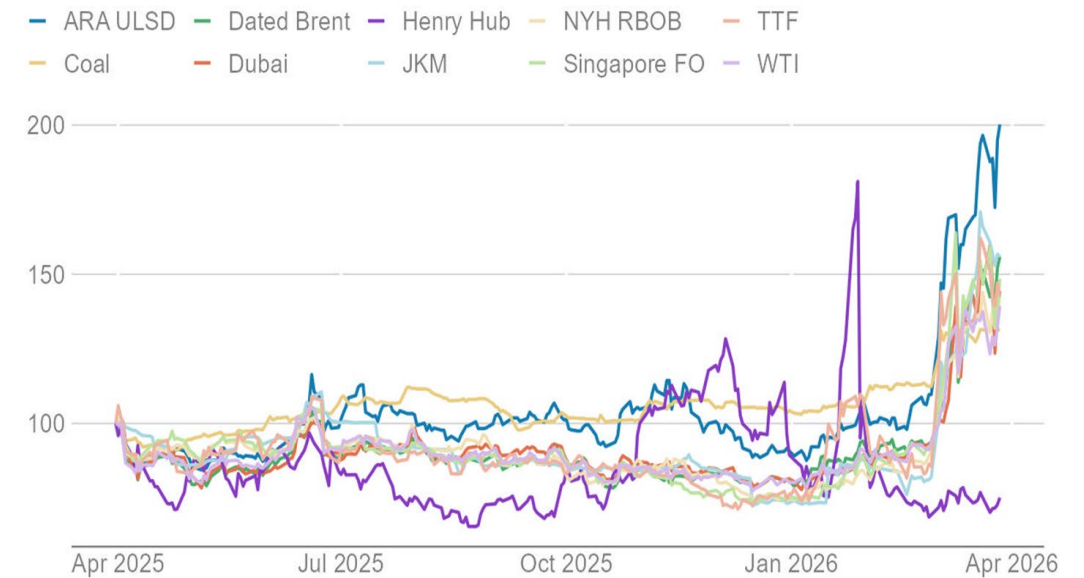
### Brent Futures

Forward curve on differential dates (\$/bbl)



### Global Energy Prices Compared

Index: 1 year ago = 100



# Energy Outlook

# Short-term

## Negotiations, Offsets & Work-Arounds

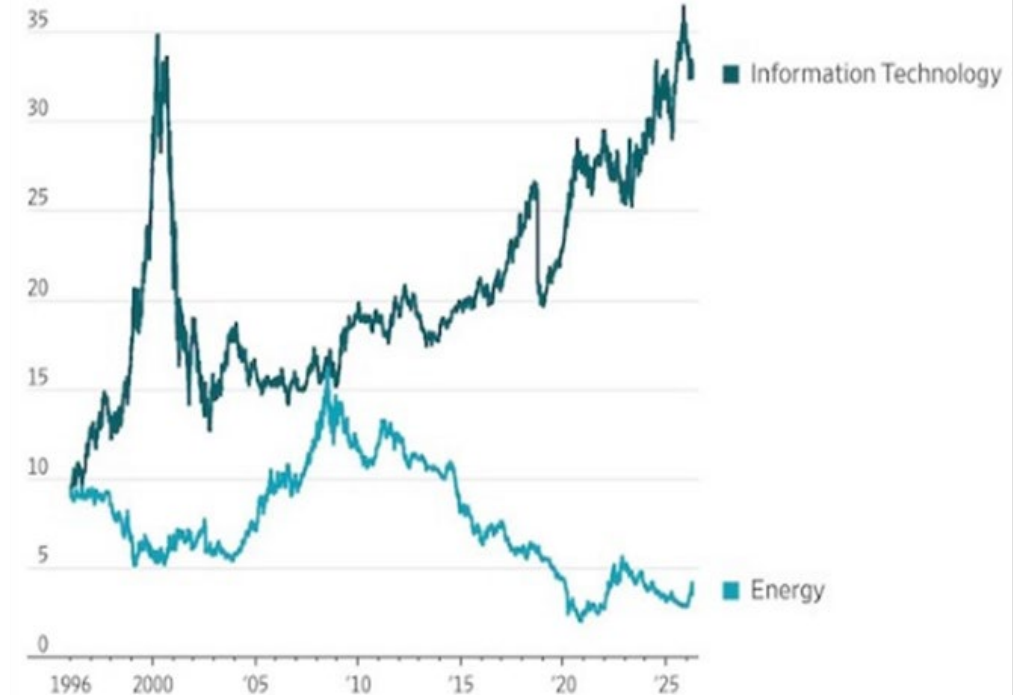
- One-off negotiated passage, transit fees in Yuan or bitcoin
- IRGC controlled corridor, is there any passage?
- USA Jones Act waiver...
- USA sanctions relaxation on Russian oil (big win for Putin)
- USA sanctions waiver on Iranian oil already loaded on tankers
- USA blockade of Iranian ports
- Global refining capacity, different impacts across geographies
- EU allowing natural gas storage to refill to only 80% not 90%.... Coal? Nuclear?
- SPR withdrawals, low flow rate, in the wrong places mostly, not available to all

What is the new normal?

# What the Future Holds

- Normalization and deals have yet to be defined, but the world needs the volumes
- More Middle Eastern pipelines likely built in the medium term
- Customers increase diversification of suppliers and fuels
- Countries re-shore and re-friend
- Geopolitical risk re-evaluated
- SPRs increased and filled
- Energy capex attractiveness & necessity
- Oil terminal value revisited
- North America well positioned
- Energy % of S&P, E&P has more earnings than market cap weight
- Move back to historical oil-to-gold ratios implies 2.7x for oil

Energy and Tech sectors as % of S&P



# We Need Power

## Power Needs Natural Gas and Nuclear

Knowledge is Power

**now**

### **Power is Knowledge (with AI)**

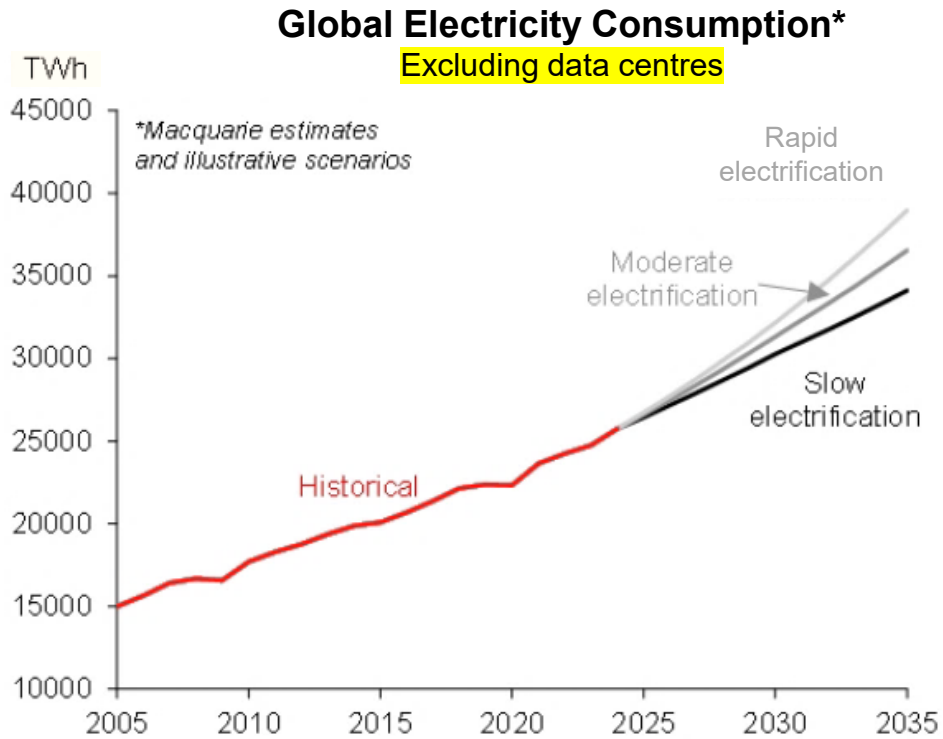
Speed to Power is Important , Natural Gas is Key

*1 GW of power needs 200 MMcfd of gas, so 5 GW = 1 Bcfd*

*Meta's Hyperion data centre in Louisiana is 5 GW  
LNG Canada is 2 Bcfd so half of it would be used by 1 Hyperion*

# A New Era of Global Electricity Demand

## Global Electricity Needs to be Secure, Reliable and Affordable



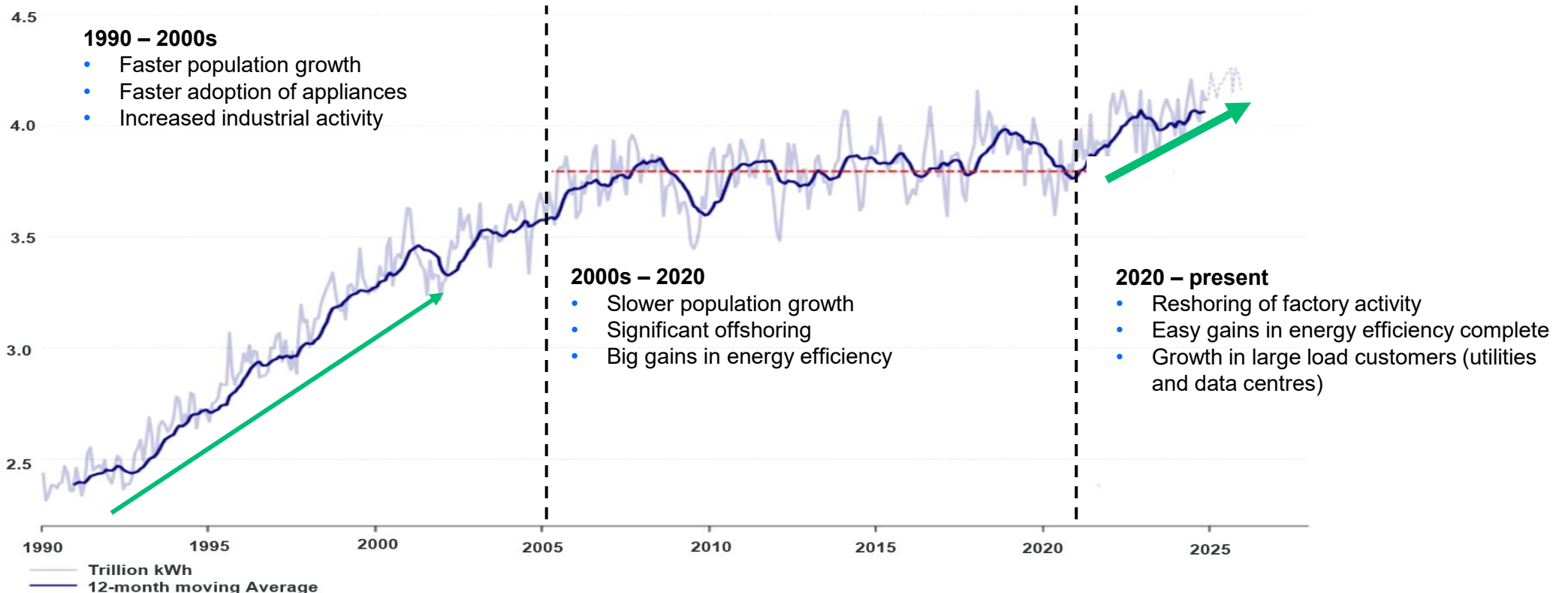
### Secular Trends in Electricity Demand Growth

<b>DIGITIZATION</b>		<ul style="list-style-type: none"> <li>• Cloud computing</li> <li>• Artificial intelligence</li> <li>• Large-scale data centres</li> </ul>
<b>RE-SHORING</b>		<ul style="list-style-type: none"> <li>• Resurgence in industrial activity</li> <li>• National security</li> </ul>
<b>ELECTRIFICATION</b>		<ul style="list-style-type: none"> <li>• Electric &amp; hybrid vehicles</li> <li>• Electrification of heating</li> <li>• Renewables intermittency back-up</li> </ul>

# Growing US Electricity Demand

## Why Now? Industrial Activity and AI / Data Centre Growth

### US Electricity Consumption



Source: EIA  
ADVISOR USE ONLY

# Investment Focus

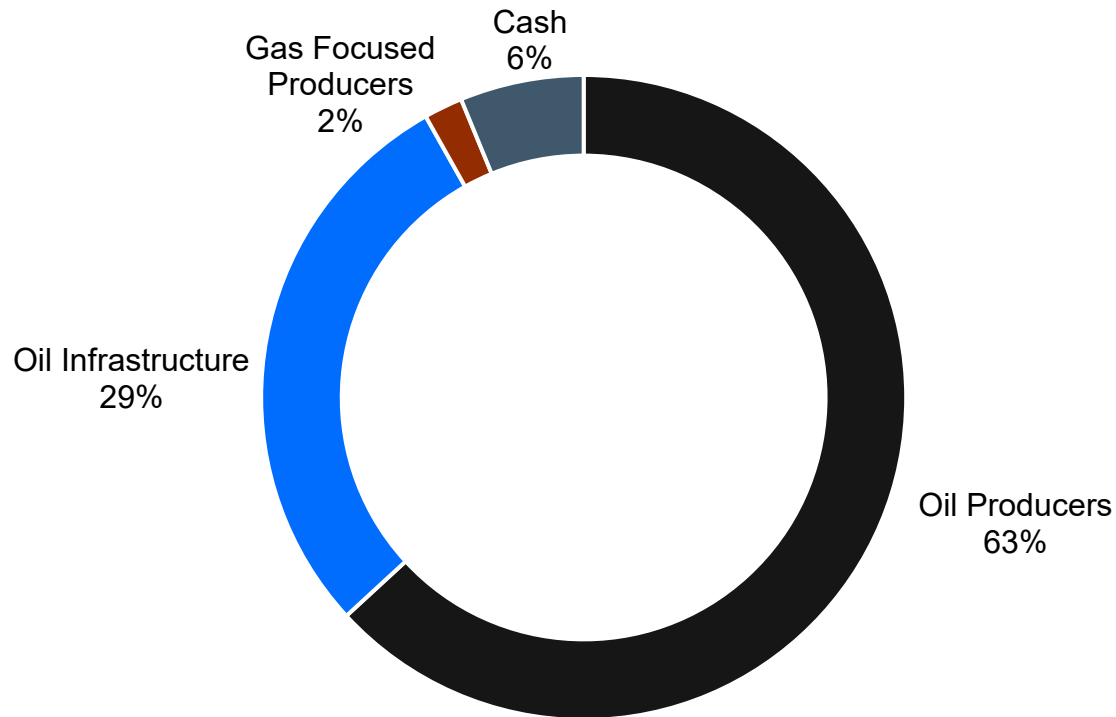


- Long duration of energy demand growth, domestic and diversified sources, more geopolitical turmoil ongoing, drones change the nature of war
- Attractive valuations, deep resource inventory, strong financials, sustainable and growing free cash flow generation, dividend growth, cost control, efficiency & technology advances
- S&P weighting to meaningfully increase

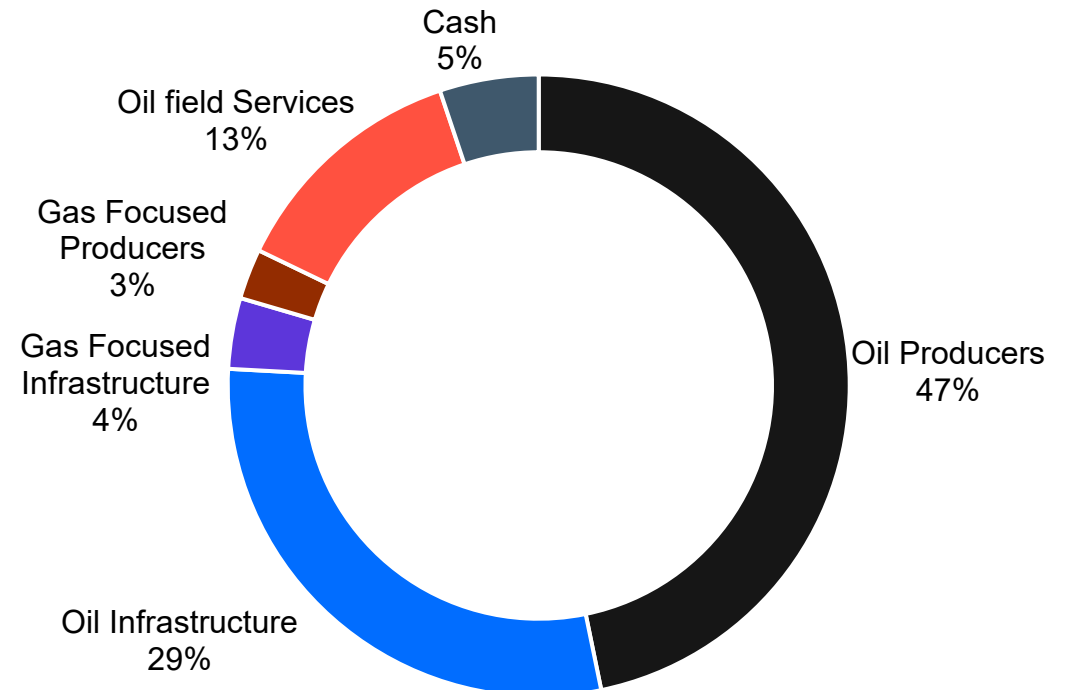
**We invest across the full supply and development chain of global energy from hydrocarbon exploration and production to energy services, processing, and pipeline transportation through to renewables focused on nuclear, solar and the electrification path**

# Dynamic Energy Investing

## Dynamic Energy Income Fund



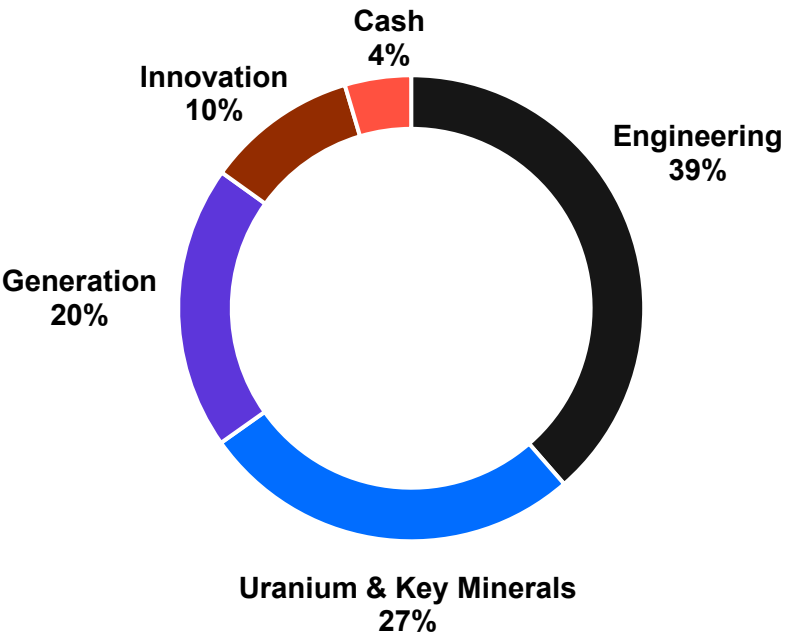
## Dynamic Strategic Energy Class



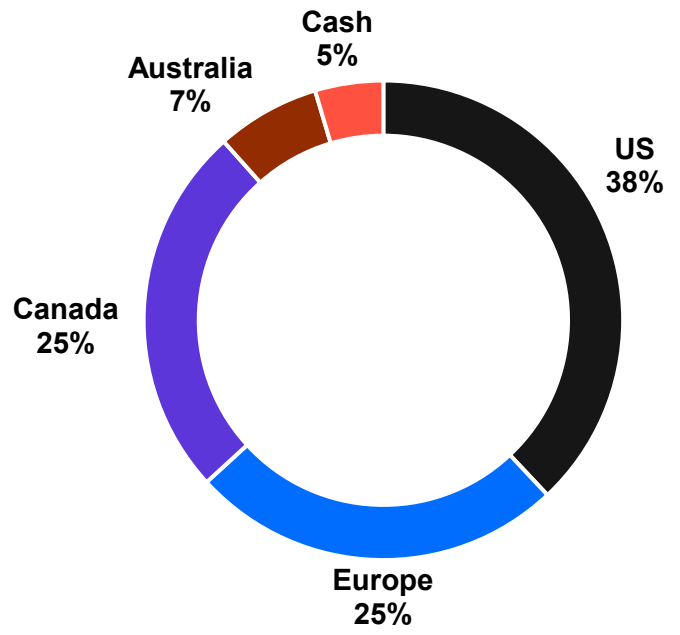
# Dynamic Energy Evolution Fund

## Portfolio Allocations

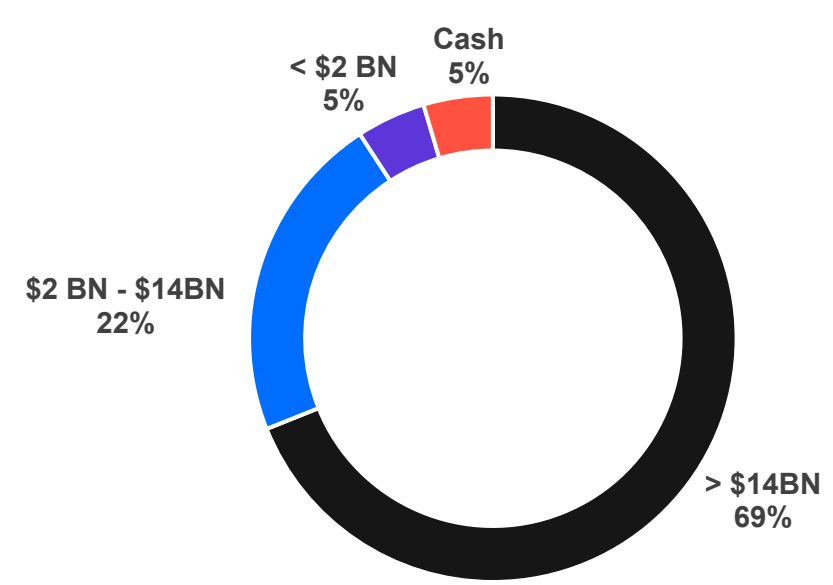
**Sector**



**Geographic**



**Market Cap**



Source: Dynamic as of March 31, 2026



# Thank you



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