

ICG Investment Funds

INDUSTRIAL METALS CHAMPIONS FUND

September 2022

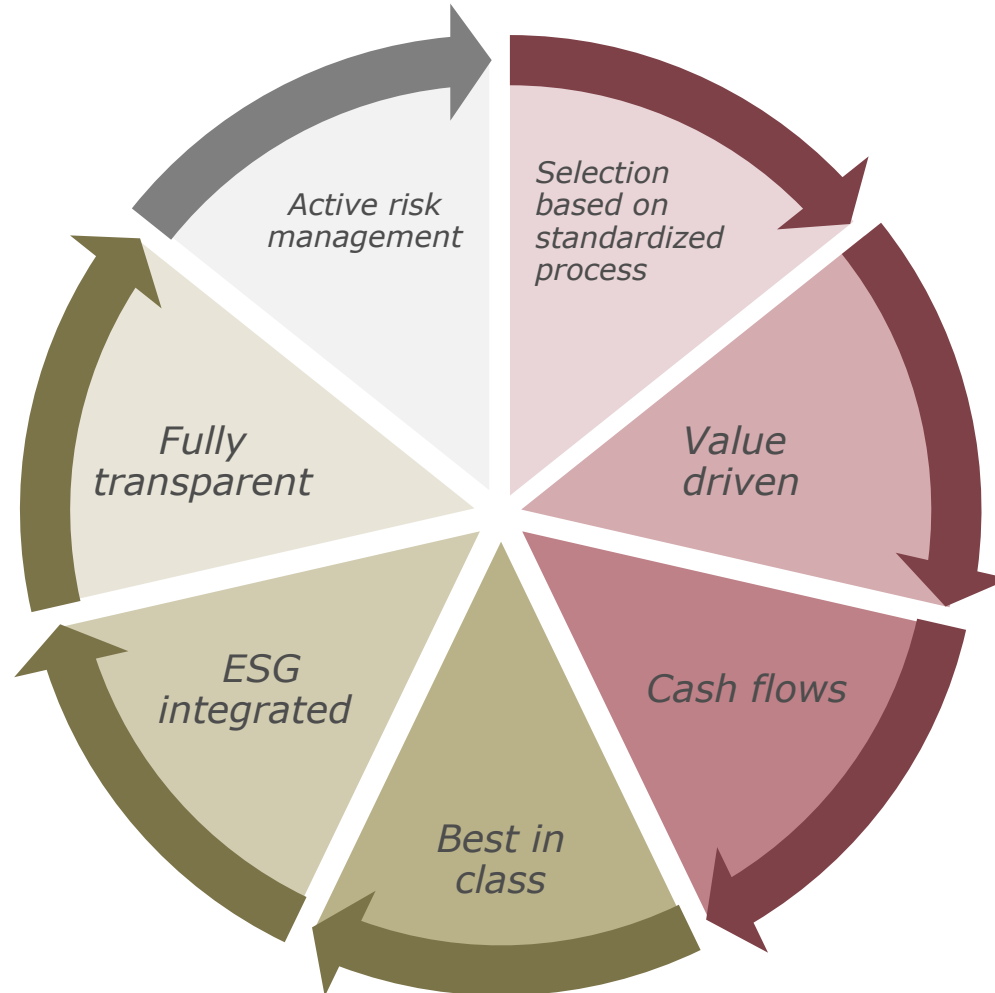
Energy transition

Executive summary

- The world is currently **short in all forms of energy** – the digitalization of the world is especially dependent on electricity and raw materials. **We still live in a material world**
- The world is being redefined after the challenges of the last few years. In this new world order, there is a renaissance of “old” industries, because **the digitalization of the “new” world needs a lot of resources**
- An energy system powered by clean energy technologies needs a lot of raw materials. **Metal demand for clean energy technologies would rise at least 4x by 2040** to meet climate goals, particularly EV-related metals
- After years of underinvestment in the whole commodity supply chain, **there is a significant commodity supply risk** that has become visible right now with the current supply shock caused by Russia and the pandemic
- The focus of our «Champions» funds is on commodity producers with attractive valuation, high profitability and financial health– **there are still hidden gems in the space**
- This current energy crisis and the energy transition is offering opportunities to reposition investors’ portfolio to a sector where a real impact can be achieved as we think **the natural resource companies will be at the very heart of the energy transition**, while being rewarded with **phenomenal shareholder returns in the foreseeable future**

Why invest with us?
Independent Capital Group AG

Actively managed balanced portfolio of 25 companies



Independent Capital Group AG

About us

- Independent Capital Group AG is an asset management and investment advisory firm with offices in Zurich and Basel, Switzerland
- We are regulated by the Swiss Financial Market Supervisory Authority (FINMA)
- Our core competencies are investment management and advisory, including the management of investment funds, real estate- and private equity investments and family office services
- Clients are institutional investors and high net worth individuals as well as their advisors
- With our approach of systematic investing, we strive to maximize long-term risk-adjusted investment returns. We integrate sustainability in the investment process across asset classes, free from ideologies
- Independent Capital Group is 100% privately owned
- As entrepreneurs' reliability and trust are our highest priorities

ZURICH

Headquarter

Waldmannstrasse 8
CH-8001 Zurich
+41 44 256 16 16

Family Office

Head: Reto Michel

Real Estate

*Head: Hamilton Von
Portatius*



BASEL

Office

Steinenberg 1
CH-4051 Basel
+41 61 975 85 85

Asset Management

Head: Dietrich Joos



Asset Management

Experienced investment team



Pablo Gonzalez, CFA
Senior Portfolio Manager

- Prior managing director and portfolio manager for commodities and energy investments with the commodity boutique Gateway Capital Group, Basel
- Private client's advisor with UBS AG, Basel
- Equity sales trader at UBS AG investment banking, Zurich
- CFA Charterholder
- B. A. in Business Admin. (Finance & Controlling), University of Applied Sciences and Arts Northwestern Switzerland FHNW, Basel; Bachelor thesis on "Valuation of Commodity-related Companies"



Dietrich Joos
Head Asset Management
Partner, Executive Director

- Board member at Hoffmann & Partner
- Board member at ACM Biosciences
- Non-executive director at Louvre Group
- Prior founding partner of the commodities and energy investment boutique Gateway Capital Group, Basel
- Portfolio manager with F. Hoffmann-La Roche AG (treasury department) where Mr. Joos initiated the participation in several major commodity related deals incl. the management buyout of Marc Rich & Co which is today's Glencore
- Financial analyst (Swiss equities) with UBS AG
- Economist (lic.rer.pol.), University of Basel



Cyrill Joos
Portfolio Manager

- Prior Research analyst with Gateway Capital Group, Basel
- Private client's advisor with UBS AG, Basel
- CFA Level 2 candidate
- BSc. in Business Administration, University of Applied Sciences and Arts Northwestern Switzerland FHNW, Basel
- Bachelor thesis on "Analysis of cost ranges of new energy sources"



Manny Weiss
Advisor

- International commodities trader, hedge fund manager, financier and businessman
- CEO of Marylebone Diversified LLP, a London based trading advisor in the base metals business
- Prior head of aluminum trading at Marc Rich & Co (later Glencore)
- City University of New York, M.A.

Industrial Metals Champions Fund Performance

MSCI
ESG RATINGS

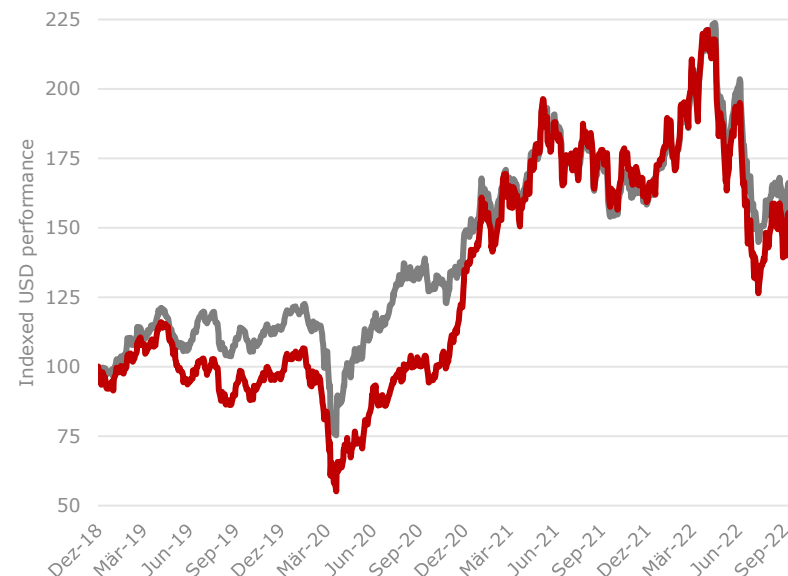


CCC B BB BBB A **AA** AAA

IMC performance over 1 year at **-10.0%**



Indexed performance IMC since inception
vs. S&P GSCI Industrial Metals Index TR



Cumulative performance, net total return

Share classes	FX		NAV 20.09.2022	MTD	YTD	CY2021	CY2020	2 Years	3 Years	Since inception*
Class A	USD	Acc.	178.2	-3.1%	-18.6%	21.6%	37.3%	43.2%	48.6%	42.0%
Class B	CHF	Acc.	158.5	-2.2%	-20.5%	19.7%	32.8%	36.2%	36.5%	27.2%
Class C	USD	Acc.	134.6	-3.1%	-18.2%					-10.3%
Class D	CHF	Acc.								
<i>Percentile scoring to peers** acc. Bloomberg</i>				<i>48%</i>	<i>35%</i>	<i>54%</i>	<i>93%</i>	<i>89%</i>		

*Inception share class A & B was 31.12.2018, share class C was 11.01.2021

** Bloomberg peers universe includes not only Mining companies but also Global Natural Resource Companies that incl. Energy, Precious Metals and Agriculture

Industrial Metals Champions Fund

Portfolio transparency

INDUSTRIAL METALS CHAMPIONS FUND



Financials	IMC	MSCIWorld Metals & Mining Index	Operating (weighted average in Copper Eq.)	IMC	MSCI World Metals & Mining Index	All 25 holdings	IMC
Number of holdings	25	190	Production	3'878 ktpa	6'966 ktpa	ALBEMARLE	4.9%
Market cap	\$25bn	\$43bn	Copper share in % of total production	30%	16%	CAPSTONE COPPER	4.8%
P/B	1.8x	2.0x	Production growth CAGR 2019-2023E	6.7%	-1.0%	SQM	4.6%
P/Cash flow	4.2x	8.3x	Reserve life 2P	25 years	21 years	FIRST QUANTUM MINERALS	4.6%
EV/EBITDA 2022E	3.9x	4.3x	Inventory depth	84 years	97 years	VALE	4.4%
EV/EBITDA 2023E	4.1x	4.8x	Cash costs	\$4'303/t	\$3'841/t	HUBBAY MINERALS	4.3%
Change in EPS 2021E/22E	211%	61%	Cash margin	51%	56%	FREEPORT-MCMORAN	4.3%
P/E 2022E	6.8x	7.4x	Reserve valuation (EV/2P reserves)	\$849/t	\$1'174/t	LUNDIN MINING	4.2%
P/E 2023E	9.4x	8.3x	Resource valuation (EV/total resources)	\$228/t	\$259/t	TECK RESOURCES	4.2%
EBITDA margin 2022E	37%	38%	Operated assets	78%	79%	GLENCORE	4.2%
FCF yield 2022E	13.4%	13.7%	Insider ownership	11.8%	9.7%	SOUTH32	4.1%
FCF yield 2023E	13.2%	11.3%				SSAB	4.1%
Dividend yield	3.7%	6.1%				BOLIDEN	4.0%
Net debt to equity	19%	19%				BHP GROUP	4.0%
						RIO TINTO	3.9%
						ANGLO AMERICAN	3.9%
						ARCELORMITTAL	3.8%
						NORSK HYDRO	3.8%
						ALCOA	3.7%
						SANDFIRE RESOURCES	3.6%
						CENTURY ALUMINUM	3.5%
						CLEVELAND-CLIFFS	3.4%
						CENTRAL ASIA METALS	3.3%
						NICKEL INDUSTRIES	3.3%
						ATALAYA MINING	2.9%

All figures based on weighted averages as per 21.09.2022

Sources: Bloomberg, ICG database



Industrial Metals Champions Fund

Portfolio exposure: IMC vs. Mining Majors

Commodity mix

vs

Geographic mix

IMC

vs

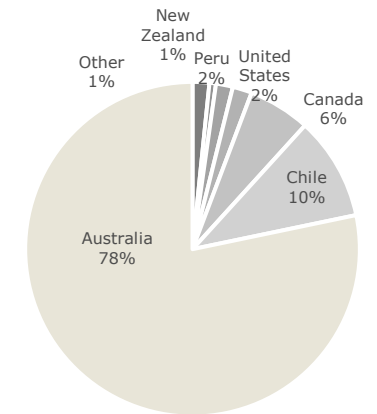
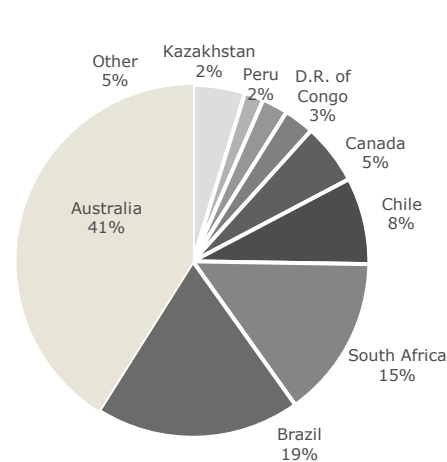
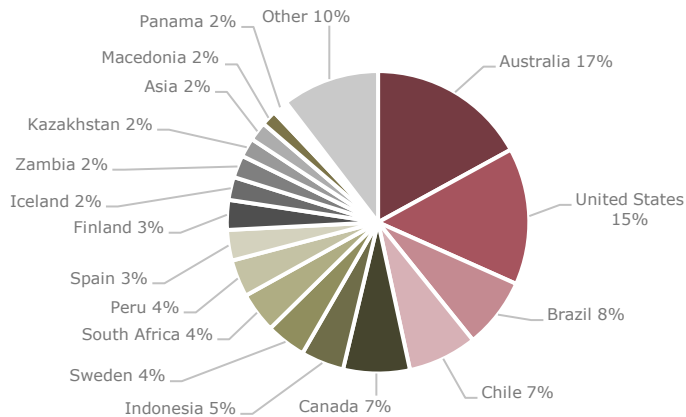
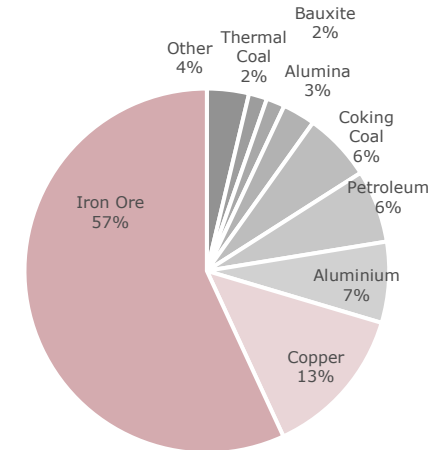
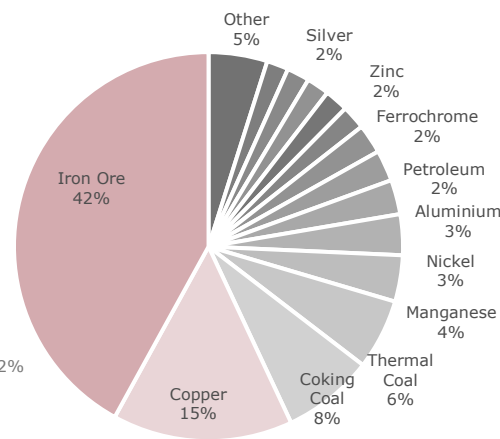
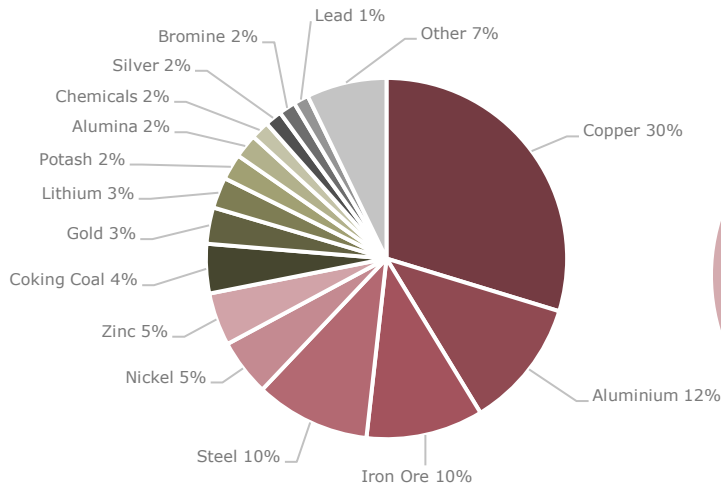
Big 5 Mining Majors

(BHP, Rio Tinto, Vale, Anglo American, Glencore)

vs

2 Mining Majors

(BHP, Rio Tinto)



All figures based on weighted averages as per 21.09.2022
Sources: Bloomberg, ICG Data

Industrial Metals Champions Fund

Critical minerals intensity

Mapping minerals with relevant low-carbon technologies

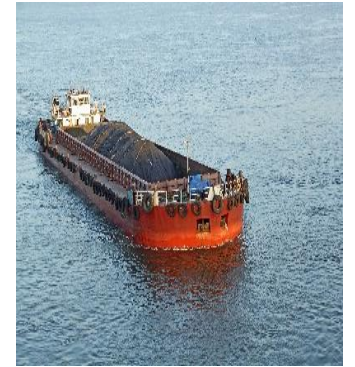
Importance Low to none Medium High

	IMC Exposure	Wind	Solar PV	Hydro	Geo-thermal	Nuclear	Gas	Carbon capture & storage	Bio-energy	Energy storage / EV
Aluminum	12%	Medium	High	Medium	Low	Low	Medium	Low	Medium	High
Cobalt	1%	Low	Low	Medium	Low	Low	Medium	High	Low	High
Copper	30%	High	High	Medium	Low	Low	Low	Low	High	High
Graphite	1%	Low	Low	Medium	Low	Low	Low	Low	Low	High
Iron ore	10%	High	High	High	High	High	High	High	High	High
Lead	1%	Medium	Medium	Low	Medium	Medium	Medium	High	Medium	High
Lithium	3%	Low	Low	Low	Low	Low	Low	Low	Low	High
Manganese	1%	Medium	Low	Low	Low	Low	Low	Low	Low	High
Molybdenum	1%	Medium	Medium	Low	High	High	High	High	High	High
Nickel	5%	Medium	Medium	Low	High	High	High	High	High	High
Rare earths	1%	High	High	Medium	Low	Low	Low	High	Low	High
Silver	2%	Low	High	Low	Low	Low	Low	Low	Low	Medium
Steel	10%	High	High	High	High	High	High	High	High	High
Titanium	1%	Medium	Medium	Medium	Low	Medium	Low	High	Low	Medium
Uranium	1%	Low	Low	Low	Low	High	Low	Low	Low	Low
Zinc	5%	High	Medium	Medium	Low	Low	Low	Low	Medium	Low
Total	85%									

Sources: Bloomberg, World Bank - Minerals for Climate Action: The Mineral Intensity of the Clean Energy Transition; ICG database; exposure based on weighted averages

INDUSTRIAL METALS

MARKET UPDATE

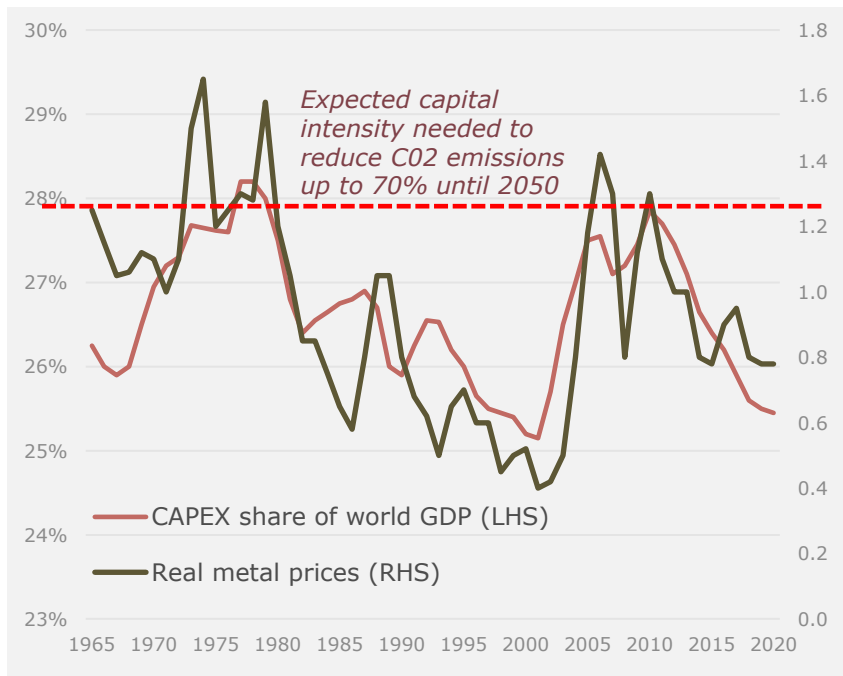


Energy transition & decarbonization

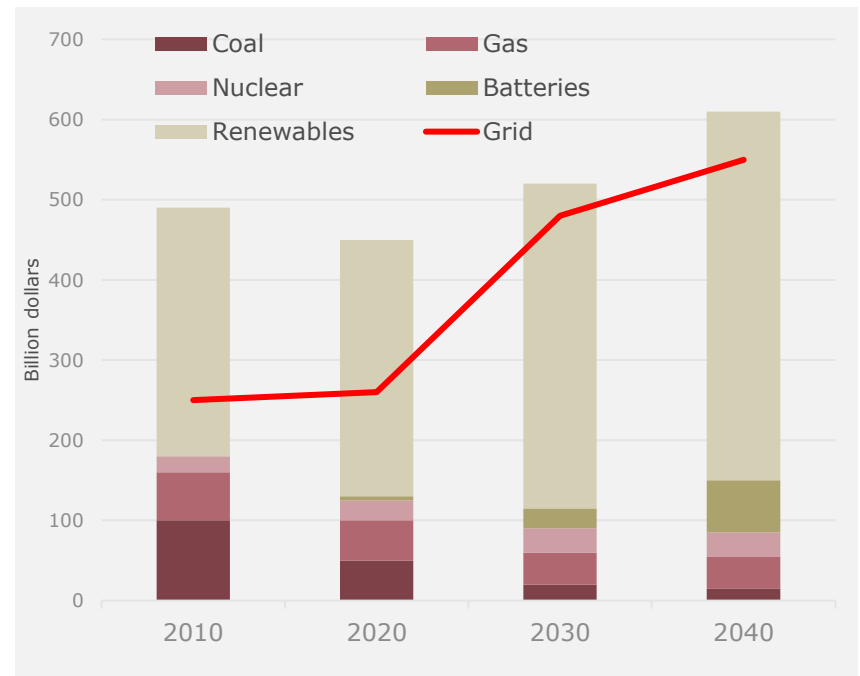
Big efforts to address climate change

- Large infrastructure spending programs are implemented worldwide as voters are pressing for rapid decarbonization
- Plans to make the world fossil fuel independent increased significantly with the Russia invasion of Ukraine
 - REPowerEU seek to diversify gas supplies and speed up the roll-out of renewables
- Environmental policies will drive a capex boom on par with the 1970s and 2000s

Goldman Sachs estimates that a 70% reduction in global CO2 emissions by 2050 would require a USD 2tn investment p.a.



Investment p.a. in the global power sector alone

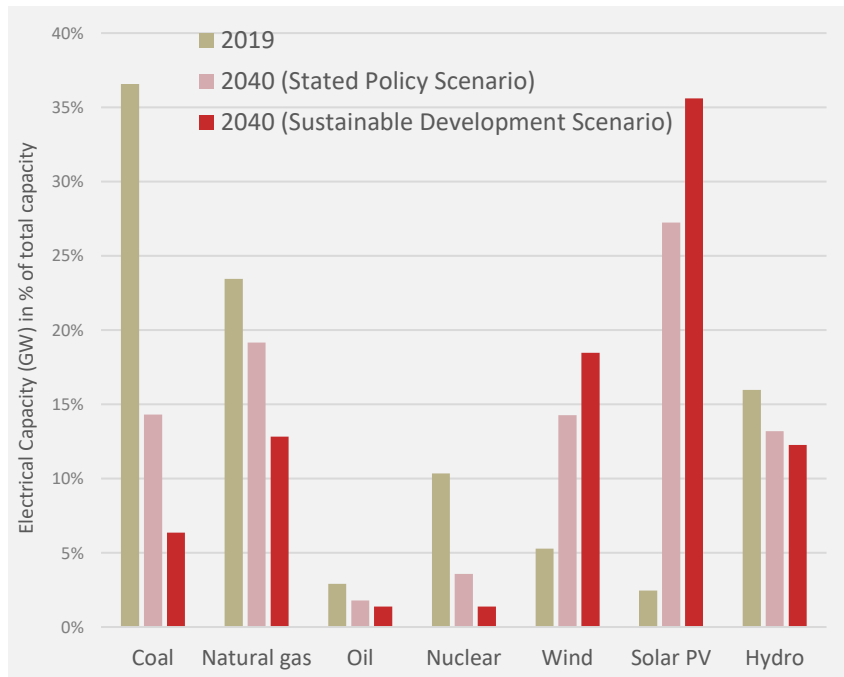


Clean power

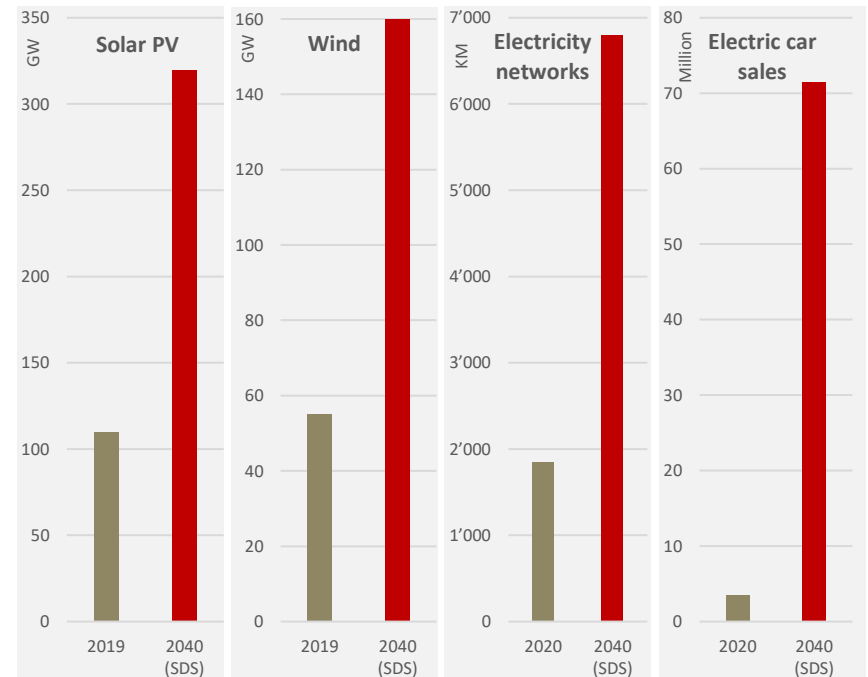
Fast-evolving energy world, renewables have taken off

- Large infrastructure spending programs are implemented worldwide as voters are pressing for rapid decarbonization
 - Now we have visibility for a decade e.g. REPowerEU \$200Bn, Clamte bill Inflation Reduction Act \$370bn
- Independently of which scenario* you take, renewables are expected to increase significantly
- In any case, we need at least a 3 times faster yearly growth rate of new clean energy technologies to reach a greener world by 2040

Solar becomes the new king of electricity and is set to triple before 2030 under current and proposed policies



Achieving climate goals requires a further rapid acceleration in clean energy deployment per year (SDS scenario)



- IEA **Stated Policies Scenario** (STEPS): This scenario reflects all of today's announced policy intentions and targets, insofar as they are backed up by detailed measures for their realisation.

- IEA **Sustainable Development Scenario** (SDS) estimates that a surge in clean energy policies and investment puts the energy system on track to achieve sustainable energy objectives, including the Paris Agreement, energy access and air quality goals.

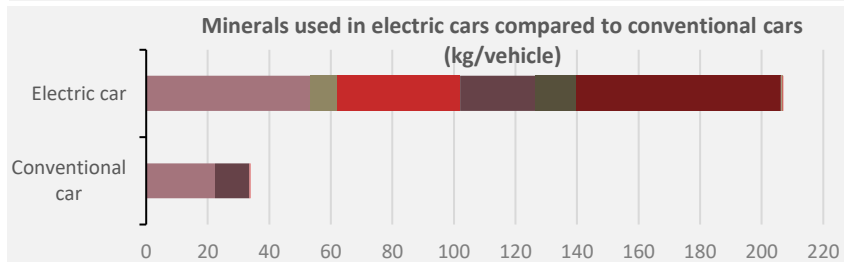
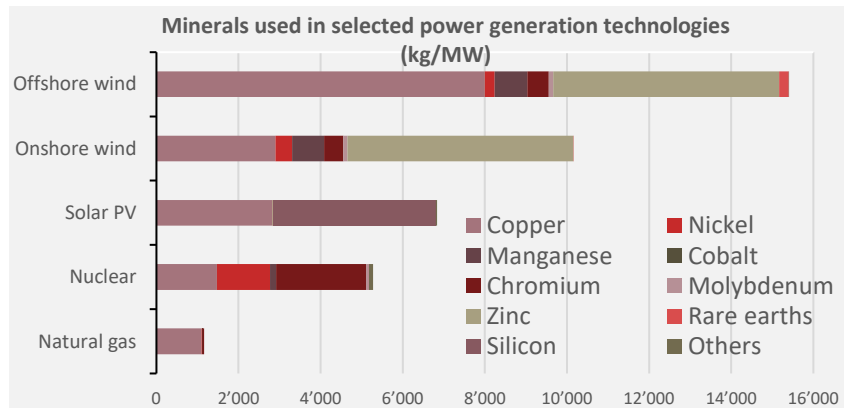
Sources: Bloomberg, IEA, WEO 2020, ICG data

Metals are in the heart of the supercycle

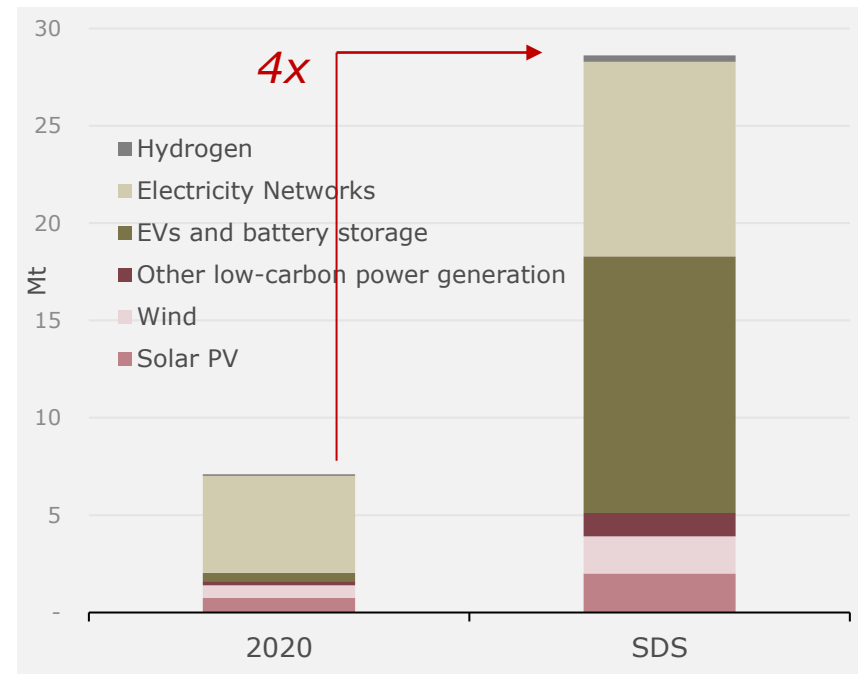
Metal demand to quadruplicate

- An energy system powered by clean energy technologies differs profoundly from one fuelled by traditional hydrocarbon resources as they generally require more minerals than their fossil fuel-based counterparts
 - *EV-related metals to increase significantly: lithium 42x, graphite 25x, cobalt 21x, nickel 19x, rare earths 7x*
- An avg 13MW offshore wind turbine* needs 125t copper, 71t zinc, 20.8t aluminium, 5.7t nickel, 10t manganese, 1.5t molybdenum, 1'700t steel, 700t metallurgical coal, 260t iron

Raw materials are a significant element in the cost structure of many technologies required in the energy transition



Metal demand* for clean energy technologies would rise at least 4x by 2040 to meet climate goals, particularly EV-related metals



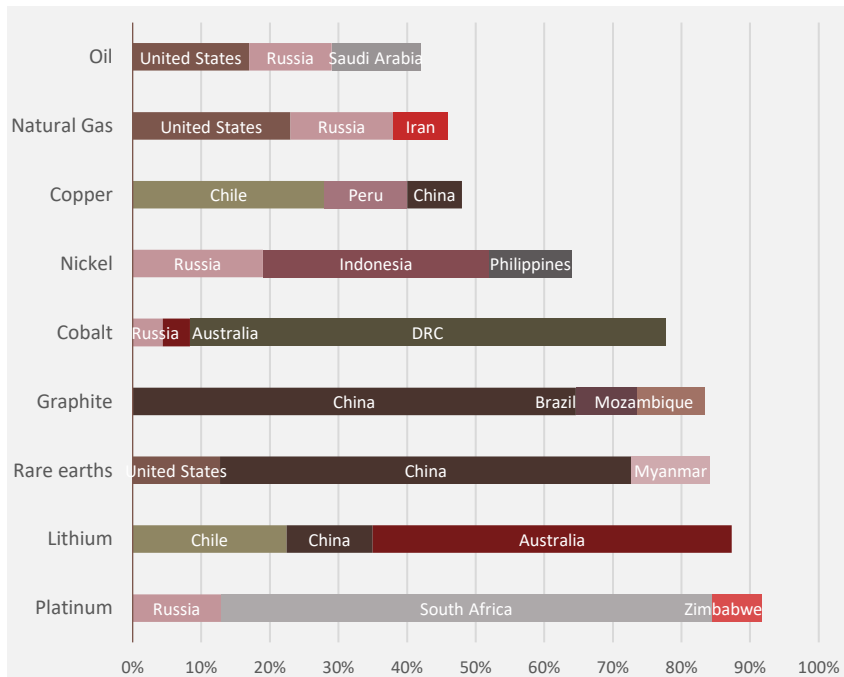
Metal demand* according to the IEA "the role of critical minerals" excludes steel and aluminium that are also very important in the green energy transition
 - IEA **Stated Policies Scenario (STEPS)**: This scenario reflects all of today's announced policy intentions and targets, insofar as they are backed up by detailed measures for their realisation.
 - IEA **Sustainable Development Scenario (SDS)** estimates that a surge in clean energy policies and investment puts the energy system on track to achieve sustainable energy objectives, including the Paris Agreement, energy access and air quality goals.
 Sources: Bloomberg, IEA, WEO 2020, ICG data, *Material usage estimates for different wind turbines (DD-EESG, DD-PMSG, GB-PMSG, GB-DFIG) by European Commission JRC

The age of critical metals

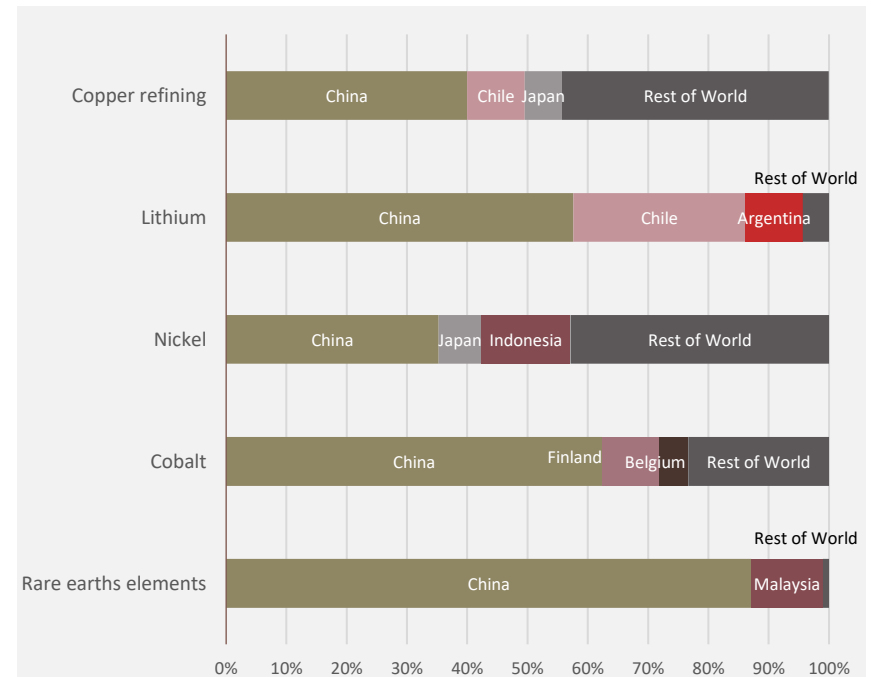
High metal supply concentration

- Even if some metals are considered “rare” the quantity (proven reserves) are often abundant
- The more important problem is the timely access to these metals that is often “critical” because of the high concentration of production and processing
 - *Current production of many energy transition relevant materials are geographically concentrated*

Share of the top 3 producing countries in total production for selected metals and fossil fuels in 2019



Share of processing volume by country for selected metals in 2019 and China has a significant presence across the board

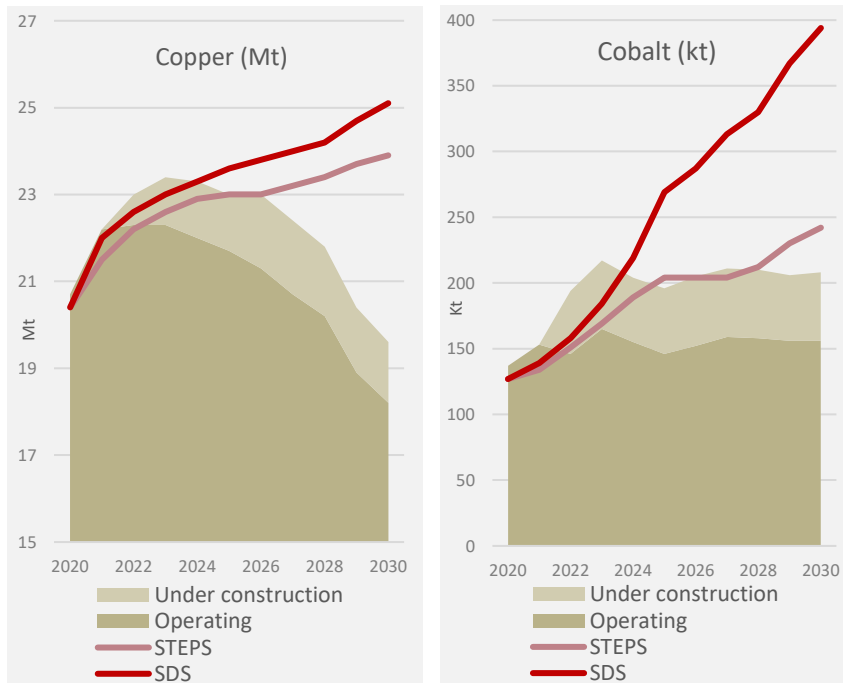


Supply risk underestimated

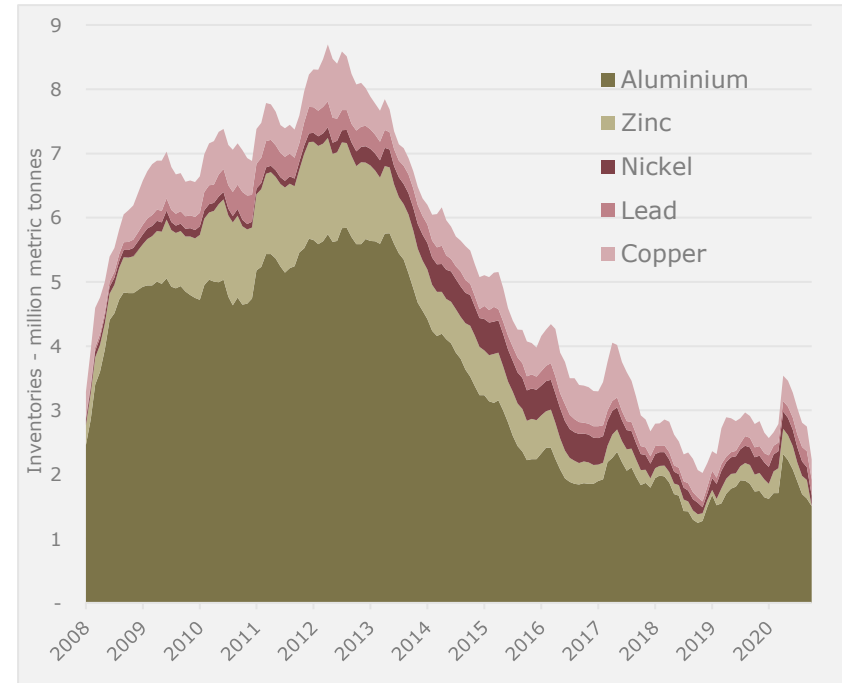
There is a structural under-investment in supply

- Meeting primary demand in any scenario requires a strong growth in investment to bring forward new supply sources over the next decade
 - *JPM estimates an additional 6.9mt of new mine production will be needed to satisfy the projected supply gap in copper by 2030 and BMO expects a deficit of 10mt*
- Historically, it took 8 – 12 years to develop a new mine but meanwhile it takes much longer (ESG)
- Cumulative metals deficits into mid-decade present elevated risk of stock depletion

Committed mine production and demand for copper & cobalt



Inventory increased due to Covid-19 but fell again recently



Primary demand is total demand net of recycled volume (also called primary supply requirements). Projected production profiles are sourced from the S&P Global Market Intelligence database with adjustments to unspecified volumes. Operating permits include the expansion of existing mines. Under-construction projects include those for which the development stage is indicated as commissioning, construction planned, construction started or preproduction.

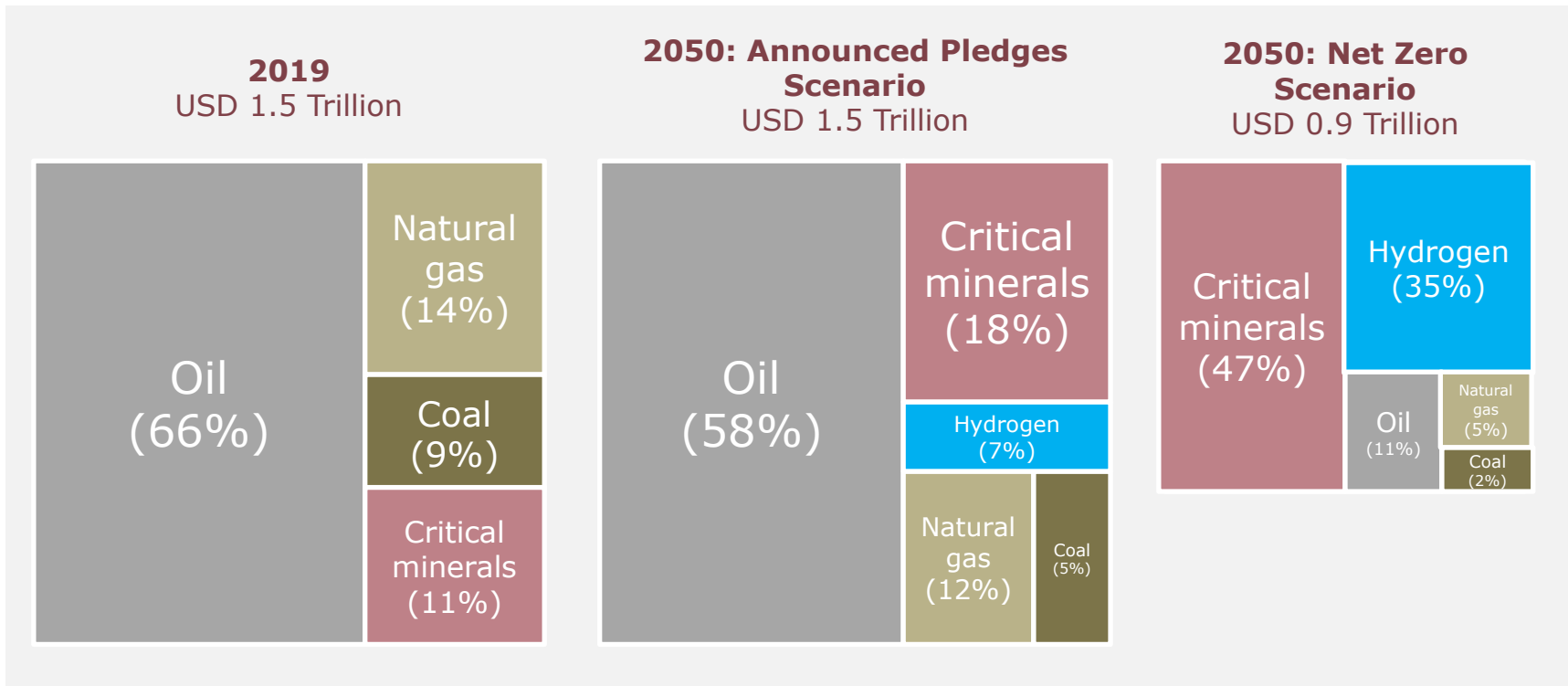
Sources: Bloomberg, IEA, S&P Global, ICG data

The rise of critical minerals

Critical minerals to become key

- The next commodity super-cycle is driven by the energy transition and metals are in the heart of the super-cycle
- Under announced pledges, a growing share of oil and gas trade flows towards developing economies in Asia
- In all scenarios, but especially in the net zero pathway, critical minerals and hydrogen-based fuels are on the rise

Value of international energy-related resource trade and the rise of new energy-related commodities



Notes:

- IEA **Announced Pledges Scenario** (APS): This scenario assumes that all climate commitments made by governments around the world, including Nationally Determined Contributions (NDCs) and longer-term net zero targets, will be met in full and on time.
- IEA **Net Zero Scenario** (NZE) which sets out a narrow but achievable pathway for the global energy sector to achieve net zero CO2 emissions by 2050

Sources: Bloomberg, IEA, WEO 2020, ICG data

Resource «wars»

Global resource competition to come

- The contest of models in “Cold War II” is not about ownership of the means of production
- It is about material production versus immaterial service provision
 - *Countries that focus on manufacturing (China) and resources (Russia) in the physical world against an alliance led by the US, which for the last generation has sacrificed much of its own manufacturing and mining to specialize in global leadership in finance, services, and entertainment*
- 1990, the US was the world’s number-one producer of minerals
 - *Today, it is in 7th place*
- In 1954, the US was 100% dependent on imports for 8 minerals
 - *Today, the US is 100% reliant on imports for 17 minerals and depends on imports for over 50% of 29 widely used minerals. China is a significant source for half of those 29 minerals*

To replace all UK-based vehicles today with electric vehicles*

207'900t cobalt = 1.5 years of global output
 264'600t lithium LCE = 3/4 year of global output
 7'200t neodymium (RE) = 1 year of global output
 2'362'500t copper = 1/8 year of global output
 10'720'000t alu = 1/6 year of global output

If wind farms are chosen to generate power for those UK cars

72'000t neodymium & dysprosium (RE) = 10 years of global output
 20'600'000t copper = 1 year of global output
 13'150'000t alu = 1/5 year of global output
 1'468'000'000 steel = 4/5 year of global output



UK has 67m people -> 32m cars and 2m cars are sold p.a.

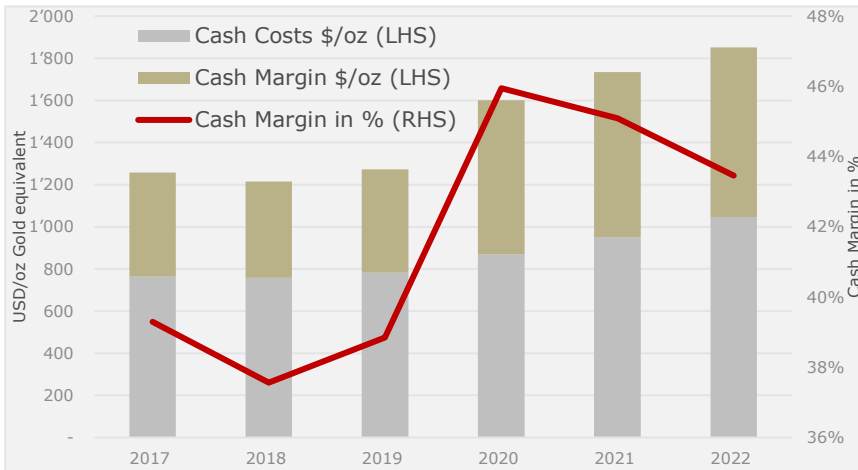
The US has 330m people -> 285m cars and 17m cars are sold p.a.

The world has 8bn people -> 1bn cars and 70m cars are sold p.a. (to grow to 120m p.a.)

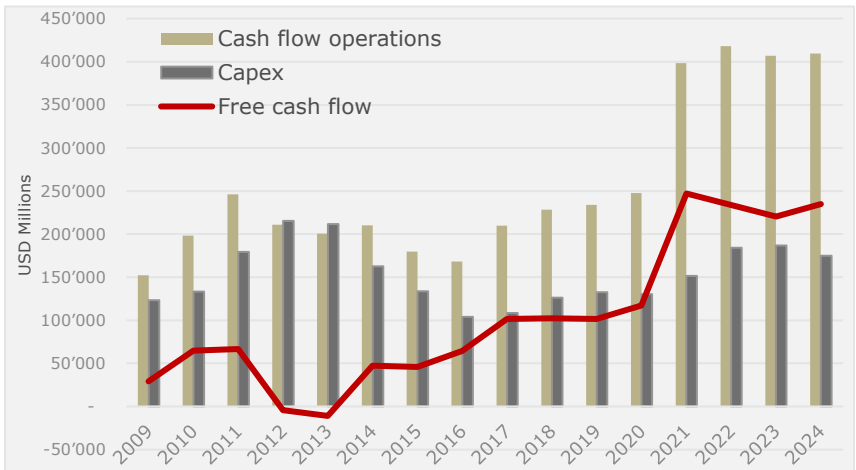
Equity sweetspot

Miners FCF profile improving strongly

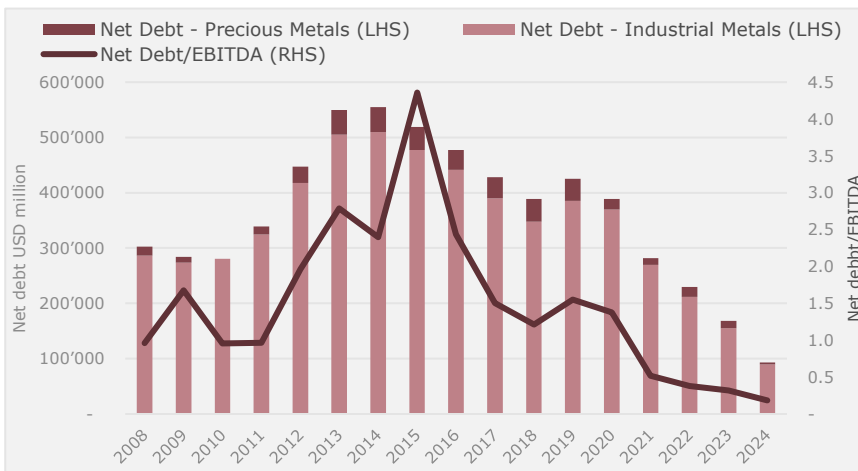
Miners cash costs increased recently amid the global inflation shock. However, margins are still above the average of the last few years



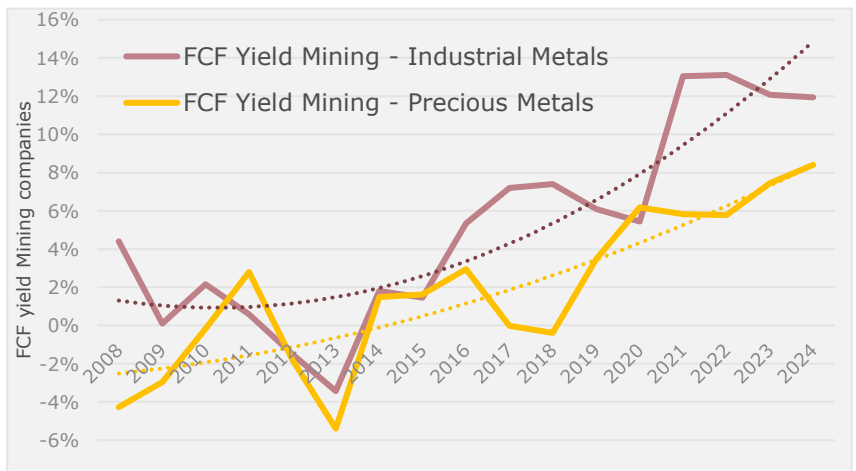
Capital efficiency increasing strongly - the reduced capex programs of the mining industry will lead to significant FCF



Balance sheets are healthier than at any point in history and most precious metals companies are already debt-free

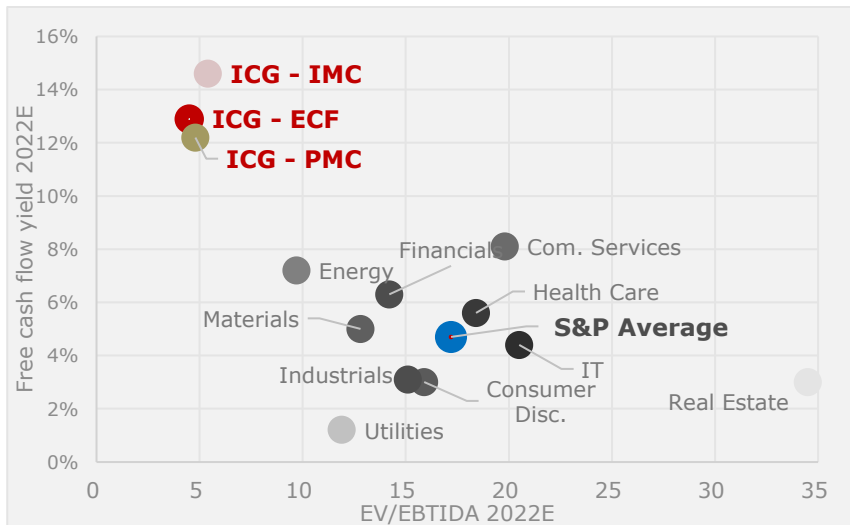
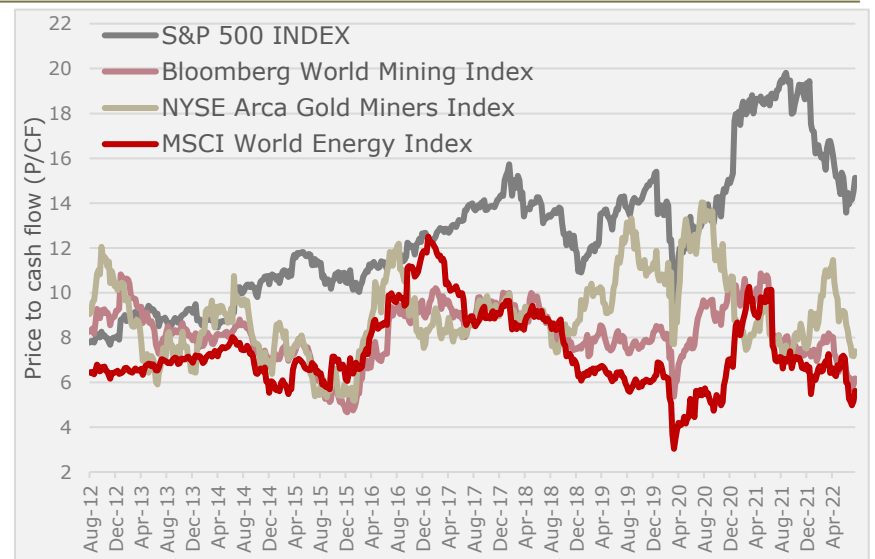
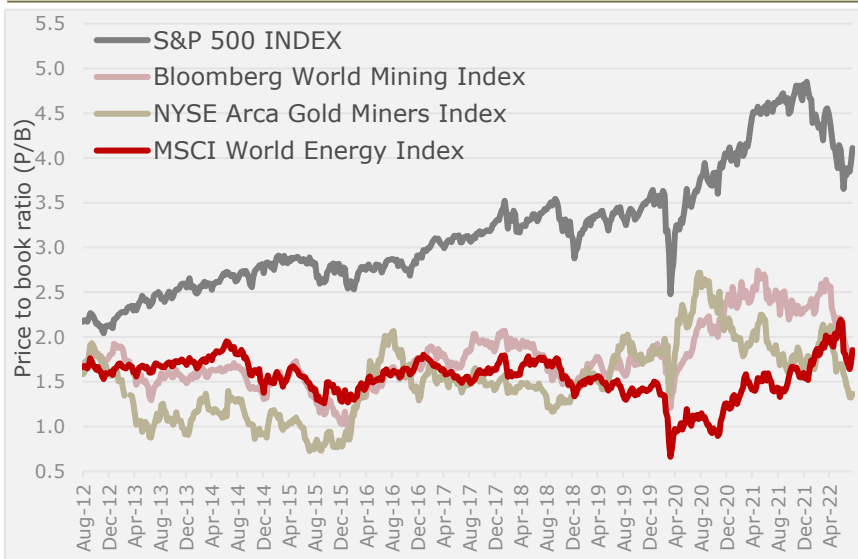


With increasing free cash flow profile, the miners are also starting to improve shareholder returns through dividends and buybacks

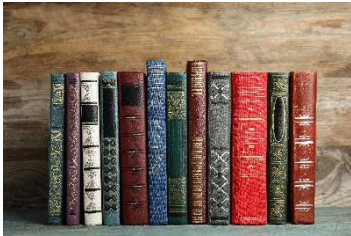


Comeback?

Valuation relative as well as absolute record low



SYSTEMATIC INVESTING



How do we do it?

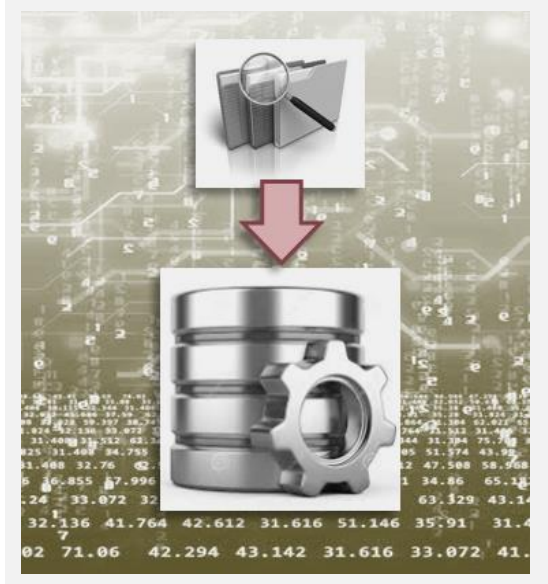
Investment process based ICG Alpha Scorecards

- All our investment funds use proven quantitative multi-factor models that are solely based on unemotional systematic and methodological processes
- Non-discretionary** stock selection
Our investment process is based on a quantitative approach to find the best-in-class companies
- Non-predictive** approach with most of the analysis based on historical data
Our investment process is based on facts and not on "stories"
- Consistent methodological process** which has been backtested successfully
Our investment process is standardized and objective
- Balanced portfolio** instead of single stock bets or market cap weightings
Our investment process has a portfolio view

The ICG Alpha Scorecard is a quantitative and qualitative screening scorecard that pinpoints sector champions with strong economic « moat » based on different variables

ICG developed a proprietary data base to better analyze financial and operating figures with > 250'000 data points

Year	Prime weight	4.0%	1.9%	0.6%	0.9%	5.1%	0.2%	1.9%	0.3%	1.1%	0.4%	1.7%	2.6%	1.2%	2.8%	0.5%	0.9%	1.4%	4.8%	4.5%	3.4%	0.7%	3.9%	0.8%	1.0%	0.4%	0.4%	-0.6%	0.3%	0.2%	1.7%	-1.1%	3.4%	ICG Alpha Scorecard - Energy Champions Fund										
																																		Age points	23.6	20.8	26.9	20.0	25.9	3.0	23.6	11.7	49.7	16.5



ICG Alpha Scorecard Variables

- The ICG Alpha Scorecard is based on a multiple of variables (statistically robust dependence of performance to scorecard variables). Variables are based on a mix of financial and operational figures as well as soft criteria

ICG Alpha Scorecard

Asset Quality	Value	Sustainability (ESG)	Dividends	Balance Sheet	Behavioral Finance
<ul style="list-style-type: none"> Profitability Cash margins ROIC adj. Avg ROCE Production growth debt adj Full cycle ratio Operatorship Asset diversif. Inventory depth ... 	<ul style="list-style-type: none"> M&A multiple on 1P, 2P reserves & risked resources P/B P/CF FCB/B EV/DACF Relative EV/EBITDA ... 	<ul style="list-style-type: none"> Emission/boe produced & 1P Energy intensity/boe Pollution/boe Women ratio Community spending Fatalities Board ind. ... 	<ul style="list-style-type: none"> Dividend yield estimates Shares buyback Div. growth Last div yield Previous div. growth Dividend health ... 	<ul style="list-style-type: none"> CFPS Net debt/CFO-interest exp. Net debt/1P reserves Funding capacity Liquidty Size Capex/CFO ... 	<ul style="list-style-type: none"> Momentum Short interest change Volatility Newsflow Analyst rating Estimate revisions Risk appetite ...

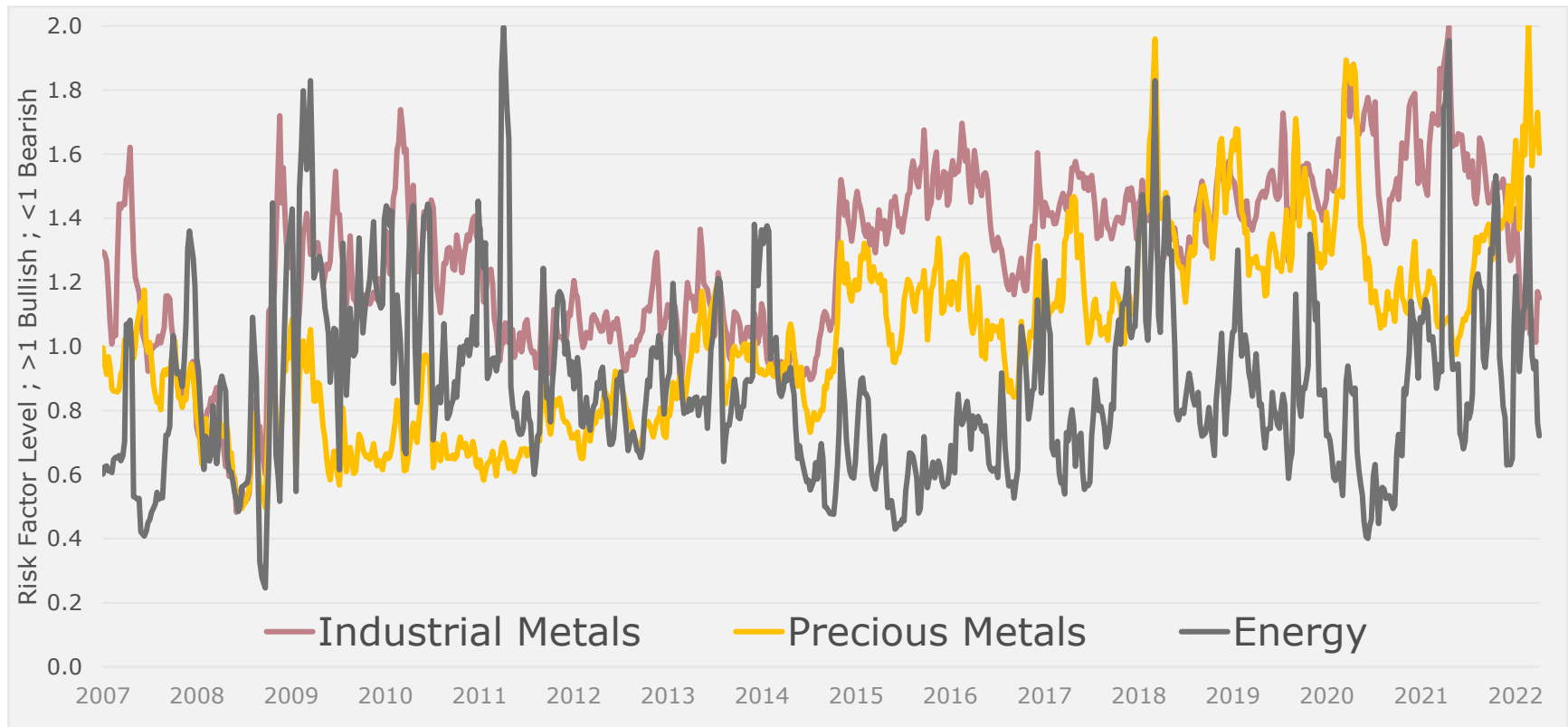
ICG proprietary data base

ICG Risk Factor Model

Dynamic and systematic asset allocation

- ICG applies a rule based systematic approach to define the current attractiveness of the main sub-sectors: energy, industrial metals, precious metals and agriculture for equities and commodities
- For this the ICG team developed a dynamic **risk factor model** for each sub-sector

The risk factor model shows "**Bullish > 1.0x and Bearish < 1.0x**" and according to that the we adjust the exposure and market risk to each sub-sector: energy, industrial metals and precious metals



SUSTAINABILITY

DONE IN A PRAGMATIC WAY



Sustainability

Our funds got strong MSCI ESG Ratings



- The Sustainability (ESG) is an integrated part of the investment process and makes **at least 20%** of the total scores of the ICG Alpha Scorecard. We publish quarterly ESG reports for each fund

MSCI
ESG RATINGS



CCC B BB BBB A AA AAA

MSCI
ESG RATINGS



CCC B BB BBB A AA AAA

MSCI
ESG RATINGS



CCC B BB BBB A AA AAA

INDUSTRIAL METALS CHAMPIONS FUND

ESG Quarterly Report 4Q 2020

Responsible Investment
Sustainability is an integrated part of the ICG investment process. The Sustainability (ESG) part makes at least 20% of the total scores of the ICG Alpha Scorecard

ICG Alpha Scorecard ESG results

Environmental	IMC	Universe	Delta
CO2/production	1.8	6.4	-72%
GHG/production	4716	7673	-39%
Waste/production	151	155	-3%
Energy intensity	2339	3'016	-22%
Fuel used/production	320	535	-6%
Spills/production	4	54	-93%
Water recycled	20%	75%	-27%

IMC environmental footprint **better -30%**

IMC Sustainability ESG Risk Rating **better -7%**

Average position among the Sustainalytics Universe
IMC companies 8'935 out of 13'410 companies

MSCI Sustainability ESG Risk Rating **above average**

MSCI ESG Research
An MSCI ESG Rating is designed to measure a company's resilience to long-term, industry material environmental, social and governance (ESG) risks. MSCI uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. MSCI ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC).

MSCI

Governance score	IMC	Universe	Delta
Disclosure score	41%	30%	27%
Policy score	66%	43%	53%
Board independence	64%	53%	21%
Board avg. age	60	61	-2%
Insider ownership	21.6%	11.5%	88%
Govt ownership	3.5%	3.0%	-20%
Country risk	36	49	-14%

IMC governance score **better 28%**

IMC PMSI ESG Rating **slightly above average**

Independent Capital Group AG
Sustainability is an integrated part of the ICG investment process. The Sustainability (ESG) part makes at least 20% of the total scores of the ICG Alpha Scorecard

PRECIOUS METALS CHAMPIONS FUND

ESG Quarterly Report 4Q 2020

Responsible Investment
Sustainability is an integrated part of the ICG investment process. The Sustainability (ESG) part makes at least 20% of the total scores of the ICG Alpha Scorecard

ICG Alpha Scorecard ESG results

Environmental	PMC	Universe	Delta
CO2/production	0.2	0.2	0%
GHG/production	0.5	0.7	-29%
Waste/production	52	109	-52%
Energy intensity	784	1'023	-23%
Fuel used/production	0.1	0.1	0%
Spills/production	11	107	-90%
Water recycled	41%	68%	60%

PMC environmental footprint **better -19%**

PMC Sustainability ESG Risk Rating **better -11%**

Average position among the Sustainalytics Universe
PMC companies 8'780 out of 13'410 companies

MSCI Sustainability ESG Risk Rating **above average**

MSCI ESG Research
An MSCI ESG Rating is designed to measure a company's resilience to long-term, industry material environmental, social and governance (ESG) risks. MSCI uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. MSCI ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC).

MSCI

Governance score	PMC	Universe	Delta
Disclosure score	44%	19%	123%
Policy score	68%	31%	119%
Board independence	77%	46%	67%
Board avg. age	61	60	2%
Insider ownership	9.8%	5.2%	88%
Govt ownership	2.2%	0.7%	-214%
Country risk	59	50	2%

PMC governance score **better 28%**

PMC PMSI ESG Rating **slightly above average**

Independent Capital Group AG
Sustainability is an integrated part of the ICG investment process. The Sustainability (ESG) part makes at least 20% of the total scores of the ICG Alpha Scorecard

ENERGY CHAMPIONS FUND

ESG Quarterly Report 4Q 2020

Responsible Investment
Sustainability is an integrated part of the ICG investment process. The Sustainability (ESG) part makes at least 20% of the total scores of the ICG Alpha Scorecard

ICG Alpha Scorecard ESG results

Environmental	ECF	Universe	Delta
CO2/production	14.5	43.0	-66%
GHG/production	22.8	54.3	-58%
Waste/production	0.4	2.1	-81%
Energy intensity	473	1'034	-54%
Gas flaring/production	6.5	6.1	7%
Spills/production	1.1	9.0	-77%
Embedded carbon/production	0.4	0.5	-20%

ECF environmental footprint **better -50%**

ECF Sustainability ESG Risk Rating **better -11%**

Average position among the Sustainalytics Universe
ECF companies 8'780 out of 13'410 companies

MSCI Sustainability ESG Risk Rating **above average**

MSCI ESG Research
An MSCI ESG Rating is designed to measure a company's resilience to long-term, industry material environmental, social and governance (ESG) risks. MSCI uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. MSCI ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC).

MSCI

Governance score	ECF	Universe	Delta
Disclosure score	30%	27%	41%
Policy score	74%	41%	44%
Board independence	74%	70%	6%
Board avg. age	59	61	-3%
Insider ownership	12%	6%	102%
Govt ownership	6%	5%	23%
Country risk	65	65	0%

ECF governance score **better 30%**

ECF PMSI ESG Rating **average**

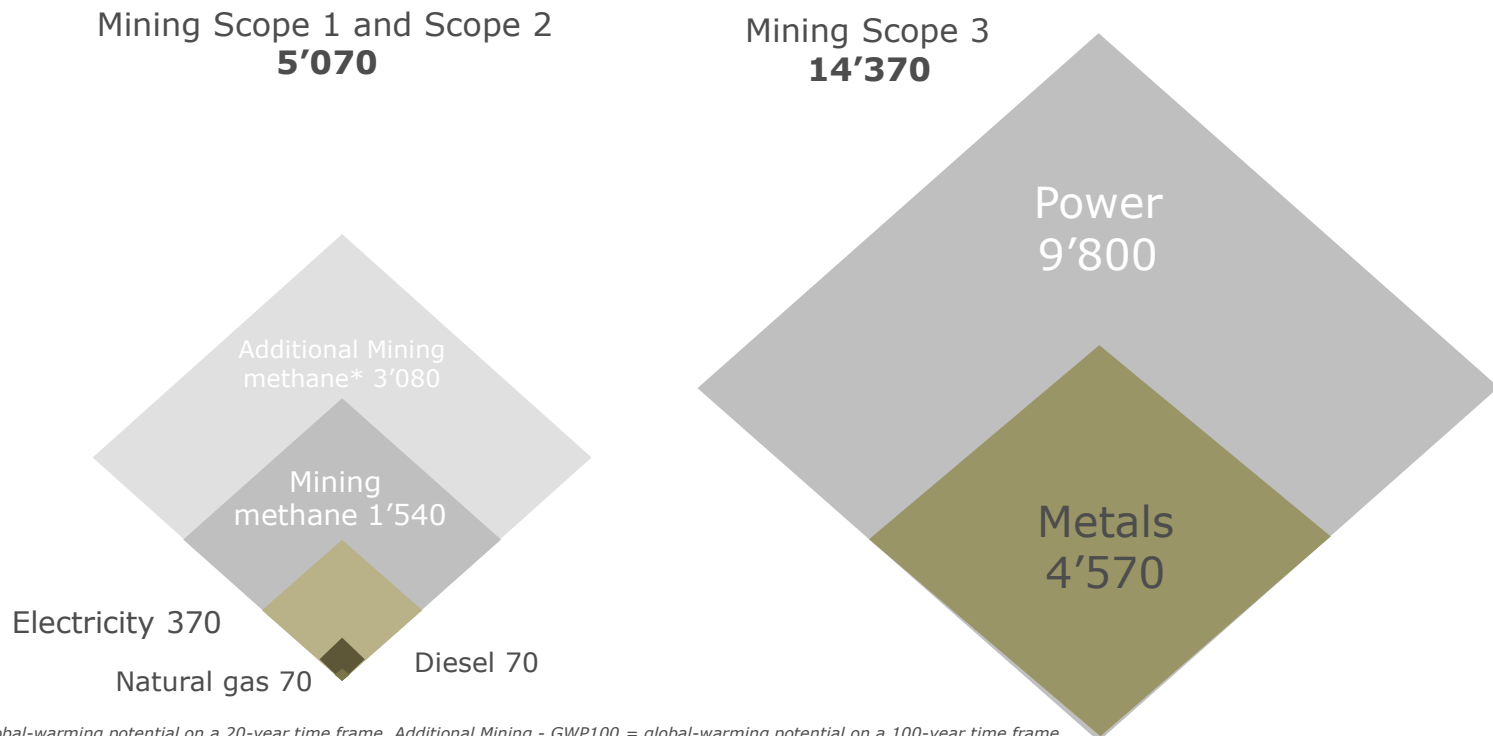
Independent Capital Group AG
Sustainability is an integrated part of the ICG investment process. The Sustainability (ESG) part makes at least 20% of the total scores of the ICG Alpha Scorecard

Climate impact of Mining

Mining is responsible for 4% to 7% of GHG emissions globally

- Scope 1 and Scope 2 CO₂ emissions from the sector (those incurred through mining operations and power consumption, respectively) amount to 1%
 - However, fugitive methane emissions from coal mining are estimated at 3% to 6%
- A significant share of global emissions 28% would be considered Scope 3 (indirect) emissions, including the combustion of coal
 - The metal industry contributes roughly 4.5 gigatons of CO₂ equivalent (CO₂e), mainly through steel and aluminum production
 - Coal combustion for the power sector contributes up to roughly 10 gigatons of CO₂e

Greenhouse-gas (GHG) emissions in megatons per year of CO₂ equivalent (CO₂e), by industry, by type



*GWP20 = global-warming potential on a 20-year time frame. Additional Mining - GWP100 = global-warming potential on a 100-year time frame.
Sources: McKinsey, US Federal Highway Admin, ICG Research

Miners setting targets

ESG efforts of the miners is underestimated

- The Mining industry is facing pressure from governments, investors and society to reduce their emissions
 - An increasing number of mining companies are committing to reduce emissions
 - The industry has only just begun to set emission-reduction goals
- Carbon reduction needs investments and will affect commodity prices
 - E.g. Rio Tinto announced that they target a 50% cut of Scope 1 and 2 by 2030 and expects to directly invest roughly \$7.5 billion between 2022 and 2030 to achieve that aim
- Decarbonization will vary by geography, segment, commodity and executives' own priorities

Net CO2 emission reduction pledges for the top mining companies

Company	Scope 1 and 2		Scope 3	
	2021 - 2030	Long term	2021 - 2030	Long-term
Rio Tinto	50%	100%	15%	100%
Newmont	30%	100%	15%	100%
Mitsui	50%	100%	50%	100%
Glencore	40%	100%	50%	100%
Vale	33%	100%		15%
BHP	30%	100%	30 – 40% i	
Anglo American	30%	100%		
Teck Resources	33%	100%		
Fortescue Metals Group	26%	100%		

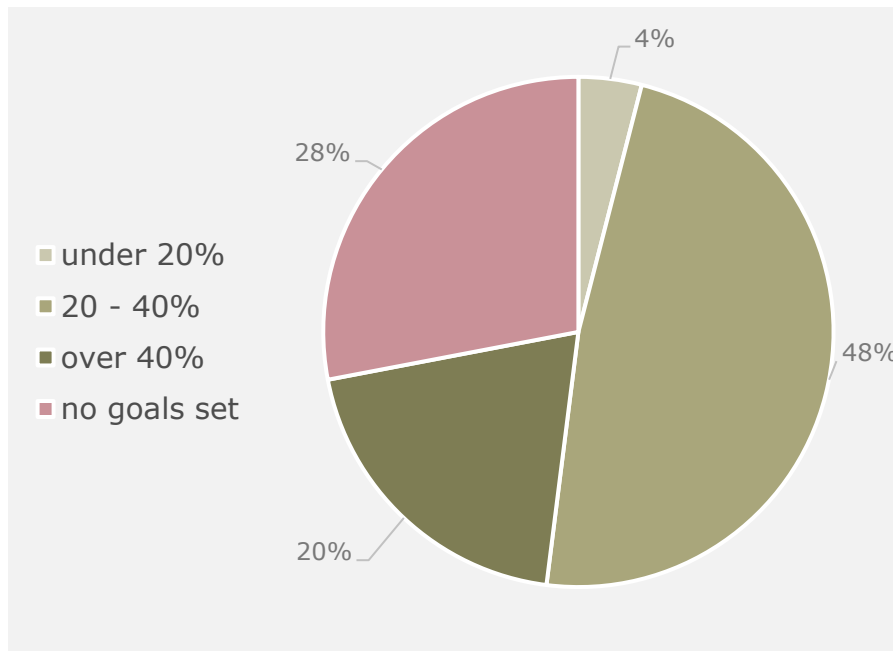
Notes: Reductions can account for CO2 removal (e.g. through afforestation or direct air capture) and emission credits (generated by emission reductions in other sectors). Long-term targets include pledges to be fulfilled in 2035, 2040 or 2050. i = intensity target

IMC portfolio

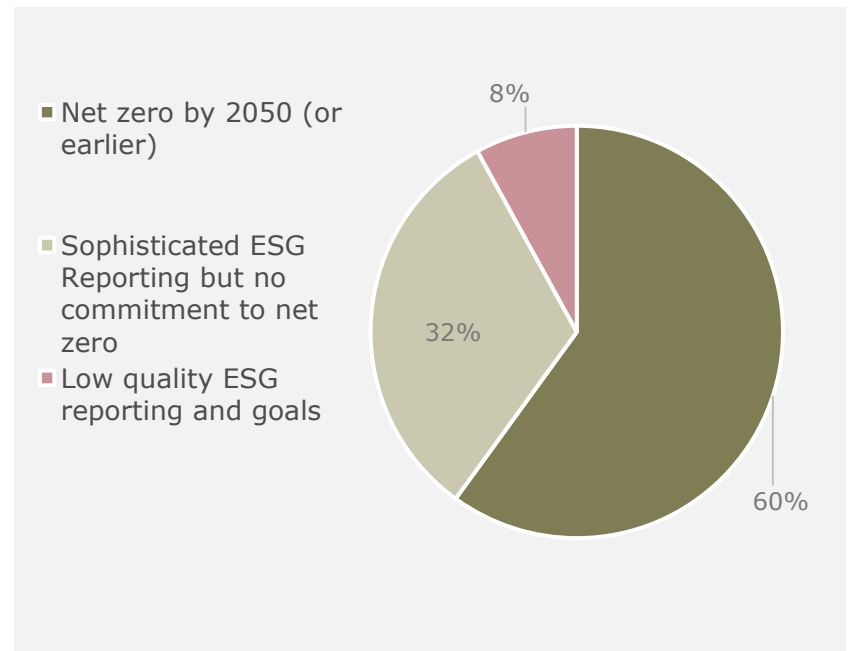
We actively seek for the ESG «Champions»

- The decarbonization potential for mines varies by commodity, mine type, power source, and grid emissions, among other factors.
- However, mines theoretically can fully decarbonize through
 - *Electrification – electrifying mining processes and equipment – e.g. Newmont in Canada*
 - *Renewable energy – use and innovation in renewable energy – e.g. Codelco & BHP use solar power in Chile, Atalaya is building a solar plant directly at the mine, Fortescue is investing R&D in hydrogen*
 - *Operational efficiencies – recycling – e.g. Antofagasta big investments in South America for water recycling as the access to water may become a critical stress factor by 2040*

Roughly 75% of IMC portfolio companies are committed to reduce their own carbon emissions by 2030

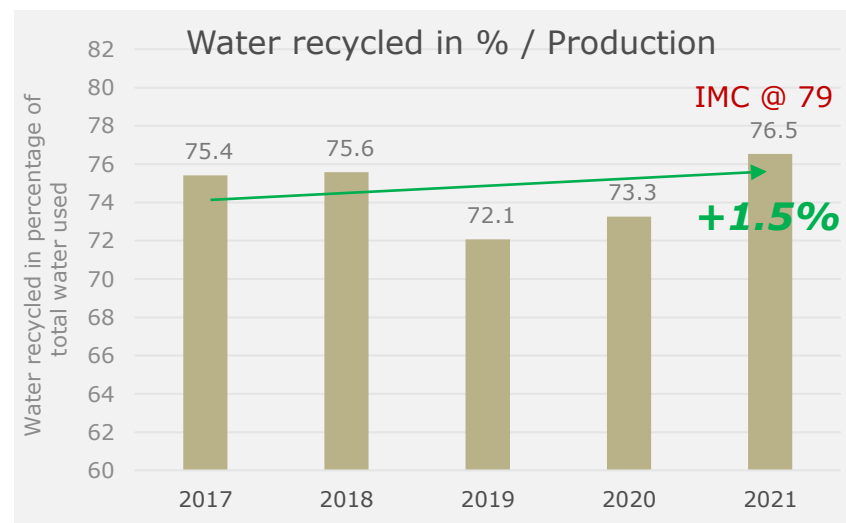
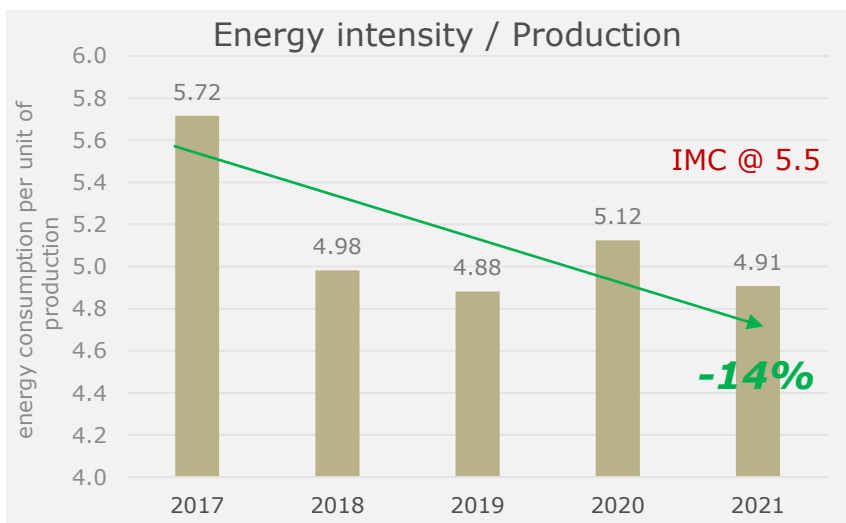
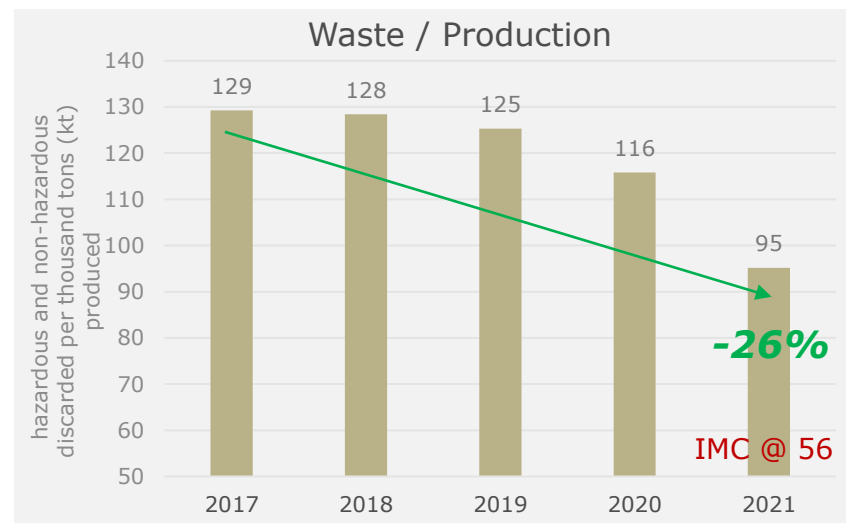
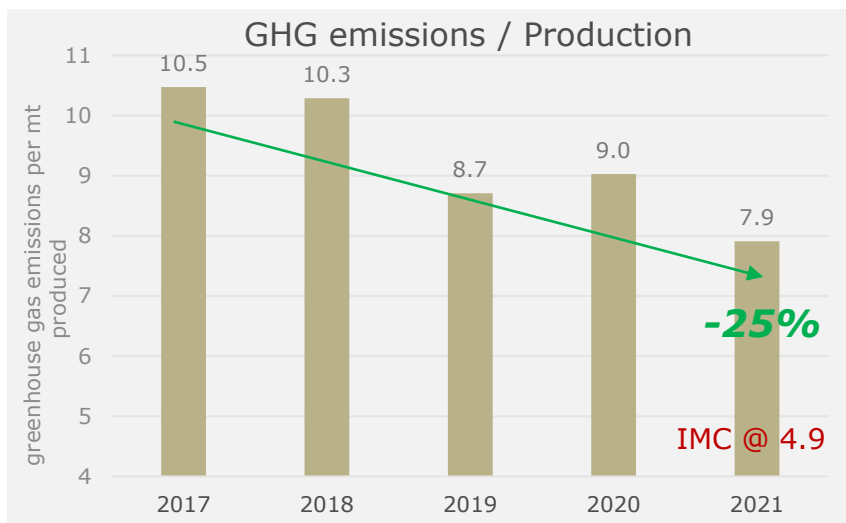


Over 90% of IMC portfolio companies have set the target of being carbon neutral by 2050 and/or have sophisticated ESG reporting in place



ESG impact already visible

ESG improvements of the Miners are underestimated



Why again? Roundup

Relative best companies - ICG Alpha Scorecard

- *All our investment funds use proven quantitative multi-factor models that are solely based on unemotional systematic and methodological processes. For this we developed a proprietary data base to better analyse financial and operational figures.*
- *The ICG Alpha Scorecard is a quantitative and qualitative screening scorecard that pinpoints sector "champions" with strong economic "moat" based on different variables*
- *We invest in the top 25 companies out of a universe of 150 companies for each sub-sector*

Cash flow focus – No exploration or development companies

- *Cash flow is the ultimate measure of how a business is doing*
- *In the natural resource industry from exploration to production a lot of unexpected things can happen - we want to focus on the ones that already produce and show a cash flow stream*
- *Cash is king and represents safety*

Risk Management – Dynamic Risk Factor Model

- *ICG applies a rule based systematic approach to define the current attractiveness of the main sub-sectors: energy, industrial metals, precious metals and the commodities within*
- *Thanks to this dynamic risk factor model we can adjust the exposure of each sub-sector and increase or reduce the market risk*

Sustainability – Done in a pragmatic sustainable way

- *Sustainability is an integrated part of the ICG investment process. We consider environmental, social and governance criteria without losing sight for return*
- *The Sustainability (ESG) part makes at least 20% of the total scores of the ICG Alpha Scorecard*
- *We report an ESG quarterly report for all our investment funds with the ESG score results from our ICG Alpha Scorecard as well as independent ESG rating agencies*
- *Our funds got strong MSCI ESG Ratings*

THANK YOU FOR YOUR TRUST

Disclaimer

The current document is intended for information purposes only and shall not to be used as an offer to buy and/or sell shares. The performance shown does not take account of any commissions and costs charged when subscribing to and redeeming shares. Past performance may not be reliable guide to future performance. This material has been prepared by Independent Capital Group AG, none of the registrar and transfer agent, the central administration or the custodian of the Fund has independently verified any information contained herein and no party makes any representation or warranty as to the accuracy, completeness, or reliability of such information.