

INDUSTRIAL METALS CHAMPIONS FUND



IMC Factsheet

Fund objectives

The fund aims to generate long term capital growth by primarily investing in equities from companies offering exposure to the industrial metals market.

Fund facts

Investment manager

Independent Capital Group AG

Fund name

ICG Umbrella Funds -
Industrial Metals Champions Fund

Legal status

Liechtensteiner UCITS contractual fund

Base currency

USD

NAV calculation

Daily

Inception date UCITS Liechtenstein

03. April 2018

New strategy - IMC

04. December 2018

Fund size

USD \$36m

Benchmark

MSCI Metals & Mining Net TR Index

Custodian

LLB Liechtensteinische Landesbank AG

February 2023

Performance over 1 year **-13.0%**



Cumulative net performance in USD

	NAV	February	YTD	2 Years	3 Years	4 Years	since IMC*
	28.02.2023	31.01.-28.02.2023					
Class A	215.9	-9.2%	4.6%	6.8%	112.2%	58.9%	72.1%
Class B	180.4	-10.8%	1.2%	-3.3%	85.9%	34.8%	44.8%
Class C**	163.5	-9.2%	4.7%	8.1%			9.0%

*domicile status change and inception of GNR-Fund Liechtenstein 3.4.18 (performance 43.93%); Change of strategy into IMC-Fund as of 4.12.2018

**Inception 08. January 2021

Monthly comment

According to analysts, it appears that the market is looking through a patch of demand softness in the copper market with the focus on firmer cyclical Chinese offtake to come, less growth tail risks in the developed world, and structural demand trends staying resilient. Market participants expect a 3.1% growth in global copper demand this year, while on the supply side, more than 250kt of annualized mine output could be at risk due to protests in Peru. Some analysts also see longer-term implications, with companies potentially delaying the approval of new projects. Politics could put a brake on new supply. Countries with large reserves of metals such as Peru are pushing for a bigger share of the profits from mining, which could discourage investment. In Chile, the world's biggest copper producer, mining projects have been held back by regulatory uncertainties. In Panama, one of the largest copper mines in the world is embroiled in a tax dispute and has currently suspended ore processing. Companies got burned in the past when the cycle turned, and they found themselves boosting output just as demand was falling. Since then, they have prioritized strong balance sheets and become more wary of investing in new projects. The specter of global inflation makes heavy capital spending even less palatable as it pushes up costs. What is more, rich copper deposits are getting harder, and more expensive, to find – just in time when expansion is needed as large supply shortages are expected in the near future. If supply shortages turn out to be as severe as some analysts predict, it would cause a surge in prices that risks damaging the economics of smart grids and renewables and slowing their adoption. Looking at companies, the results from the world's biggest miners are so far disappointing as they grappled with lower metals prices and rising energy and labor costs. 2022 was a volatile year for industrial metals, with record prices in the first half giving way to a second-half slump amid fears for the global economy. Rio Tinto slashed its dividend on lower profits, BHP's half-year earnings fell from a record, while Vale was hurt by cost inflation. Glencore had a better outing, posting its best-ever profit thanks to a global coal boom. Even though inflationary pressures are softening as supply chains start to ease up and gas prices fall, the direct flow through to the cost base will take time. Nevertheless, the companies are optimistic about a turnaround in its biggest market China, after the end of Covid Zero.

Codes

Share classes

D Retail CHF (unhedged) class
Accumulating

Main Bloomberg ticker

GATNTRA LE Equity

ISIN

D LI1121337953

Valoren number

D 112133795

Dealing & prices

Management fee p.a.

D 1.50%

Trading frequency

Daily

Minimum subscription

D 1 share

IMC Factsheet

February 2023

Financial statistics*

Number of holdings	25
Market cap	\$20bn
P/B ratio	1.5x
P/cash flow	6.3x
EV/EBITDA 2023E	5.0x
FCF yield 2023E	8.6%
Dividend yield	4.9%
Net debt/equity	8%

Why commodities

Commodities have been key in the economic development of the world. Urban population is expected to grow globally from 52% to 66% by 2050. Urbanisation drives per capita wealth increase and with it the demand for natural resources. Middle class expands on a global basis, more than doubling by 2030 to reach >5 billion people. India and China show the largest increases with each reaching more than 1 billion middle-class citizens, China alone has the potential for 250 million people to urbanise in the next 10 years. By 2030, global middle-class consumption is expected to be more than \$63 trillion vs \$35 trillion in 2015. Demand for commodities remains continual, while they are becoming scarcer.

Operating statistics in copper-eq.*

Production	1'242 ktpa
Reserve life (2P reserves)	31 years
Cash costs	\$2'915/t
Cash margin	62%
Reserve valuation (EV/2P)	\$1'048/t

Why natural resource equities and the Industrial Metals Champions Fund

Natural resource companies are entering a phase of improving margins and the valuation is very low on a relative basis compared to the global equity markets. A portfolio of natural resource equities reduces firm specific risks while it increases the commodity exposure. The Industrial Metals Champions Fund offers the investor the opportunity to participate in an actively managed portfolio of natural resources companies active in the attractive industrial metals sector and this in a pragmatic sustainable way.

Market cap. segmentation*

Small	< \$3bn	28%
Mid	\$3 - 30bn	56%
Large	> \$30bn	16%

ICG Investment Process

Our investment process is based on a quantitative approach to find the best-in-class companies. The consistent methodological process is non-predictive with >90% of the analysis based on historical data. Our process has a portfolio view and helps to create a balanced portfolio instead of single stock bets. We developed a proprietary data base to better analyse financial and operating figures. Extensive data is used (>170'000 data points) to analyse trends across the industry and pinpoint sector champions. After defining the broad investment universe, selecting the best-in-class subsectors with the highest margins or most attractive investment opportunities, the universe is further filtered down to companies with significant subsector exposure.

Top 5 commodity exposure*

Copper	23%
Steel	16%
Iron Ore	16%
Nickel	9%
Aluminium	7%

Top 5 country exposure (production)*

Australia	26%
Brazil	10%
United States	9%
South Africa	6%
Canada	6%

ICG Alpha Scorecard

The ICG Alpha Scorecard is a quantitative and qualitative screening scorecard that pinpoints sector champions with strong economic «moat» based on different variables. The approach helps to identify companies with a relative good track record in different key financial and operational variables. The majority of variables are dynamic and based on historical figures from the last fiscal year or on a 3 year average. All 25 positions are equally weighted, however we may reduce the weight or even exclude a company on exceptionally events (e.g. oil spill, political risk).

Top 5 holdings

Aperam	4.5%
Atalaya Mining	4.5%
Bluescope Steel	4.4%
Boliden	4.3%
Acerinox	4.2%

ESG transparency*

	IMC	Universe
Scope 1 GHG/EVIC	6.9	7.0
Scope 2 GHG/EVIC	150	166
Renewable Energy Cons.	14%	9%
Women on Board	28%	20%
LTIR	0.37	0.40
Insider Ownership	14.2%	9.6%

*find more in our ESG Quarterly

Fund administration

Accuro Fund Solutions AG

Contact

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* based on weighted average and/or weighted average copper-equivalent numbers

Investment Manager

The Industrial Metals Champions Fund is managed by Independent Capital Group AG, an independent asset management and investment advisory firm based in Zurich and Basel. Independent Capital Group AG has taken over the team of the commodities and energy investment boutique Gateway Capital Group in Basel in 2014.

ICG Alpha Scorecard

Asset Quality	Value	Sustainability (ESG)	Dividends	Balance Sheet	Behavioral Finance
Profitability Cash margins ROIC adj. Avg ROCE Production growth debt adj Full cycle ratio Operatorship Asset diversif. Inventory depth Drilling success Reserve rep ratio Reserve life	M&A multiple on 1P, 2P reserves & risked resources P/B P/CF FCB/B EV/DACF Relative EV/EBITDA FCF	Emissions/boe produced & 1P Energy intensity/boe Pollution/boe Women ratio Community spending Fatalities Board ind. Govt ownership Insider owner	Dividend yield estimates Shares buyback Div. growth Last div yield Previous div. growth Dividend health EPS-DPS FCF-DPS Payout Ratio	CFPS Net debt/CFO-interest exp. Net debt/1P reserves Funding capacity Liquidity Size Capex/CFO Investments Asset disposals	Momentum Short interest change Volatility Newsflow Analyst rating Estimate revisions Risk appetite Comdty exposure Market cap

ICG proprietary data base

Disclaimer: The state of the origin of the Fund is Liechtenstein. In Switzerland, the Representative is OpenFunds Investment Services AG, Seefeldstrasse 35, 8008 Zurich, whilst the Paying agent is Helvetische Bank AG, Seefeldstrasse 215, 8008 Zurich. The Basic documents of the Fund such as the prospectus, the key investor information document (KIID), the articles of association as well as the semi-annual and annual reports may be obtained free of charge at the office of the Swiss Representative. The current document is intended for information purposes only and shall not 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 administrator or the custodian and transfer agent 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.