

## **Industrial Metals Champions Fund**

# The Case for Metals We live in a material world

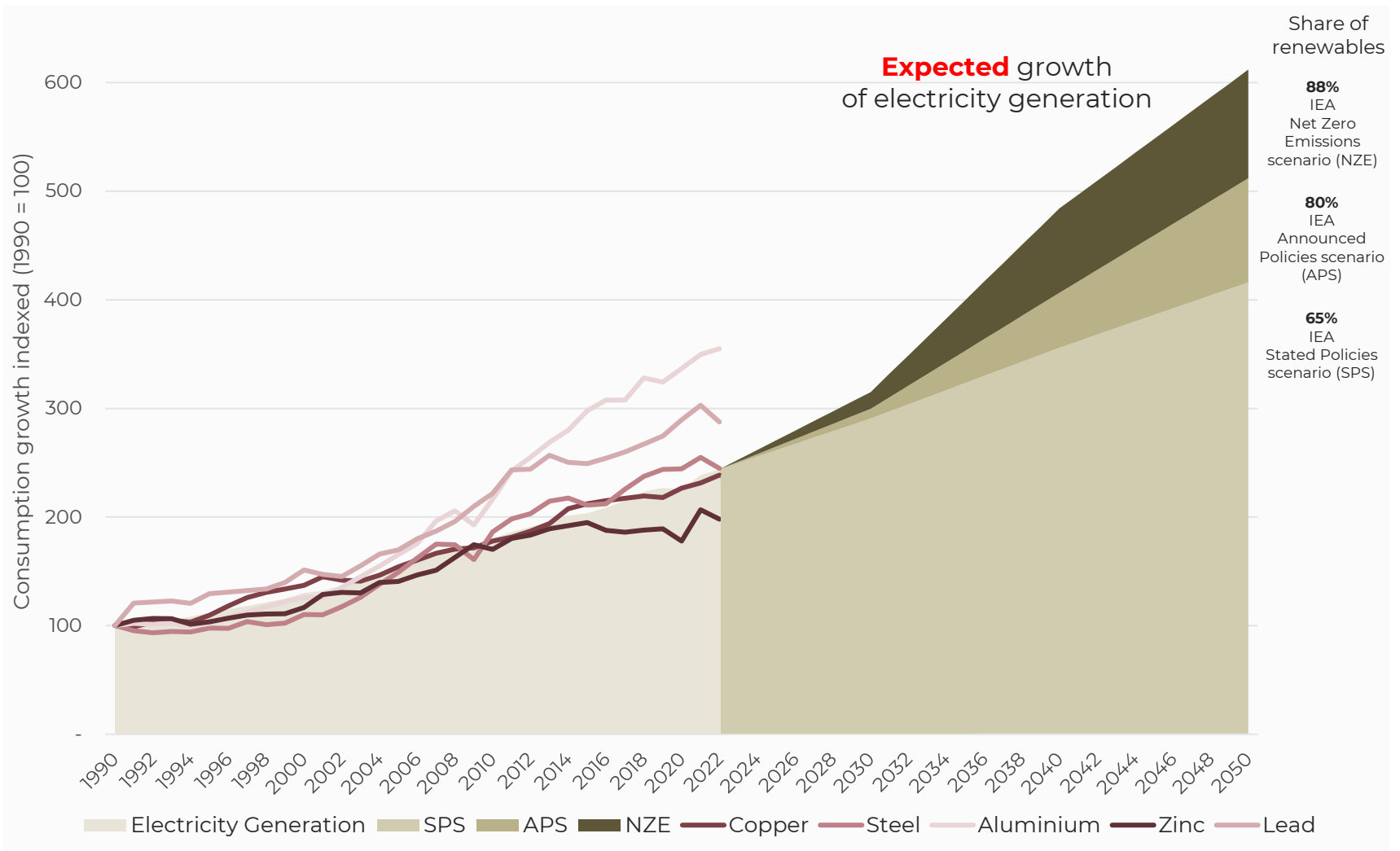
April 2024

## Executive Summary

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- Electricity demand to grow substantially in any given Scenario by the IEA
- Metals demand tend to go hand in hand with electricity production
- Electricity mix of the future to be more reliant on renewables
- Renewable energy is significantly more metals intense per KWh as traditional fossil based
- Grids are not remotely ready for a more complex energy system – a deeply underestimated trend
- Muted capex response by the industry so far
- Timeline to bring a new mine into production can take decades
- All the while most metals are expected to be in a deficit by end of the decade
- Commodities are poised to enter a new Supercycle driven by the ongoing energy transition
- Mining equities are in a sweet spot, meaning they are undervalued, profitable and healthy

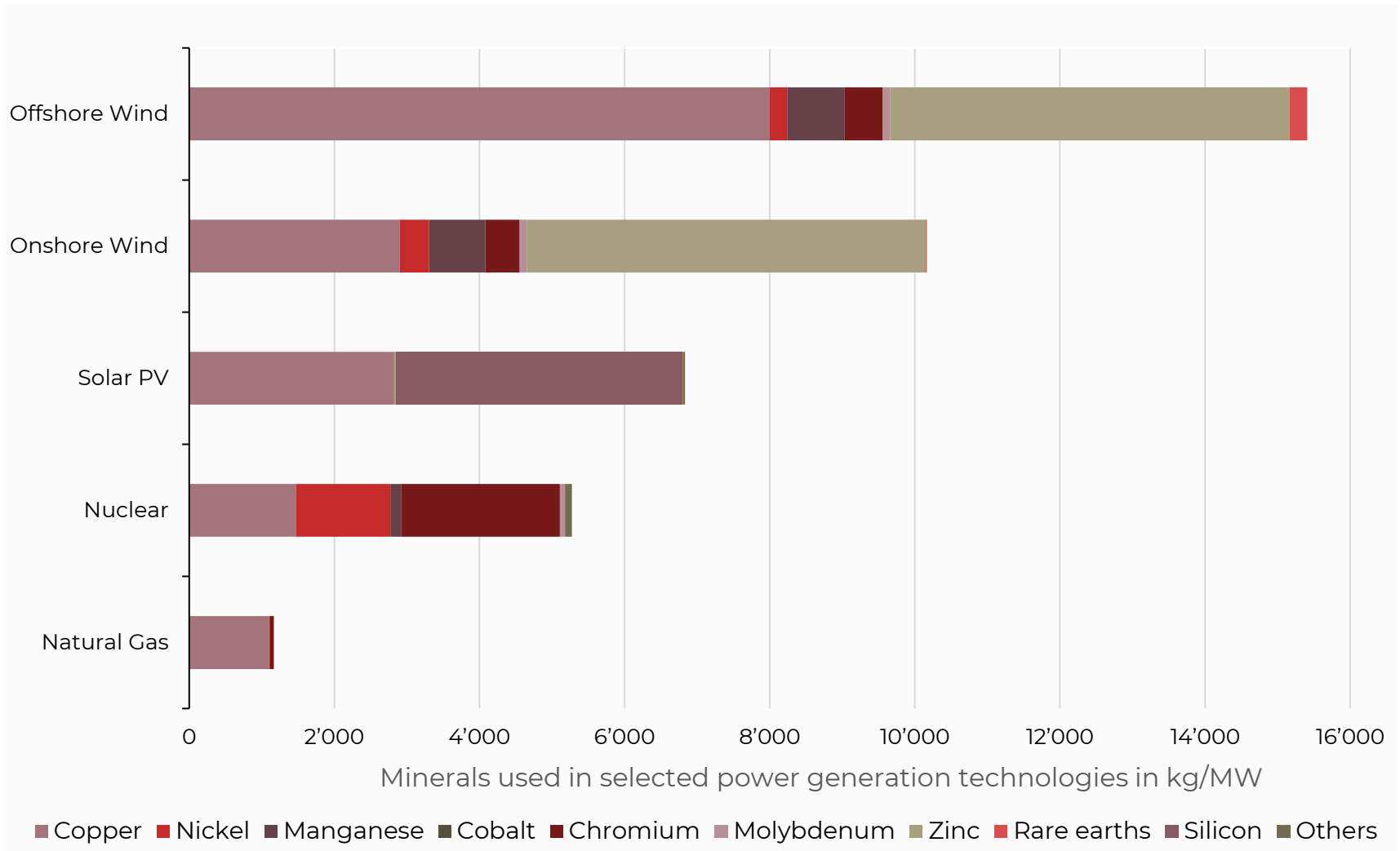
## Metals demand is positively correlated with electricity generation



Abbreviation: IEA: International Energy Agency

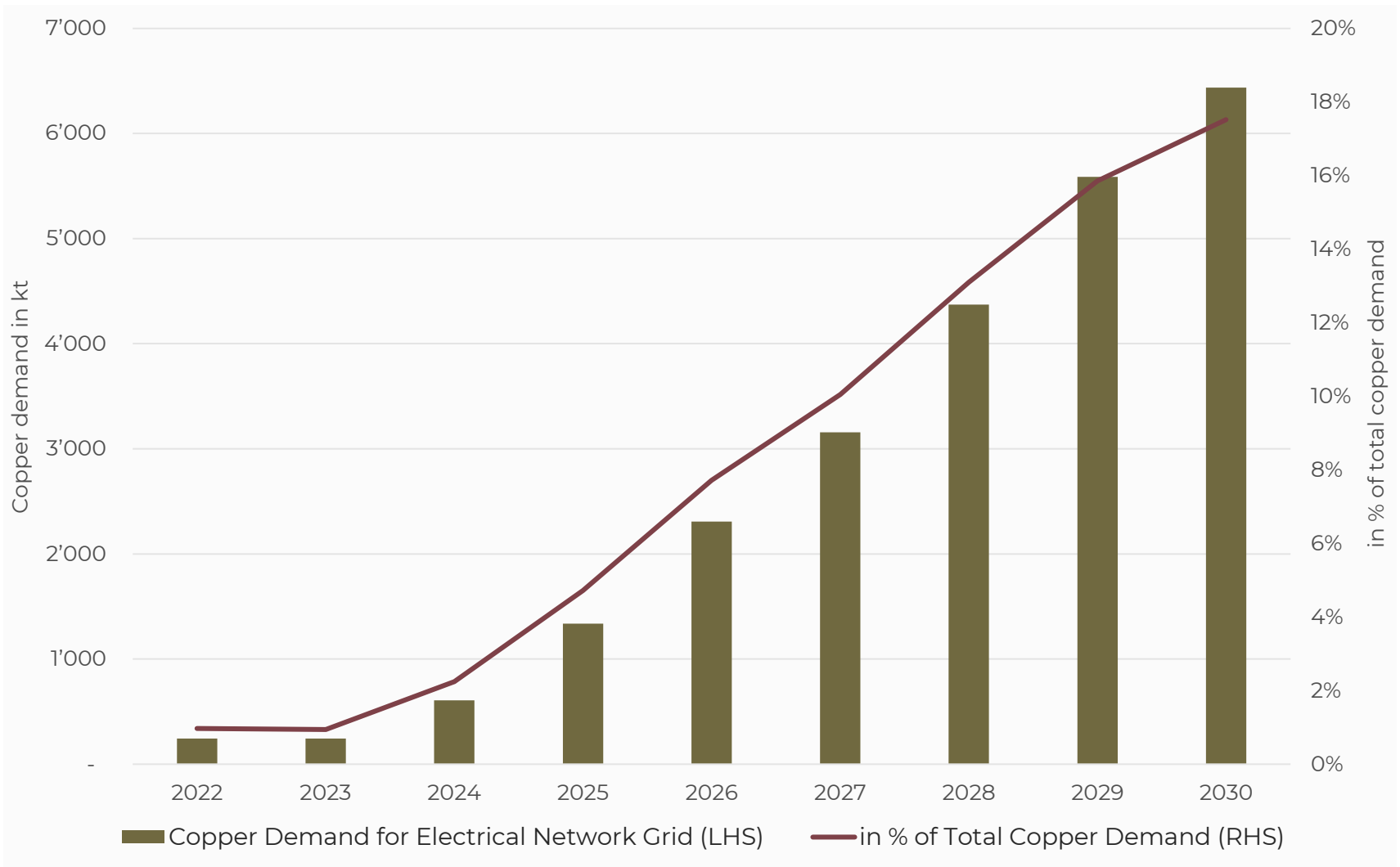
Sources: Bloomberg, Goldman Sachs, IEA, USGS, World Copper Association, World Steel Association, International Aluminium Institute, International Zinc Association, International Lead Association

## Renewable technologies need significantly more metals than fossil based



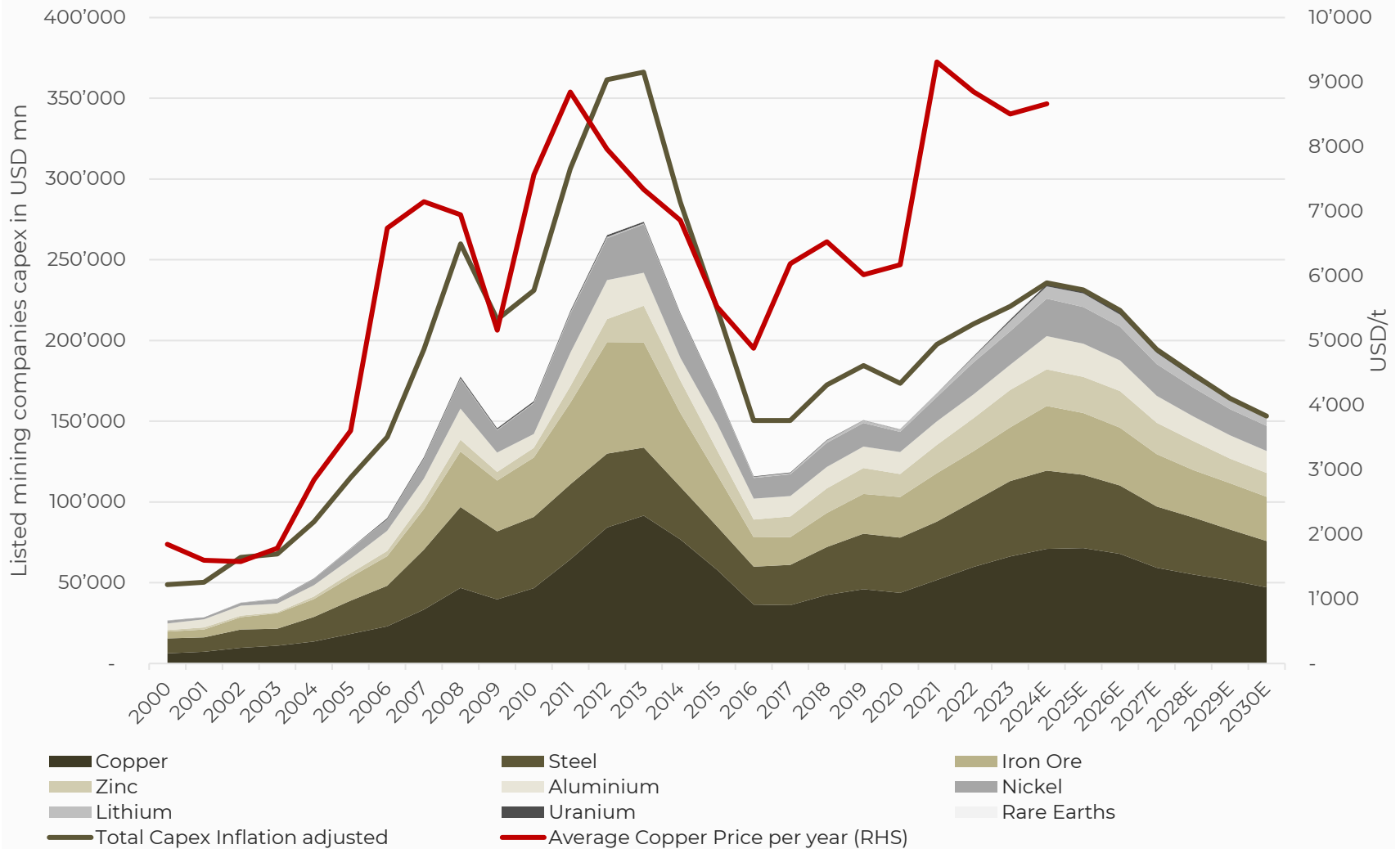
Sources: Bloomberg, IEA, WEO 2020, ICG data, Material usage estimates for different wind turbines (DD-EESG, DD-PMSG, GB-PMSG, GB-DFIG) by European Commission JRC

## While grids are not remotely ready for a more complex energy system



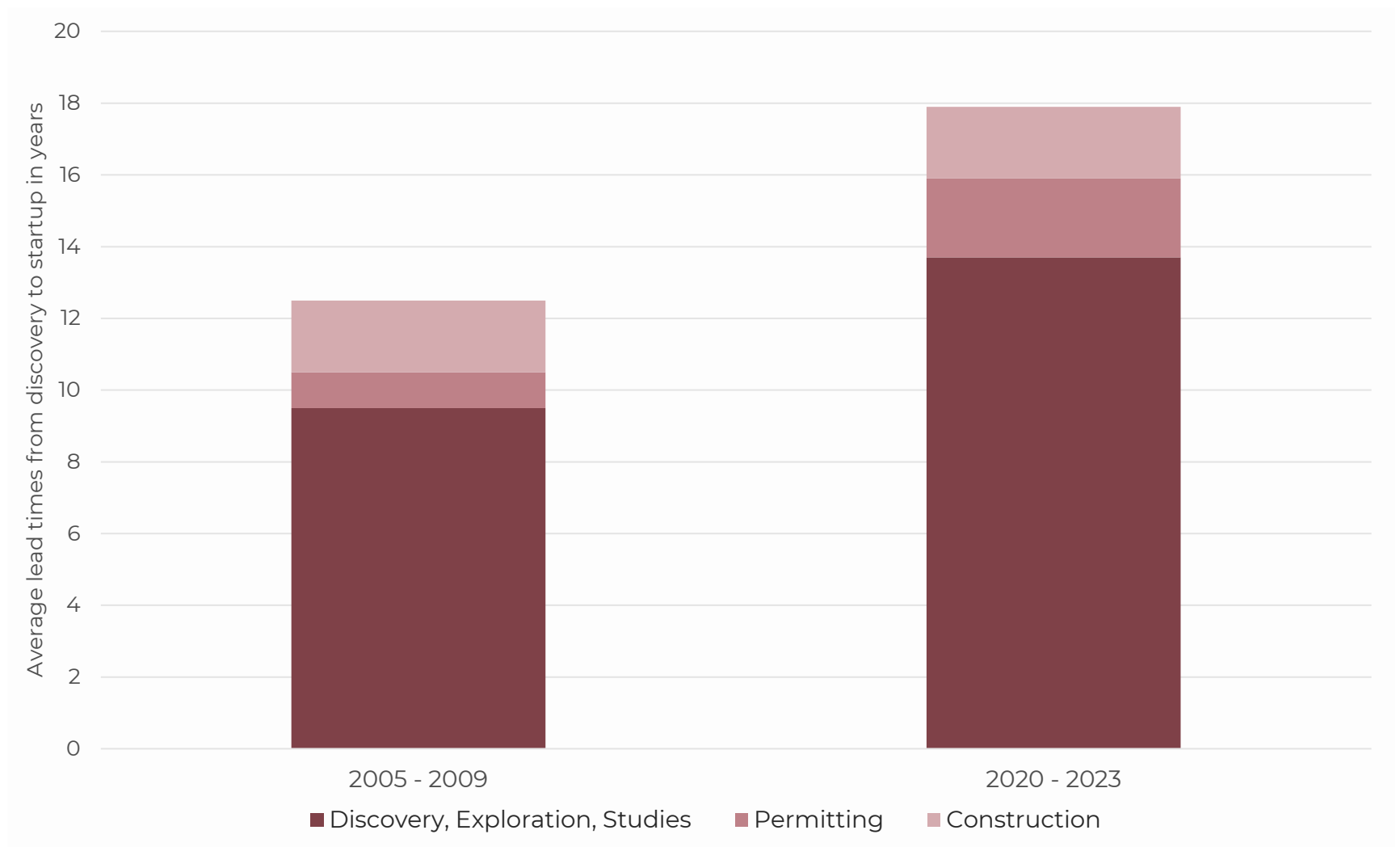
Sources: Bloomberg, CS, UBS, JPM, GS, Jefferies, Scotiabank, ETC, IEA, S&P Global, ICSC, ICA, ICG data

## Despite higher prices no capex response by the industry

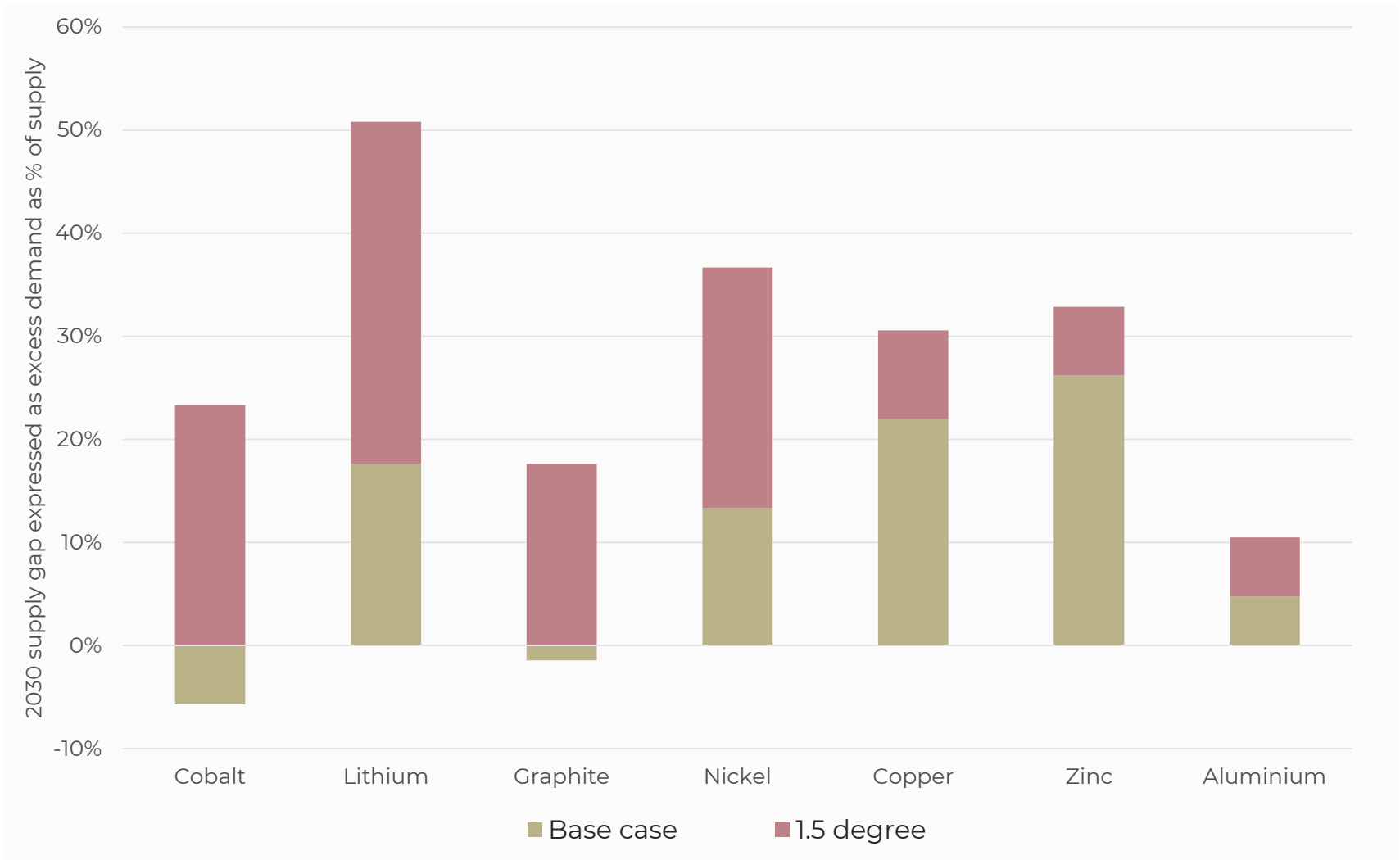


Sources: Bloomberg, ICG, ICG Database

## It takes a long time to start up a mine, and longer and longer



## By decade's end, supply gaps for most metals will emerge



Sources: Bloomberg, IEA, S&P Global, JPM, UBS, CS, Jefferies, Goldman Sachs, BMO, Scotiabank, ICG data, Wood Mackenzie, WisdomTree



Why buy mining equities?

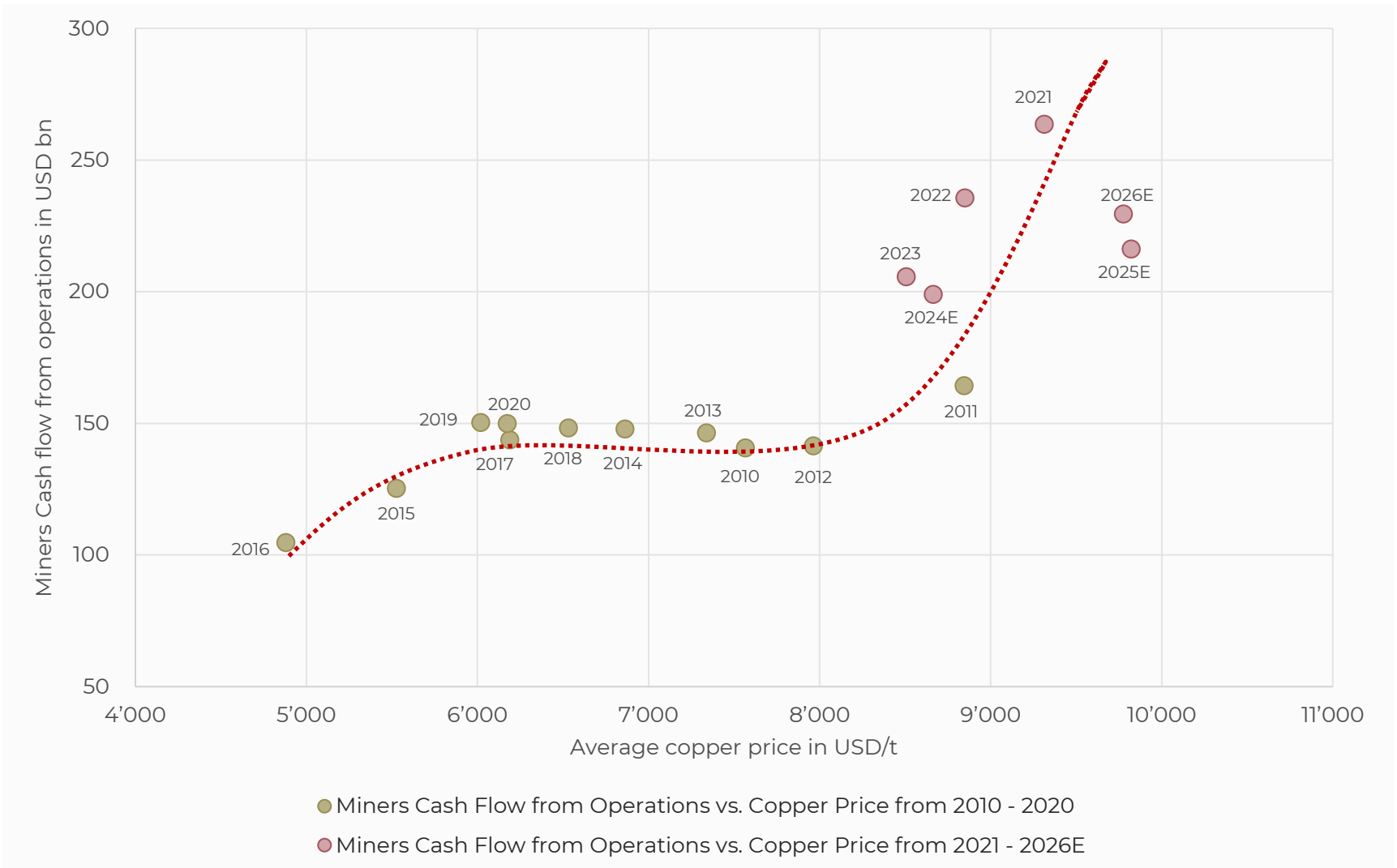
Sweetspot for miners

## Attractive valuation

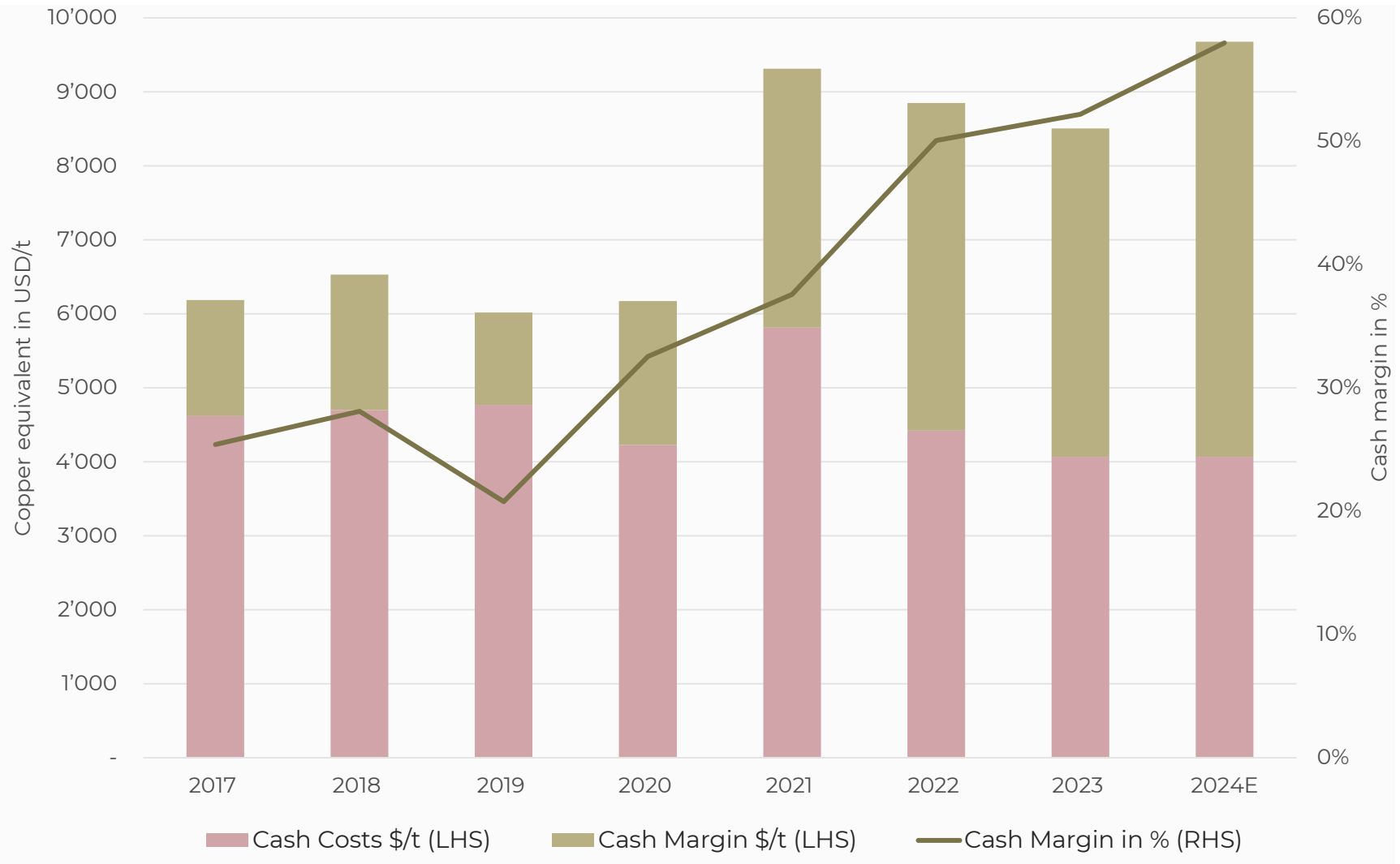


Sources: Bloomberg

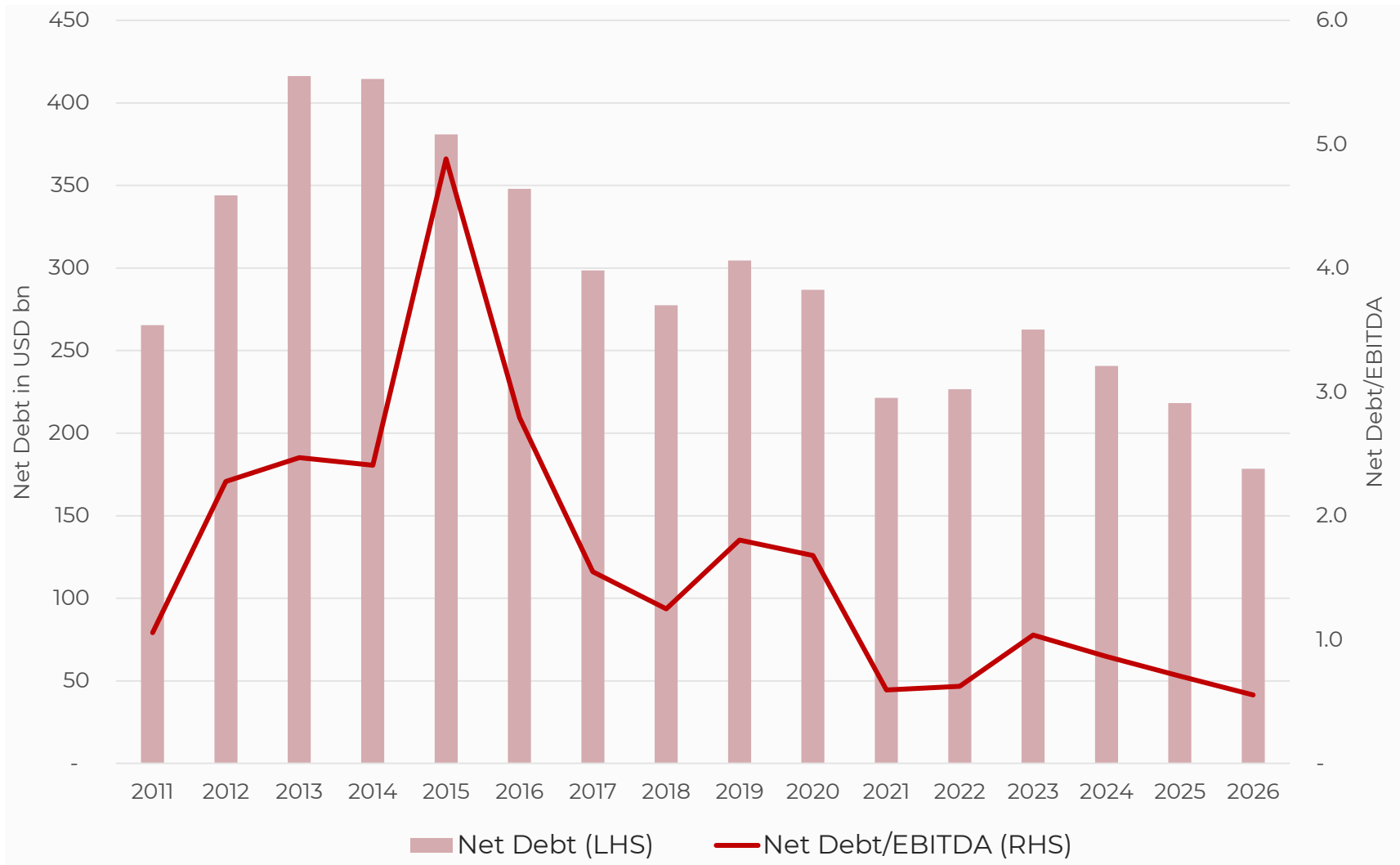
## Mining companies are now much more efficient and profitable



## Sweet spot for Miners as cash margins are expanding



## Miners reduced debt by over half and are now healthy



Sources: Bloomberg, ICG, ICG Database

## Commodities initiating a new supercycle



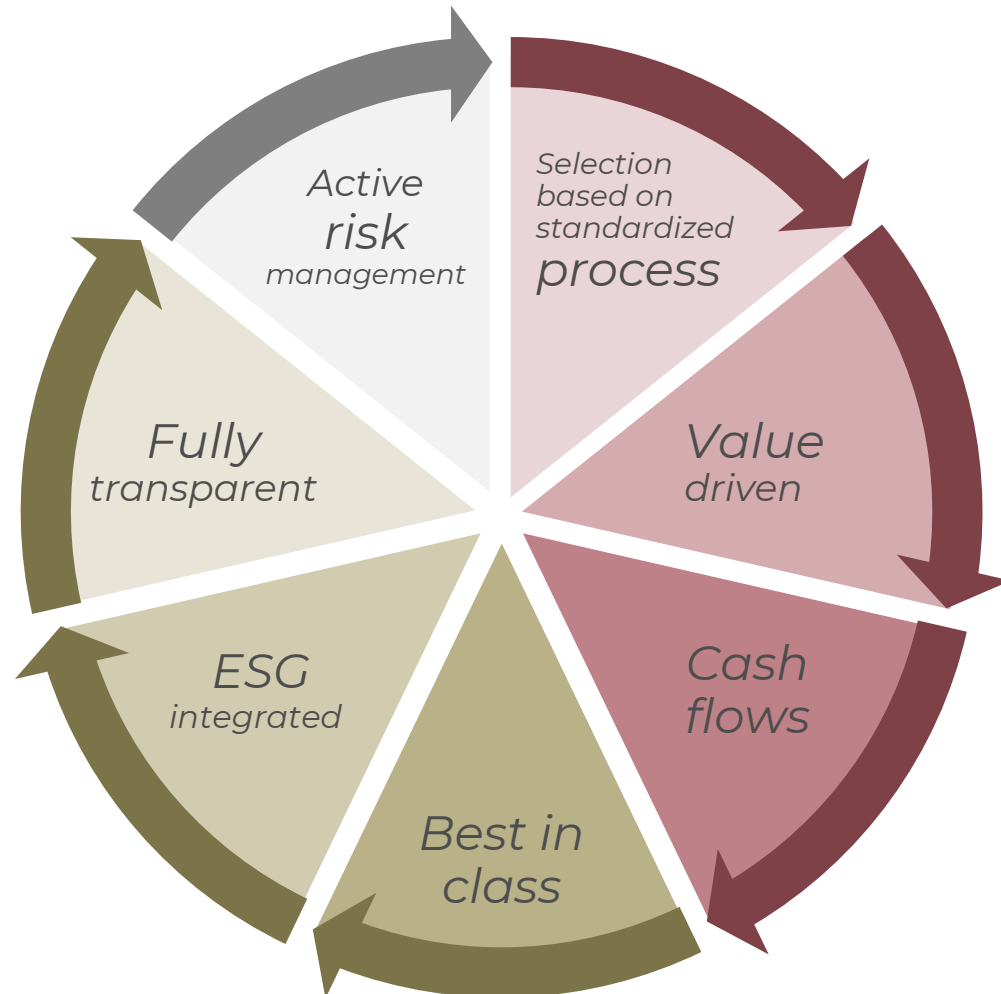
## **Industrial Metals Champions Fund**

Portfolio approach

Concentration and balance

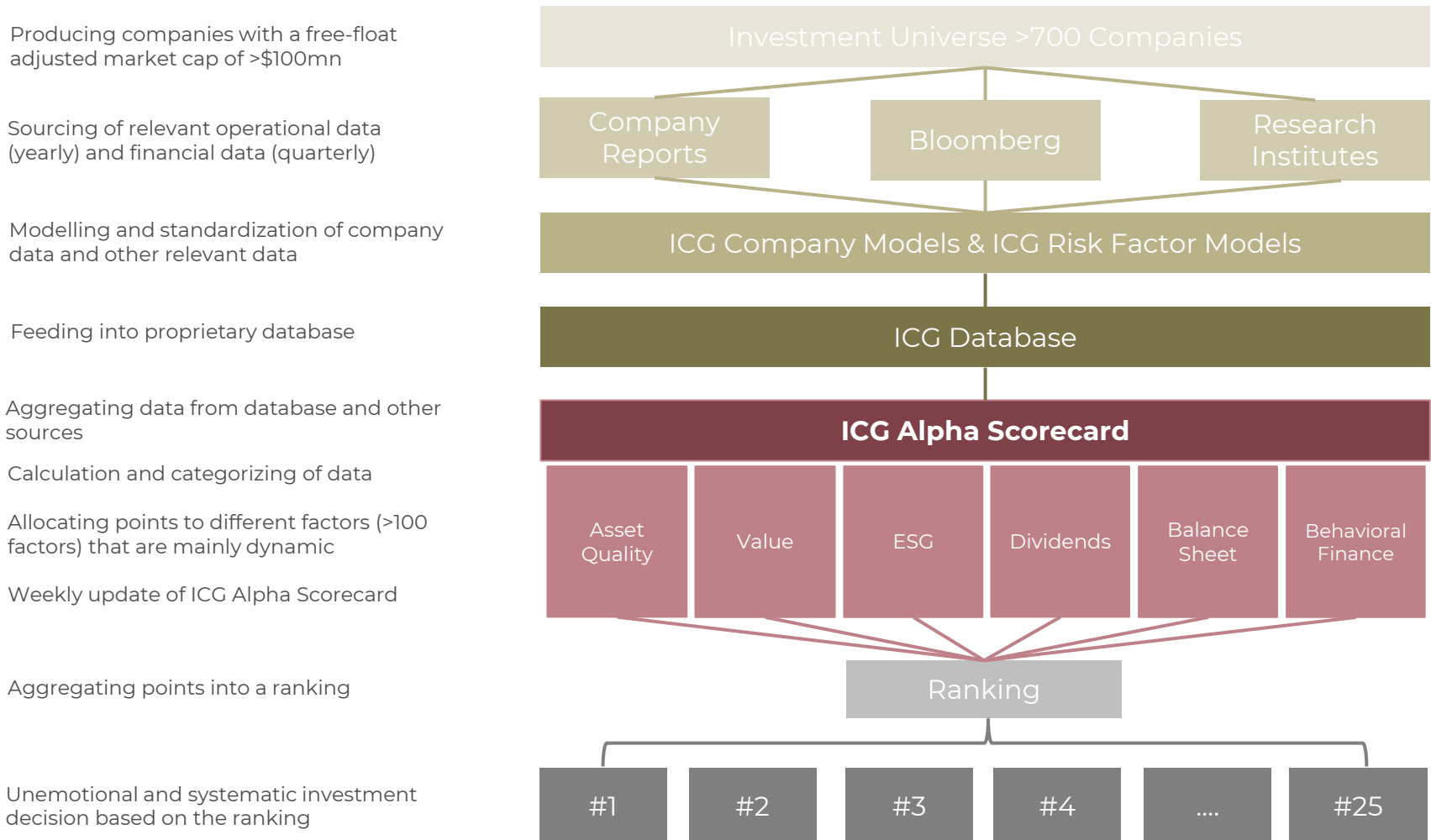
## Coherent investment philosophy

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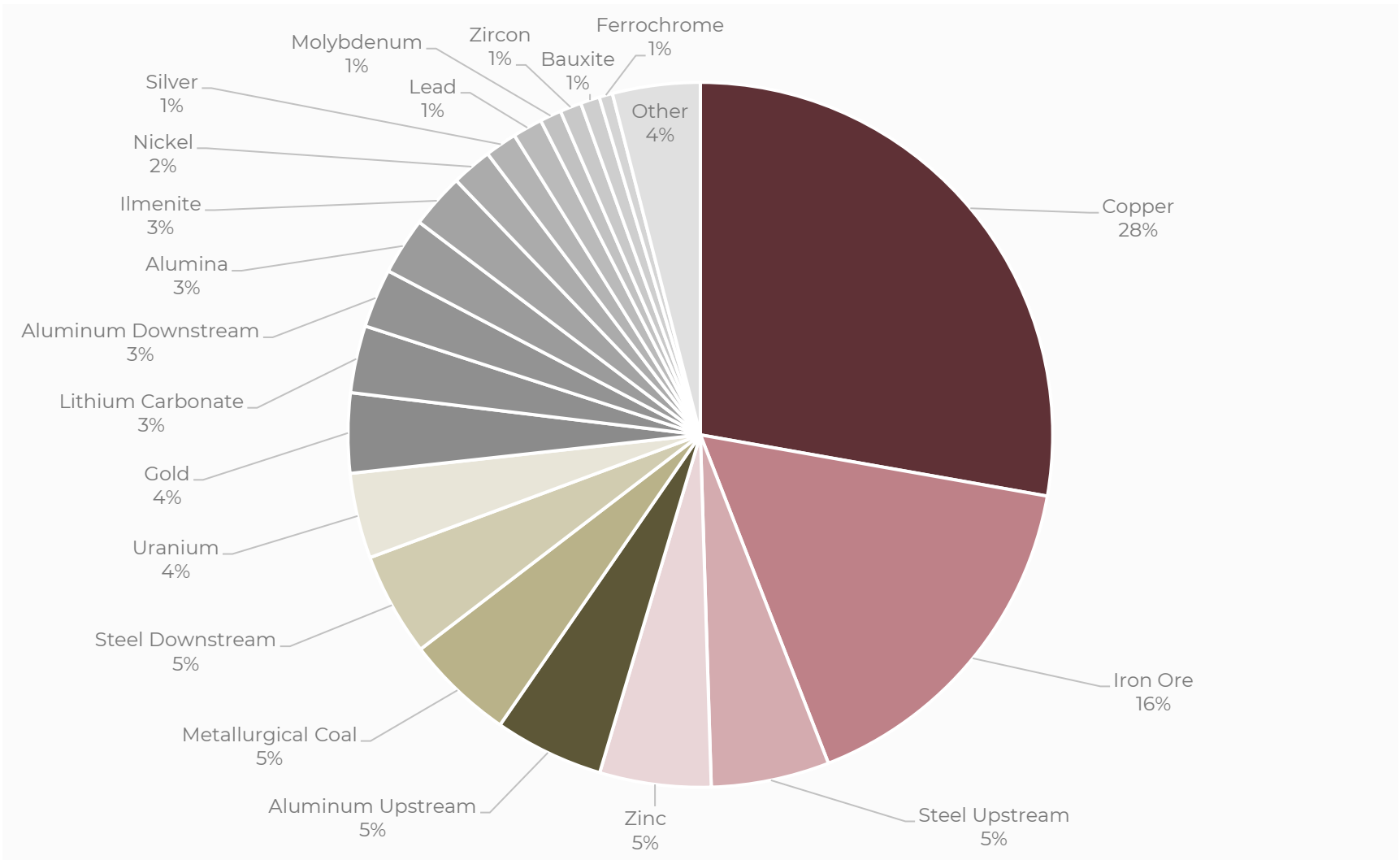
## Resulting in a fundamental investment approach



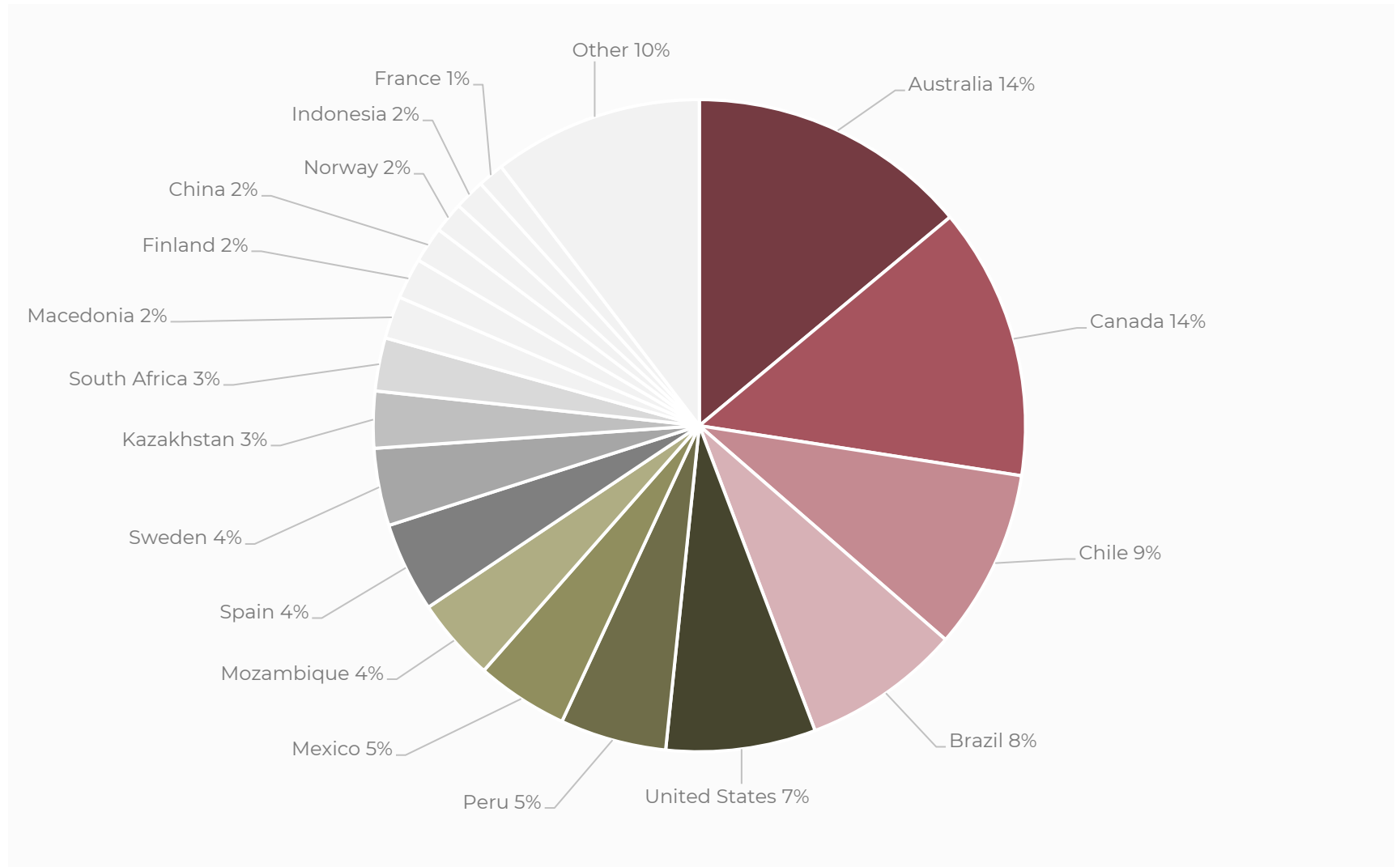
## Transparency

All 25 holdings	IMC	Financials	IMC	Operating (weighted average in Copper Eq.)	IMC
HUBBAY MINERALS	4.4%	Number of holdings	25	Production	1'511 ktpa
ZIJIN MINING GROUP	4.3%	Market cap	\$29bn	Copper share in % of total production	29%
BOLIDEN	4.3%	P/B	1.9x	Production growth CAGR 2022-2026E	2.4%
CAPSTONE COPPER	4.3%	P/Cash flow	13.8x	Reserve life 2P	29 years
LUNDIN MINING	4.2%	EV/EBITDA 2024E	6.9x	Inventory depth	65 years
only for investors		EV/EBITDA 2025E	5.8x	Cash costs	\$6'016/t
		Change in EPS 2023/24E	91%	Cash margin	29%
		P/E 2024E	15.5x	Reserve valuation (EV/2P reserves)	\$1'604/t
		P/E 2025E	13.8x	Resource valuation (EV/total resources)	\$483/t
		EBITDA margin 2024E	34%	Operated assets	86%
		FCF yield 2024E	4.6%	Insider ownership	15.5%
		FCF yield 2025E	6.2%		
		Dividend yield	3.8%		
		Net debt to equity	19%		

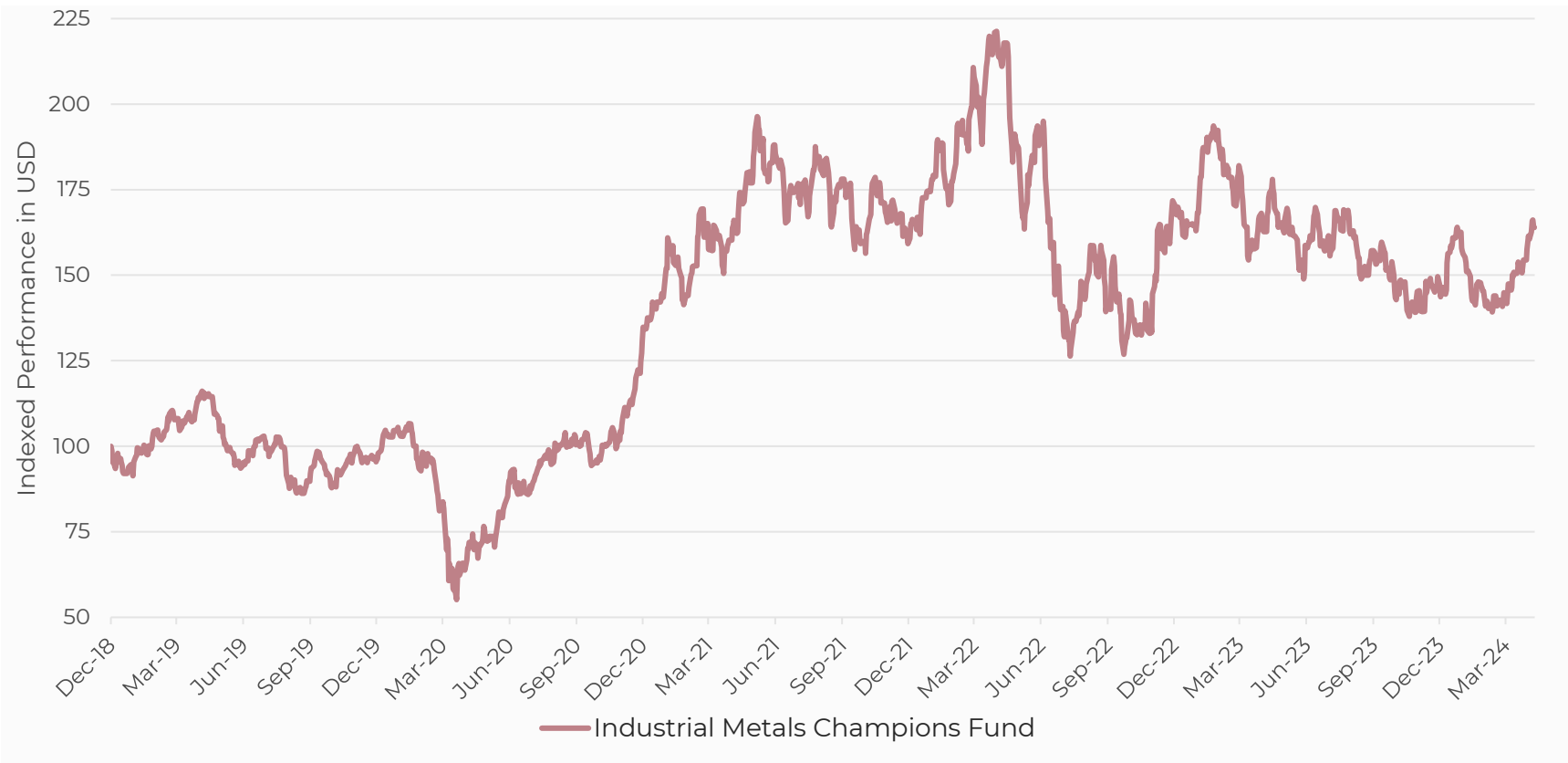
## Commodity mix



## Geographical mix



## IMC long track record and high upside Beta



IMC share classes	April	YTD	1 Year	2 Years	3 Years	5 Years	CY2023	CY2022	CY2021	Inception*
Institutional (C)	4.4%	-0.6%	-7.4%	-25.0%	-5.6%		0.3%	-5.1%		2.8%
Retail (A)	4.4%	-0.8%	-8.0%	-25.9%	-7.3%	40.9%	-0.3%	-5.7%	21.6%	61.2%
Percentile scoring to peers**		32%	32%	27%	41%	58%	63%	50%	86%	63%

\*Inception: Retail share classes A & B was 31.12.2018, Institutional share class C was 11.01.2021. More share classes available

\*\*Percentile scoring relative to peers reflects the IMC performance in comparison to Metals & Mining peers. A higher percentile indicates better IMC relative performance.

## How to invest

Fund Name	<b>ICG Umbrella Fund - Industrial Metals Champions Fund</b>
Legal status	Liechtensteiner UCITS contractual fund
Launch date	April 2018
Fund size	USD 26 million
Custodian	LLB Liechtensteinische Landesbank AG
Administrator	Accuro Fund Solutions AG
Auditor	PricewaterhouseCoopers AG
SFDR Classification	SFDR Article 8

Share classes	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>F</b>
Currency	USD	CHF (hedged)	USD	CHF (unhedged)	USD
Distribution	Accumulating	Accumulating	Accumulating	Accumulating	Accumulating
Bloomberg ticker	GATNTRA LE Equity	GATNTRB LE Equity	GATNTRC LE Equity	GATNTRD LE Equity	GATNTRF LE Equity
ISIN	LI0382154354	LI0382154693	LI0580310303	LI1121337953	LI1205086088
Valora	38215435	38215469	58031030	112133795	120508608
Management fee p.a.	1.20%	1.20%	0.60%	1.5%	2.0%
Min. subscription	USD 1 million	USD 1 million	USD 5 million	USD 500'000	One share
Trading	<b>Daily</b> , no lock-up, no redemption fees				

## Conclusion

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- In any expert's forecast, the anticipated increase in global electricity demand will necessitate significant amounts of yet-to-be-discovered and produced metals
- Commodity cycles typically unfold over extended periods, and it seems, the one we are likely entering, has only just begun
- Mining companies have optimized their business models, currently operating at high profitability levels even with prevailing commodity prices and still are exceptionally cheap
- A period of expanding margins combined with bargain stock prices presents a significant investment opportunity for long-term-oriented investors
- Our investment strategy emphasizes rigorous fundamental analysis to identify standout performers, or «Champions»

**The ideal time to enter the sector is now!**

# THANK YOU FOR YOUR TRUST

If you require further details about the sources we used, please feel free to get in touch with us.

## Disclaimer

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## Road to Green

ICG Investment Strategies		AuM	YTD	1 year	2 years	3 years	4 years	5 years
Energy	<b>Energy Champions Fund</b>	\$30m	9.4%	23.4%	22.3%	100.6%	228.1%	37.9%
	<i>Scoring to Peers</i>		44%	100%	22%	89%	89%	63%
Mining	<b>Industrial Metals Champions Fund</b>	\$26m	2.9%	-0.5%	-10.3%	-8.2%	125.2%	47.9%
	<i>Scoring to Peers</i>		45%	45%	23%	36%	90%	63%
Power	<b>Crucial Minerals Certificate</b>	\$5m	2.2%	5.6%	-5.9%			
	<b>Precious Metals Champions Fund</b>	\$6m	13.4%	5.2%	4.3%	-4.7%		
	<i>Scoring to Peers</i>		70%	80%	91%	80%		
	<b>Nuclear Comeback Certificate</b>	\$2m	-0.7%	30.1%*				
	<b>Clean Power Champions Fund</b>	Project	-13.5%	-10.6%	-9.3%	8.1%	74.3%	
	<b>Natural Resources Managed Account</b>	\$20m	2.1%	12.0%	16.0%	62.3%		

\*Nuclear Comeback Certificate was launched on 15.06.2023

Percentile scoring relative to peers reflects the ICG Investment Strategy's performance in comparison to its sector peers. A higher percentile indicates better ICG Investment Strategy's relative performance to its sector peers.