

## **Precious Metals Champions Fund**

# The Case for Gold Sentiment is back

April 2024

## Executive summary

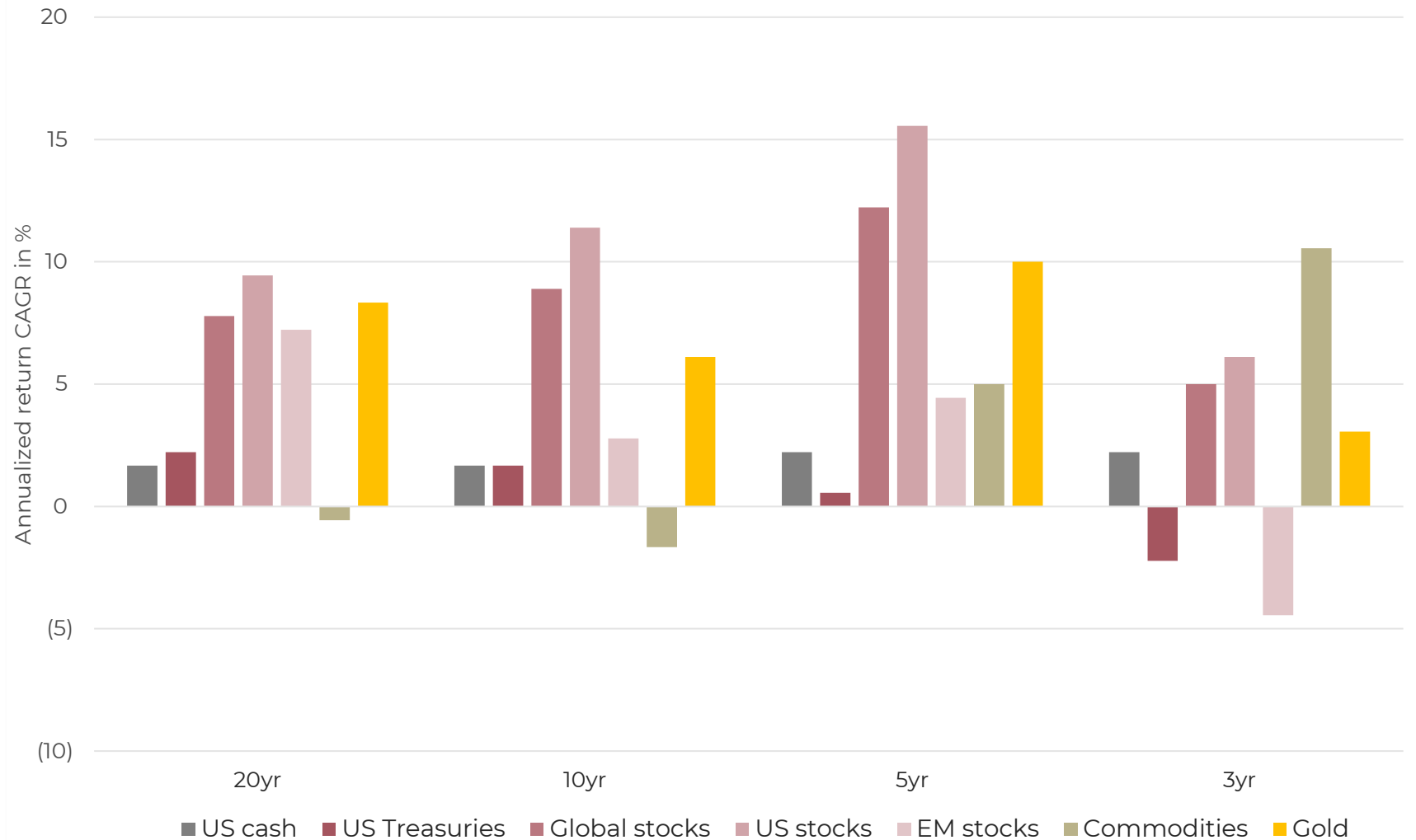
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- Gold is valued both for its role as a strategic asset providing diversification and liquidity, as well as for its potential return on investment
- Gold sentiment has experienced a resurgence, driven by improving fundamentals
- An unprecedented disconnect has emerged between gold prices and global gold ETF flows, indicating shifting market dynamics
- Central bank buying has maintained a steady pace, reflecting a soft trend toward de-dollarization
- The industry faces significant challenges, notably decreasing gold grades, which require careful consideration given the extended timelines for mine startup and production
- Nevertheless, gold companies exhibit strong free cash flow generation with increasing cash margins
- Gold companies present significant attractiveness compared to the gold price and its historical beta
- Commodities are poised to enter a new Supercycle

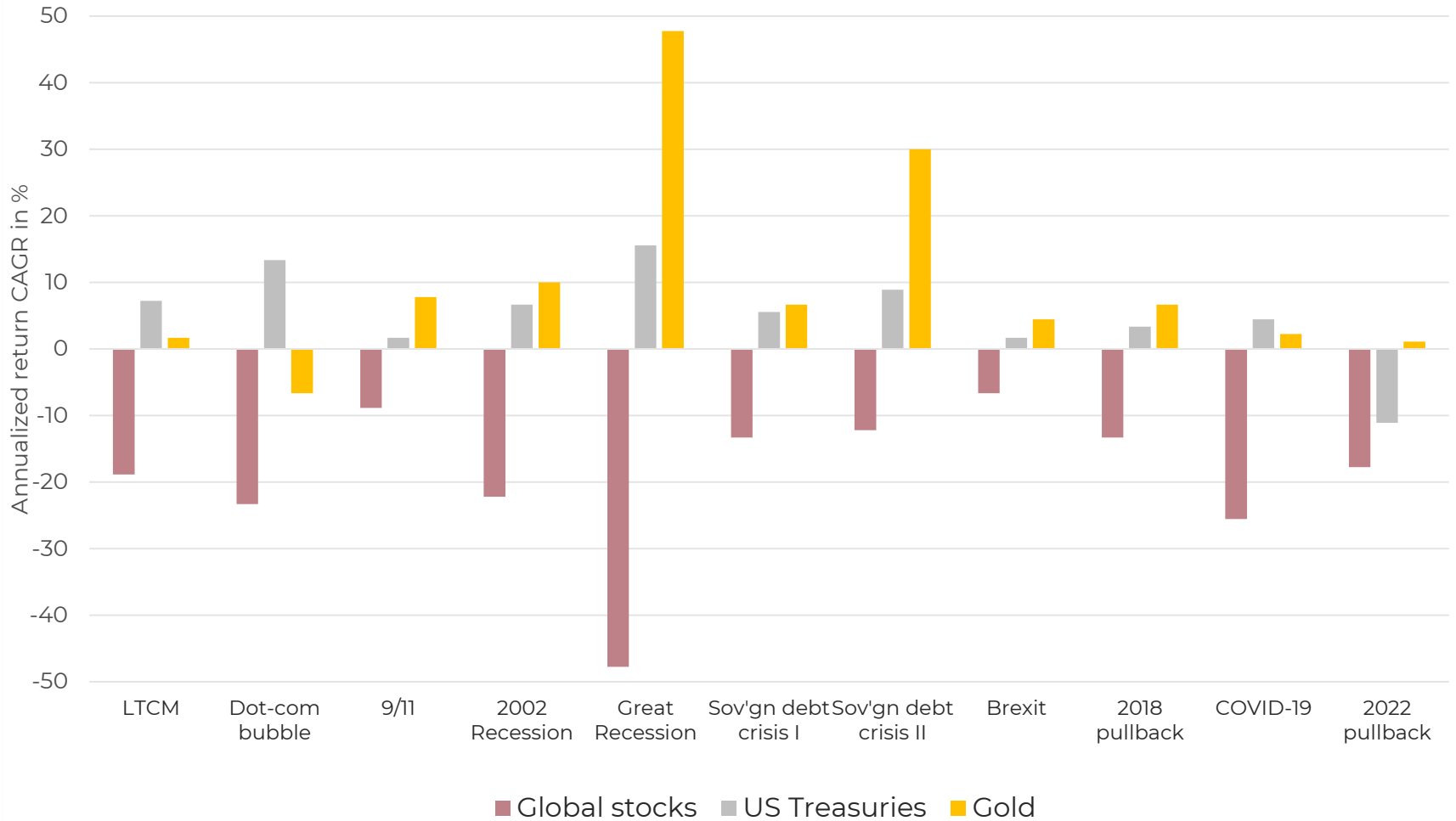
Gold as a strategic asset

# Return, diversification & liquidity

## Gold has performed well, despite the strong performance of risk assets

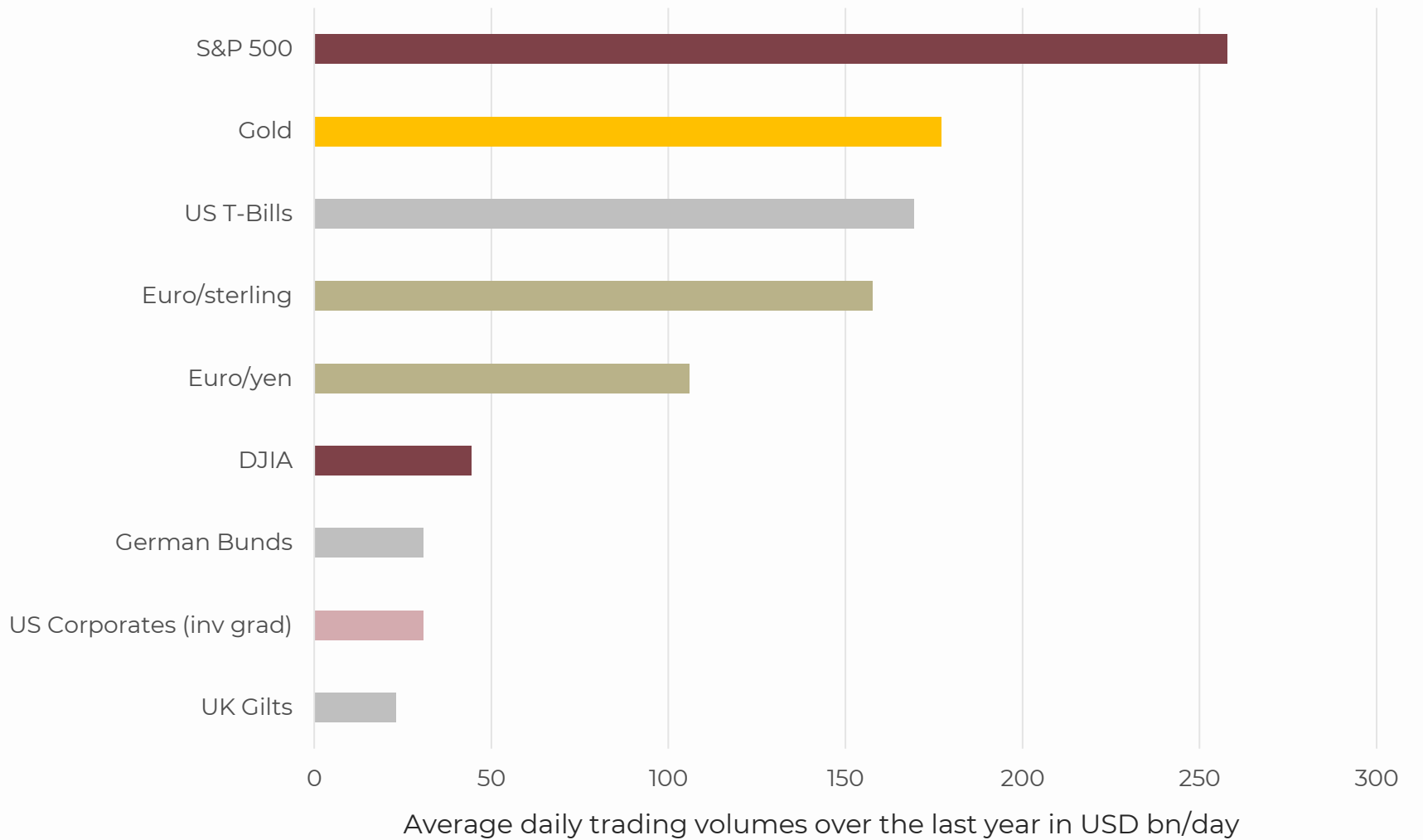


## Gold becomes more negatively correlated with stocks in extreme market selloffs



As of Dec 2023. Return computation in USD for Global Stocks "FTSE All World Index, for US Treasuries "Bloomberg Barclays US Treasury Index, for gold "LBMA Gold Price", Dates used: Black Monday 9/1987 – 11/1987, LTCM 8/1998, Dot-com 3/2000 – 3/2021, September 11 9/2001, 2002 recession 3/2002 – 7/2002, GFC 10/2007 – 2/2009, Sovereign debt crisis I 1/2010 – 6/2010, Sovereign debt crisis II 2/2011 – 10/2011, Brexit 23/6/2016 – 27/6/2016, 2018 pullback 10/2018 – 12/2018, 2020 pullback 31/1/2020 – 31/3/2020, 2022 pullback 1/2022 – 12/2022  
 Sources: Bloomberg, ICE Benchmark Administration, WGC, ICG data

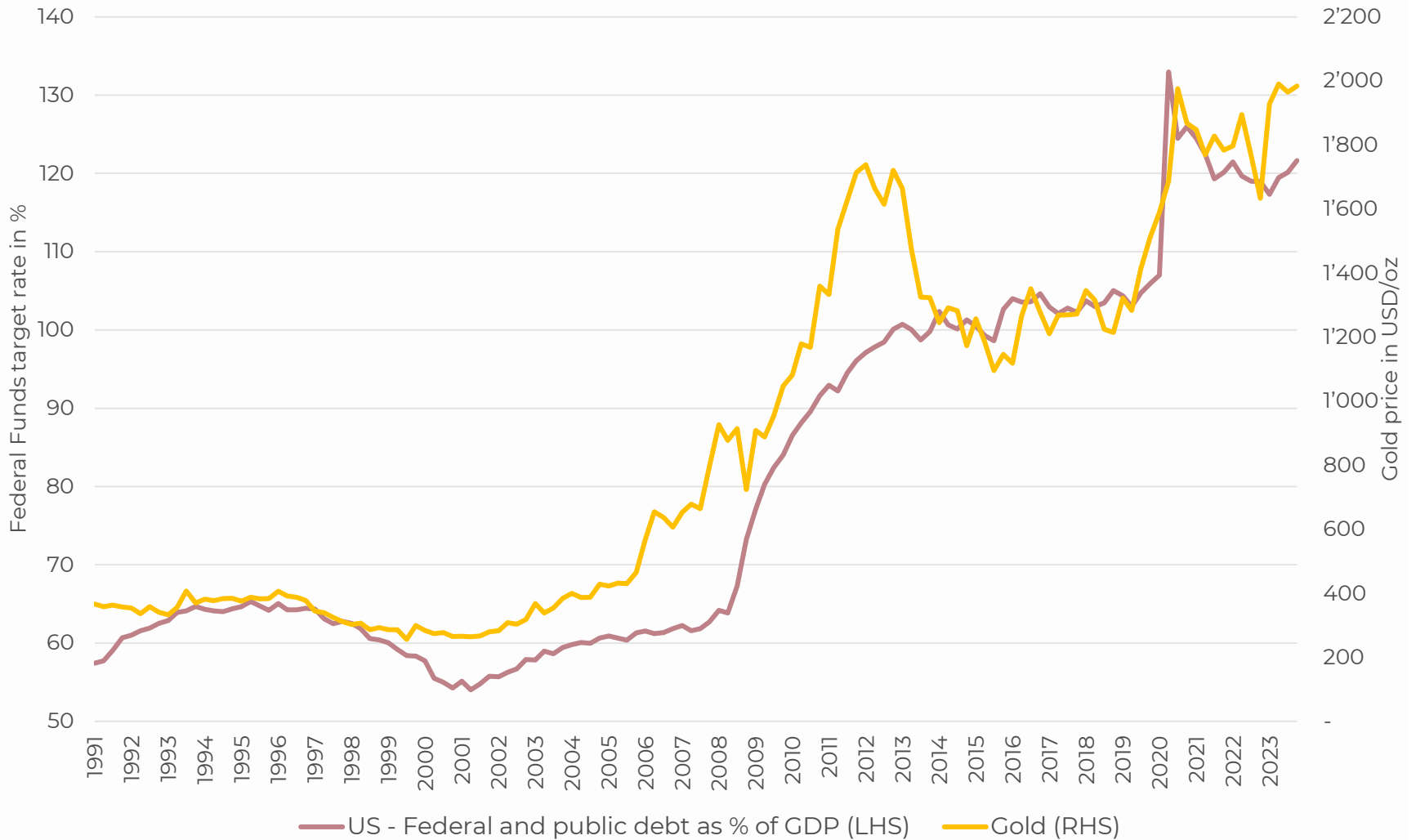
## The gold market is large, global and highly liquid



Gold sentiment is back

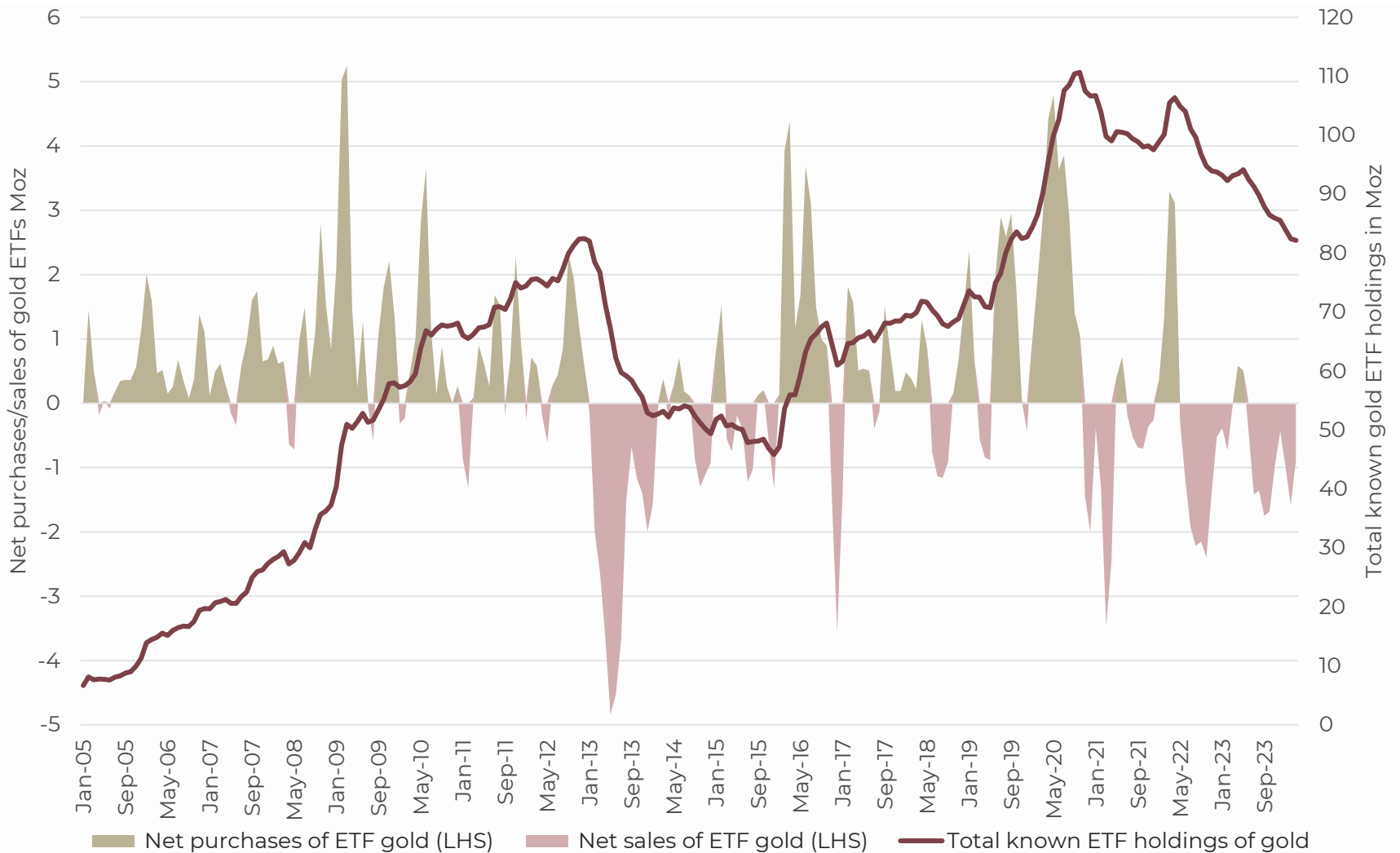
Gold fundamentals improving

## Gold prices soared amid high US debt levels

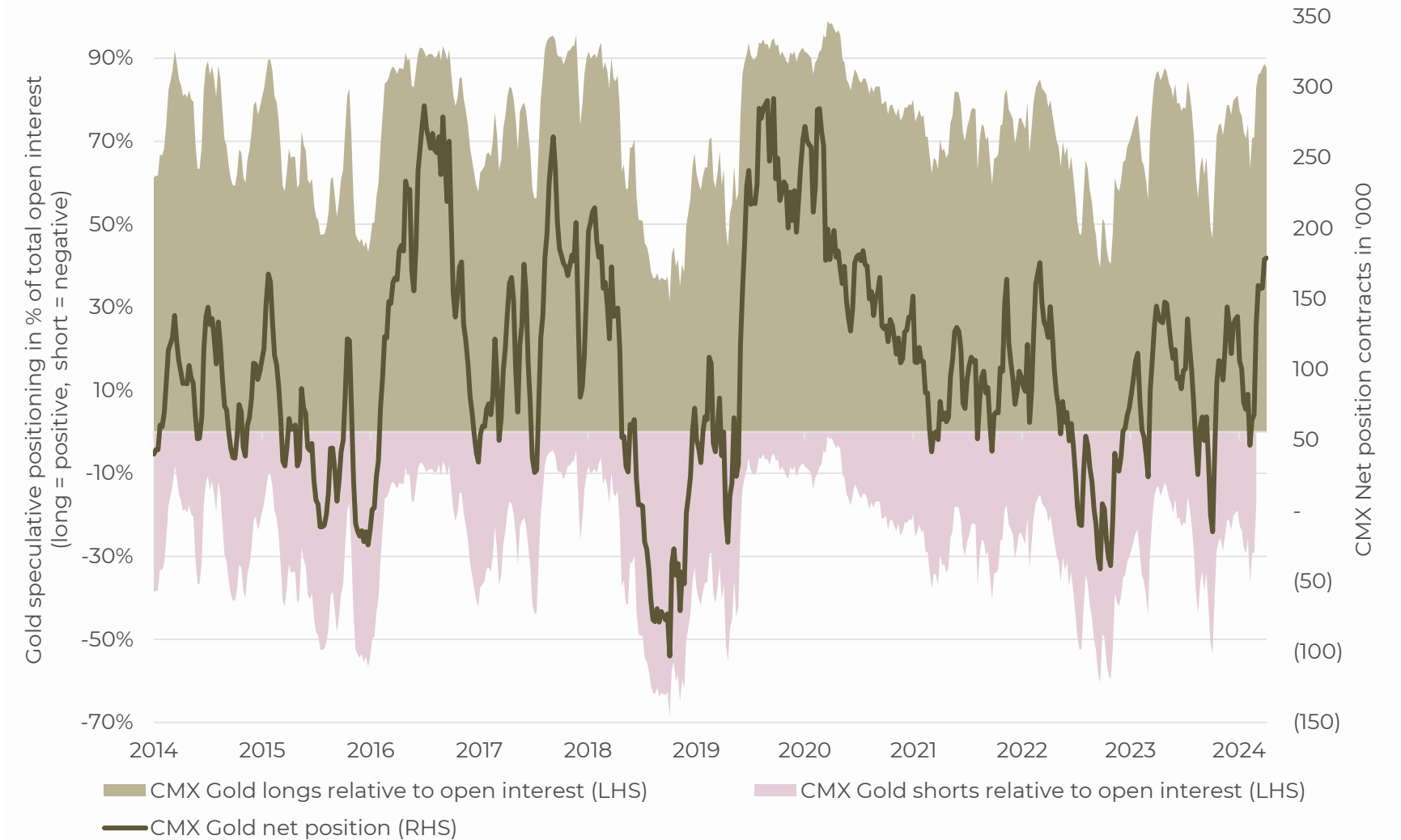




## Unprecedented disconnect between gold prices and global gold ETF flows



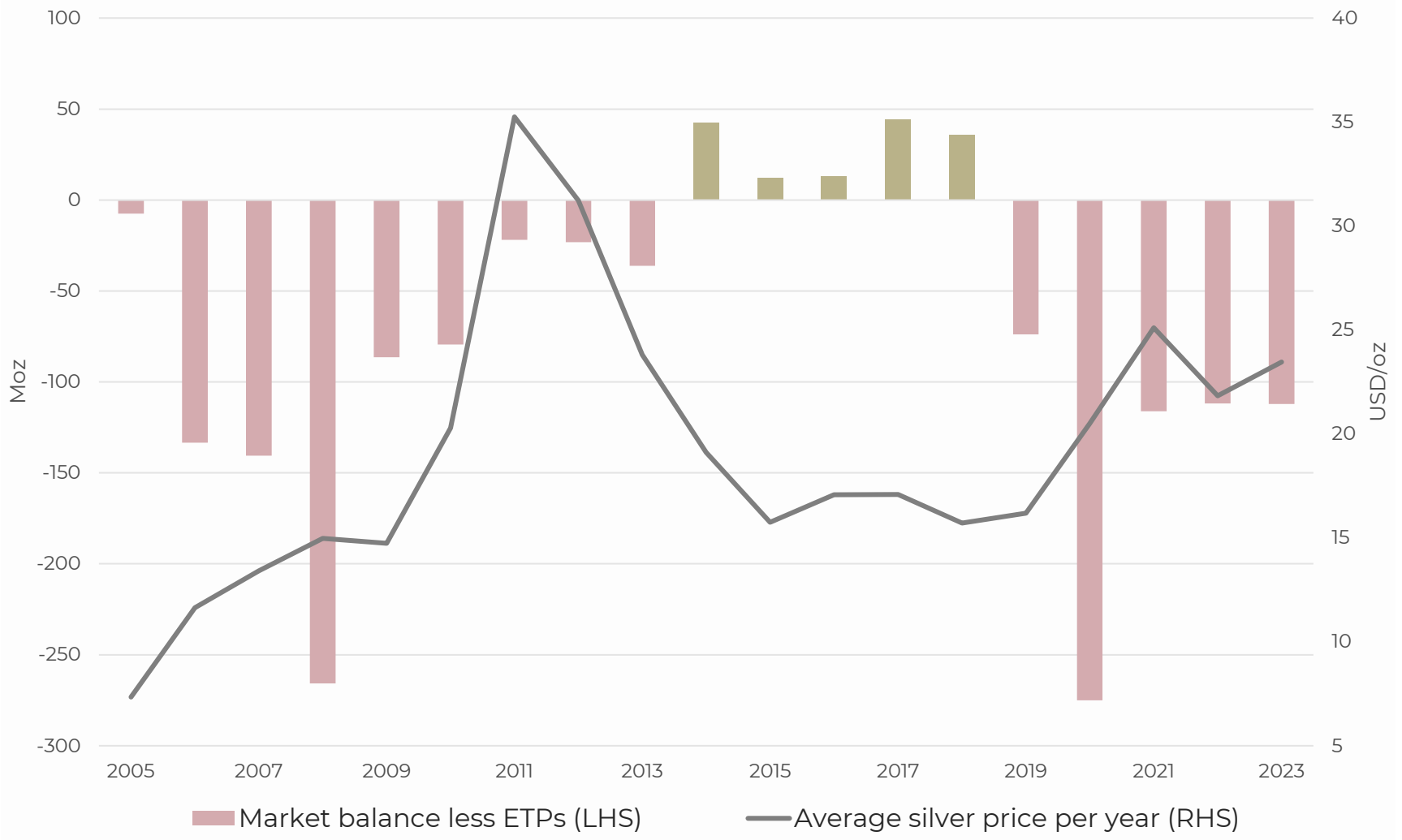
## Gold speculative position starting to go long but still relatively low



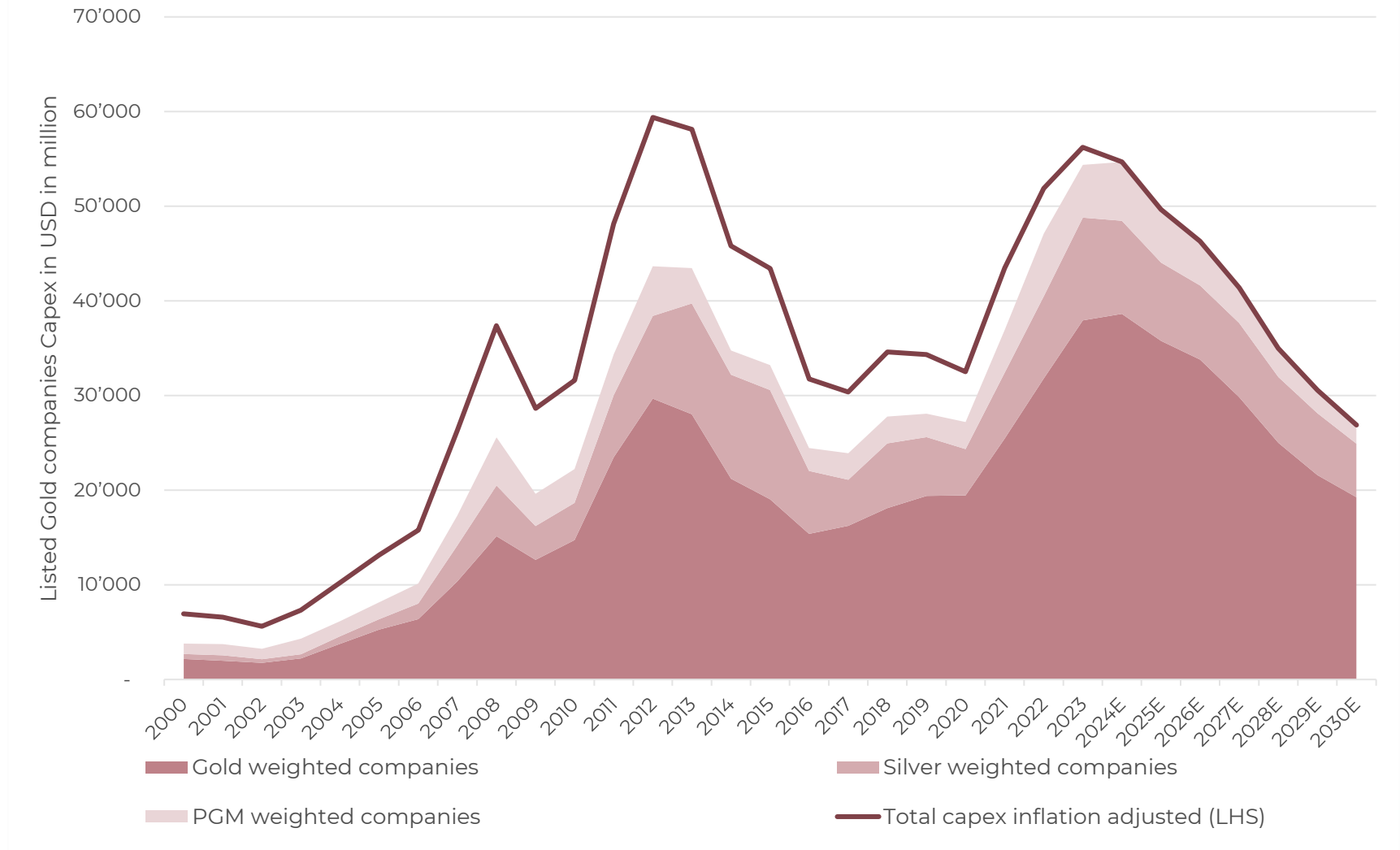
## Steady central bank buying by some implies a soft de-dollarization

|                 | <b>Gold Reserves in t</b> | <b>% of reserves</b> | <b>Changes 2022</b> | <b>Changes 2023</b> | <b>Changes 2024</b> | <b>Holdings as of</b> |
|-----------------|---------------------------|----------------------|---------------------|---------------------|---------------------|-----------------------|
| 1 United States | 8'133.5                   | 69.7%                |                     |                     |                     | Feb 2024              |
| 2 Germany       | 3'352.3                   | 68.7%                | -4.0                | -2.5                | -0.3                | Feb 2024              |
| 3 Italy         | 2'451.8                   | 66.0%                |                     |                     |                     | Feb 2024              |
| 4 France        | 2'437.0                   | 66.8%                | 0.3                 | 0.2                 |                     | Feb 2024              |
| 5 Russia        | 2'329.6                   | 26.1%                | 31.1                |                     | -3.1                | Jan 2024              |
| 6 China         | 2'257.5                   | 4.3%                 | 62.2                | 224.9               | 22.1                | Feb 2024              |
| 7 Switzerland   | 1'040.0                   | 8.0%                 |                     |                     |                     | Feb 2024              |
| 9 India         | 817.0                     | 8.5%                 | 33.9                | 16.2                | 13.4                | Feb 2024              |
| 11 Turkey       | 556.2                     | 33.2%                | 147.6               | -1.6                | 16.0                | Nov 2022              |
| 14 Portugal     | 382.6                     | 72.1%                |                     | 0.1                 |                     | Feb 2024              |
| 15 Uzbekistan   | 368.6                     | 75.0%                | 33.9                | -24.6               | -2.8                | Feb 2024              |
| 16 Poland       | 358.7                     | 12.6%                | -2.2                | 130.0               |                     | Feb 2024              |
| 19 Kazakhstan   | 306.2                     | 55.5%                | -50.7               | -57.4               | 11.9                | Feb 2024              |
| 24 Singapore    | 232.1                     | 4.2%                 |                     | 76.3                | 2.1                 | Feb 2024              |
| 28 Philippines  | 157.0                     | 10.0%                | -1.1                | 1.3                 | -2.0                | Jan 2024              |
| 29 Iraq         | 142.6                     | 8.4%                 |                     | 12.3                |                     | Dec 2023              |
| 31 Egypt        | 126.2                     | 25.0%                | 44.7                | 0.6                 |                     | Nov 2023              |
| 34 Mexico       | 120.4                     | 3.6%                 |                     | 0.1                 | 0.3                 | Feb 2024              |
| 35 Libya        | 116.6                     | 9.4%                 |                     | 30.0                |                     | Nov 2020              |
| 36 Greece       | 114.4                     | 55.8%                | 0.2                 | 0.2                 |                     | Feb 2024              |
| 39 Qatar        | 102.5                     | 13.1%                | 35.0                | 9.2                 | 1.6                 | Feb 2024              |
| 44 UAE          | 73.9                      | 2.5%                 | 19.5                | -0.5                | -0.6                | Jan 2024              |
| 45 Jordan       | 70.4                      | 24.4%                | 4.3                 | 2.4                 | -0.8                | Feb 2024              |
| 48 Argentina    | 61.7                      | 15.2%                | 7.0                 |                     |                     | Feb 2024              |
| 49 Belarus      | 54.0                      | 43.3%                | 0.5                 | 0.1                 | -0.1                | Feb 2024              |
| 51 Cambodia     | 42.5                      | 14.9%                | 2.1                 | -10.1               |                     | Jul 2023              |
| 53 Serbia       | 40.5                      | 9.8%                 | 1.1                 | 1.5                 | 0.6                 | Feb 2024              |
| 56 Czech Rep.   | 34.0                      | 1.5%                 | 1.4                 | 18.7                | 3.4                 | Feb 2024              |
| 62 Kyrgyz Rep.  | 23.5                      | 46.4%                | 6.2                 | 5.2                 | 1.9                 | Feb 2024              |
| <b>World</b>    | <b>35'976.2</b>           | <b>15.1%</b>         | <b>382.1</b>        | <b>405.1</b>        | <b>64.3</b>         |                       |

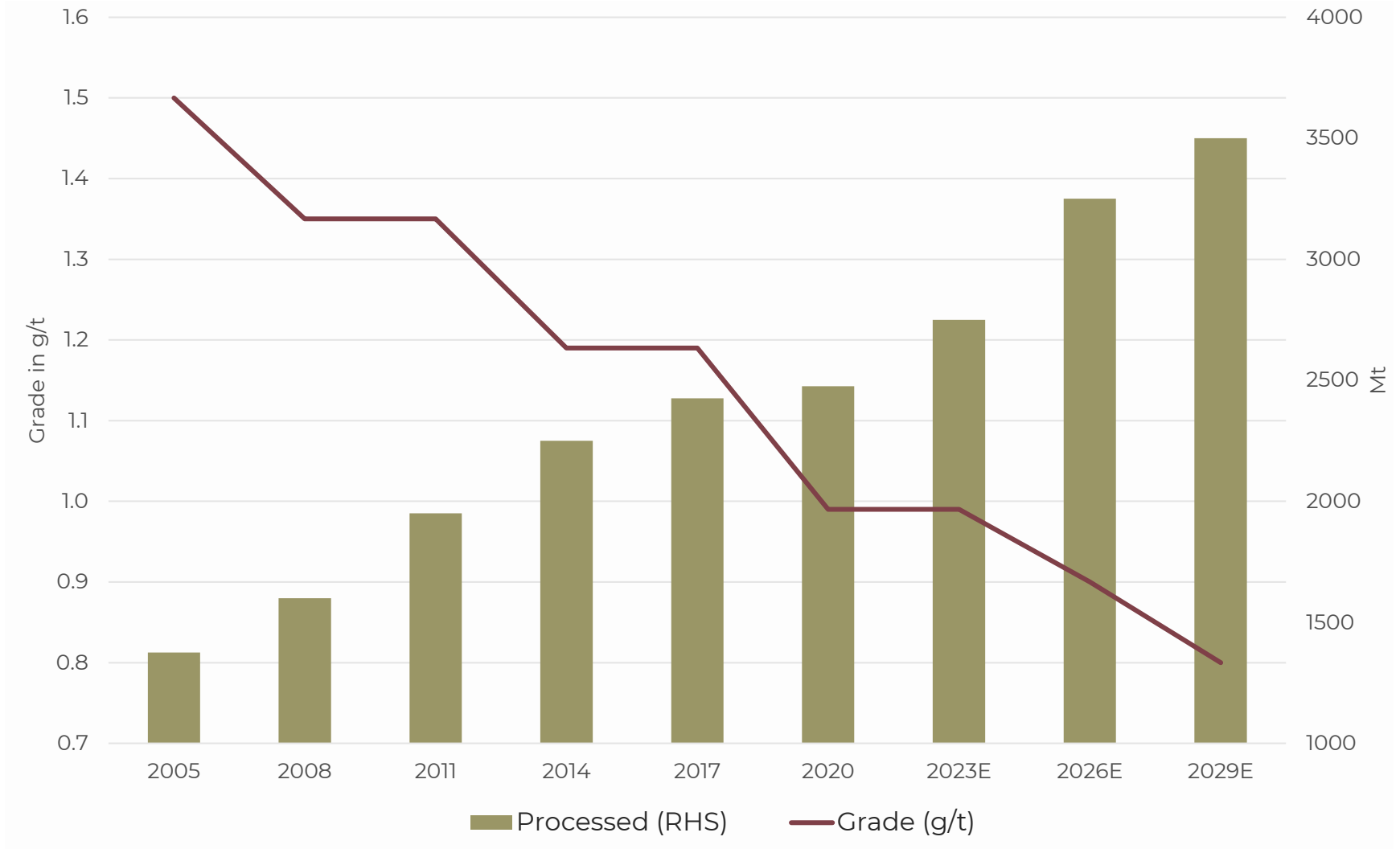
## Multiplier effect on silver possible as fundamentals look very strong



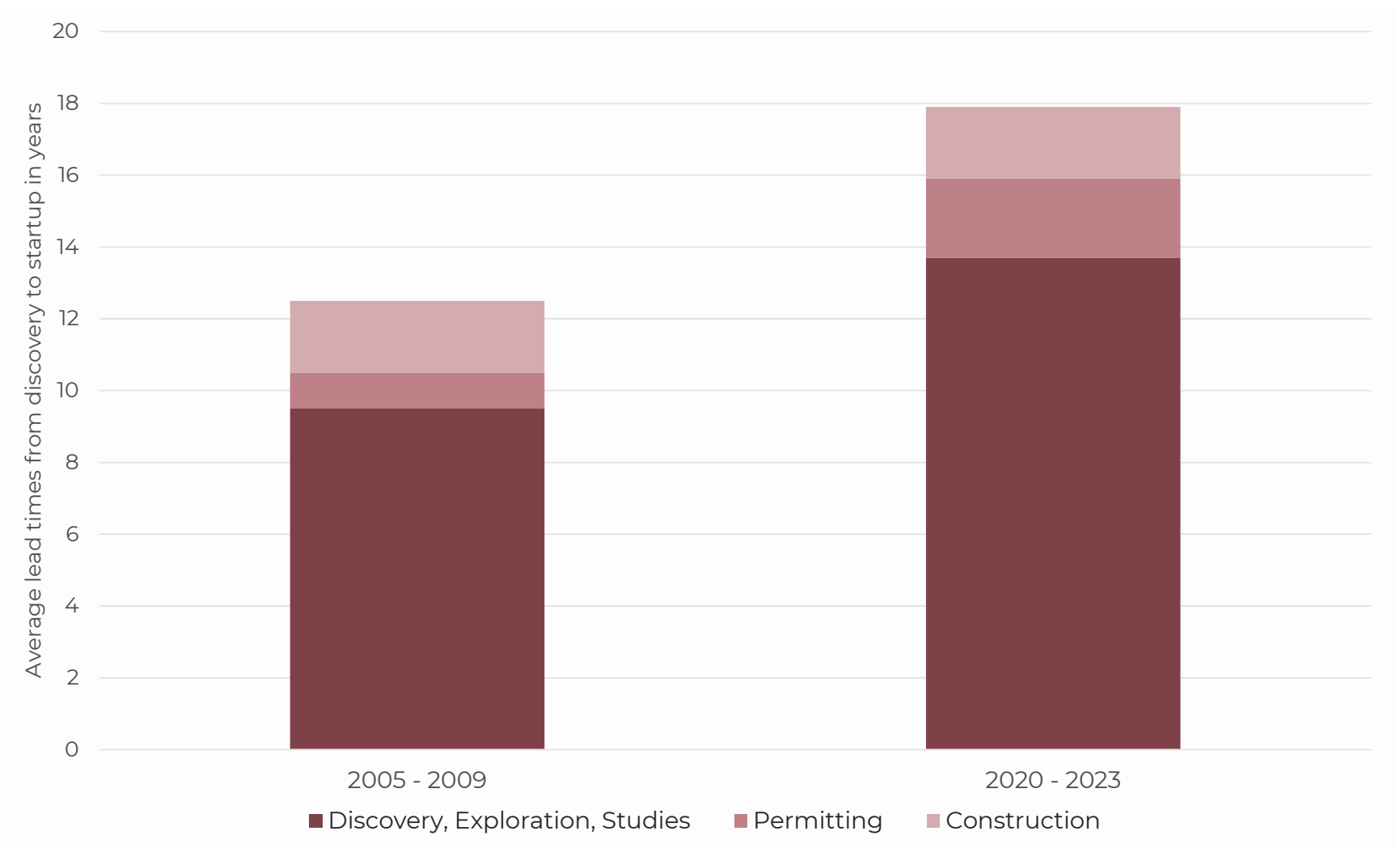
## Despite higher prices no strong CAPEX response by the industry yet



## The big challenge for the industry are the decreasing gold grades



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

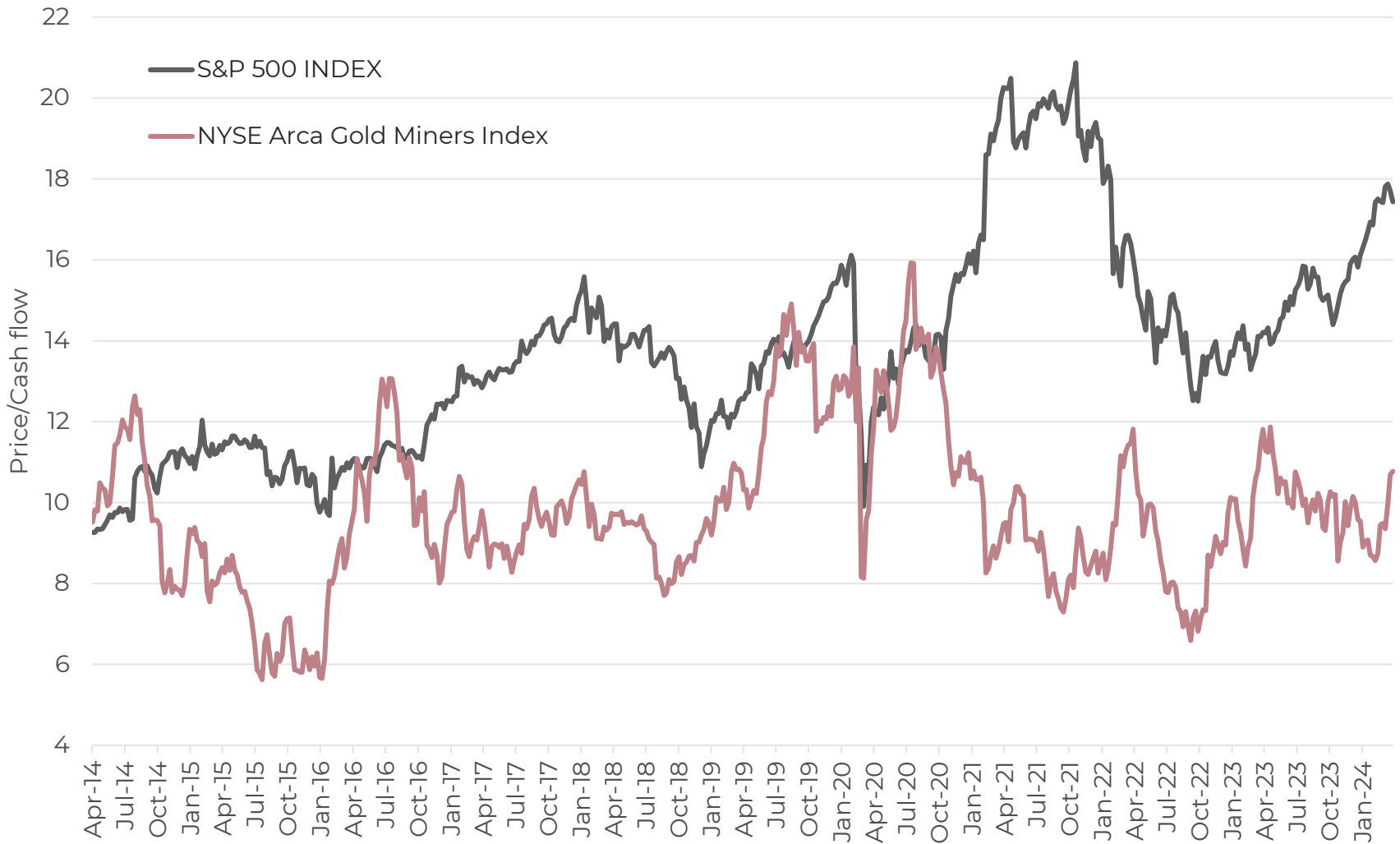


Why buy mining equities?

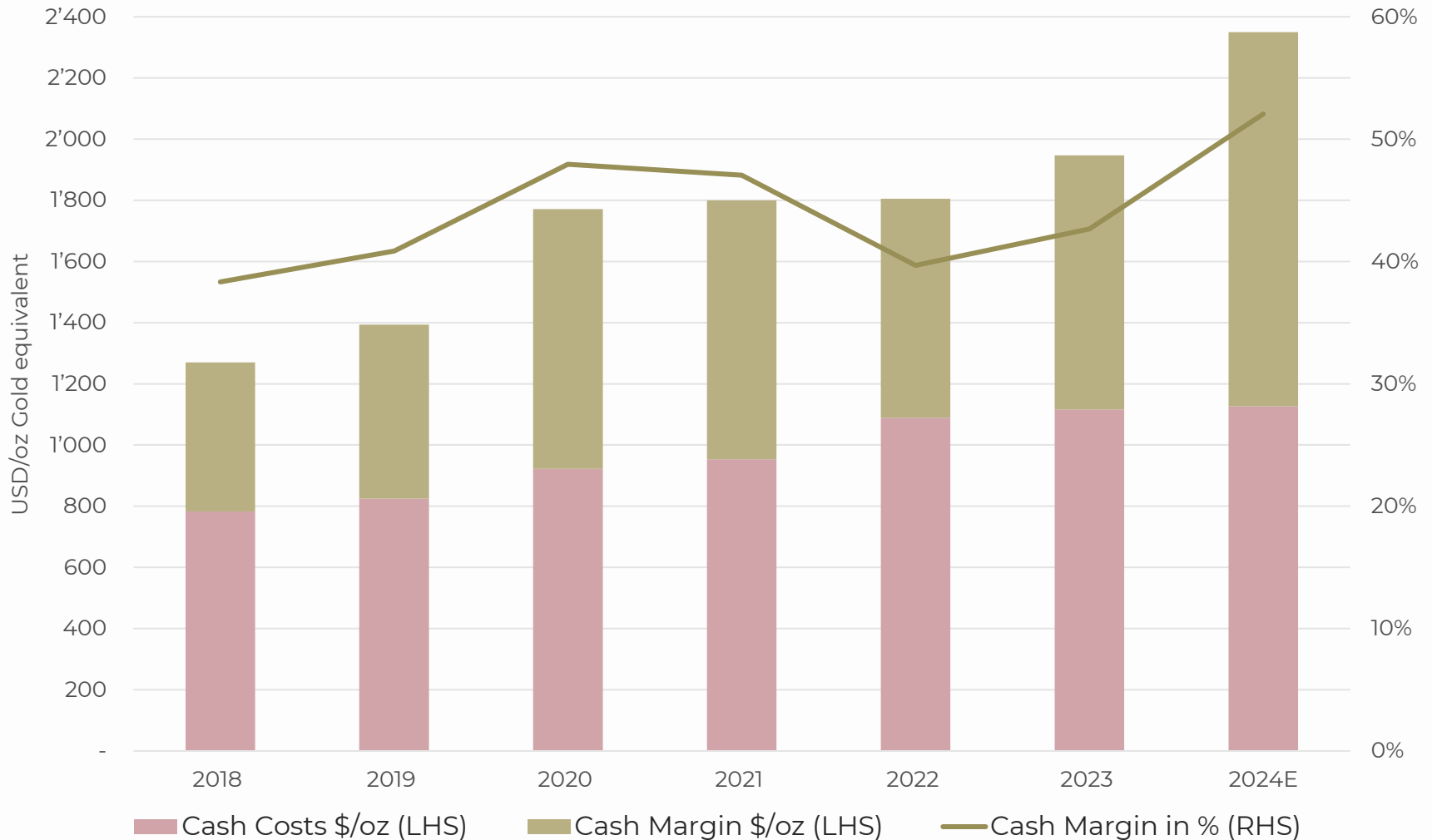
Sweetspot for miners



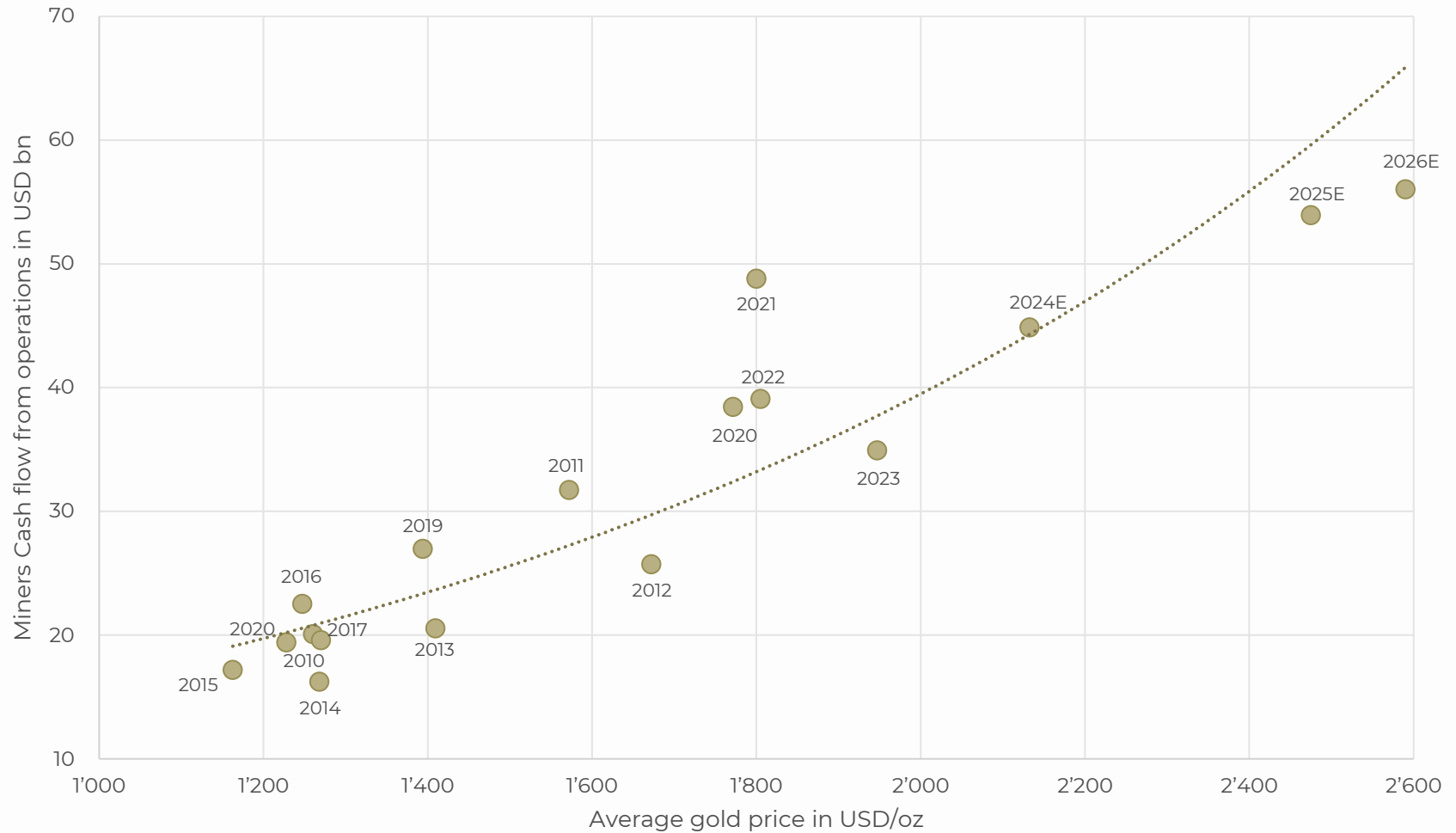
## Miners valuation are very attractive



## Sweetspot for miners as cash margins are expanding

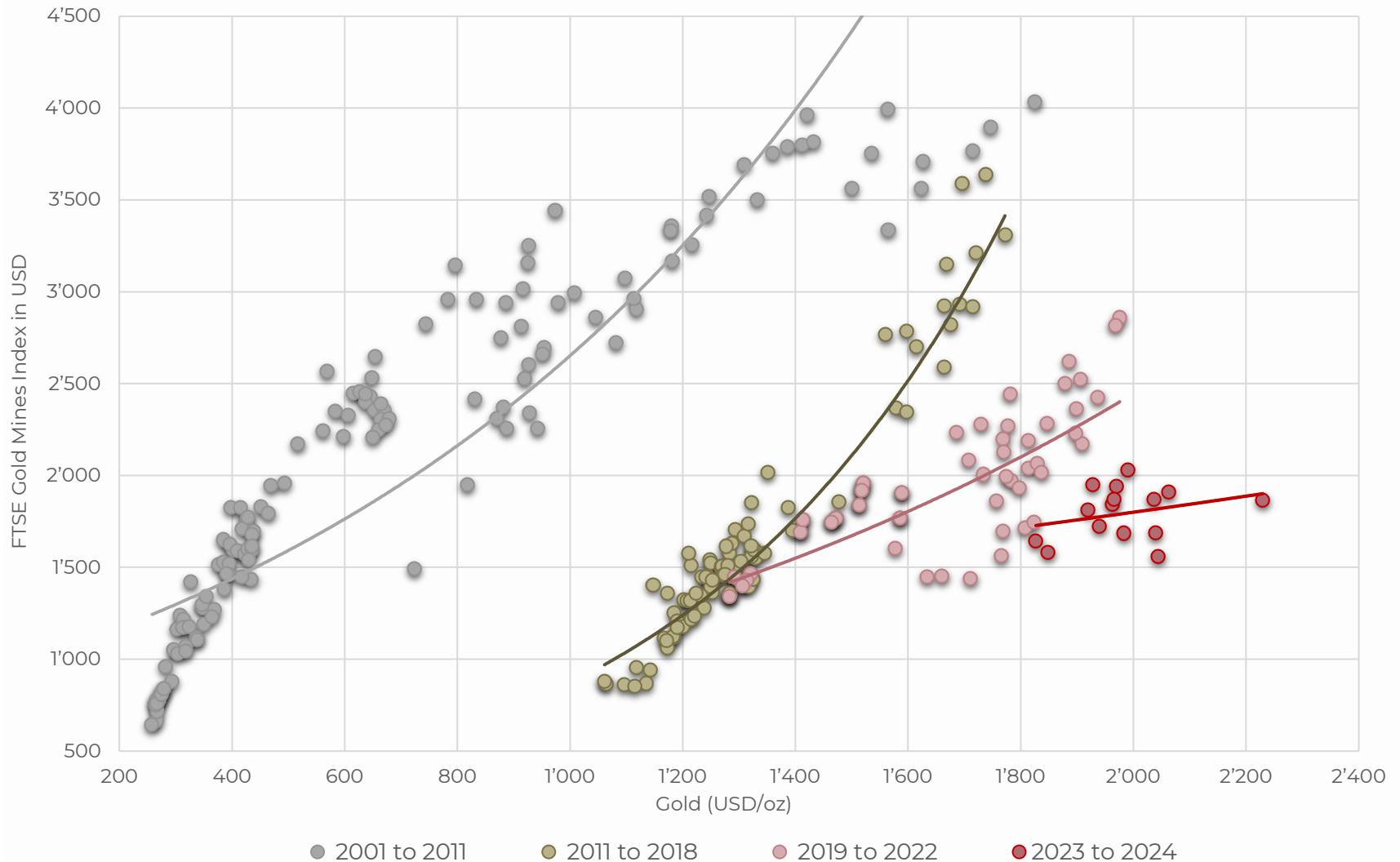


## Gold miners have a high operational leverage to higher gold prices

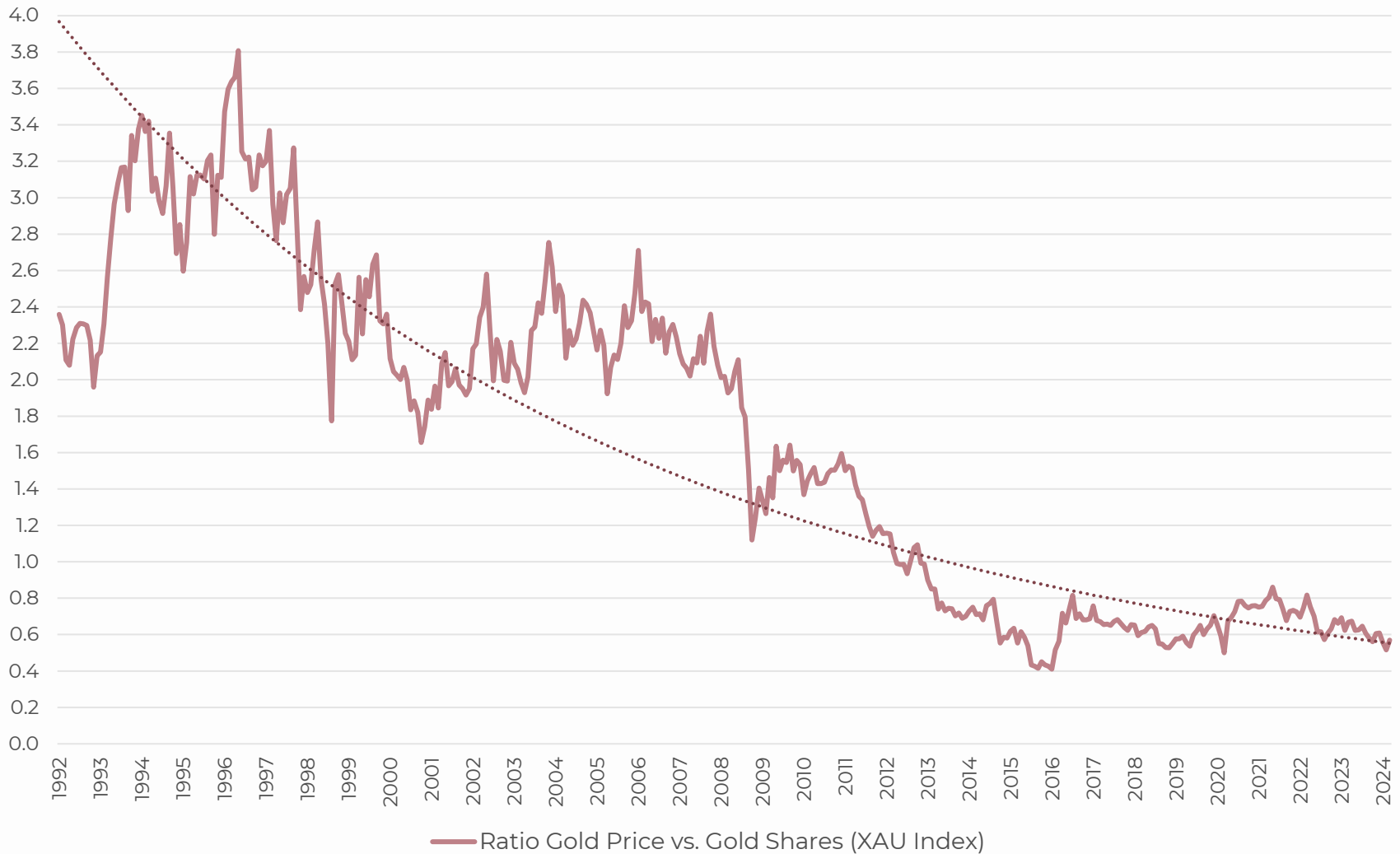


● Miners Cash Flow from Operations vs. Gold Price

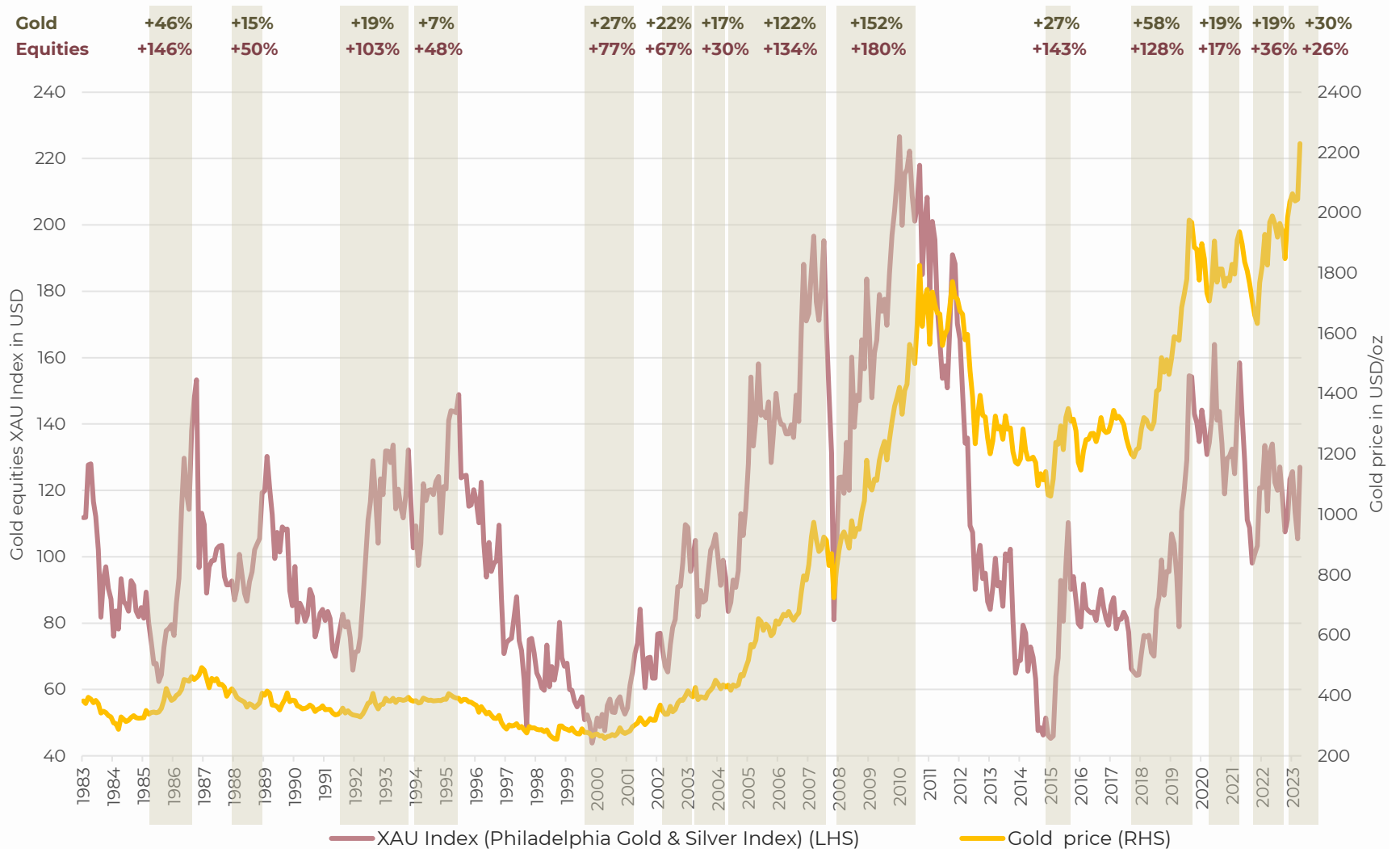
## Gold miners beta has changed over the years and is less sensitive



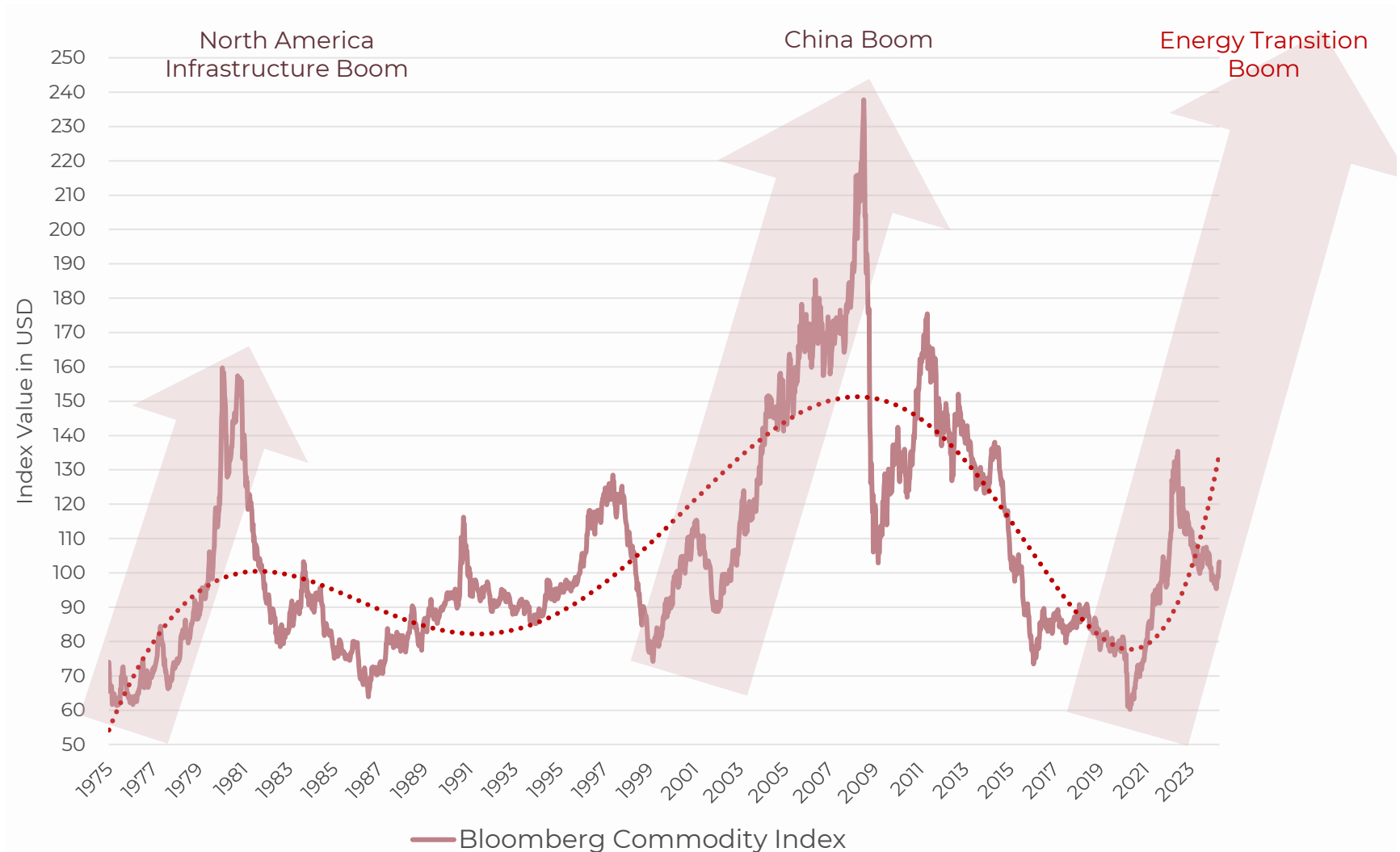
## Gold miners relative to the gold price is at record lows



Historically seen, miners should still have a big upside potential



## Commodities initiating a new supercycle



## **Precious Metals Champions Fund**

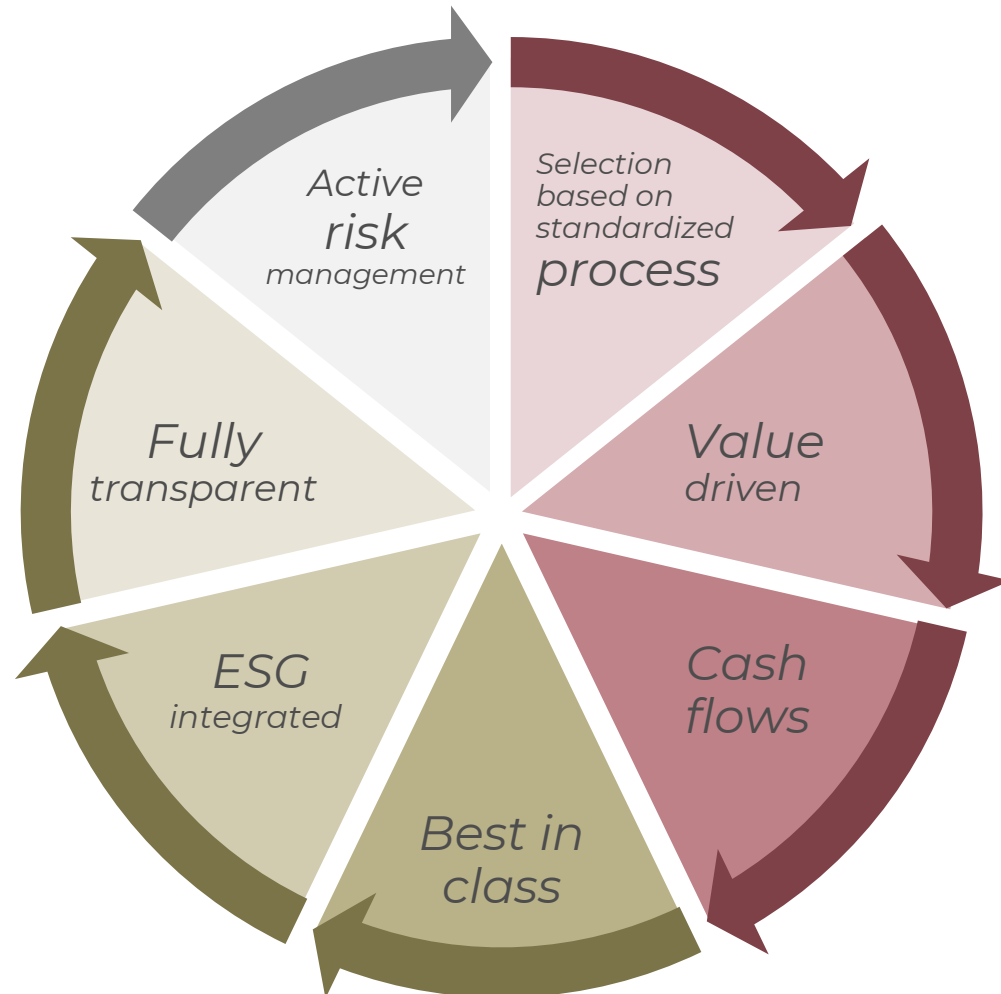
Portfolio approach

Concentration and balance

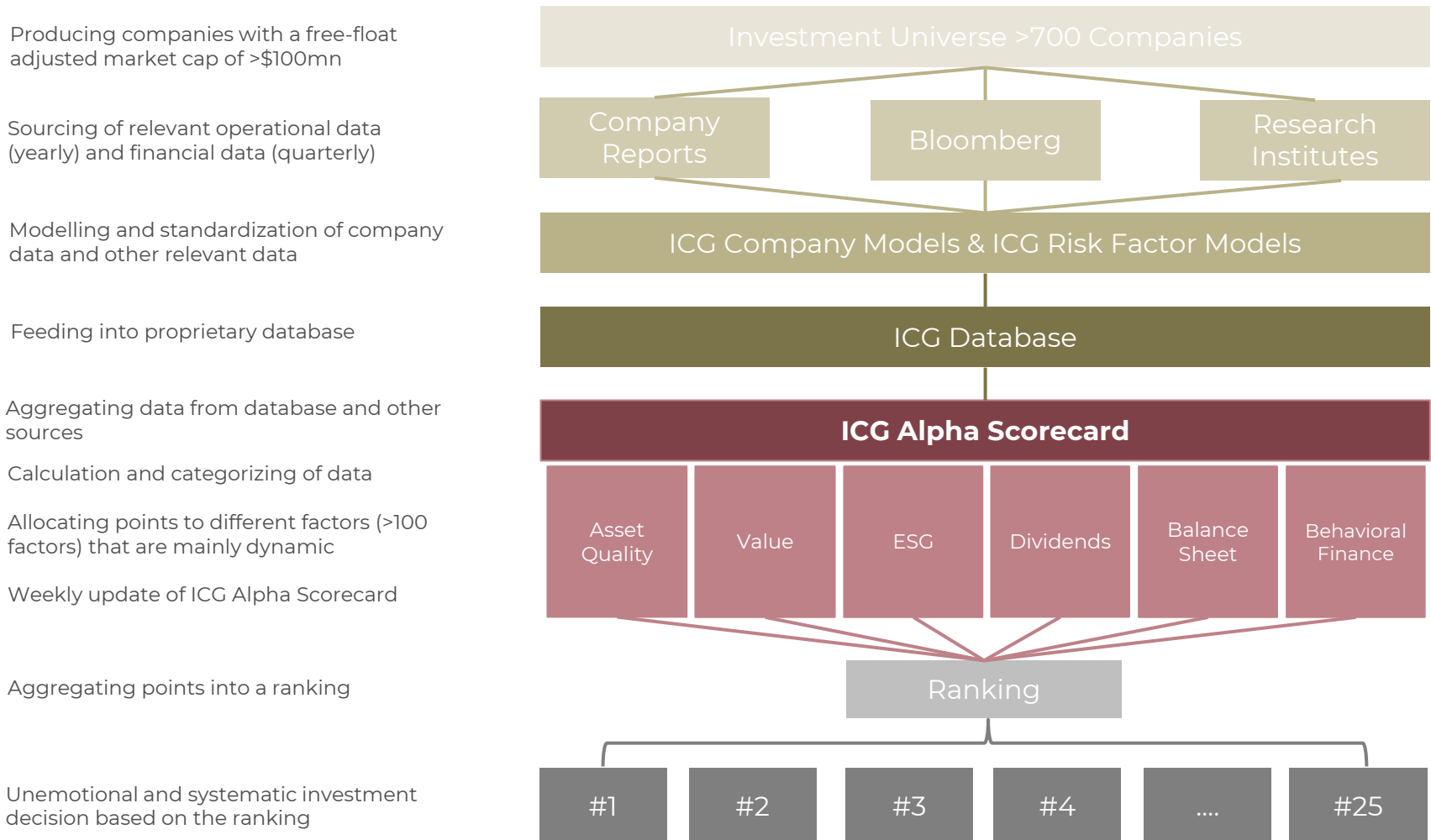


## Coherent investment philosophy

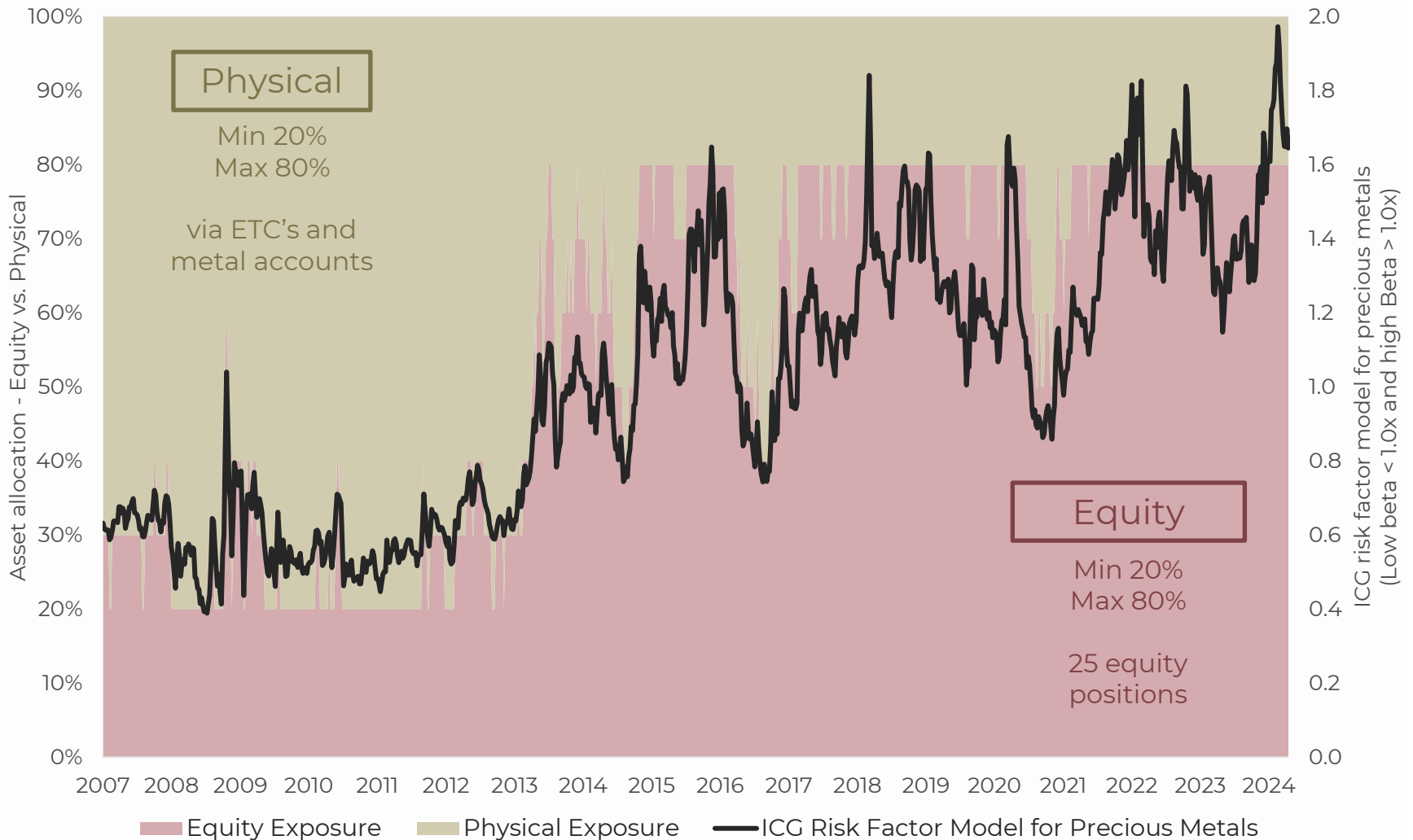
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## Resulting in a fundamental investment approach



## Dynamic active gold allocation strategy

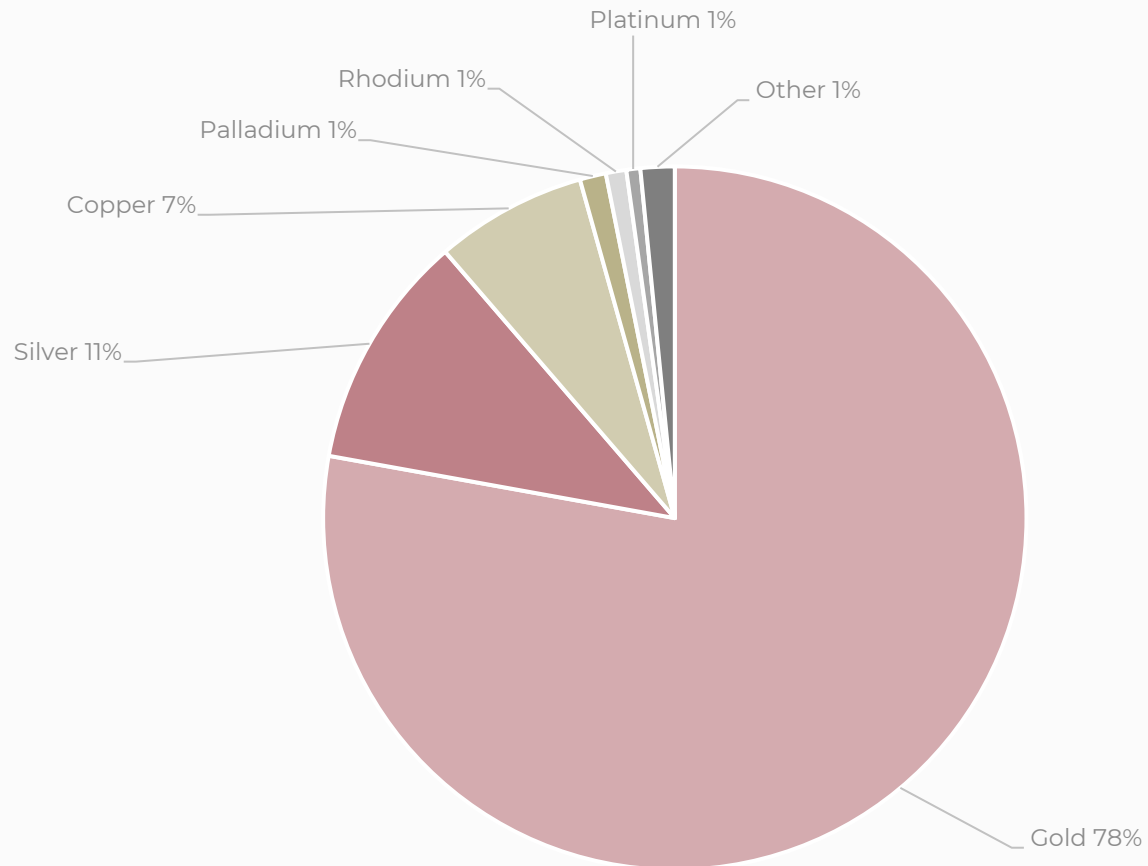


## Transparency

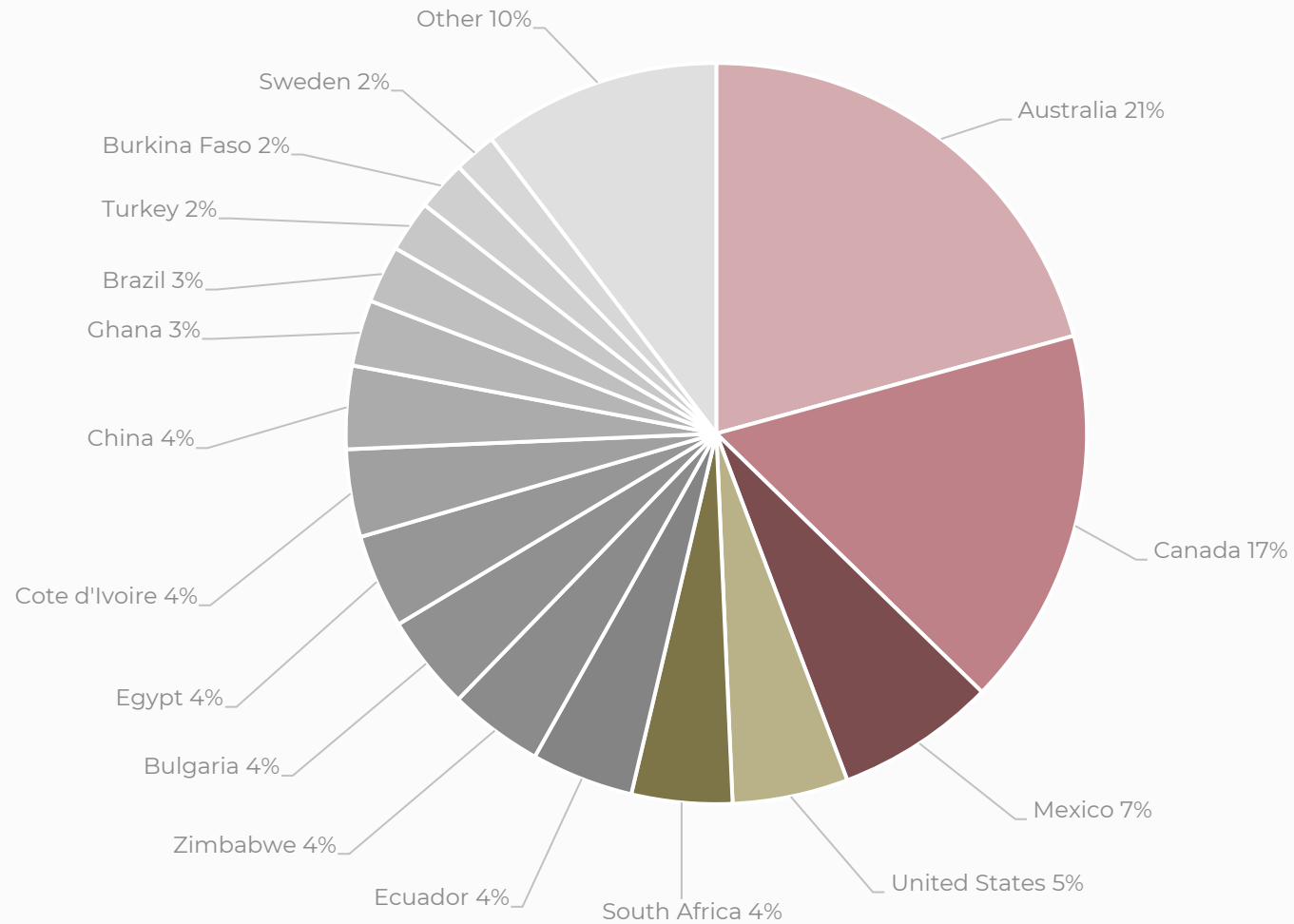
| <b>All holdings</b>  | <b>PMC</b> | <b>Financials</b>   | <b>PMC</b> | <b>Operating</b><br>(weighted avg in Gold Eq.) | <b>PMC</b> |
|----------------------|------------|---------------------|------------|--|------------|
| Gold Physical        | 8.7%       | Number of holdings  | 25         | Production                                     | 1'047 koz  |
| Silver Physical      | 9.9%       | Market cap          | \$6bn      | Share of gold in production                    | 85%        |
| MANDALAY RESOURCES   | 3.9%       | P/B                 | 1.6x       | Production growth CAGR 2023-2027E              | 1.8%       |
| LUNDIN GOLD          | 3.6%       | P/Cash Flow         | 9.9x       | Cash costs                                     | \$1'074oz  |
| RED 5                | 3.5%       | EV/EBITDA 2024E     | 4.8x       | AISC (All-in sustainable costs)                | \$1'042/oz |
| OCEANAGOLD           | 3.4%       | EV/EBITDA 2025E     | 3.9x       | Cash margin                                    | 48%        |
| TOREX GOLD RESOURCES | 3.4%       | P/E 2024E           | 12.8x      | 2P reserves                                    | 19'636 koz |
|                      |            | P/E 2025E           | 9.5x       | Reserve life 2P                                | 21 years   |
|                      |            | EBITDA margin 2023E | 43%        | Inventory depth                                | 39 years   |
|                      |            | EBITDA margin 2024E | 48%        | Reserve valuation (EV/2P reserves)             | \$310/oz   |
|                      |            | FCF yield 2024E     | 4.0%       | Resource valuation (EV/Total resources)        | \$120/oz   |
|                      |            | FCF yield 2025E     | 13.9%      | Operated assets                                | 96%        |
|                      |            | FCF yield 2026E     | 17.5%      | Insider ownership                              | 13.4%      |
|                      |            | Dividend yield      | 2.3%       |  |            |
|                      |            | Net debt to Equity  | 5.8%       |  |            |

only for investors

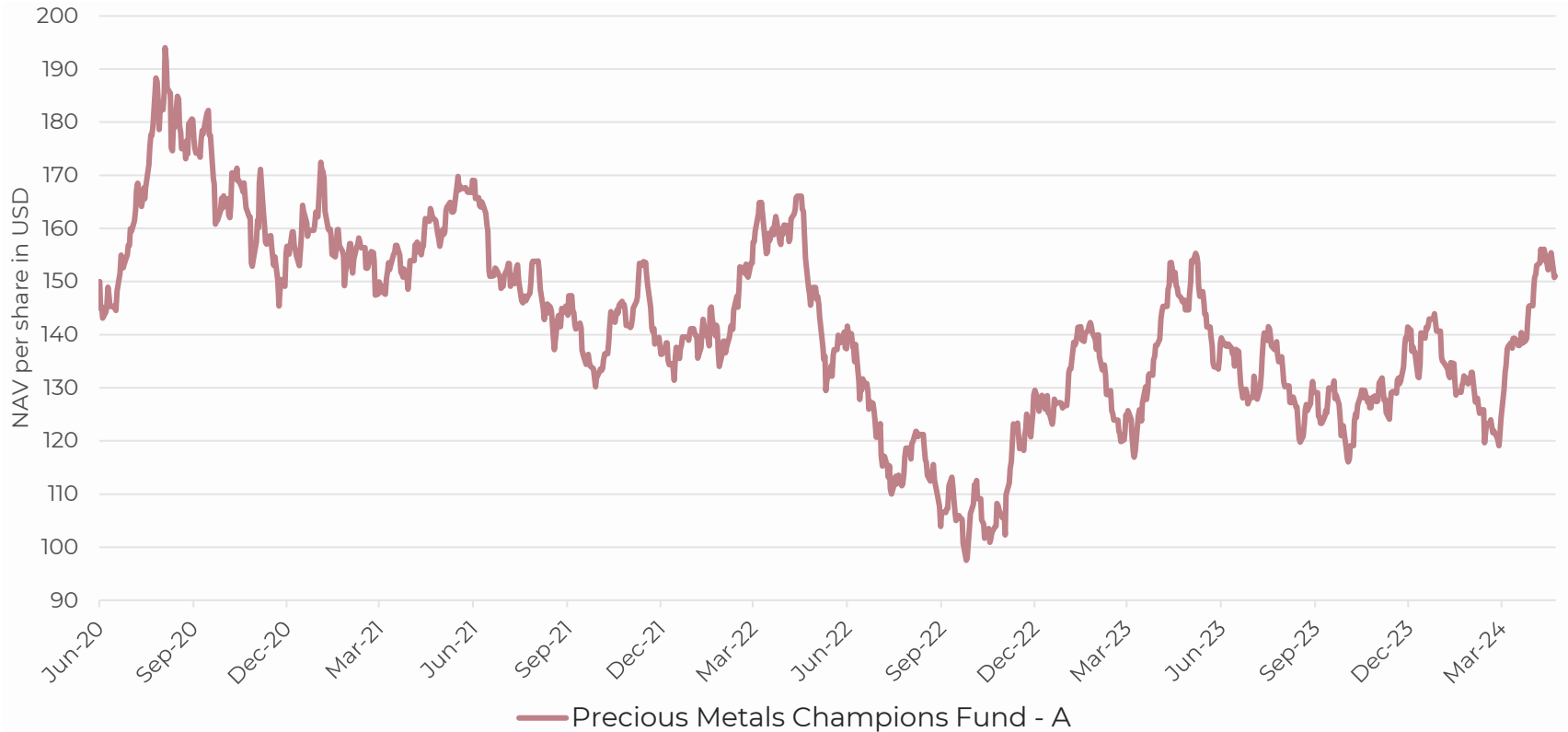
## Commodity mix



## Geographical mix



## PMC long track record



| PMC share classes             | MTD April | YTD   | 1 Year | 2 Years | 3 Years | CY2023 | CY2022 | CY2021 | Inception* |
|-------------------------------|-----------|-------|--------|---------|---------|--------|--------|--------|------------|
| Institutional (A)             | 6.8%      | 10.5% | 5.4%   | 0.7%    | -4.7%   | 11.1%  | -10.3% | -13.0% | 3.6%       |
| Retail (B)                    | 6.8%      | 10.3% | 4.7%   | -0.5%   | -6.4%   | 10.4%  | -10.8% |        | -2.7%      |
| Percentile scoring to peers** | 40%       | 67%   | 83%    | 91%     | 80%     | 89%    | 80%    | 46%    | 73%        |

\*Inception: Institutional share class A was 02.06.2020, Retail share class B was 08.02.2021. More share classes available

\*\*Percentile scoring relative to peers reflects the PMC performance in comparison to our peers. A higher percentile indicates better PMC relative performance.

## How to invest

|                     |   |                   |                   |                   |
|---------------------|---|-------------------|-------------------|-------------------|
| Fund Name           | <b>ICG Umbrella Fund - Precious Metals Champions Fund</b> |                   |                   |                   |
| Legal status        | Liechtensteiner UCITS contractual fund                    |                   |                   |                   |
| Launch date         | June 2020   |                   |                   |                   |
| Fund size           | USD 6 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>D</b>          | <b>F</b>          |
| Currency            | USD   | USD               | CHF (unhedged)    | USD               |
| Distribution        | Accumulating  | Accumulating      | Accumulating      | Accumulating      |
| Bloomberg ticker    | PRCMCFA LE Equity   | PRCMCFB LE Equity | PRCMCFD LE Equity | PRCMCFF LE Equity |
| ISIN                | LI0445625085  | LI0445625093      | LI1121337961      | LI1205084919      |
| Valora              | 44562508  | 44562509          | 112133796         | 120508491         |
| Management fee p.a. | 0.6%  | 1.20%             | 1.50%             | 2.0%              |
| Min. subscription   | USD 5 million   | USD 1 million     | USD 500'000       | One share         |
| Trading             | <b>Daily</b> , no lock-up, no redemption fees             |                   |                   |                   |



## Conclusions

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- The current dynamics in the gold market highlight its enduring appeal as a strategic asset buoyed by improving fundamentals and a resurgence in sentiment
- Notable shifts, including the disconnect between gold prices and ETF flows alongside central bank actions toward de-dollarization, underscore evolving market complexities but are also a new force behind higher for longer gold prices
- The commodities market is poised for a new Supercycle, and in general this is positive for the sector
- Gold miners demonstrate strong financial performance with increasing margins, high profitability, and significant attractiveness compared to the gold price and its historical beta
- 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.