

## **Precious Metals Champions Fund**

# The Case for Gold Sentiment is back

February 2025

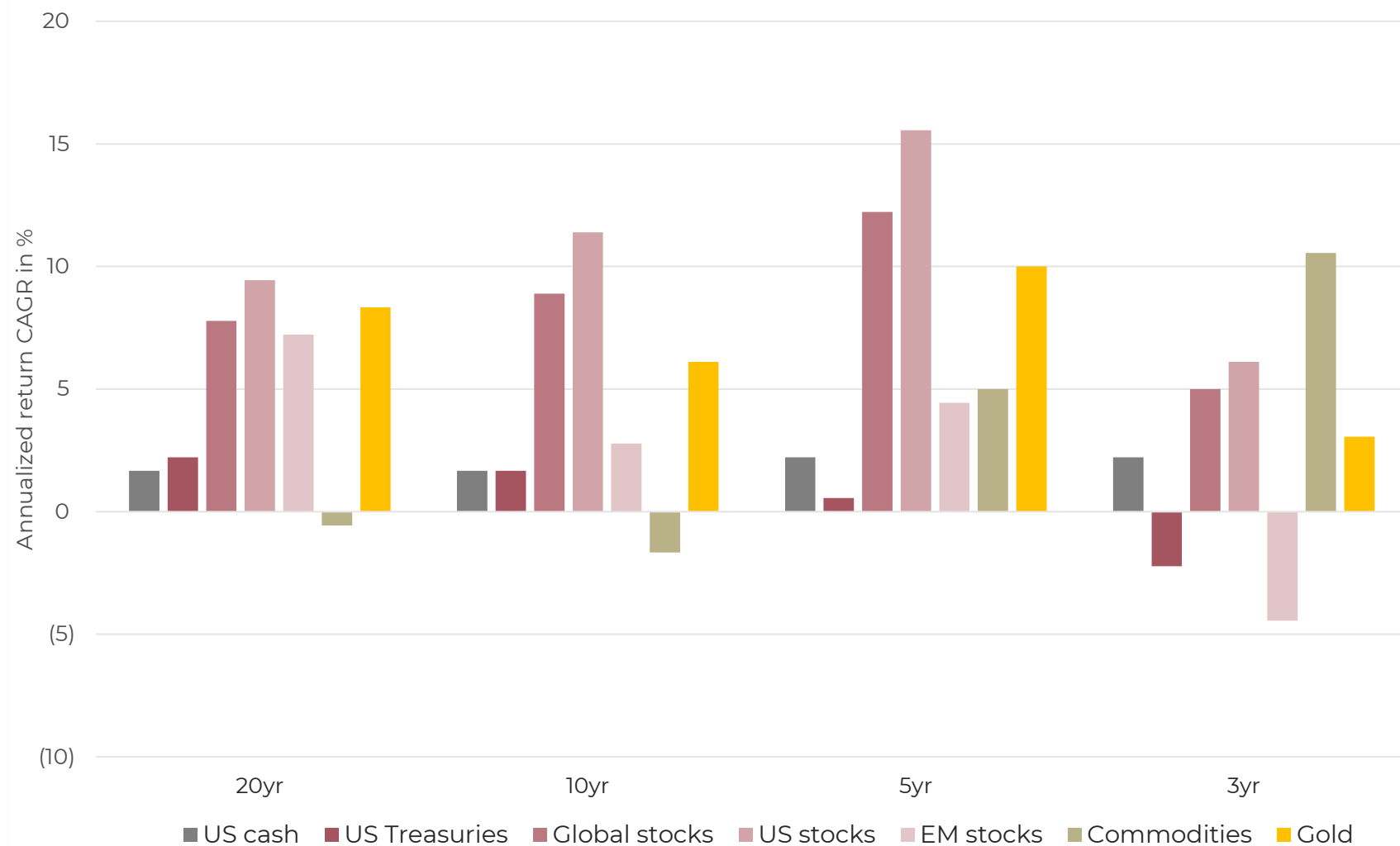
## Executive summary

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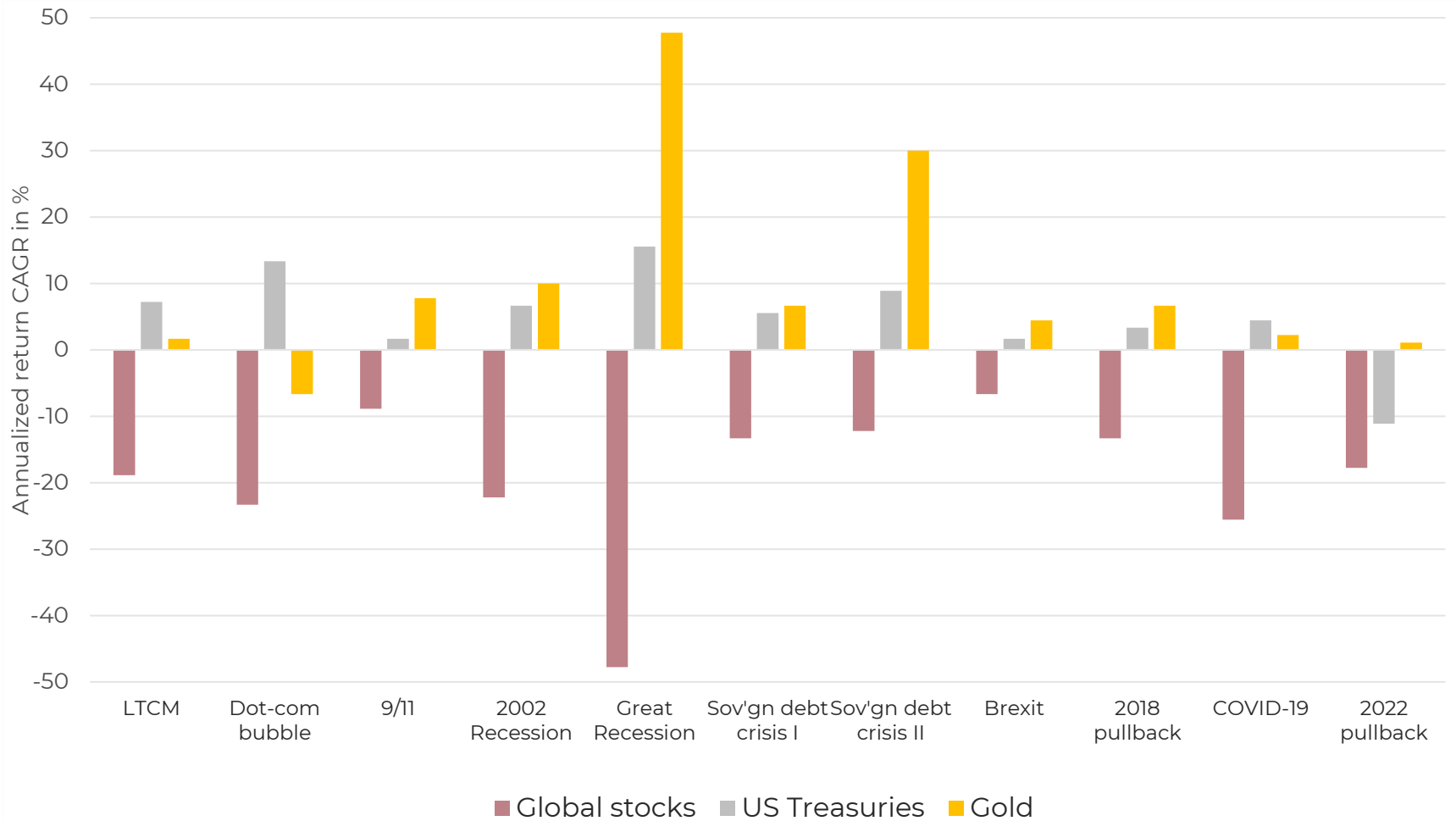
- Gold is valued both for its role as a strategic asset providing diversification and liquidity, as well as for its potential return on investment
- Gold sentiment has experienced a resurgence, driven by improving fundamentals
- An unprecedented disconnect has emerged between gold prices and global gold 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

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

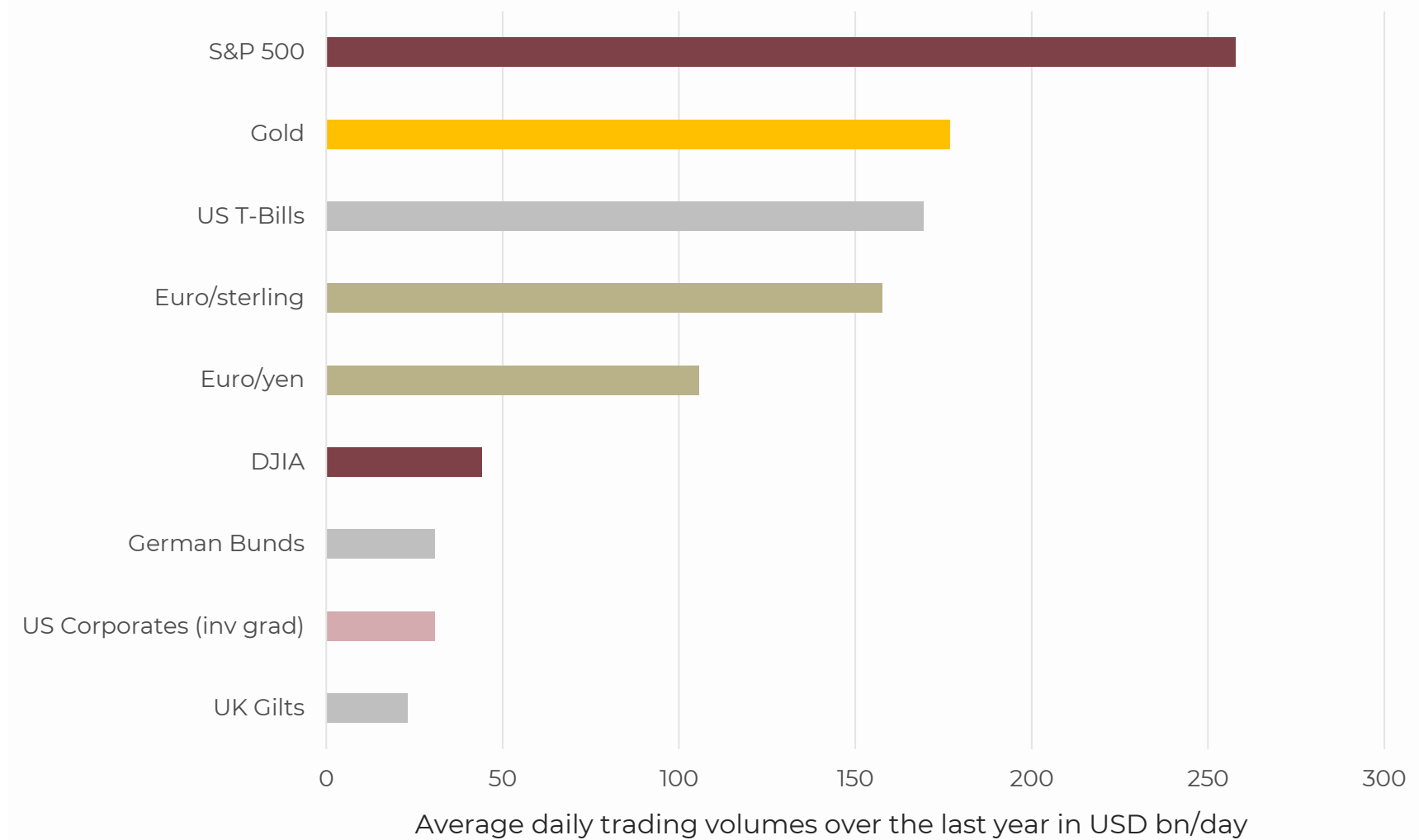


## Gold becomes more negatively correlated with stocks in extreme market selloffs



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

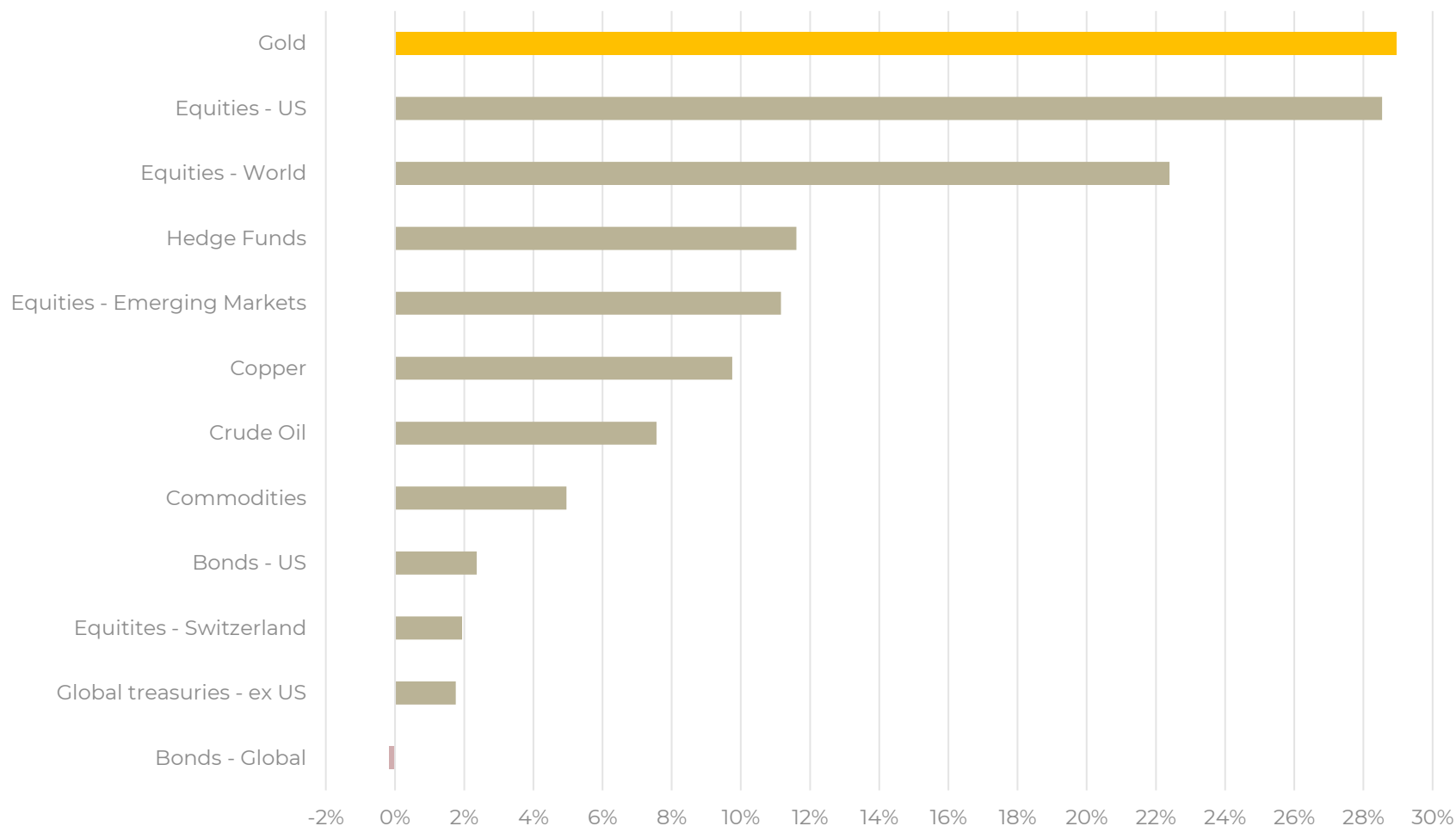
## The gold market is large, global and highly liquid



Based on estimated average daily trading volumes from 1/1/2023 to 31/12/2023. Gold liquidity includes estimates on OTC transactions and published statistics on futures exchanges, and gold-backed ETFs  
 Sources: Bloomberg, BIS, UK DMO, Germany Finance Agency, Japan Securities Dealers Ass., Nasdaq, WGC, ICG data

Gold sentiment is back

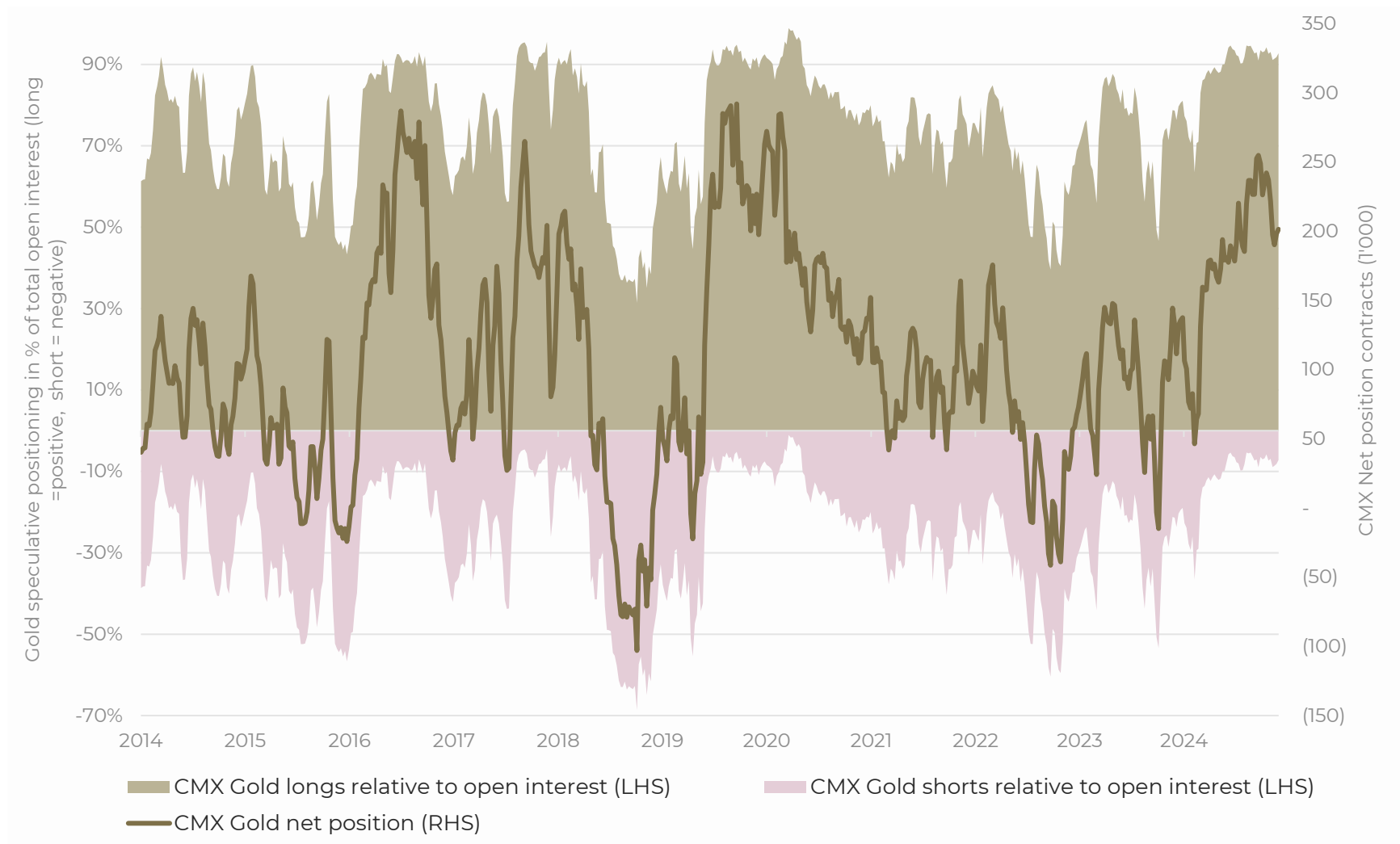
## Gold has outperformed all major asset classes in 2024



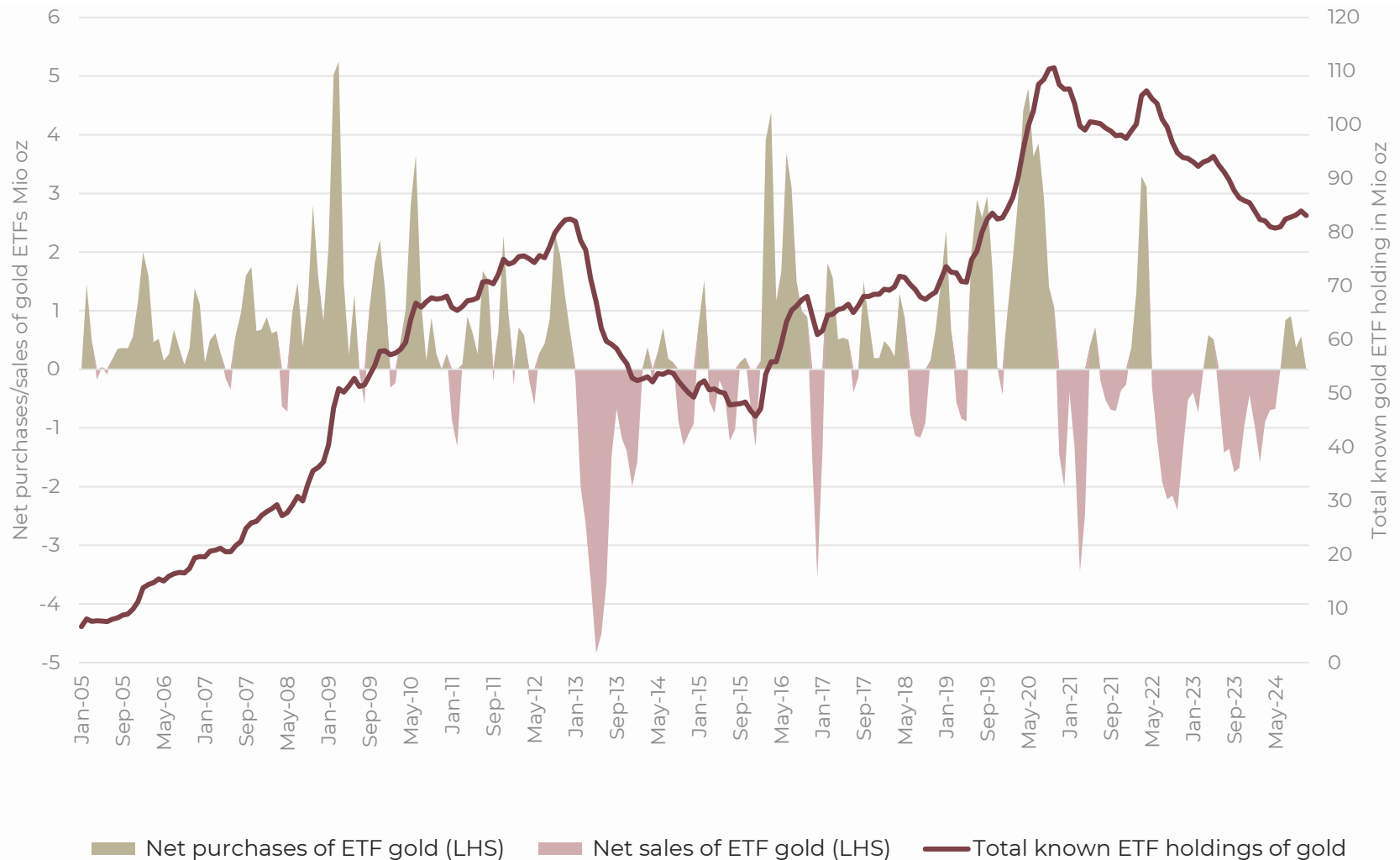
Based on SMI Index TR, Bloomberg Commodity Index TR, MSCI EM Index TR, MSCI World Index TR, S&P 500 Index TR, Bloomberg Hedge Fund Index, Bloomberg Barclays Global Treasury ex US, Bloomberg Barclays US Bond Aggregate, Bloomberg Copper TR, Bloomberg Brent Crude Oil TR  
 Sources: Bloomberg, ICG database



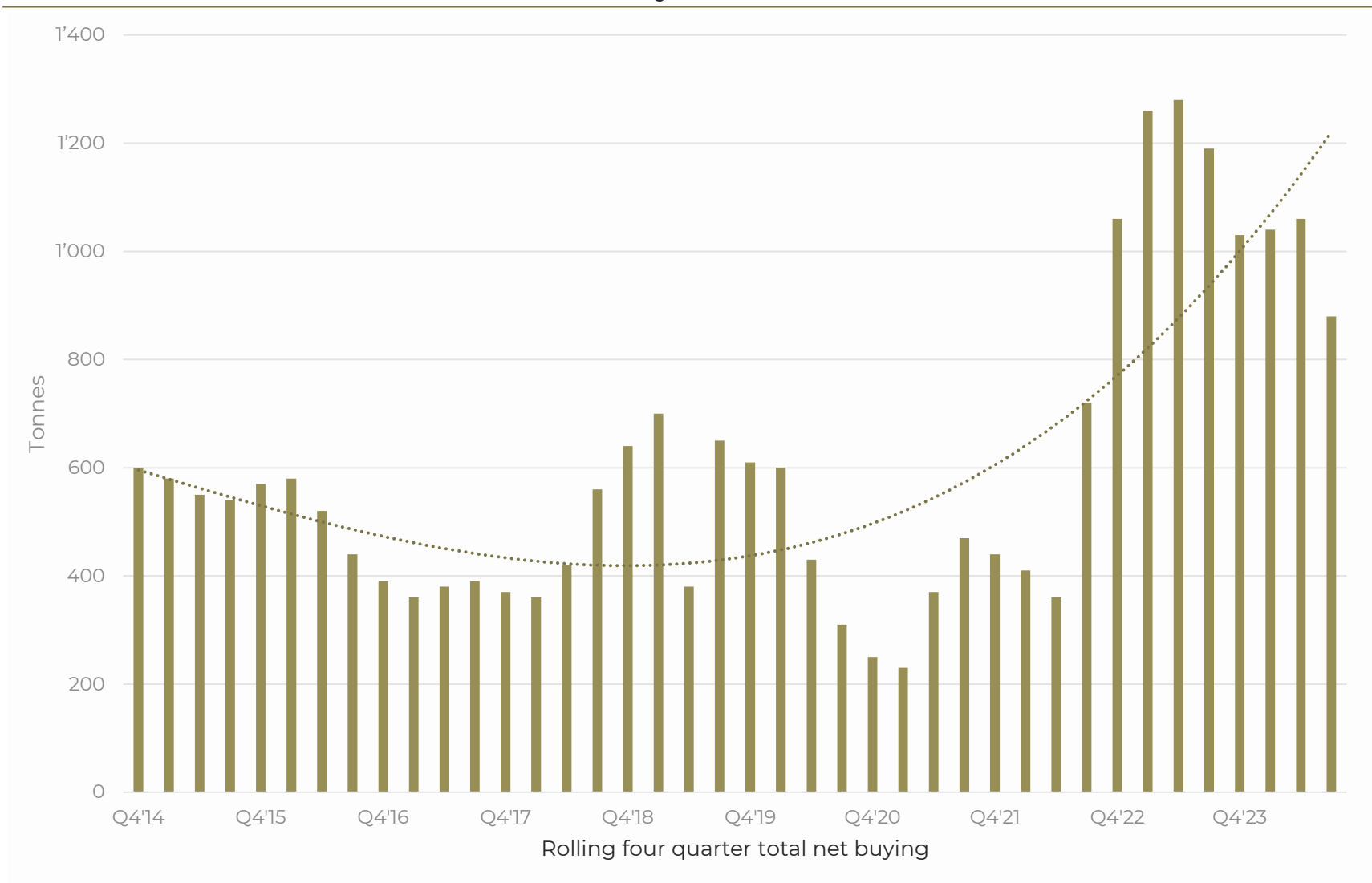
## Gold speculative position is net long



## ETF investors are returning after unprecedented discrepancy between gold prices and ETF flows

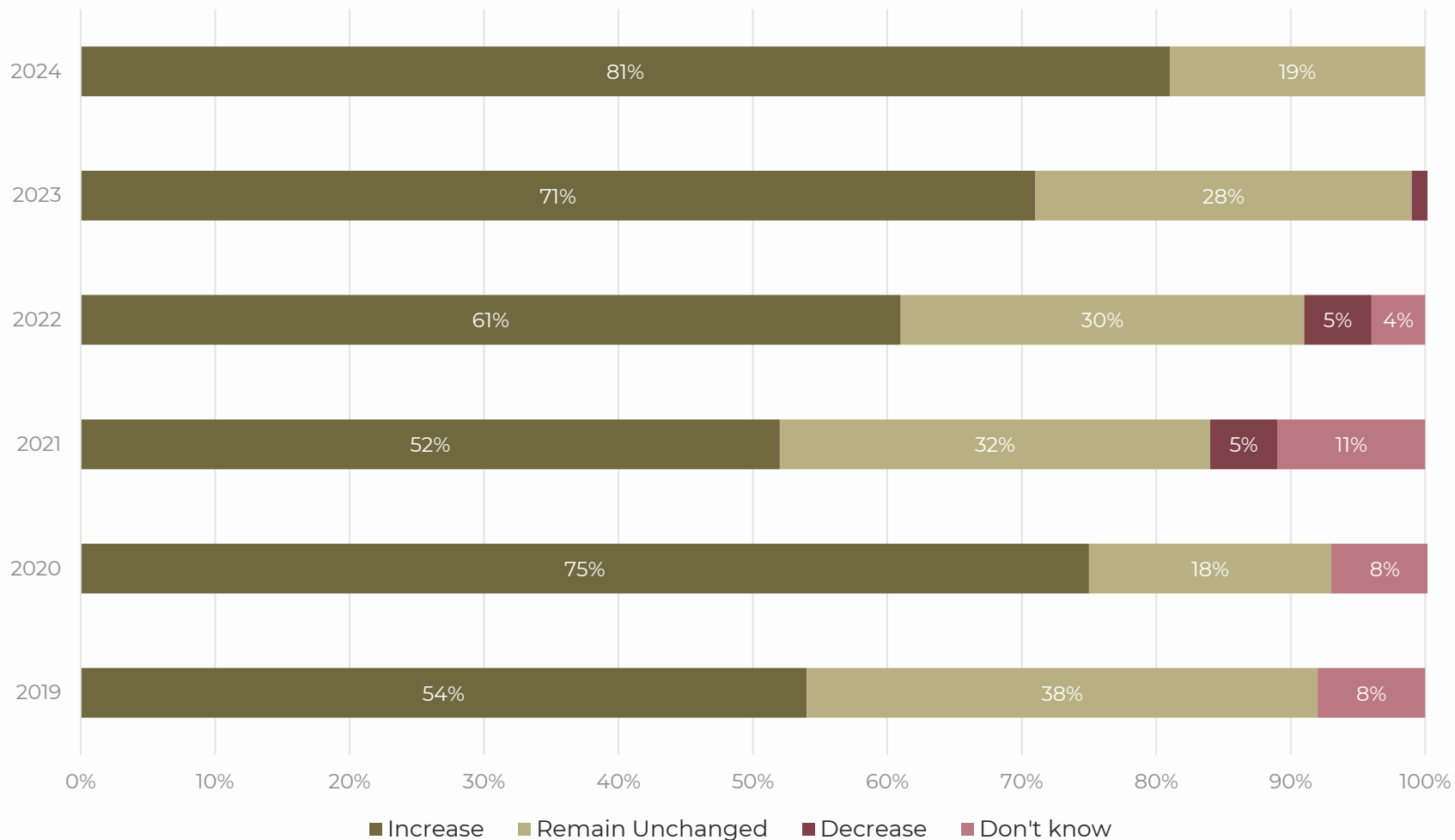


## Central bank demand remains healthy



## 81% of central banks expect gold reserves to increase

Expected changes to global gold reserves over the next 12 months

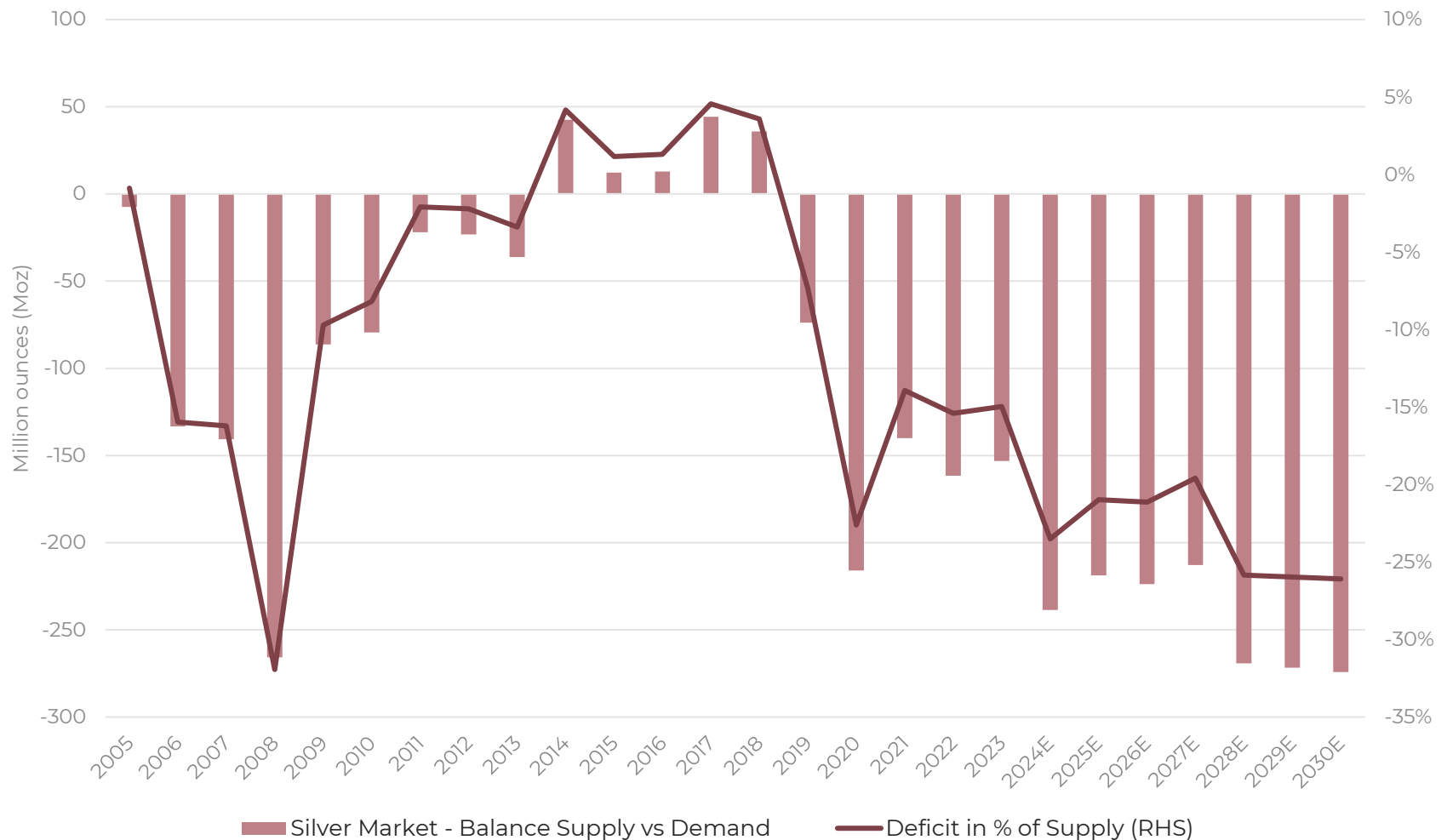


## Central bank an overview: soft de-dollarization?

Country	Reserves (tonnes)	% of Total Reserves	% foreign Reserves in USD
United States of America	8'133.5	74.2%	
Germany	3'351.5	73.5%	
Italy	2'451.8	70.3%	
France	2'436.9	71.9%	
China	2'264.3	5.4%	56.0%
Switzerland	1'039.9	9.3%	
India	853.6	10.1%	54.0%
Japan	846.0	5.7%	
Netherlands	612.5	64.0%	
Turkey	595.4	36.2%	55.0%
Taiwan, China	422.7	5.8%	
Poland	419.7	16.2%	
Portugal	382.7	76.6%	
Uzbekistan	373.9	77.3%	70.0%
Saudi Arabia	323.1	5.7%	
United Kingdom	310.3	14.5%	
Kazakhstan	285.9	54.5%	60.0%
Spain	281.6	21.6%	
Austria	280.0	64.7%	
Thailand	234.5	8.2%	65.0%
Singapore	227.6	4.8%	
Belgium	227.4	45.0%	
Algeria	173.6	17.1%	55.0%
Libya	146.7	13.0%	
Brazil	129.7	3.0%	50.0%
Philippines	128.1	9.6%	
Egypt	126.8	24.1%	65.0%
Sweden	125.7	16.4%	
South Africa	125.4	16.7%	60.0%
Mexico	120.4	4.4%	
Greece	114.5	62.6%	
Hungary	110.0	18.1%	
Qatar	109.5	17.3%	
South Korea	104.5	2.1%	
Romania	103.6	10.6%	

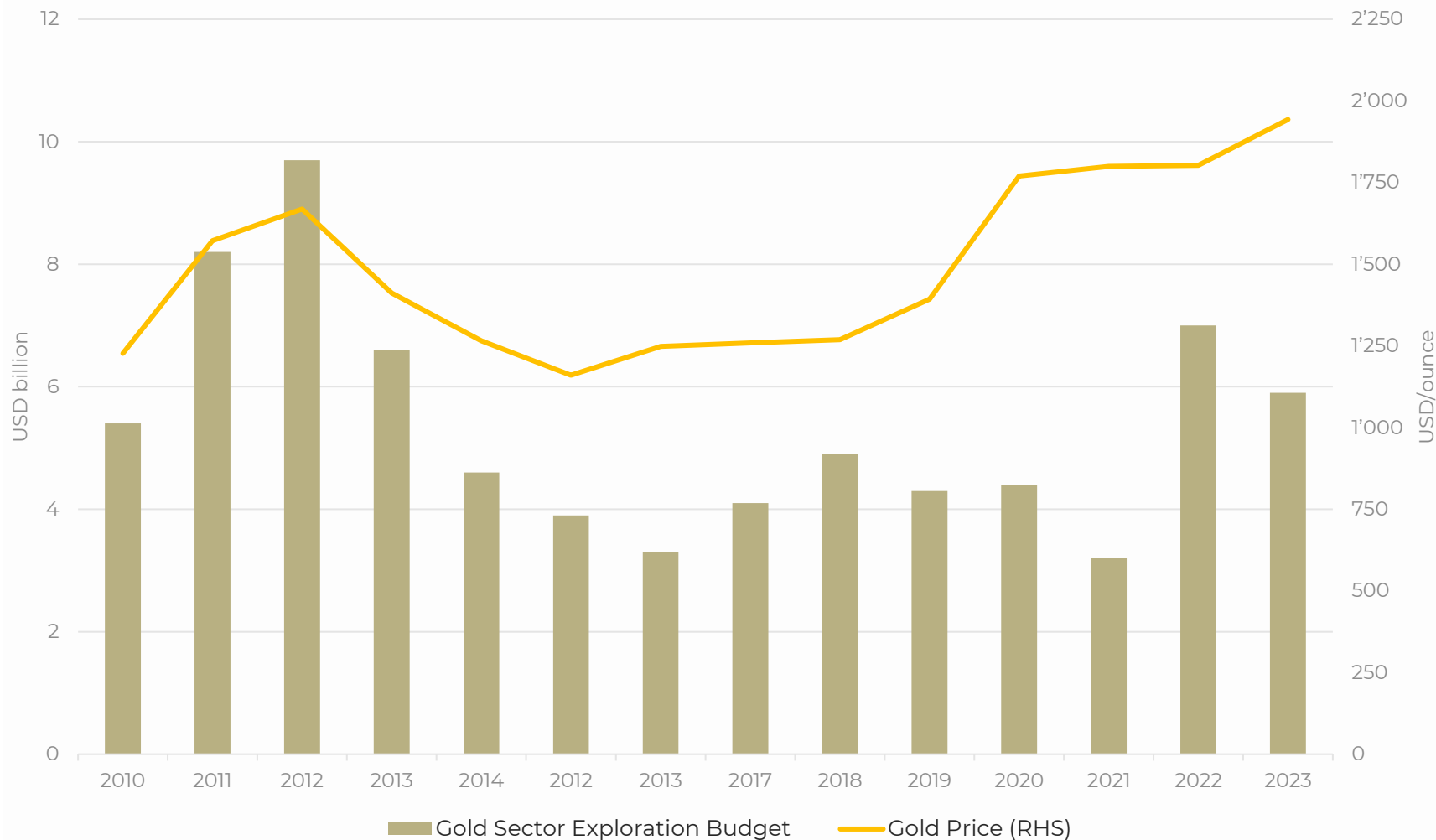
- List includes all countries with >100 tonnes of gold reserves
- On average, central banks hold around 20% of its total reserves in gold
- BRICS countries average is only at 11.8%
- BRICS+ countries control around 42% of global central bank foreign exchange reserves with most of it in USD (de-dollarization)
- If China were to halve its USD reserves and convert them to bullion, it would purchase an additional 12,900 tonnes of gold - equivalent to 3.6 times the annual global gold production

## Silver market has a large fundamental deficit with rising industrial demand



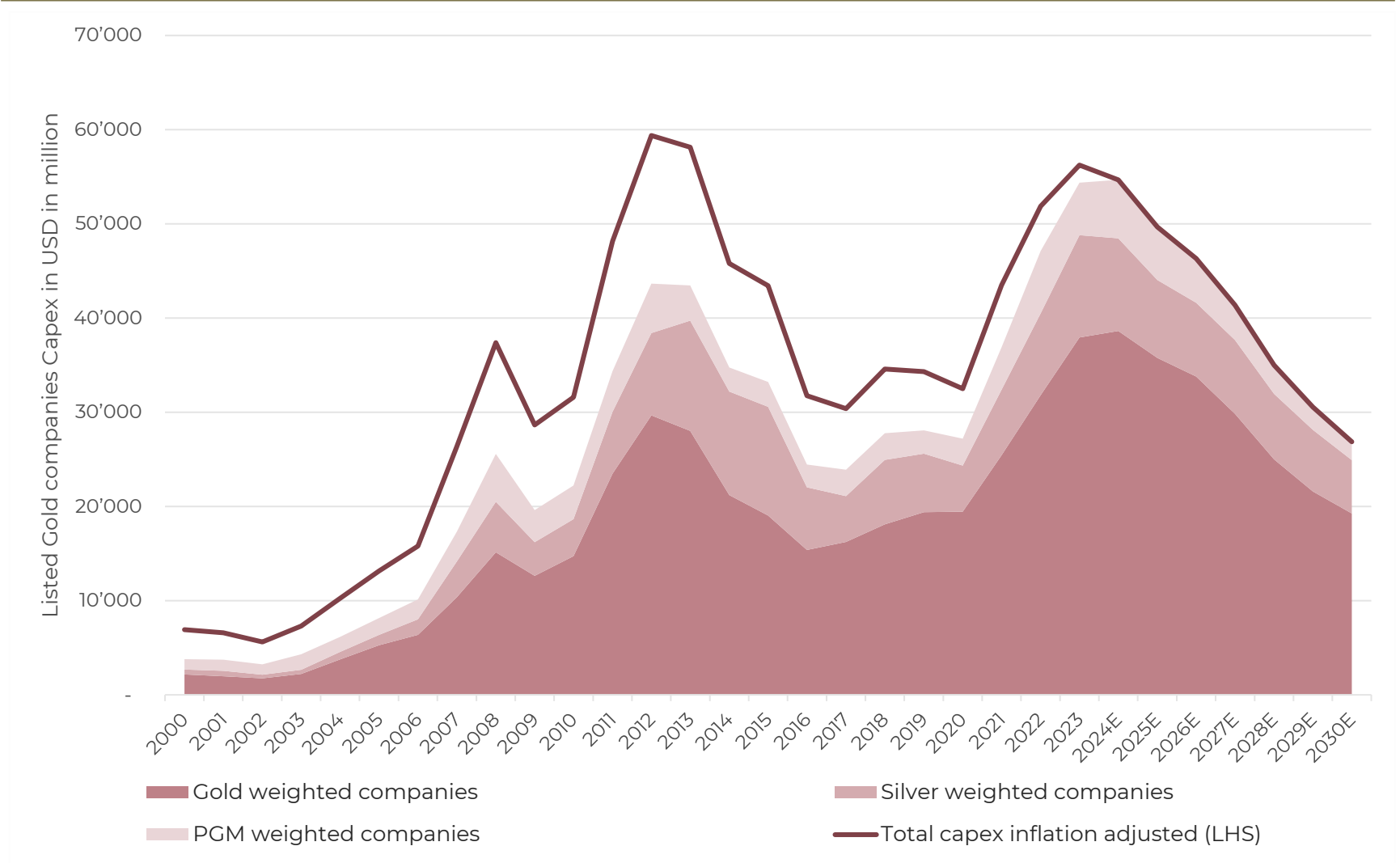
# Supply Side Challenges

## Gold sector exploration budget

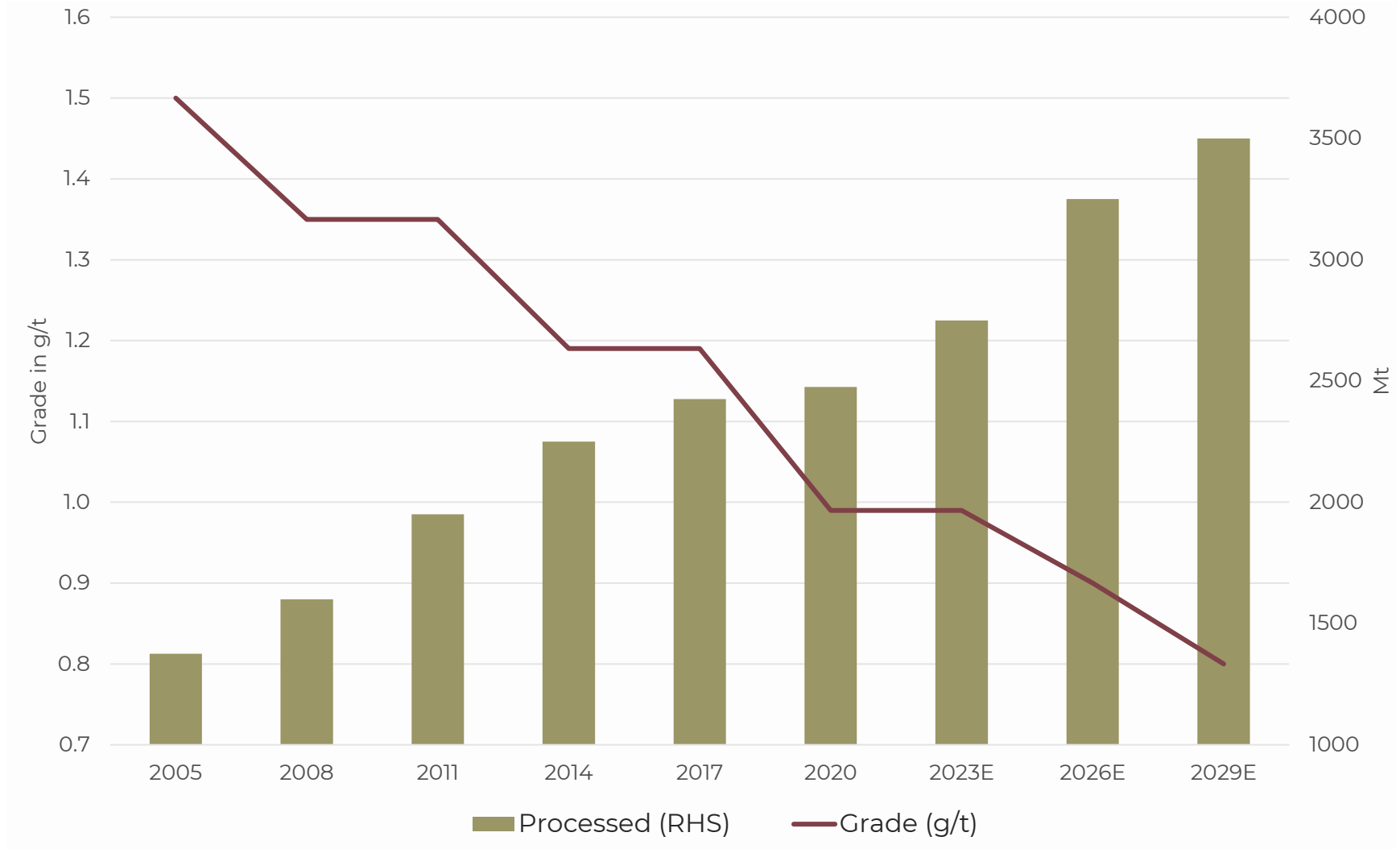




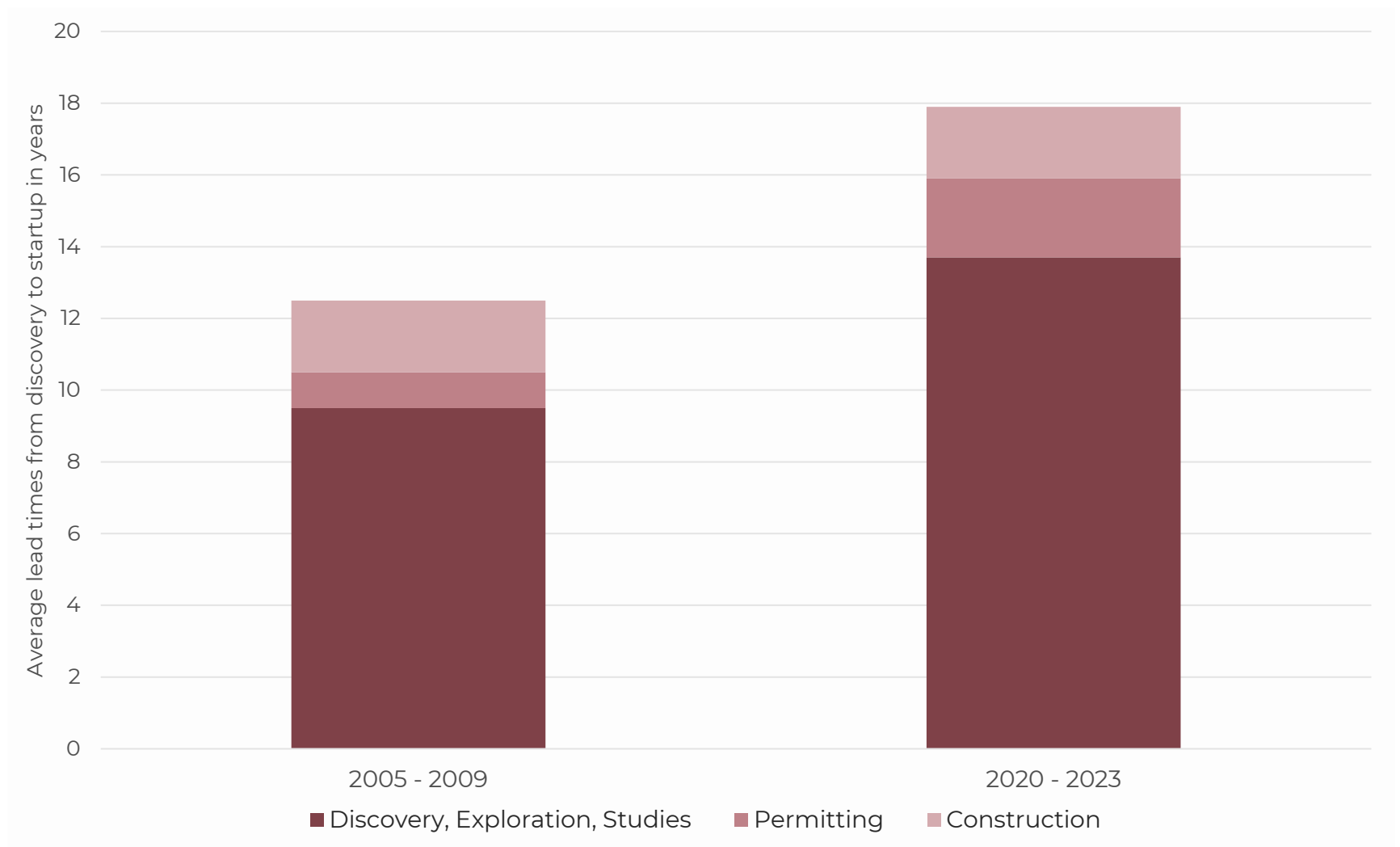
## Despite higher prices no strong CAPEX response by the industry yet



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

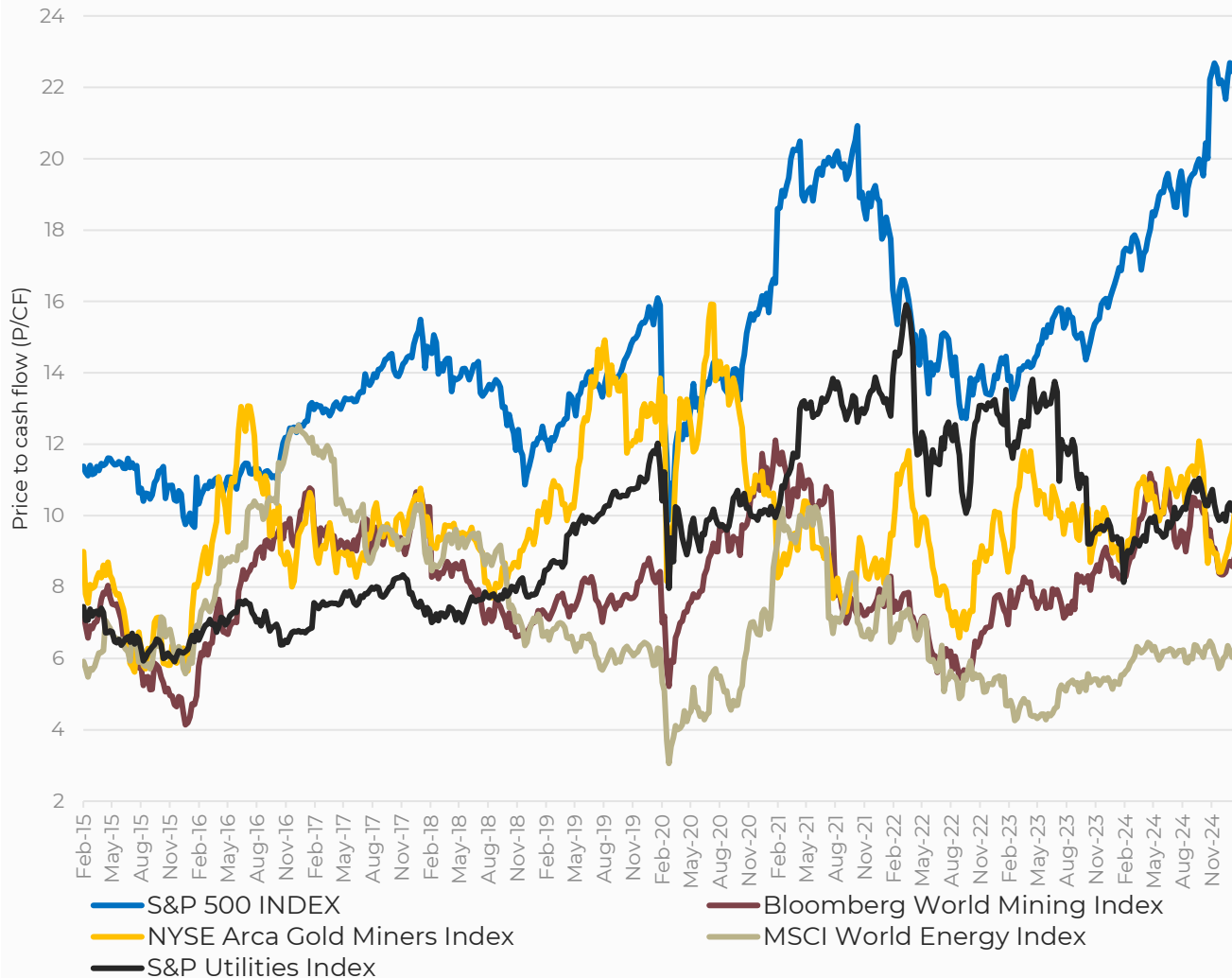


## It takes a long time to start up a mine



# Sweetspot for Gold Miners

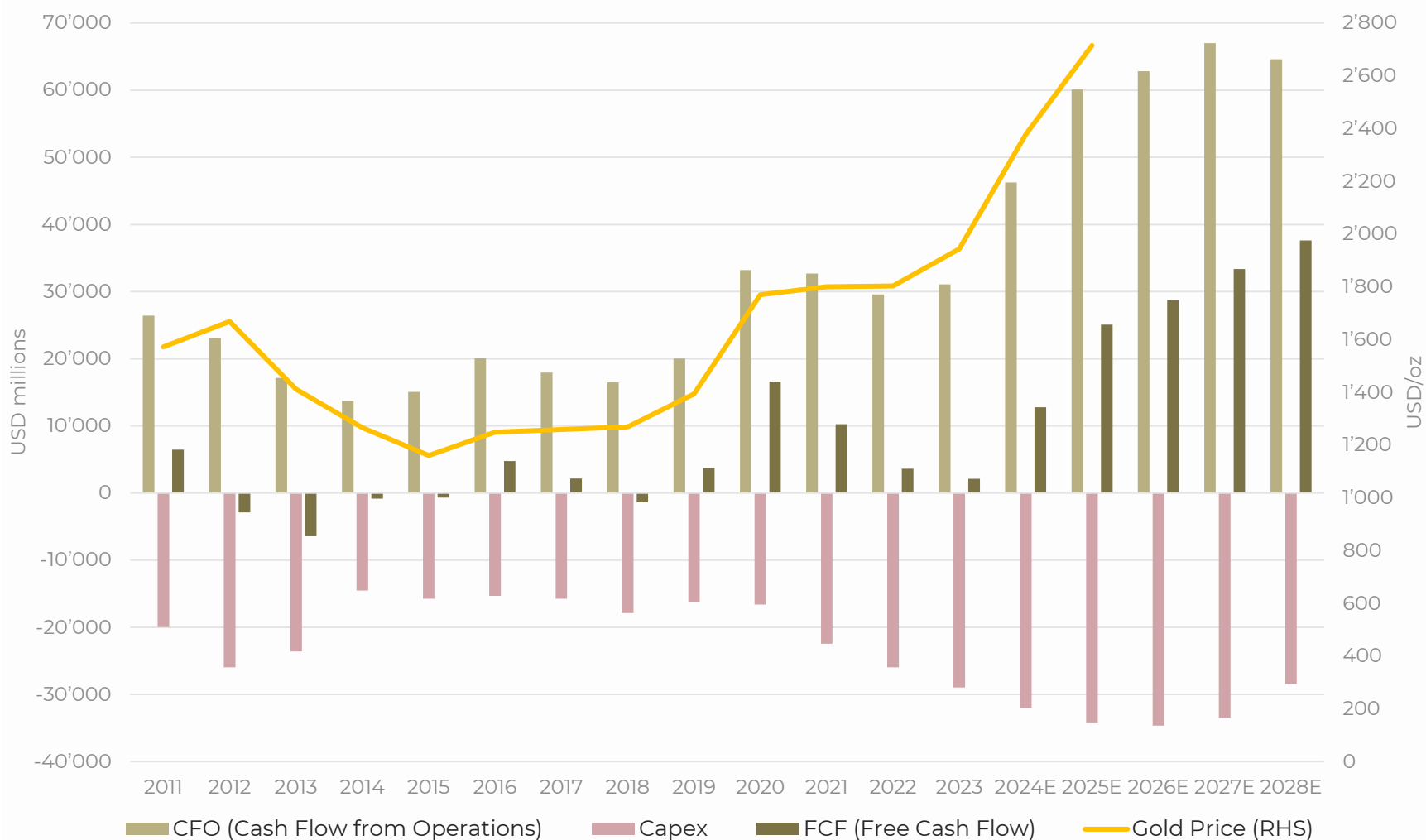
## Natural Resources Equities with an attractive valuation



Sources: Bloomberg

- Price to cash flow (P/CF) ratios of mining companies are considerably lower than the broad market, reflected by the S&P 500 Index.
- A low P/CF constitutes an attractive valuation multiple for the mining industry.
- ESG portfolio constraints are among the causes for the undervaluation, even though renewables require metals production.
- A trend which is observed to be reversed as large money managers coming back into the sector

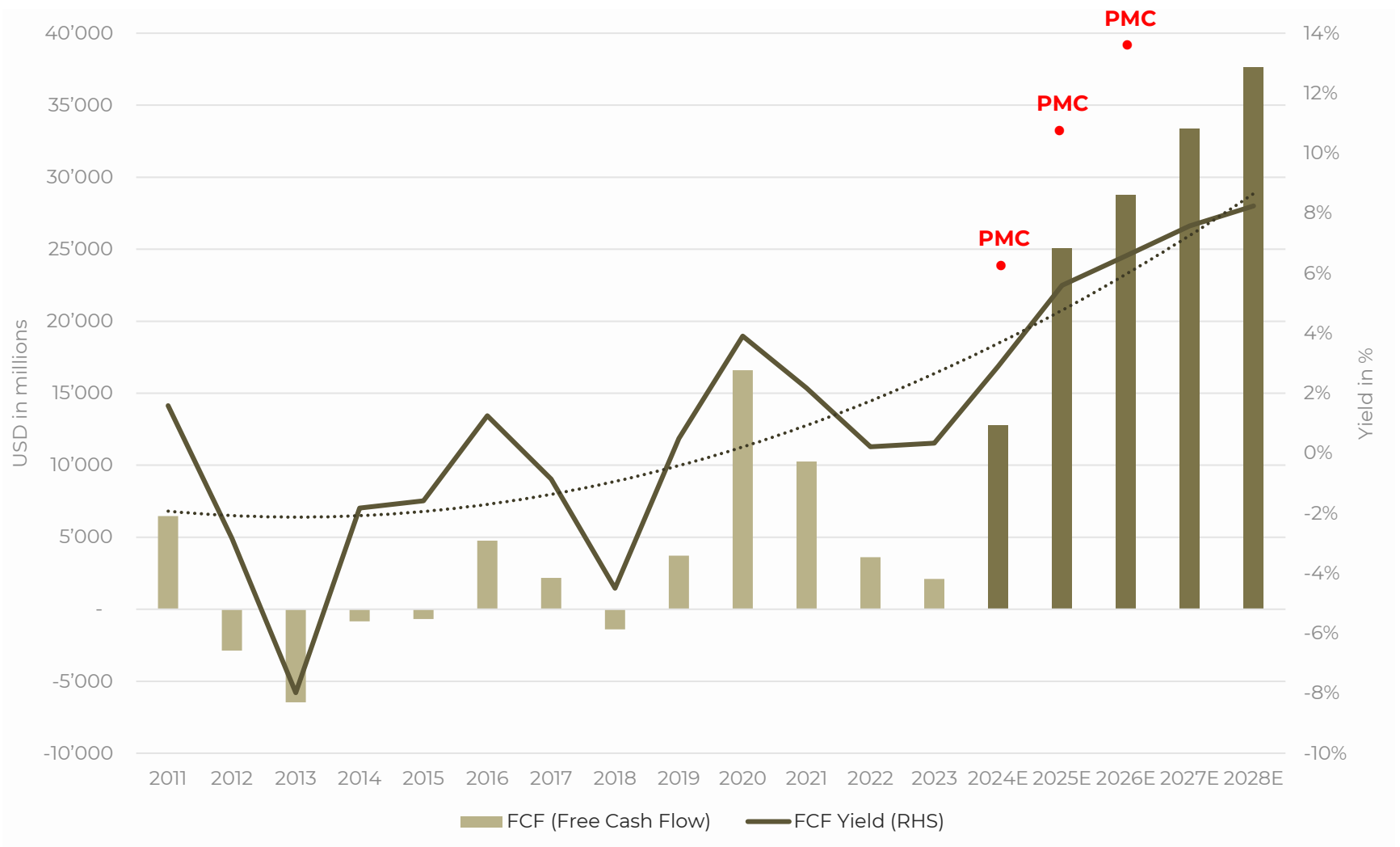
## Gold miners will generate twice as much CFO next year as last year



## Gold miners again have operating leverage



## Gold miners to generate high FCF and record-high FCF yields

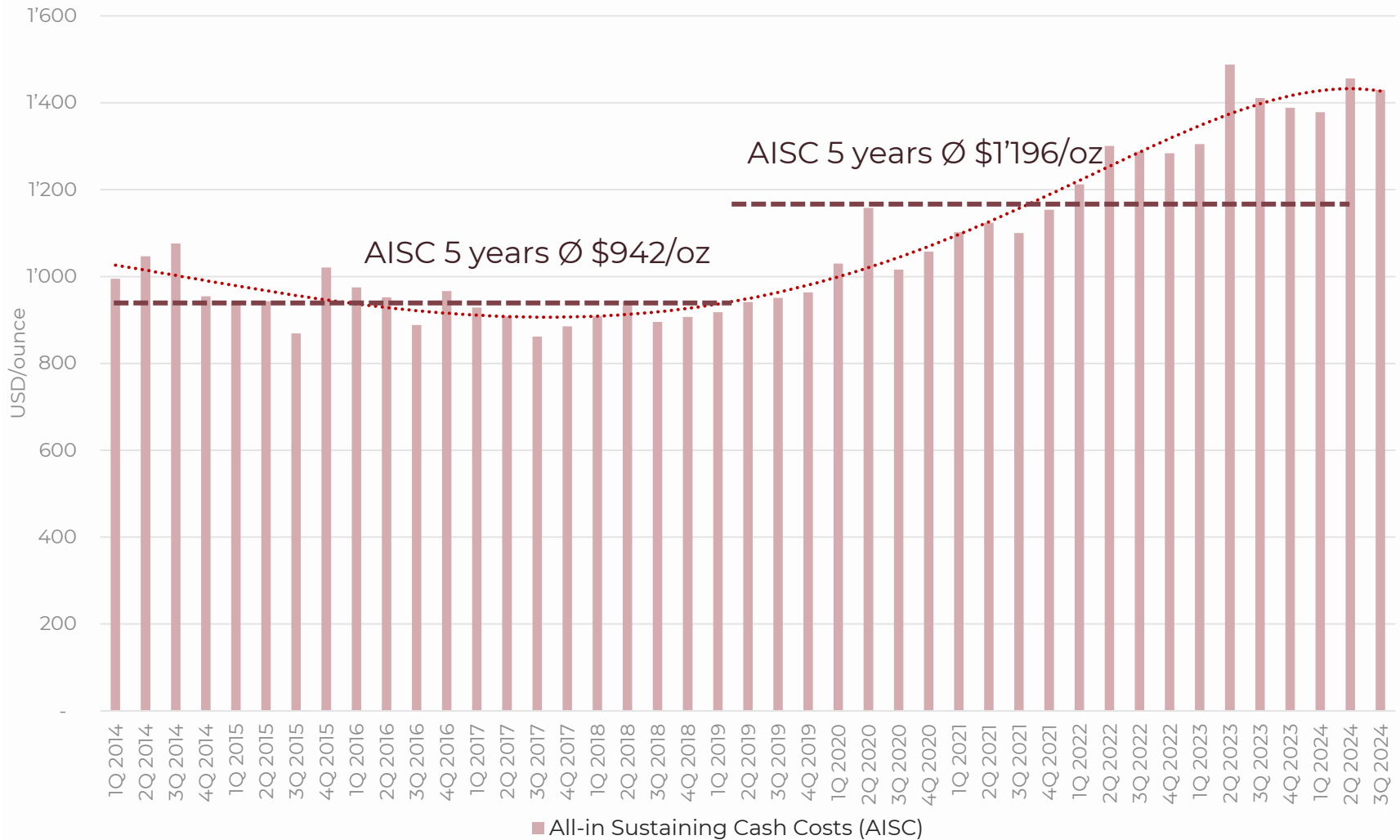




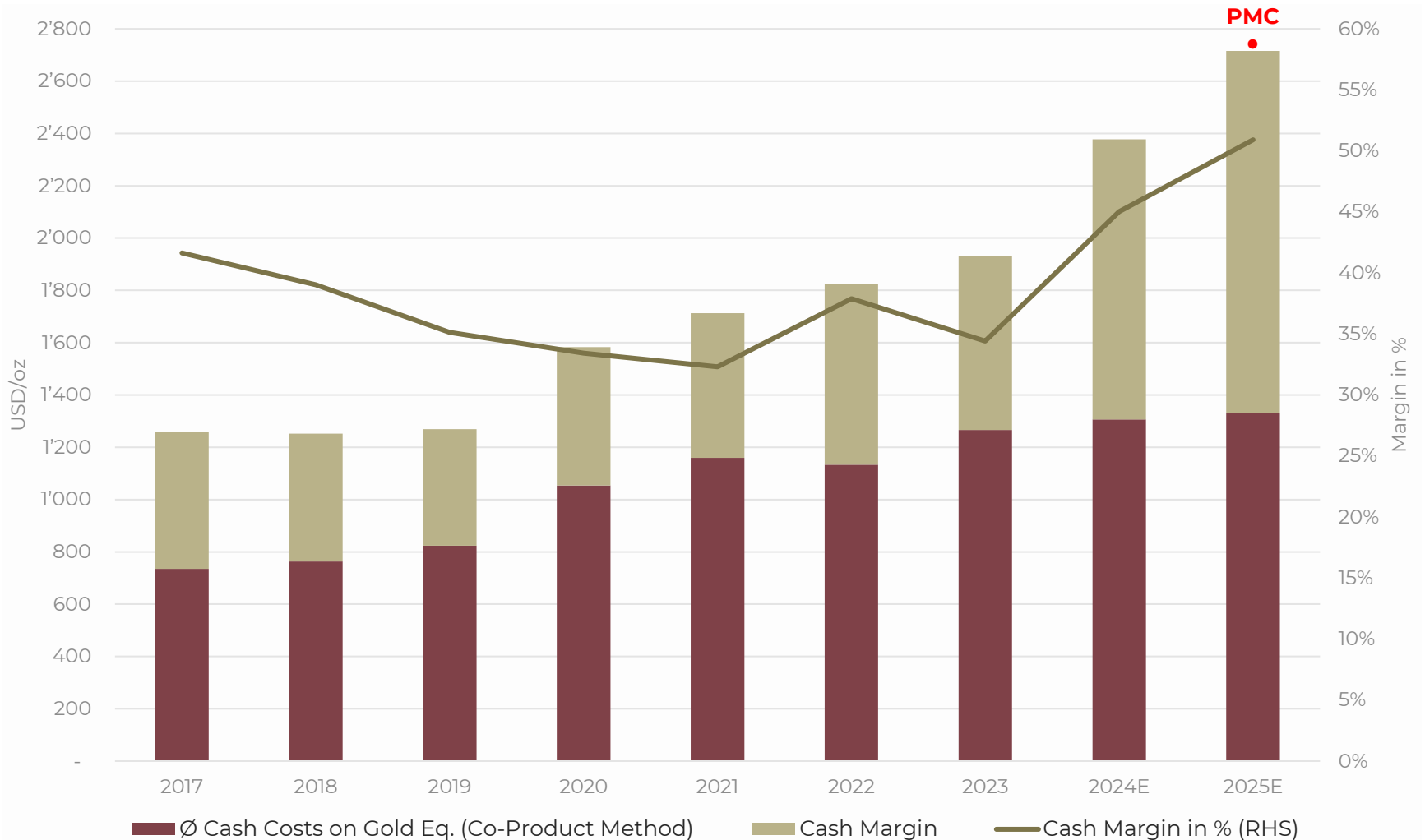
## Balance sheets are healthy – some are already debt-free



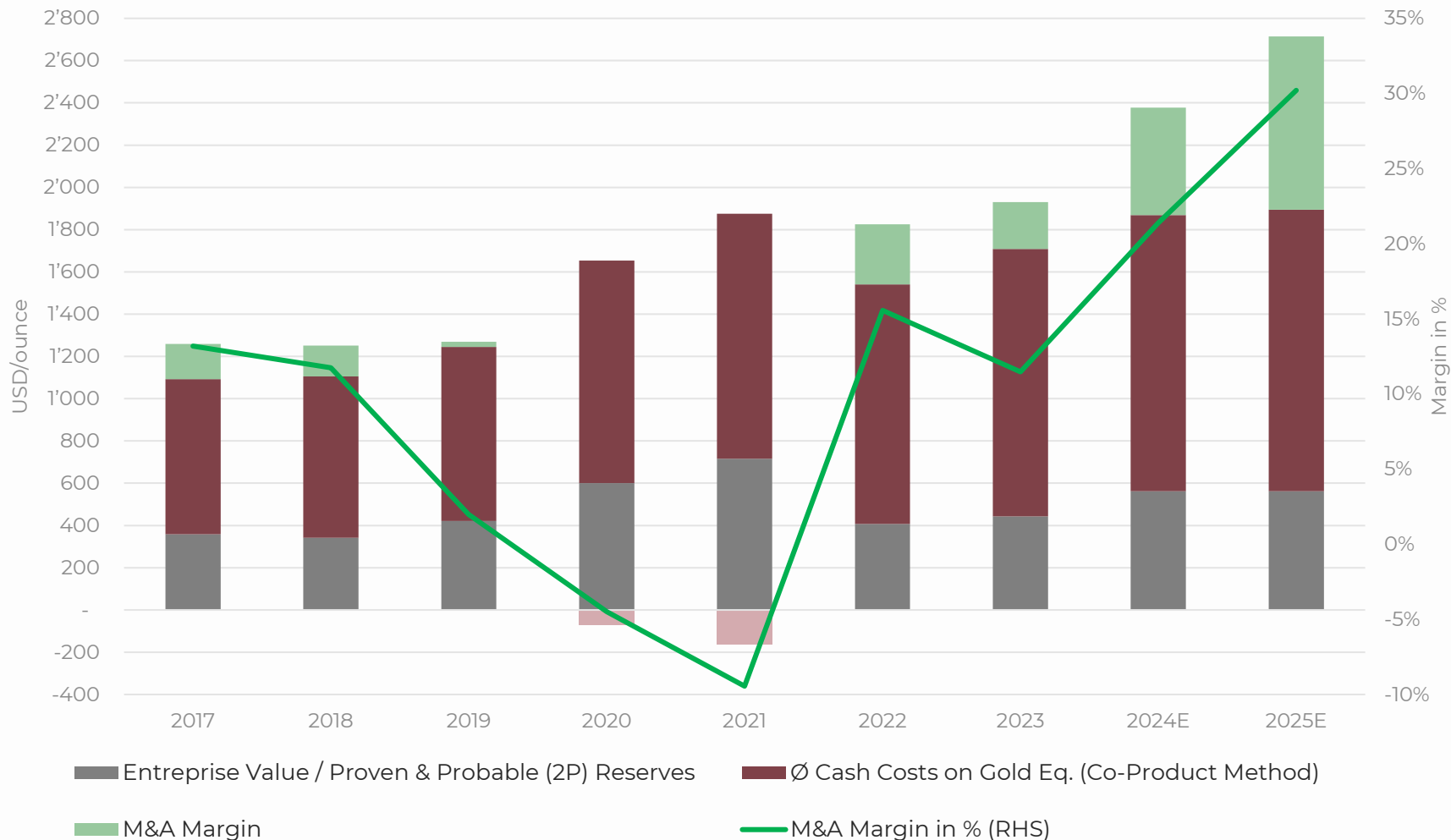
After a phase of high-cost inflation, it now appears to be stagnating



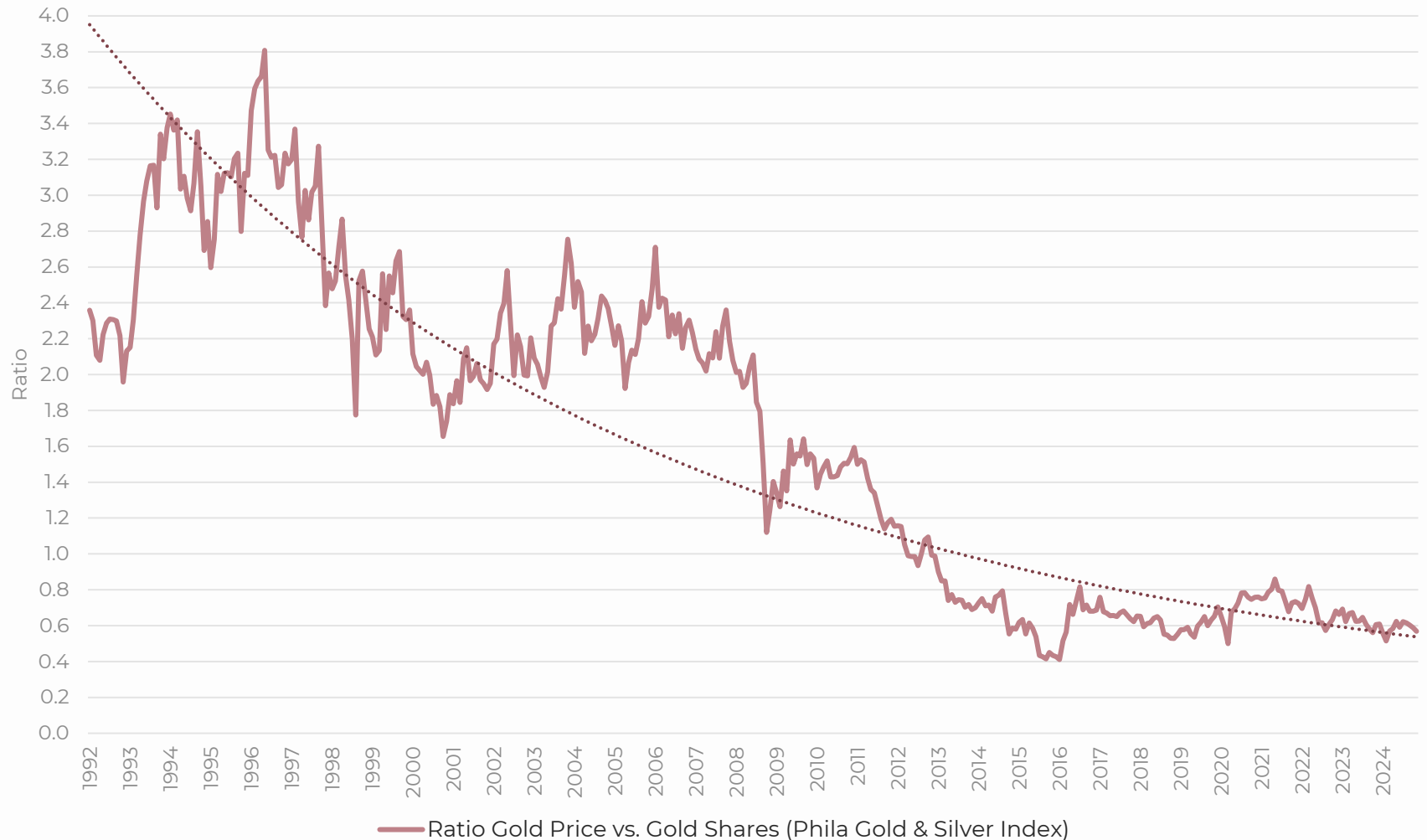
## Gold miners are currently having a record-high cash margin



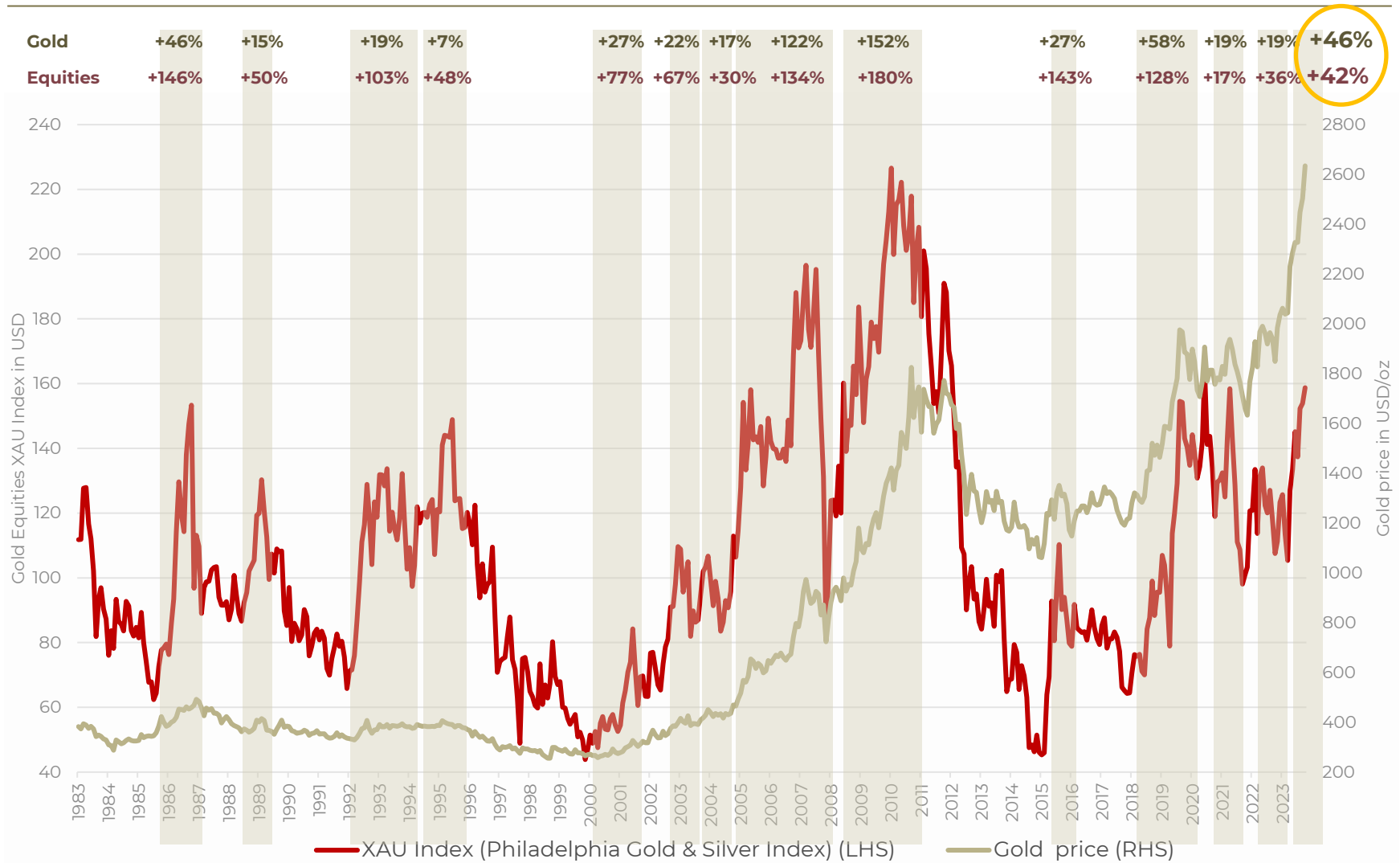
## No surprise that the M&A wave already started, as producing gold miners are undervalued



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



Historically, gold miners should have great upside potential

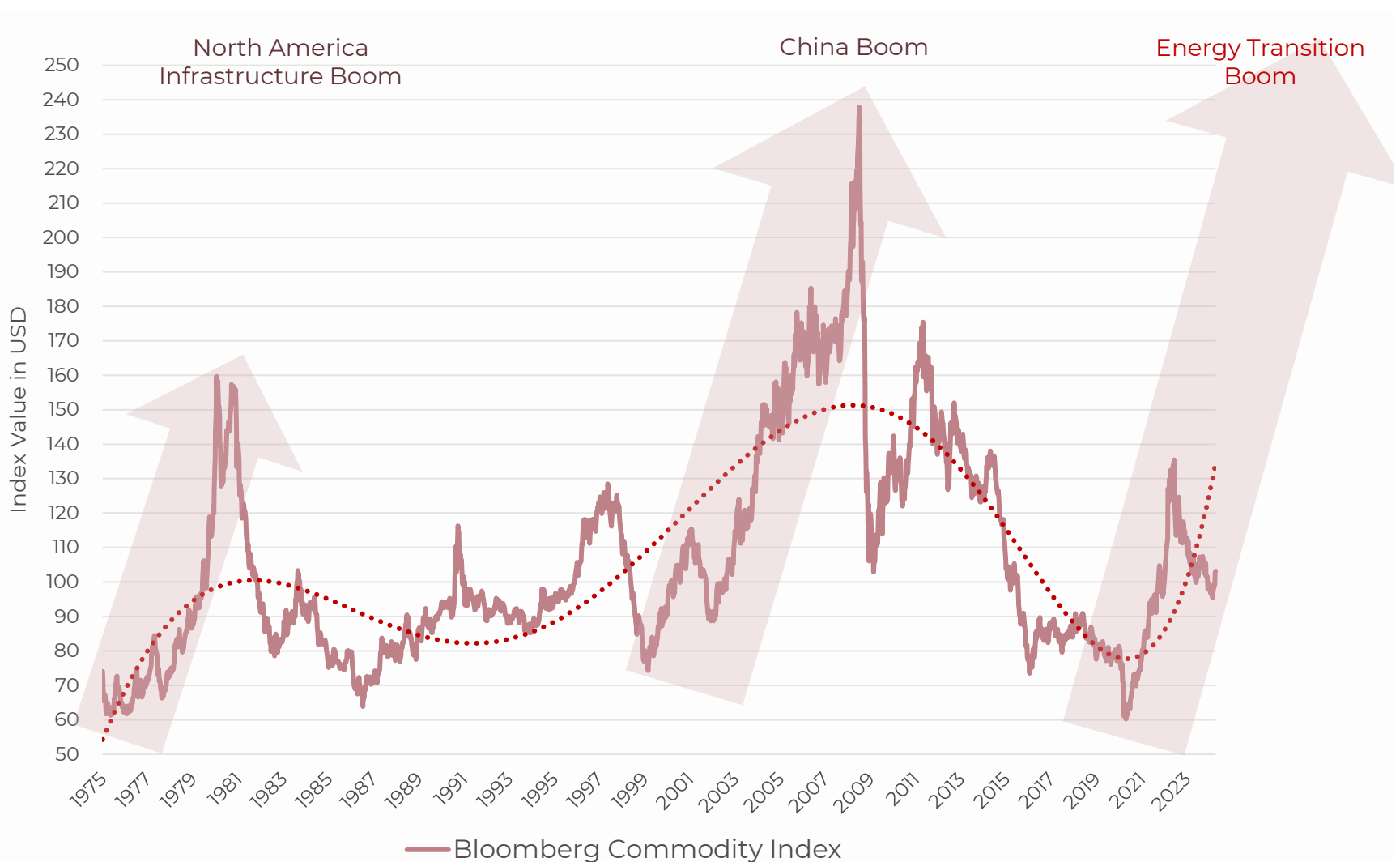


## Big divergence between analysts' forecasts and actual prices

Gold (USD/oz)	Spot	1Q 2025	2Q 2025	3Q 2025	4Q 2025	2025	2026	2027	2028
Forward Prices	2'943	2'887	2'967	3'007	3'044	2'977	3'129	3'277	3'381
Forecast Analysts (Median)		2'718	2'788	2'750	2'750	2'730	2'625	2'300	2'023
<i>Difference (Analysts - Forward)</i>		-169	-180	-257	-294	-247	-504	-977	-1'358
<b><i>Difference (in % of Forward)</i></b>		<b>-6%</b>	<b>-6%</b>	<b>-9%</b>	<b>-10%</b>	<b>-8%</b>	<b>-16%</b>	<b>-30%</b>	<b>-40%</b>

Silver (USD/oz)	Spot	1Q 2025	2Q 2025	3Q 2025	4Q 2025	2025	2026	2027	2028
Forward Prices	32.5	32.5	33.4	33.8	34.3	33.5	35.3	36.8	37.4
Forecast Analysts Median		32.0	32.7	33.4	33.8	32.0	32.7	30.7	26.2
<i>Difference (Analysts - Forward)</i>		-0.5	-0.6	-0.4	-0.5	-1.5	-2.6	-6.1	-11.2
<b><i>Difference in % of Forward</i></b>		<b>-1%</b>	<b>-2%</b>	<b>-1%</b>	<b>-1%</b>	<b>-4%</b>	<b>-7%</b>	<b>-17%</b>	<b>-30%</b>

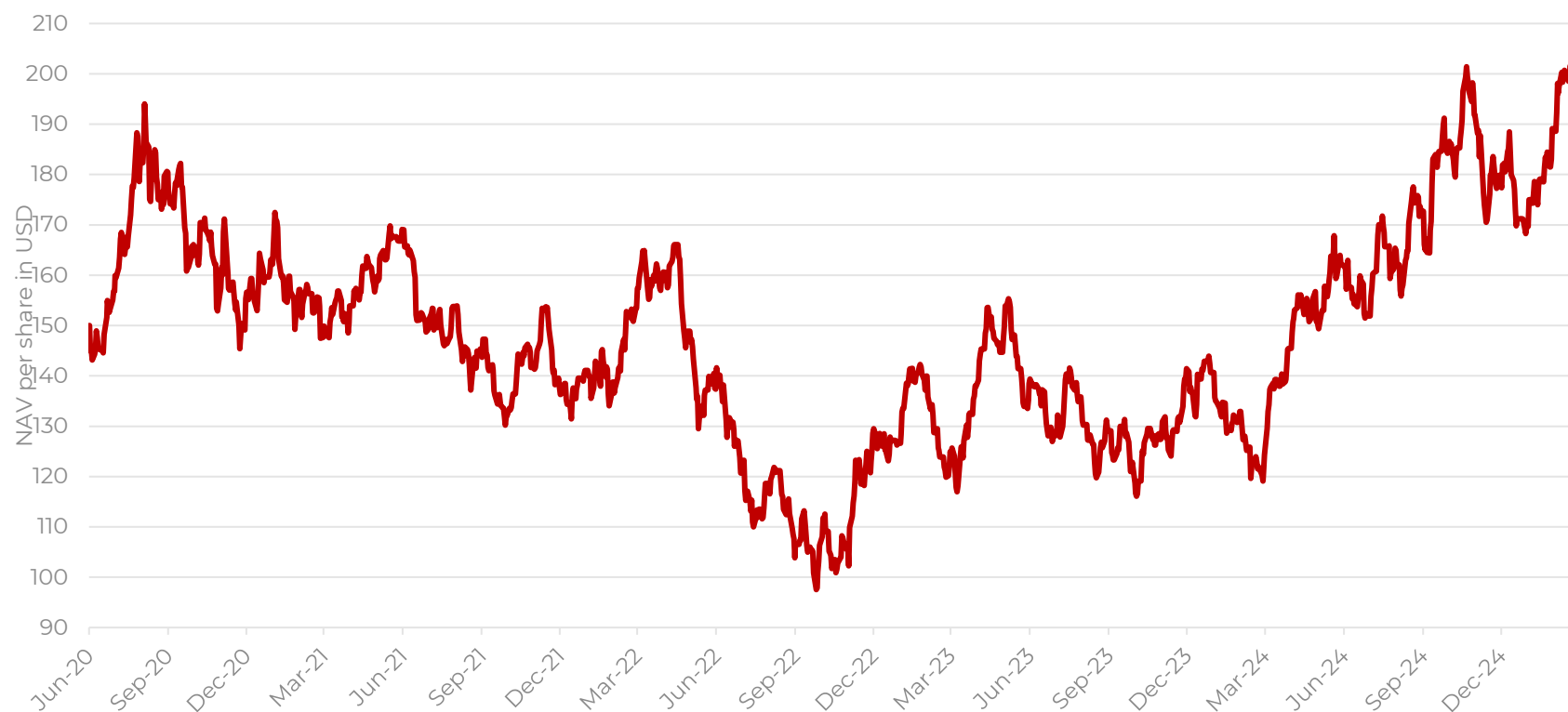
## Commodities initiating a new supercycle





# Precious Metals Champions Fund (PMC)

## PMC - Long track record and less downside beta to miners



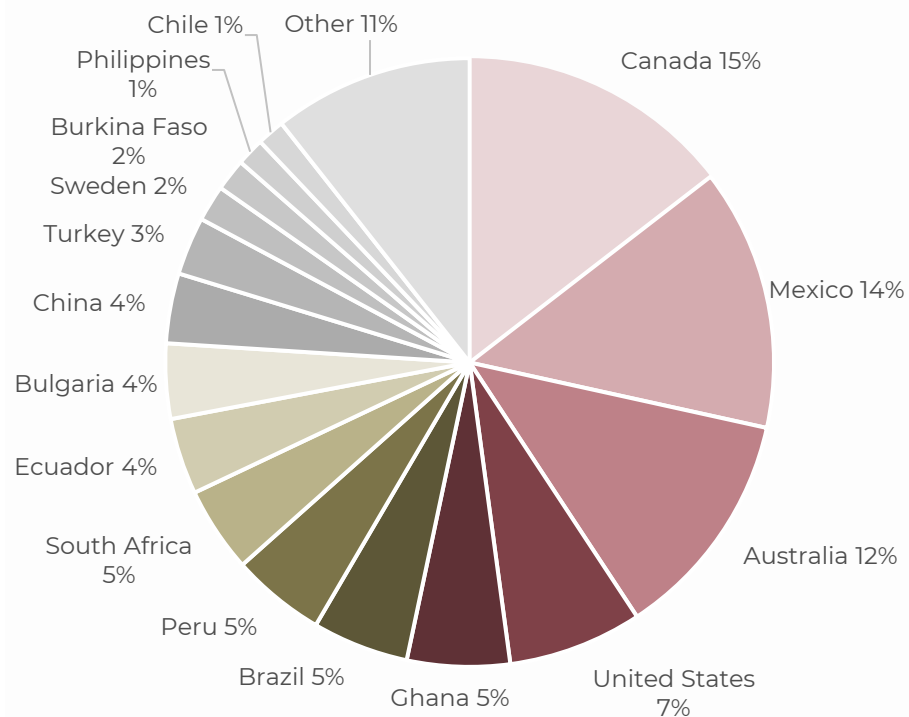
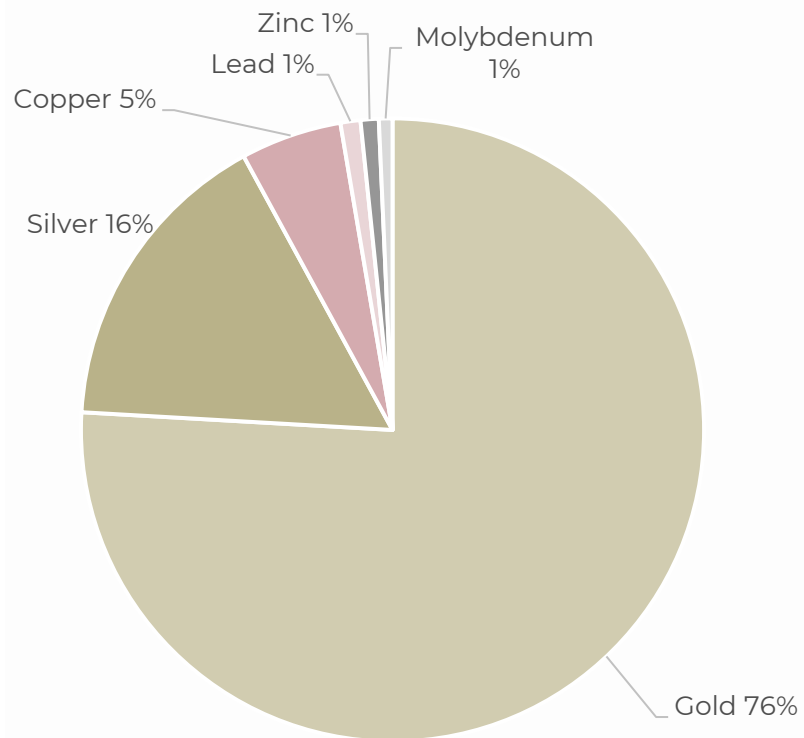
PMC share classes	MTD	YTD	1 Year	2 Years	3 Years	4 Years	CY2024	CY2023	CY2022	CY2021
Institutional (A)	4.0%	16.9%	62.9%	63.7%	30.4%	27.8%	25.1%	9.6%	-10.3%	-13.0%
Retail (B)	4.0%	16.8%	61.9%	61.6%	28.0%	24.7%	24.3%	8.9%	-10.8%	
Percentile scoring to peers*	59%	33%	59%	76%	81%	86%	79%	85%	72%	47%

\*\*Percentile scoring relative to peers reflects the PMC performance in comparison to our peers. A higher percentile indicates better PMC relative performance. Full list of peers available upon request.

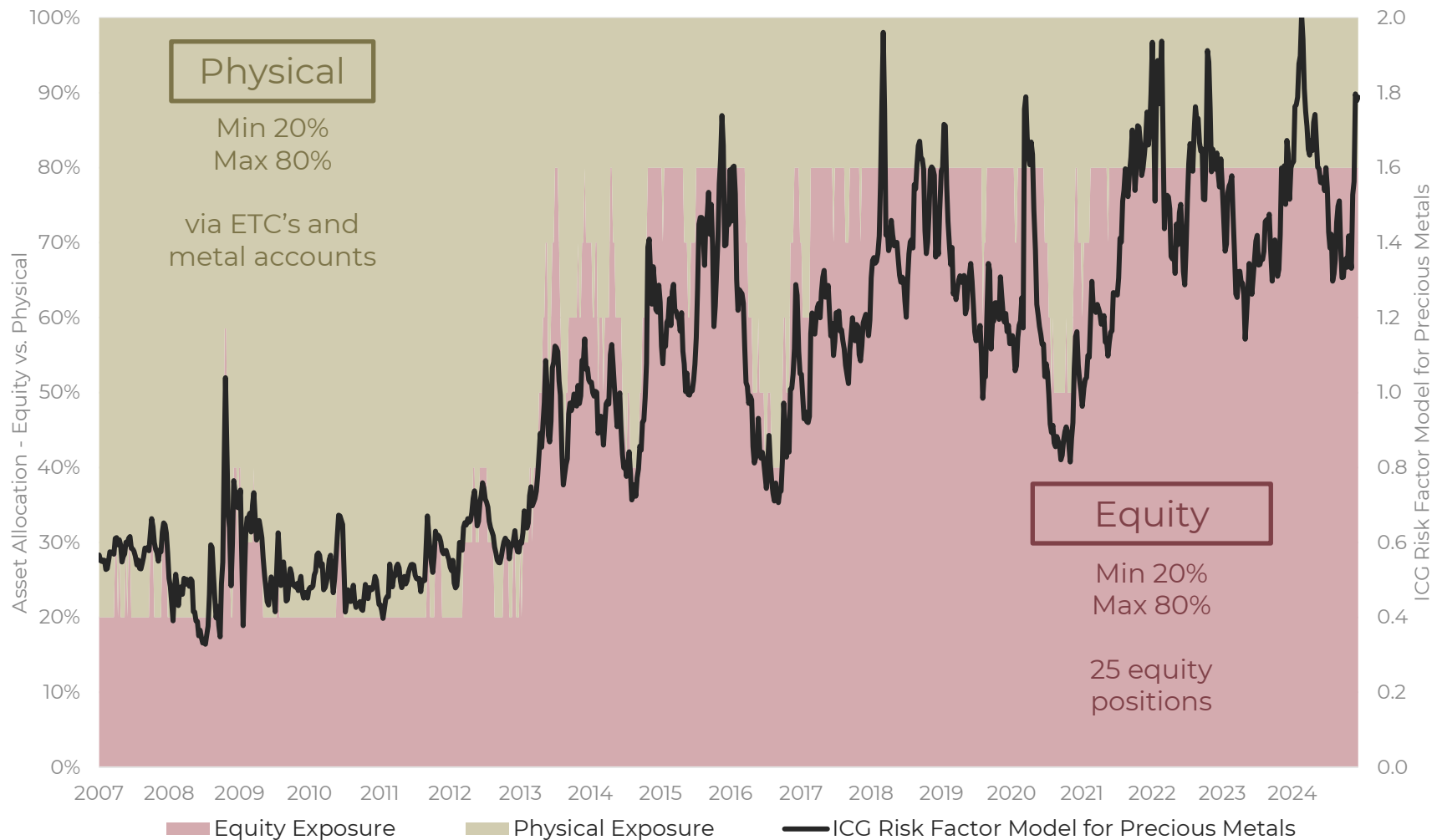
## PMC - Transparency

All holdings		PMC	Financials		PMC	Operating (weighted avg in Gold Eq.)		PMC
Gold Physical	9.1%		Number of holdings	25		Production	1'228 koz	
Silver Physical	10.5%		Market cap	\$9bn		Share of gold in production	83%	
MANDALAY RESOURCES	4.2%		P/B	1.9x		Production growth CAGR 2024-2028E	3.8%	
AGNICO EAGLE MINES	4.1%		P/Cash Flow	9.0x		Cash costs	\$1'168/oz	
BARRICK GOLD	4.1%		EV/EBITDA 2024E	5.9x		AISC (All-in sustainable costs)	\$1'229/oz	
ALAMOS GOLD	4.1%		EV/EBITDA 2025E	4.6x		Cash margin	56%	
KINROSS GOLD	4.1%		P/E 2024E	16.7x		2P reserves	24'335 koz	
only for investors			P/E 2025E	10.8x		Reserve life 2P	19 years	
			EBITDA margin 2024E	45%		Inventory depth	36 years	
			EBITDA margin 2025E	52%		Reserve valuation (EV/2P reserves)	\$444/oz	
			FCF yield 2024E	5.1%		Resource valuation (EV/Total resources)	\$163/oz	
			FCF yield 2025E	12.0%		Operated assets	96%	
			FCF yield 2026E	11.8%		Insider ownership	15.5%	
			Dividend yield	1.6%				
			Net debt to Equity	6.2%				

## PMC - Commodity and Geographical Mix



## PMC - Dynamic active gold allocation strategy



## PMC - How to invest

Fund Name	ICG Umbrella Fund - Precious Metals Champions Fund			
Legal status	Liechtensteiner UCITS contractual fund			
Launch date	June 2020			
Fund size	USD 9 million			
Custodian	LLB Liechtensteinische Landesbank AG			
Administrator	Accuro Fund Solutions AG			
Auditor	PricewaterhouseCoopers AG			
SFDR Classification	SFDR Article 8			
Share classes	A	B	D	F
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	LI121337961	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!**

# Independent Capital Group AG (ICG)



## Independent Capital Group AG

- **Independent Capital Group AG (ICG)** operates through two distinct business units.
- The headquarters, based in Zurich, specializes in family office services, while the Basel branch is dedicated exclusively to energy transition investments.
- Since 2013, ICG has been regulated by the Swiss Financial Market Supervisory Authority (FINMA), ensuring compliance and transparency in its operations with the FINMA license: Verwalter von Kollektivvermögen.
- ICG is fully privately owned by Swiss entrepreneurs, including Dietrich Joos, who leads the Basel branch.
- The firm's clientele consists of institutional investors, select high-net-worth individuals, and their advisors.
- **ICG Basel's asset management team (ICG Basel)** is focused on investments aligned with the "Road to Green," capturing the shift from traditional fossil-based energy to clean, renewable power.
- Their investment strategy seeks to capitalize on undervaluation and future opportunities within the energy transition space.
- ICG Basel follows a systematic, fundamentals-driven approach to maximize long-term, risk-adjusted returns for its clients.
- Historically, ICG Basel, formerly known as Gateway Capital Group, joined ICG in 2014 to leverage the firm's FINMA license.
- Gateway Capital Group AG, a boutique investment firm founded in the late 1990s, launched its first product—the Gateway Natural Resources Fund—in 2004. The same experienced team has been managing commodity-related investment solutions for nearly 20 years.
- All of ICG Basel's investment solutions consistently rank in the first quartile of their respective peer groups, reflecting the firm's commitment to delivering superior performance.



### **BASEL** **Asset Management**

Sternengasse 21  
CH-4051 Basel



### **ZURICH** **Family Office**

Waldmannstrasse 8  
CH- 8001 Zurich

## Decades of expertise



**Dietrich Joos**

*Founder*

40 years in finance  
26 years in commodities



**Pablo Gonzalez, CFA**

*Senior Portfolio Manager*

23 years in finance  
18 years in commodities



**Cyrill Joos**

*Portfolio Manager*

17 years in finance  
14 years in commodities



**Manny Weiss**

*Advisor*

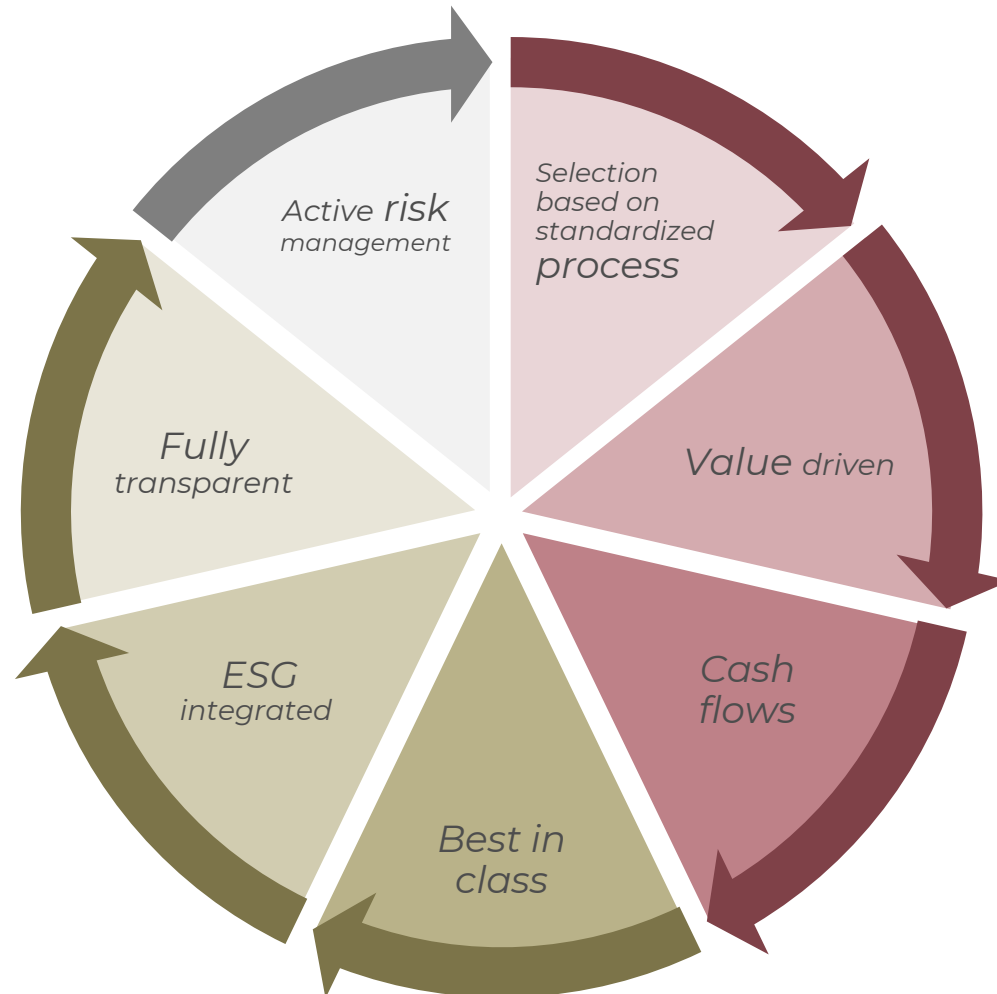
30 years in finance  
50 years in commodities

Same investment team for almost 20 years

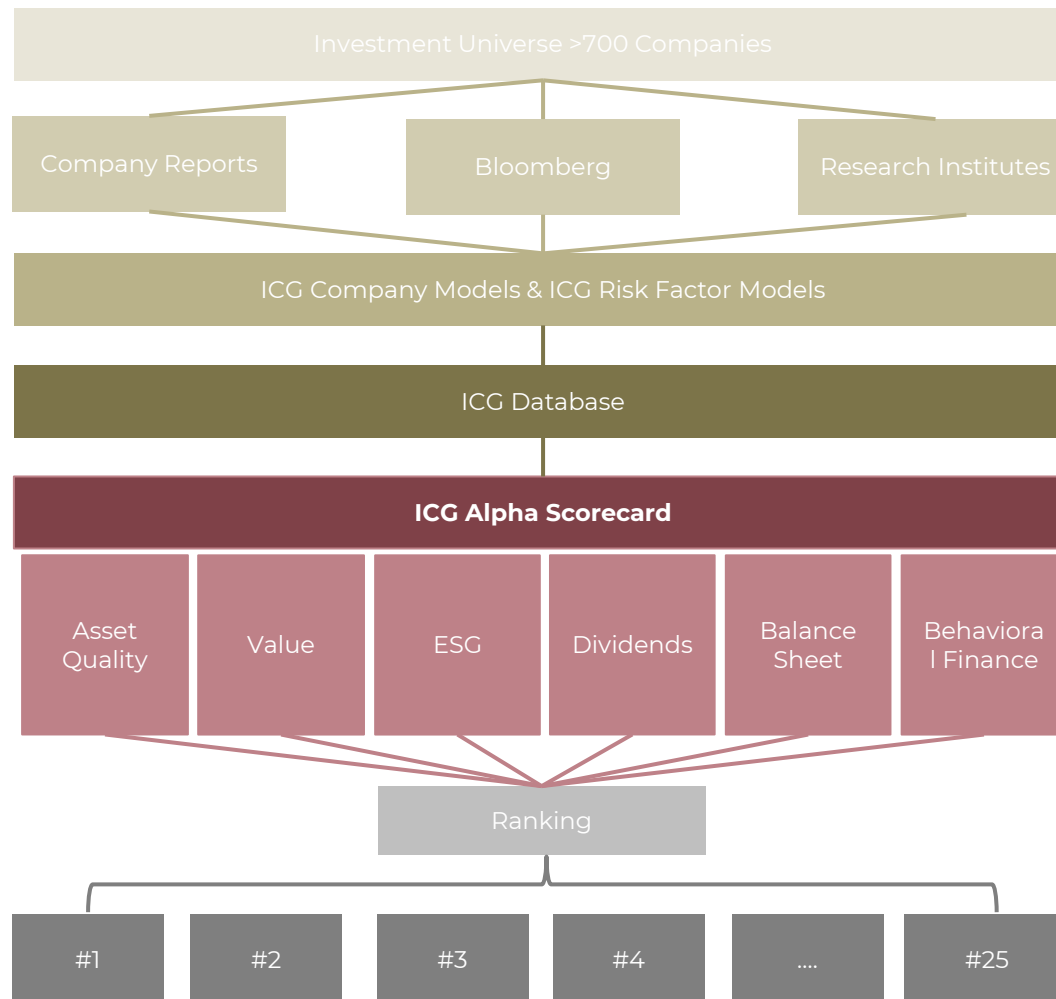
- Demonstrated enduring success in commodity futures and equities since 2004, showcasing a proven long-term track record.
- Uniquely positioned as the exclusive commodity-focused boutique in Switzerland, pioneering strategies employing a distinctive "bucket approach" within energy, industrial metals, precious metals and utilities sub-sectors.
- Established expertise spans across all market phases, adeptly navigating both booms and busts.
- Managing the sole oil & gas equity fund in Switzerland for over a decade, with a distinguished track record exceeding 10 years.
- Holds the longest-standing track-record in industrial metals-focused investment vehicles, capturing the transformative megatrend of the energy transition and its metal implications since 2018.
- Houses over a decade's worth of comprehensive data in an in-house database, empowering the crafting of bespoke investment solutions tailored for family offices and sophisticated investors (e.g., the Crucial Minerals Certificate or Nuclear Comeback Certificate).
- Boasts an exciting pipeline of rigorously back-tested strategies primed for deployment, including a comprehensive suite ranging from long-only or long-short commodity strategies to the Clean Power Champions Fund.
- Embraces a succinct investment philosophy, centering on concentrated yet diversified portfolios.
- Adopts a sound investment approach adaptable to any sector or theme.
- Distinguishes itself with a proprietary "Alpha Scorecard" tailored for subsectors such as base and precious metals, steel, aluminum, uranium, oil & gas, and power.
- Prioritizes proven expertise and track record, deliberately excluding exploration or development companies from main strategies to mitigate investor risk.
- Leverages unique and proven risk management methodologies, incorporating internally developed "country risk factors" and "commodity risk factors" across all investment strategies.
- Operates with a lean organizational structure, facilitating seamless scalability without requiring additional manpower in the investment approach.
- Equipped with a seasoned team prepared to navigate and capitalize on the nascent commodities super-cycle.

## Coherent investment philosophy

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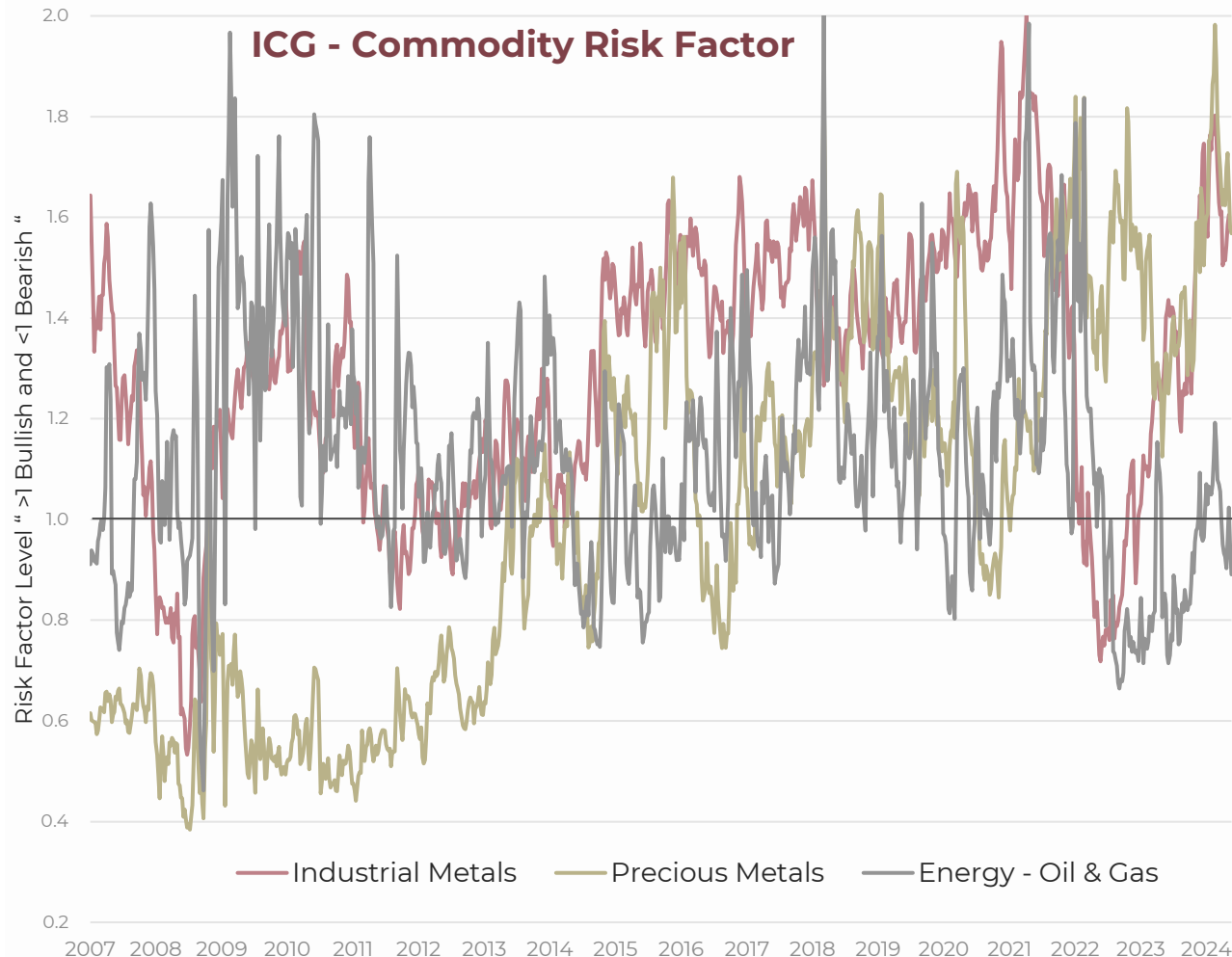


## Resulting in a fundamental investment approach



- Producing companies with a free-float adjusted market cap of >\$100mn
- Sourcing of relevant operational data (yearly) and financial data (quarterly)
- Modelling and standardization of company data and other relevant data
- Feeding into proprietary database
- Aggregating data from database and other sources
- Calculation and categorizing of data
- Allocating points to different factors (>100 factors) that are mainly dynamic
- Weekly update of ICG Alpha Scorecard
- Aggregating points into a ranking
- Unemotional and systematic investment decision based on the ranking

## Proprietary risk factor model to measure the sentiment of each commodity



- ICG developed a risk factor model to define the current attractiveness of every commodity based on different fundamental and technical dynamic factors.
- This can also be aggregated to sub-sectors like industrial metals, precious metals and energy.
- The risk factor model shows "Bullish > 1.0x and Bearish < 1.0x" and according to that we adjust the exposure and market risk to each investment strategy.

## Proprietary risk factor model to measure geopolitical risk

Geopolitical Risk Factor		
1	Liechtenstein	89.64
2	Denmark	88.13
3	Germany	86.86
4	Norway	85.92
5	Sweden	85.91
6	Monaco	85.78
7	Singapore	84.95
8	Switzerland	84.67
9	Ireland	84.50
10	Finland	84.45
11	Hong Kong	84.42
12	Japan	83.13
13	Iceland	83.03
14	Netherlands	83.03
15	Austria	83.00
16	Australia	82.57
17	Canada	81.95
18	New Zealand	81.36
19	Belgium	81.23
20	United Kingdom	80.55
21	United States	80.25
22	Malta	79.74
23	France	79.13
24	Luxembourg	78.76
25	Czech Republic	77.80
26	Taiwan	77.27
27	Botswana	76.10
28	South Korea	75.08
29	Slovakia	74.93
30	Portugal	74.65

Geopolitical Risk Factor		
215	Iraq	40.01
216	Malawi	39.22
217	Liberia	39.15
218	Nigeria	38.94
219	Mozambique	38.58
220	Bolivia	38.56
221	Guinea	38.17
222	Ukraine	37.98
223	Guinea Bissau	37.75
224	Sri Lanka	37.48
225	Lebanon	36.87
226	Congo	36.84
227	D.R. of Congo	36.36
228	Mali	35.71
229	Yemen	35.66
230	Pakistan	34.45
231	Sudan	34.13
232	Afghanistan	34.12
233	Zimbabwe	34.05
234	Chad	33.29
235	Myanmar	32.66
236	Syria	32.46
237	Burundi	32.45
238	Niger	31.50
239	Venezuela	30.18
240	Eritrea	28.72
241	Palestine	28.33
242	North Korea	27.58
243	Haiti	27.34
244	Central African Republic	26.96
245	Somalia	25.09

- ICG developed a model utilizing data from a diverse range of sources, incl. multilateral institutes, NGOs, think tanks, government agencies, polling organizations, insurance & commodity trading finance companies.
- This model considers various geopolitical factors affecting a country, encompassing financial, economic, social, and political issues. Additionally, it accounts for supply chain risks, transparency, money laundering, corruption, peace, ESG, sustainable development goals, investment attractiveness, digital attention and data sourced from reputable and social media.
- This factor is integrated into every company and weighted based on their production or asset locations.

Metric	SFDR PAIs	ICG Score	⌘ Value or Quantity (Arithmetic Average)	N Companies reported	ICG Score	⌘ Value or Quantity (Arithmetic Average)	N Companies reported		
ENVIRONMENTAL		the higher, the better to 100	56.8		50.4				
Climate Exposure			56.8	22	53.5		47		
Transition Risk									
Carbon Pricing	Policy	49.6	Majority No	25	57.3	Majority Yes	52		
Climate Scenario Analysis	Policy	56.4	Majority Yes	24	88.5	Majority Yes	53		
Risks of Climate Change Discussed	Policy	85.6	Majority Yes	25	96.7	Majority Yes	53		
Climate Change Opportunities Discussed	Policy	28.0	Majority No	25	32.9	Majority No	53		
Investment in Sustainable Products	\$ m / % of Capex	16.3	7413	8.2%	7	1075.3	110%	7	
Embedded Carbon	million t / % of Proven Reserves	70.3	682189	29.7%	25	40.9	1290/825	27.4%	27

GHG Emissions Management	
GHG Emissions	
	Fugitive Emissions
	Vented Emissions
	Emissions from Other Combustion
	Process Emissions
	Methane of Scope 1 Emissions
	Scope 1 GHG or CO2 Emissions
	Gas Flaring
M1	Scope 1 GHG/EVIC
M1	Scope 2 GHG/EVIC
M2	Scope 1 & 2 GHG/EVIC = Carbon Intensity
M1	Scope 3 GHG/EVIC
M1	Scope 1 & 2 & 3 GHG/EVIC
M3	GHG Intensity
GHG Emissions Policies	
	GHG Emissions Reduction Targets
	Emissions Reduction Initiatives
GHG Regulation	
	GHG Emissions Covered by Regulation
GHG Target	
OE4	Net Zero Emissions Target
	Science Based Target

SOCIAL		the higher, the better (0 to 100)	35.9	35.3
Occupational Health & Safety Management			72.4	65.6
Fatalities				
Fatality Rate	Fatalities * 1000 / Workforce	321	1.07%	241
Fatality Rate	Fatalities * 1000 / Employees	90.8	0.13%	90.7
Fatality Rate	Fatalities * 1000 / Contractors	26.1	1.84%	23.3
Health & Safety Policies				
Short Service Employee Program	Policy	13.6	Majority No	9.5
Health & Safety Policy	Policy	100.0	Majority Yes	98.4
Safety Incidents				
Last Time Incident Rate	LTIIR / 2001000h worked	51.1	0.09	44.8
Last Time Incident Rate	LTIIR / 100 Employees	79.0	0.06	71.0
Last Time Incident Rate	LTIIR / 100 Contractors	60.0	0.12	62.6
Recordable Incident Rate	TIRIR / 2001000h worked	42.3	0.50	43.7
Recordable Incident Rate	TIRIR / 100 Employees	76.1	0.24	58.1
Recordable Incident Rate	TIRIR / 100 Contractors	35.7	0.59	45.7
Labor & Employment Practices			8.9	10.5
Training				

Water Management	
	Wastewater
	Fracturing Fluid Use Policy
OE6	Produced Water Recycled
	Produced Water Discharge
	Produced Water and Flow
M8	Emissions to Water
	Discharges to Water
	Water Use

	Hours Spent	GOVERNANCE		the higher, the better (0 to 100)		58.7		43.0	
	Labor Actions								
	Strikes and Lockouts								
	Duration of Strikes								
	Organized Labor								
	Employees Union								
Operational Risk Management		Board Composition		67.1		23		46.9	
		Director Roles							
		Non-Exec Directors on 3+ Boards		%		85.6		14.4	
		Executive Directors on 2+ Boards		%		75.0		6.3	
		Highest Number of BOD any Director Serves Ex-CEO		Amount		71.2		2.9	
Operational Incidents		Public Company BOD serve as BOD ex-CEO		Average Number		89.3		1.1	
		Process Safety		Number of Board Positions CEO holds		Amount		93.6	
		Tier 2 Process		Number of Chair Positions Chairman holds		Average Number		96.0	
		Emergency Response		Diversity					
				Board age		Avg Age / Bloomberg Score		47.4	
Community Rights & Relations		M13		Board Members that are Women		%		57.7	
		Indigenous R		Female Chairperson		Y/N		20.8	
		Human Rights		Independence					
		Community Impact		Independent Directors		%		73.5	
		Community Involvement		Non-Executive Directors on Board		%		87.1	
Community Relations		Leadership Independence		Bloomberg score		62.4		7.4	
		CEO Duality		Y/N		92.8		Majority No	
		Refreshment							

Sources: Company Data, Independent Capital Group AG, Bloomberg, Refinitiv, Sustainability, MSC

# 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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