

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 \$5.5m

Benchmark

MSCI Metals & Mining Net TR Index

Custodian

LLB Liechtensteinische Landesbank AG

Codes

Share classes

A USD Class, accumulating
B CHF Class, accumulating

Bloomberg ticker

A GATNTRA LE Equity
B GATNTRB LE Equity

ISIN

A LI0382154354
B LI0382154693

Security

Non-voting, redeemable,
profit participating shares

Dealing & prices

Management fee p.a.

A 1.20%
B 1.20%

No lock-up, no front load,
no redemption fees

Trading frequency

Daily

Minimum subscription

One share

August 2020

Performance over 1 year



Cumulative net performance in USD

	NAV	August	YTD	1 Year	*since IMC
	28.08.2020	31.07.-28.08.2020			
USD class	128.0		-2.3%	16.1%	2.0%
CHF class	119.6				

*domicile status change and inception of GNR-Fund Liechtenstein 3.4.18 (performance -14.64%); Change of strategy into IMC-Fund as of 4.12.2018

Monthly comment

In August, copper climbed to the highest since mid-2018 after data showed China's recovery is on track. Chinese economic activity continued to rebound in August. Signs of tight supply and a stronger-than-expected rebound in metals usage in China have driven prices higher since mid-March. Also, there are concerns about a shortfall in global copper output, with inventories on the LME dropping to their lowest since 2005 by the end of August. Treatment fees for copper concentrate extended declines this year, dropping below \$50 a ton, according to data from SMM, another signal for a tight market. According to analysts, industrial metals continue to strengthen in general amid continued USD weakness, as supply disruptions dominate the narrative along with a persistent decline in LME inventories. COVID-19-related disruptions and risks to output continue to impact major mining operations globally. Bolivia's largest mine for example has suspended operations indefinitely for the second time this year due to an uptick in infections across the country. Bolivia is a major producer of zinc and silver. Further to that, investors have also started to buy raw materials that they think will fare well if the Federal Reserve's efforts to revive the economy stoke inflation. Market measures of inflation expectations, such as inflation breakevens, have risen during the summer. A 2015 paper for the Yale International Center for Finance found commodities were positively correlated with inflation between 1959 and 2014. In contrast, stock and bond prices tended to post small declines when inflation accelerated. On the company side, Zambia said Glencore and First Quantum Minerals are willing to sell their combined 90% stake in Mopani Copper Mines to state-owned investment group. Zambia has had an uneasy relationship with mining investors, clashing with Glencore earlier this year over the company's plan to mothball Mopani's operations after the pandemic hit copper prices. Also, Warren Buffett's Berkshire Hathaway lifted the veil on stakes in five major Japanese commodity traders that dominate the nation's energy and raw materials industries. That move will intensify a focus on the outlook for raw materials just as prices hit the highest since 2018. Berkshire's stakes amount to a little more than 5%, but Buffett made clear that they could be increased. While the quintet operate in different areas, they derive much of their revenue from energy, metals and other commodities, supplying resource-poor Japan with essentials. ICG is looking also for the companies with the strongest moat on different variables and think that we offer an attractive well diversified portfolio of best-in-class companies that will strongly recover with the increasing focus of general investors in commodities.

IMC Factsheet
Financial statistics*

Number of holdings	25
Market cap	\$20bn
P/B ratio	2.5x
P/cash flow	7.1x
EV/EBITDA 2021E	5.2x
FCF yield 2021E	7.0%
Dividend yield	3.7%
Net debt/equity	25%

Operating statistics in copper-eq.*

Production	1'689 ktpa
Reserve life 2P	23 years
Cash costs	\$3'795/t
Cash margin	41%
EV/2P reserves	\$982/t

Market cap. segmentation*

Small	< \$3bn	33%
Mid	\$3 - 30bn	44%
Large	> \$30bn	23%

Top 5 commodity exposure*

Copper	34%
Iron Ore	28%
Steel	7%
Gold	5%
Zinc	4%

Top 5 country exposure (production)*

Australia	24%
Canada	13%
South Africa	10%
Chile	10%
Kazakhstan	8%

Top 5 holdings

OZ Minerals	5.2%
Hudbay Minerals	5.0%
Antofagasta	4.8%
Central Asia Metals	4.6%
African Rainbow Minerals	4.4%

ESG transparency	IMC	Universe
CO2/Mt	240	461
Energy/UoP	306	400
Fuel Used/Mt	314	414
Women in Mngmt	9.5%	4.4%
Women on Board	24.8%	14.4%
Fatalities	0.06	0.08

Fund administration

Accuro Fund Solutions AG

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Why commodities

Commodities have been key in the economic development of the world. The industrialisation and urbanisation of the developing world is far from complete. 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. The increase in average income is happening on an unprecedented scale and speed. During the next 20 years the world population is expected to grow larger and on average younger. 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.

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. This means considering sustainability criteria without losing sight for return.

ICG Investment Process

Our investment process is based on a quantitative approach to find the best-in-class companies. The consistent methodological process, which has been backtested successfully, 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 or market cap weightings. 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. To properly analyse natural resource related companies, the ICG Investment team makes use of standardised data. 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.

ICG Alpha Scorecard

To better measure the relative attractiveness of natural resource companies in a specific subsector we use sub-sector Alpha Scorecards to facilitate the investment decision. 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 (statistically robust dependence of performance to scorecard variables). The majority of variables are based on historical figures from the last fiscal year or based on a 3 year average. The majority of variables are also dynamic. The Investment Management team selects the top 25 companies based on the ICG Alpha Scorecard ranking. All positions are equally weighted, however we may reduce the weight or even exclude a company on exceptionally events (e.g. oil spill, political risk). Monthly position update based on all instruments and rebalancing is only done if it makes sense.

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

ICG proprietary data base
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. The experienced portfolio management team has a long proven track record in selecting natural resources investments and is responsible for other commodity investment solutions.

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

Disclaimer: The state of the origin of the Fund is Liechtenstein. In Switzerland, the Representative is LLB(Swiss) Investment AG, Claridenstrasse 20, CH-8002 Zurich, whilst the Paying agent is Bank Linth LLB AG, Zürcherstrasse 3, CH-8730 Uznach. 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.