

# PRECIOUS METALS CHAMPIONS FUND



## PMC Factsheet

## August 2020

### Fund objectives

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

### Fund facts

#### Investment manager

Independent Capital Group AG

#### Fund name

ICG Umbrella Funds -  
Precious Metals Champions Fund

#### Legal status

Liechtensteiner UCITS contractual fund

#### Base currency

USD

#### NAV calculation

Daily

#### Inception date

02. June 2020

#### Fund size

USD \$2.4m

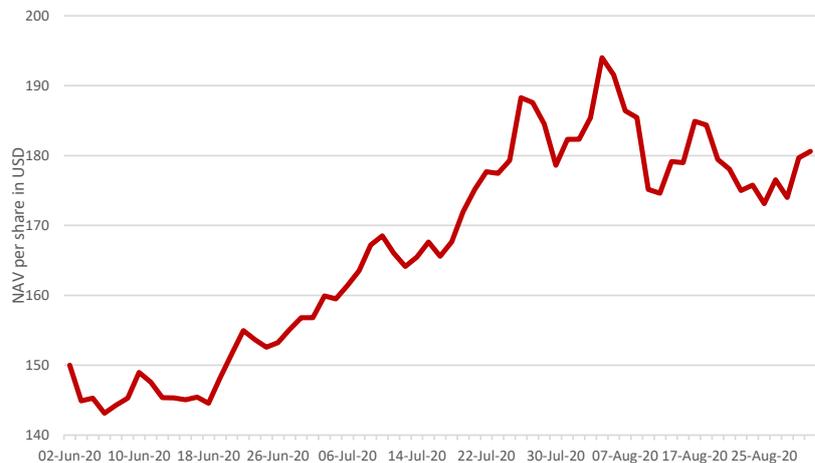
#### Benchmark

NYSE Arca Gold Miners Index

#### Custodian

LLB Liechtensteinische Landesbank AG

### Performance since inception (02. June 2020)



### Cumulative performance in USD

	NAV	August	YTD*	CY 2019**	**since live tracking
	31.08.2020	31.07.-31.08.2020			
USD class	180.6	-0.9%	20.4%	46.7%	107.6%

\*YTD since inception 02.06.2020, \*\* Performance since start of tracking 30.11.2018 until 29.05.2020, excluding fees

### Codes

#### Share classes

A Founder USD Class, accumulating

B Pending

#### Bloomberg ticker

A PRCMCFE LE

B Pending

#### ISIN

A LI0445625085

B Pending

#### Security

Non-voting, redeemable,  
profit participating shares

### Dealing & prices

#### Management fee p.a.

A 0.60%

B 1.20%

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

#### Trading frequency

Daily

#### Minimum subscription

One share

### Fund administration

Accuro Fund Solutions AG

### Monthly comment

Precious metal prices pulled back recently as long-dated interest rates rebounded, hitting silver and gold in particular. By the end of the month, gold stood at close to USD 1970 per ounce, while silver closed August at USD 28.1 per ounce. However, analysts expect prices to recover to their previous highs as real US rates can go more negative, USD weakness should continue, and growth and policy uncertainties linger. On the company side, gold miners continue to find themselves in a perfect storm scenario of rising revenues and falling costs due to low oil prices and efficiency gains. Barrick and Newmont for example, two of the largest gold miners, use \$65/barrel and \$60/barrel respectively for budgeting and guidance purposes. This implies significant free cash flow generation and downside to future costs vs. guidance. Analysts expect the theme will persist through 2021 as low real interest rates drive investor support for the metal and mining managements continue to focus on cost discipline. Also, gold miners are widening their investment appeal as dividends are boosted. According to Gold Fields CEO, more generalist investors search for yield amid low bond-market returns. The sector, which once largely drew attention of specialist funds, is now attracting a broader base of investors who previously considered gold miners too leveraged and high-risk. A sign for that is Warren Buffett's recent move with adding Barrick Gold to Berkshire Hathaway's investment portfolio after shunning gold producers for years. The buy comes as a bit of a surprise, Buffett has been critical of gold, saying it isn't as good of an investment as businesses, farms, and real estate because the metal is not productive. While the stake in Barrick Gold is small for Berkshire Hathaway, Buffett's company is now one of the miner's top shareholders with a stake of close to 21 million shares. In general, Berkshire's investment in Barrick is considered good for the whole mining industry. 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.

**PMC Factsheet**
**Exposure**

Gold equities	83%
Metals physical	16%

**Financial statistics\***

Number of holdings	25
Market cap	\$13.2bn
P/B ratio	3.9x
P/cash flow	12.7x
EV/EBITDA 2021E	6.5x
P/E 2021E	12.9x
Dividend yield	1.1%
Net debt/equity	22%

**Operating statistics in gold-eq.\***

Production	1'553 koz
Reserve life 2P	18 years
Cash costs	\$618/oz
AISC**	\$777/oz
EV/2P reserves	\$404/oz

**Market cap. segmentation\***

Small	< \$3bn	23%
Mid	\$3 - 10bn	25%
Large	> \$10bn	52%

**Top 5 commodity exposure of equities\***

Gold	75%
Silver	9%
Palladium	7%
Platinum	3%
Copper	2%

**Top 5 country exposure (production)\***

South Africa	16%
Mexico	12%
Australia	9%
Russia	6%
Canada	6%

**Top 5 equity holdings**

Sibanye Stillwater	4.4%
Fresnillo	4.3%
Newmont	4.2%
Harmony Gold Mining	4.2%
Impala Platinum	4.2%

ESG transparency	PMC	Universe
GHG/Moz	305	680
Energy/UoP	0.5	1.0
Waste/Koz	48	124
Women on Board	15.7%	13.9%
Fatalities	0.05	0.11

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**August 2020**
**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 Precious Metals Champions Fund**

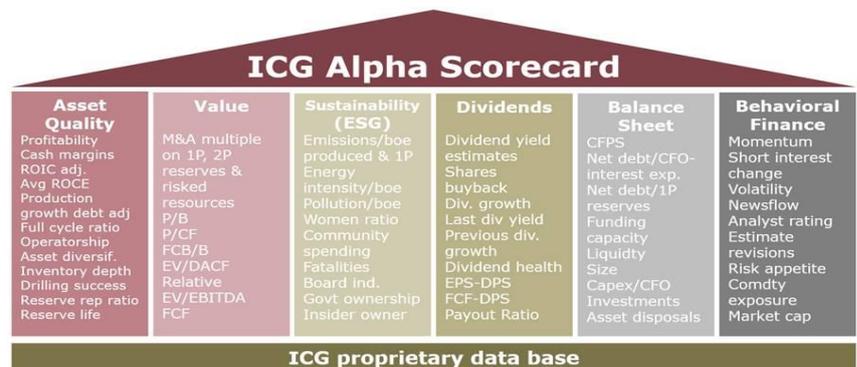
Natural resource companies are entering a phase of improving margins and the valuation is very low on a relative basis compared to the global equity markets. A portfolio of natural resource equities reduces firm specific risks while it increases the commodity exposure. The Precious Metals Champions Fund offers the investor the opportunity to participate in an actively managed portfolio of natural resources companies active in the attractive precious 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. 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. The Precious Metals Champions Fund consists of a unique combination of investments in the best gold companies but has a minimum gold investment strategy to protect the gold equity downside. The Investment Management team will apply a rule based systematic approach with a gold risk factor that helps to define the current gold environment and according to that adjust the gold equities vs. gold allocation target.


**Investment Manager**

The Precious 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.

\*Equity portfolio based on weighted average and/or weighted average gold-equivalent numbers; \*\*All-in sustaining cost

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. Backtesting performance and 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.