

# 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 \$8.1m

#### Benchmark

MSCI Metals & Mining Net TR Index

#### Custodian

LLB Liechtensteinische Landesbank AG

### Codes

#### Share classes

- A Retail USD Class, acc.
- B Retail CHF Class, acc.
- C Institutional USD Class, acc.

#### Bloomberg ticker

- A GATNTRA LE Equity
- B GATNTRB LE Equity
- C Pending

#### ISIN

- A LI0382154354
- B LI0382154693
- C LI0580310303

### Dealing & prices

#### Management fee p.a.

- A 1.20%
- B 1.20%
- C 0.60%

#### Trading frequency

Daily

#### Minimum subscription

- A One share
- B One share
- C USD \$1m

## December 2020

### Performance over 1 year



### Cumulative net performance in USD

	NAV 31.12.2020	December 30.11-31.12.2020	YTD	2 Year	*since IMC
Class A	180.1	18.3%	37.3%	51.7%	43.5%
Class B	166.5				

\*domicile status change and inception of GNR-Fund Liechtenstein 3.4.18 (performance 20.03%); Change of strategy into IMC-Fund as of 4.12.2018

### Monthly comment

According to analysts, commodities are predicted to enter a long-term bull market and draw comparison to the last super cycle that started in the early 2000s on a China-driven demand boom. Especially copper, considered an economic barometer, is essential for decarbonization. Electric vehicles use up to four times more of the metal than internal combustion engines, while renewable energy uses at least three times more copper and as much as 15 times more than traditional power production. Copper has posted nine straight monthly gains, the longest run since 1994. Prices have surged about 80% from a low in March, helped by China's appetite for commodities and supply snags early on in the Covid-19 pandemic. Analysts expect further gains amid a possible production deficit, weaker dollar and the metal's role in green technology – interest in copper investment increased on the back of the "green revolution" recently, Credit Suisse for example stated the metal is one of their favorite ESG themes and states that mining is one of their strategists' top three overweight's. They see demand drivers to remain robust or accelerate for the whole sector into 2021. When looking at commodities demand, there is no way around China. Chinese commodity demand ended the year on some very high notes marking a stunning recovery from the hammer blow of the pandemic that landed in February. Roaring demand and supply constraints in the world's biggest consumer are feeding a broader turnaround in global prices. Another good example is iron ore, where the market is tight, and the price increased from \$86/t at the start of 2020 to >\$150/t by year-end. Key indicators in China such as land purchases, infrastructure bond issuances and stimulus for vehicles / white goods provide support for Chinese steel demand, coming from the infrastructure, real estate and manufacturing sectors. Analysts expect Chinese steel production to grow again in 2021, after an already very strong 2020. Analyst expect the iron ore market to stay in deficit during 2021. On top of that, other important iron ore consuming regions like South East Asia and Europe are likely to recover in 2021, given fiscal stimuli and economic normalization post COVID-19. Overall, industrial metals prices are making a buoyant start to the New Year on vaccine rollouts worldwide which brightens outlook for the economy and with that, the demand for metals. All this results in Mining companies having for 2021 record dividend yields (IMC at 3%), record FCF yields (IMC at 8%) and this still with an attractive valuation (EV/EBITDA at 6.2x for the IMC).

## IMC Factsheet

### Financial statistics\*

Number of holdings	25
Market cap	\$29bn
P/B ratio	3.2x
P/cash flow	10.8x
EV/EBITDA 2021E	6.2x
FCF yield 2021E	7.6%
Dividend yield	2.9%
Net debt/equity	24%

### Operating statistics in copper-eq.\*

Production	2'070 ktpa
Reserve life (2P reserves)	23 years
Cash costs	\$3'452/t
Cash margin	49%
Reserve valuation (EV/2P)	\$1'041/t

### Market cap. segmentation\*

Small	< \$3bn	22%
Mid	\$3 - 30bn	51%
Large	> \$30bn	28%

### Top 5 commodity exposure\*

Copper	32%
Iron Ore	23%
Steel	13%
Gold	4%
Nickel	4%

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

Australia	24%
Chile	10%
South Africa	9%
Brazil	8%
Russia	6%

### Top 5 holdings

First Quantum Minerals	4.8%
Ferrexpo	4.6%
Hudbay Minerals	4.5%
ArcelorMittal	4.4%
Vale	4.4%

ESG transparency	IMC	Universe
CO2/kt	1.8	6.4
Energy Intensity	2'339	3'016
Fuel Used/Mt	220	235
Women in Mngmt	8.0%	3.6%
Women on Board	19.1%	14.9%
Spending/EBITDA	5.4%	3.0%

### Fund administration

Accuro Fund Solutions AG

### Contact

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\* 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.

## December 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 Industrial Metals Champions Fund

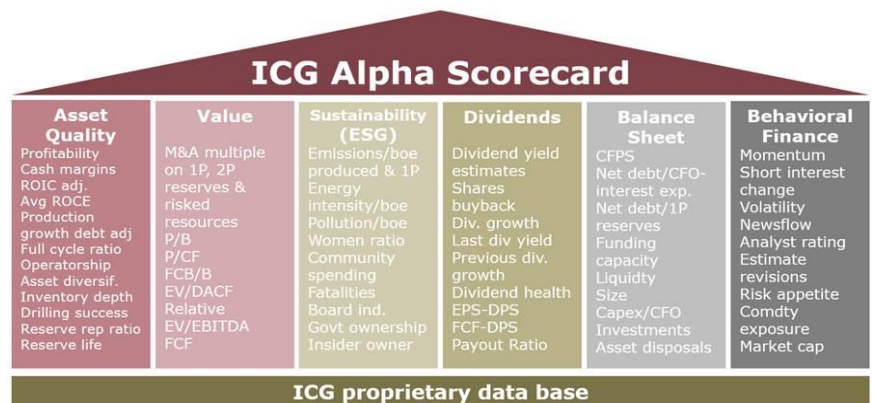
Natural resource companies are entering a phase of improving margins and the valuation is very low on a relative basis compared to the global equity markets. A portfolio of natural resource equities reduces firm specific risks while it increases the commodity exposure. The Industrial Metals Champions 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.



### 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.