

PRECIOUS METALS CHAMPIONS FUND



PMC Factsheet

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 \$3.3m

Benchmark

NYSE Arca Gold Miners Index

Custodian

LLB Liechtensteinische Landesbank AG

Fund administration

Accuro Fund Solutions AG

Codes

Share classes

- A Institutional USD class, acc.
- B Retail USD class, acc.

Bloomberg ticker

- A PRCMCF LE
- B Pending

ISIN

- A LI0445625085
- B LI0445625093

Dealing & prices

Management fee p.a.

- A 0.60%
- B 1.20%

Trading frequency

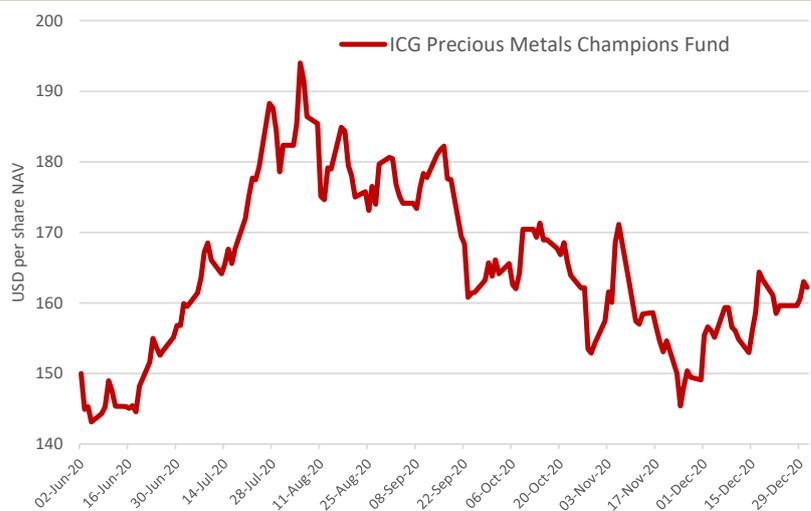
Daily

Minimum subscription

- A USD \$1m
- B One share

December 2020

Performance since inception (02. June 2020)



Cumulative performance in USD

	NAV	December	YTD*	CY 2019**	**since live tracking
	31.12.2020	30.11.-31.12.2020			
Class A	162.2	8.8%	8.1%	46.7%	104%

*YTD since inception 02.06.2020, ** Performance since start of tracking 30.11.2018

Monthly comment

According to analysts, the good times for gold miners are expected to continue into the year 2021, especially for those that are able to tighten spending and increase returns to investors. The rally in gold prices has helped miners expand their margins and generate record levels of free cash flow, allowing many to pass on profits to shareholders already. With miners' balance sheet in great shape, analysts believe investors will benefit from much higher dividends over the coming years. With the outbreak of the coronavirus, the price of gold hit a record in 2020 after demand for safe-haven assets surged against a backdrop of lower-for-longer interest rates, trillions of dollars in stimulus spending and a weaker US dollar. With none of those factors expected to change anytime soon, 2021 is expected to be another banner year for gold. The key differentiator among mining stocks will be those with strict spending habits. If miners keep on a path of returning capital to shareholders, and continue to generate significant free cash flow, their valuation multiples should expand accordingly. Many investment banks see the recent pullback in gold prices, or precious metals prices in general, as a good entry point. Gold had a strong start to the year as surging coronavirus cases boost demand for the haven asset. US 10-year inflation expectations topped 2% for the first time since 2018 on hopes that monetary stimulus and government aid policies will drive demand in the post-vaccine world. The higher expectations boost gold's appeal over havens like treasuries, which have seen their inflation-adjusted yields turn negative. The reflation element combined with a weaker dollar and lower real yields all point to further gains. Holdings in the SPDR Gold Shares, the largest bullion-backed exchange-traded fund, posted the biggest daily inflow at the beginning of 2021 since September, following withdrawals in the last three months of 2020. In an investment landscape increasingly dominated by how low – or negative – central banks will set base rates, along with rising debt-to-GDP and quantitative easing, analysts see the foundation solidifying under the price of gold. Looking at silver, the metals unique attribute as being about half precious and half industrial should keep it a top beneficiary of a favourable macroeconomic backdrop. Fundamental and technical underpinnings are strong, on the back of the multiyear price decline and rapidly advancing technology increasing demand for one of the best conductors of electricity.

PMC Factsheet
Exposure

Gold equities	80%
Metals physical	20%

Financial statistics*

Number of holdings	25
Market cap	\$10bn
P/B ratio	2.8x
P/cash flow	9.5x
EV/EBITDA 2021E	5.3x
FCF yield 2021E	11.3%
Dividend yield	1.8%
Net debt/equity	8%

Operating statistics in gold-eq.*

Production	1'835 koz
Reserve life (2P reserves)	19 years
Cash costs	\$754/oz
AISC**	\$820/oz
Reserve valuation (EV/2P)	\$413/oz

Market cap. segmentation*

Small	< \$3bn	36%
Mid	\$3 - 10bn	21%
Large	> \$10bn	43%

Top 5 commodity exposure of equities*

Gold	72%
Silver	9%
Palladium	7%
Platinum	6%
Copper	2%

Top 5 country exposure (production)*

Australia	12%
Mexico	12%
South Africa	11%
Canada	9%
Russia	8%

Top 5 equity holdings

Impala Platinum	3.7%
Centerra Gold	3.6%
Sibanye Stillwater	3.5%
Pan American Silver	3.5%
Yamana Gold	3.4%

ESG transparency	PMC	Universe
GHG/Koz	0.5	0.7
Energy Intensity	784	1'023
Waste/Koz	52	109
Women on Board	24.3%	11.1%
Fatalities	0.1	0.1

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*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.

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 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.