

INDUSTRIAL METALS CHAMPIONS FUND



IMC Factsheet

March 2021

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 \$19.7m

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 GATNTRC LE Equity

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

Performance over 1 year



Cumulative net performance in USD

	NAV 31.03.2021	March 26.02-31.03.2021	YTD	CY2020	2 Year	since IMC*
Class A	199.2	-1.2%	10.9%	37.3%	45.6%	59.1%
Class B	153.6	-1.4%	10.5%	32.8%	37.0%	47.7%
Class C**	149.1	-1.2%	-0.4%			-0.4%

*domicile status change and inception of GNR-Fund Liechtenstein 3.4.18 (performance 33.1%); Change of strategy into IMC-Fund as of 4.12.2018

**Inception 08. January 2021

Monthly comment

At the beginning of April, copper prices advanced the most in over a month on signs the US economy will see a strong rebound this year. A better-than-expected US jobs report fueled optimism that the world's largest economy will recover from the pandemic faster than other countries. Copper demand should continue to exceed supply this year, analysts expects global consumption to reach 25.8 million tons in 2021, 2.9% higher than last year. Demand will again outpace production growth. Looking at steel, with iron ore prices rallied over the last 12 months, it could be a challenge for companies needing to buy it. Not so for the steelmakers, who have been able to pass on the cost to customers, putting the sector in a sweet spot. Steel futures in China hit almost 10-year highs last month, and the surge in the price of finished steel products in the US and Europe makes the case for further outperformance of steel companies. Steel prices have climbed everywhere since last August, largely offsetting the surge in iron ore, while the CEOs predict a demand surge as the post pandemic recovery takes hold. Citigroup expects a 100%-150% EBITDA increase in 2021 for the sector. Also, it is expected that a lot of materials will be needed for President Joe Biden's proposed \$2.25 trillion infrastructure plan. The plan is a one-time, eight-year capital investment, that tackles classic infrastructure projects like repairing bridges, and includes investments aimed at promoting long-term job growth with everything connected to renewable energies. The plan faces a tough road ahead in Congress though. Looking at companies, Vale announced the biggest mining buyback in years and rose to fresh all-time high. The Brazilian mining powerhouse delivering on a promise to reward investors for sticking with the company through low prices and a dam catastrophe. The board approved a program to buy 270 million shares over a year. Based on the last closing price, that implies about \$4.9 billion, one of mining's biggest repurchase announcements since 2018. The buyback comes on the heels of a bigger-than-expected dividend and is the latest chapter in its turnaround story. While iron ore prices have come off multi-year highs in recent weeks, they're still well up on a year-ago levels. In general, miners are generating significant cash flow in 2021 due to high commodity prices; with balance sheets strong and capex contained, shareholder returns will be at record levels. With an estimated projected FCF yield of 9.5% in 2021E and 8.4% in 2022E for the IMC portfolio companies, that is more than double the average of the S&P 500 Index. Even so, valuations in the industrials sector remain depressed on an absolute basis and relative to their broader market indices. The EV/EBITDA estimates for IMC portfolio companies in 2021E standing at 7.4x, in 2022E at 7.0x and are half the other sectors in the S&P 500 Index.

IMC Factsheet

Financial statistics*

Number of holdings	25
Market cap	\$31bn
P/B ratio	3.1x
P/cash flow	12.0x
EV/EBITDA 2021E	7.4x
FCF yield 2021E	9.4%
Dividend yield	3.2%
Net debt/equity	22%

Operating statistics in copper-eq.*

Production	2'216 ktpa
Reserve life (2P reserves)	25 years
Cash costs	\$3'324/t
Cash margin	42%
Reserve valuation (EV/2P)	\$1'326/t

Market cap. segmentation*

Small	< \$3bn	17%
Mid	\$3 - 30bn	47%
Large	> \$30bn	36%

Top 5 commodity exposure*

Copper	30%
Iron Ore	17%
Steel	11%
Aluminium	7%
Lithium	4%

Top 5 country exposure (production)*

Australia	18%
United States	13%
Brazil	7%
Russia	6%
Chile	6%

Top 5 holdings

Capstone Mining	5.2%
Norsk Hydro	4.9%
ArcelorMittal	4.3%
First Quantum Minerals	4.2%
Grupo Mexico	4.2%

ESG transparency	IMC	Universe
CO2/kt	7.5	10.5
Energy Intensity	5	5
Fuel Used/Mt	530	494
Women in Mngmt	9.6%	3.0%
Women on Board	19.9%	11.0%
Spending/EBITDA	0.9%	0.8%

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.

March 2021

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

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.