

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 \$5.5m

Benchmark

NYSE Arca Gold Miners Index

Custodian

LLB Liechtensteinische Landesbank AG

May 2021

Performance since inception (02. June 2020) **+11.2%**



Cumulative performance in USD

	NAV 28.05.2021	May 30.04.-28.05.2021	YTD	CY2020*	Since Inception
Class A	166.8	6.5%	2.8%	8.1%	11.2%
Class B**	159.5	6.4%	6.3%		6.3%

*CY20 since inception 02.06.2020 / **Inception 08. February 2021

Fund administration

Accuro Fund Solutions AG

Codes

Share classes

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

Bloomberg ticker

- A PRCMCF A LE
- B PRCMCF B LE

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

Monthly comment

Analysts see an opportunity for precious metals outperformance over the coming quarter, with gold back in favour with asset allocators and traditional bar, coin, and jewellery demand seeing a continued recovery. BMO states that investors should keep a close eye later in the year for signs that the FED and other central banks are giving greater clarity on timelines for paring asset purchases. Gold headed for the biggest monthly advance since July, with inflation risks in focus ahead of key US jobs data due later that will offer clues on the economic recovery. Some Federal Reserve officials have said that recent price pressures are to be expected as the economy reopens amid pent-up demand and should prove temporary as supply glitches abate. The PCE price index, which the FED uses for its inflation target, rose 3.6% from a year earlier, the biggest jump since 2008. Many market participants see the question about inflation quite different than the FED. Gold erased its 2021 losses in May amid signs of accelerating inflation and a potentially uneven economic recovery due to the resurgence of COVID in some countries. Investor interest has also returned, with hedge funds and other large speculators boosting their net-long position in gold to the highest since early January. Looking at PGMs, UBS expects platinum markets to remain undersupplied in the near term. The market was slightly undersupplied in 1Q21, which marked the fourth quarter in a row. Although total supply will be higher this year compared to 2020, the bank expects demand to rebound due to rising vehicle production, where platinum is used in catalytic converters for diesel cars and trucks, stronger jewellery demand, and healthy investment demand. Also, investment demand will benefit from expectations of palladium-to-platinum substitution in catalytic converters for gasoline cars. Johnson Matthey, a producer of catalysts, is expecting platinum demand in gasoline cars to climb steeply this year, albeit from a low base as car producers aim to reduce costs. This assumption was also underlined by the management of Sibanye-Stillwater, one of the largest PGM producers of the world and a PMC portfolio company. The company said that they already see substitution of palladium and rhodium by OEMs due to high prices and expects platinum to outperform. The company, with an estimated 35% FCF yield this year and a valuation of around 3x EV/EBITDA announced just yesterday a 5% buyback starting from June 2nd. With a weighted average dividend yield of 3.2%, the PMC portfolio companies offer a yield which is more than double the industry average. Also, free cash flow yields are expected to grow from 7.2% in 2020E to more than 11.4% in 2022E with extremely low net debt to equity of 4%.

PMC Factsheet

Exposure

Gold equities	69%
Metals physical	31%

Financial statistics*

Number of holdings	25
Market cap	\$16bn
P/B ratio	3.2x
P/cash flow	8.9x
EV/EBITDA 2021E	6.4x
FCF yield 2021E	8.6%
Dividend yield	3.2%
Net debt/equity	4%

Operating statistics in gold-eg.*

Production	2'743 koz
Reserve life (2P reserves)	18 years
Cash costs	\$714/oz
AISC**	\$732/oz
Reserve valuation (EV/2P)	\$411/oz

Market cap. segmentation*

Small	< \$3bn	23%
Mid	\$3 - 10bn	24%
Large	> \$10bn	53%

Top 5 commodity exposure of equities*

Gold	62%
Silver	12%
Palladium	8%
Platinum	7%
Copper	3%

Top 5 country exposure (production)*

South Africa	14%
Australia	13%
Russia	11%
Canada	8%
Mexico	8%

Top 5 equity holdings

Newmont	4.5%
Centerra Gold	4.4%
Kirkland Lake Gold	4.3%
Wheaton Precious Metals	4.3%
Kinross	4.2%

ESG transparency	PMC	Universe
CO2/Koz	0.35	0.44
GHG/Koz	0.95	1.00
Waste/Koz	111	115
Women on Board	24.3%	11.4%
Fatalities	0.08	0.07

Contact

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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 Precious Metals Champions Fund

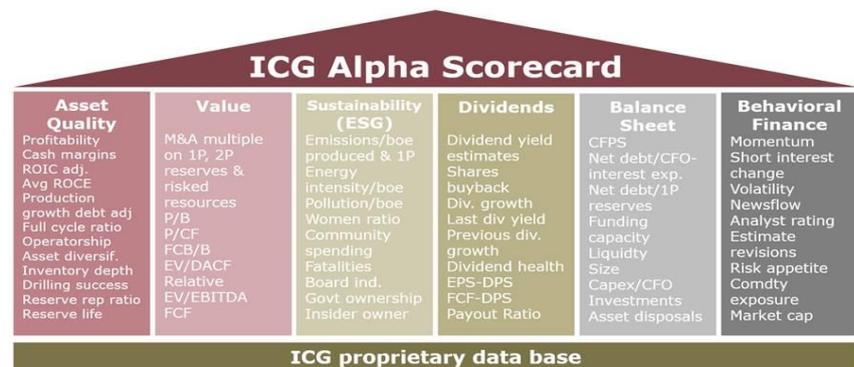
Natural resource companies are entering a phase of improving margins and the valuation is very low on a relative basis compared to the global equity markets. A portfolio of natural resource equities reduces firm specific risks while it increases the commodity exposure. The Precious Metals Champions Fund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