

# PRECIOUS METALS CHAMPIONS FUND



## PMC Factsheet

## June 2021

### 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 \$5m

#### Benchmark

NYSE Arca Gold Miners Index

#### Custodian

LLB Liechtensteinische Landesbank AG

### Performance over 1 year **-4.9%**



### Cumulative performance in USD

	NAV 30.06.2021	June 28.05.-30.06.2021	YTD	CY2020*	Since Inception
Class A	149.1	-10.6%	-8.1%	8.1%	-0.6%
Class B**	142.5	-10.6%	-5.0%		-5.0%

\*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 PRCMCFA LE
- B PRCMCFB 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

Although precious metals already have one eye on a potential Federal Reserve tapering cycle, analysts expect relatively sticky demand support for gold and silver from both central banks and ETFs over the next few months, particularly if wider market volatility increases. Unsurprisingly, given rising inflationary pressures and positive economic growth surprises, central banks around the world are increasingly setting the stage for less accommodative actions over the coming months and quarters. As Federal Reserve Chair Powell recently noted, it is time to start talking about tapering. As BMO Economics notes, Fed policy (and the same is true for many other central banks) appears destined to become less accommodative but remain meaningfully net accommodative overall through 2023 at least. Compared to other commodities, 2021 hasn't been a great year for gold so far, with current prices slightly down over those at end-2020 and ETFs seeing outflows. And yet, things are well on course for yet another annual average record in terms of nominal price. For gold producers, even with cost inflation starting to show some signs of a comeback, operating margins are extremely robust, and with the industry now showing impressive capital discipline relative to past cycles, analysts anticipate strong free cash flow over the coming years. This is seen as the important story for gold equities, rather than potential for further aggressive underlying commodity price gains. Regardless of this, investors continue to be generally sceptical of the discipline of company management teams and potential for erosion of free cash flows including the increasingly heated M&A market, which has seen a recent influx of transactions at higher premiums (versus the zero-premium "mergers of equals" which were seen last year). With a relatively flat, but very robust precious metals pricing environment, analysts believe that the entire group is trading at a discounted level. This can be seen for the Precious Metals Champions Fund portfolio companies. While trading at a P/CF of 6.9x and a P/B of only 2.9x, the expected free cash flow yields for 2021E, 2022E and 2023E are at 10.8%, 14.5% and 14.2%.

## PMC Factsheet

June 2021

### Exposure

Gold equities	80%
Metals physical	20%

### Financial statistics\*

Number of holdings	25
Market cap	\$12bn
P/B ratio	2.9x
P/cash flow	6.9x
EV/EBITDA 2022E	4.9x
FCF yield 2022E	14.5%
Dividend yield	3.6%
Net debt/equity	7%

### Operating statistics in gold-eg.\*

Production	2'243 koz
Reserve life (2P reserves)	17 years
Cash costs	\$788/oz
AISC**	\$730/oz
Reserve valuation (EV/2P)	\$342/oz

### Market cap. segmentation\*

Small	< \$3bn	41%
Mid	\$3 - 10bn	20%
Large	> \$10bn	39%

### Top 5 commodity exposure of equities\*

Gold	70%
Silver	9%
Palladium	7%
Rhodium	5%
Platinum	4%

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

South Africa	15%
Russia	11%
Brazil	9%
Australia	9%
Canada	8%

### Top 5 equity holdings

Royal Bafokeng	4.4%
Aura Minerals	4.3%
Robex Resources	4.3%
Northam Platinum	4.2%
St Barbara	4.1%

ESG transparency	PMC	Universe
CO2/Koz	0.08	0.96
GHG/Koz	0.68	0.98
Waste/Koz	47	62
Women on Board	22.7%	12.4%
Fatalities	0.09	0.07

### Contact

**Independent Capital Group AG**  
 Waldmannstrasse 8  
 8001 Zurich  
 +41 44 256 16 16  
<http://www.independent-capital.com>

### 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.

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 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.