



# PRECIOUS METALS CHAMPIONS FUND



## PMC Factsheet

## December 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

### Fund administration

Accro Fund Solutions AG

### Codes

#### Share classes

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

#### Bloomberg ticker

- A PRCMCFAL
- B PRCMCFBL

#### ISIN

- A LI0445625085
- B LI0445625093

### Dealing & prices

#### Management fee p.a.

- A 0.60%
- B 1.20%

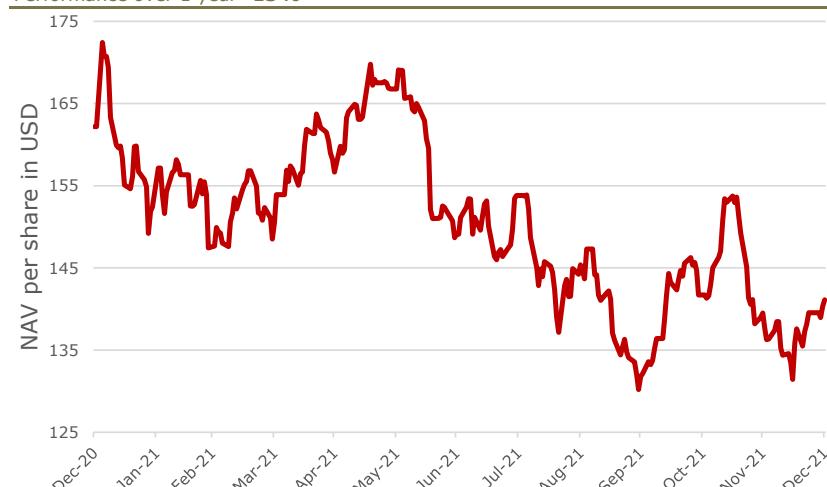
#### Trading frequency

Daily

#### Minimum subscription

- A USD \$1m
- B One share

### Performance over 1 year -13%



### Cumulative performance in USD

|           | NAV<br>31.12.2021 | December<br>30.11.-31.12.2021 | YTD    | CY2020* | Since Inception** |
|-----------|-------------------|-------------------------------|--------|---------|-------------------|
| Class A   | 141.1             | 1.1%                          | -13.0% | 8.1%    | -5.9%             |
| Class B** | 134.5             | 1.1%                          | -10.4% |         | -10.4%            |

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

### Monthly comment

Gold is starting the year under pressure after its biggest annual decline since 2015 as central banks started to dial back pandemic-era stimulus to fight inflation. Traders are also monitoring the risks posed by the omicron virus variant. Analysts don't expect the price of gold to free-fall as real rates and yields are set to remain at a historically low level, very close to zero until the coast is clear from the strains of Covid-19. Ten-year Treasuries had the worst start to a year in more than a decade, according to Bloomberg data. Higher yields diminish the appeal of non-interest-bearing havens like gold. After the FED retired the word "transitory" for rising inflation, this could ignite gold's safe-haven appeal for wealth preservation after a long phase of consolidation. Since inflation expectations have been accurately measurable, historically gold has risen both nominally and in real terms every single time inflation expectations were on the rise, with one exception being the 1999 period and the bursting of the tech bubble, when inflation expectations peak and gold traded flat. According to Cantor Fitzgerald, the key takeaway being, historically, when inflation expectations have been rising, gold has never traded down. This also held true immediately following the COVID-induced sharp market crash in Q1/20, when inflation expectations initially collapsed, and then began to spike. Gold rallied to new all-time highs within six-months of the crash. The anomaly is in the nine-month period that followed from August 2020 to April 2021, when inflation expectations continued to rise, and gold did trade down, the first time on record. Through most of this mid-2020 to mid-2021 period, the general narrative was that inflation was "transitory." This is starting to shift now to inflation that is "persistent." When this sentiment turns in earnest, and the consensus view moves to "higher inflation is going to be with us for longer", analysts expect the gold price to re-connect with its historical positive relationship to inflation expectations. On the company side, Newmont, sold \$1 billion of bonds giving it a financial incentive to cut emissions and improve corporate governance, the first company in the energy-intensive industry to issue such securities. The 10-year bond will pay investors a higher interest rate if it fails to cut emissions, or to sufficiently boost the percentage of women in its senior leadership positions by 2030. Newmont aims to reduce direct emissions from operations and indirect emissions, or scope 1 and 2 greenhouse gas emissions, by 32% by 2030 base on a 2018 baseline. Also, the M&A-wave continued with Kinross to buy Great Bear Resources for about C\$1.8bn in stock and cash.



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### Exposure

|                 |     |
|-----------------|-----|
| Gold equities   | 80% |
| Metals physical | 20% |

### Financial statistics\*

|                    |         |
|--------------------|---------|
| Number of holdings | 25      |
| Market cap         | \$9.3bn |
| P/B ratio          | 2.0x    |
| P/cash flow        | 6.5x    |
| EV/EBITDA 2022E    | 5.0x    |
| FCF yield 2022E    | 10.9%   |
| Dividend yield     | 3.1%    |
| Net debt/equity    | 0%      |

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

|                            |           |
|----------------------------|-----------|
| Production                 | 1'803 koz |
| Reserve life (2P reserves) | 20 years  |
| Cash costs                 | \$875/oz  |
| AISC**                     | \$795/oz  |
| Reserve valuation (EV/2P)  | \$301/oz  |

### Market cap. segmentation\*

|       |            |     |
|-------|------------|-----|
| Small | < \$3bn    | 39% |
| Mid   | \$3 - 10bn | 36% |
| Large | > \$10bn   | 26% |

### Top 5 commodity exposure\*

|           |     |
|-----------|-----|
| Gold      | 73% |
| Silver    | 8%  |
| Palladium | 5%  |
| Rhodium   | 4%  |
| Platinum  | 4%  |

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

|               |     |
|---------------|-----|
| South Africa  | 16% |
| Canada        | 10% |
| Brazil        | 9%  |
| Mexico        | 8%  |
| United States | 8%  |

### Top 5 equity holdings

|                         |      |
|-------------------------|------|
| Royal Bafokeng          | 5.4% |
| Impala Platinum         | 4.7% |
| Wheaton Precious Metals | 4.7% |
| Newmont                 | 4.5% |
| Centerra Gold           | 4.4% |

| ESG transparency | PMC   | Universe |
|------------------|-------|----------|
| CO2/Koz          | 0.31  | 0.49     |
| GHG/Koz          | 0.67  | 0.80     |
| Waste/Koz        | 86    | 100      |
| Women on Board   | 23.8% | 13.6%    |
| Fatalities       | 0.11  | 0.30     |

### 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 OpenFunds Investment Services AG, Seefeldstrasse 35, 8008 Zurich, whilst the Paying agent is Helvetische Bank AG, Seefeldstrasse 215, 8008 Zurich. The Basic documents of the Fund such as the prospectus, the key investor information document (KID), 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.