

INDUSTRIAL METALS CHAMPIONS FUND



IMC Factsheet

April 2022

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 \$36m

Benchmark

MSCI Metals & Mining Net TR Index

Custodian

LLB Liechtensteinische Landesbank AG

Performance over 1 year +6.7%



Cumulative net performance in USD

	NAV	April	YTD	CY2021	2 Year	since IMC*
	29.04.2022	31.03.-29.04.2022				
Class A	239.9	-11.5%	9.6%	21.5%	149.6%	91.2%
Class B	215.4	-11.5%	8.1%	19.7%	139.1%	72.8%
Class C**	180.8	-11.5%	9.8%	9.7%		20.5%

*domicile status change and inception of GNR-Fund Liechtenstein 3.4.18 (performance 59.96%); Change of strategy into IMC-Fund as of 4.12.2018

**Inception 08. January 2021

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

Monthly comment

Concerns around the Fed's tightening and China's widening COVID outbreaks have weighed on markets last month. Strict lockdowns are wreaking havoc on consumer spending and snarling supply chains in China, putting its growth target for GDP of about 5.5% this year under increasing pressure. Chinese authorities have already taken some steps to stem the economic damage, including accelerating government borrowing and spending to boost infrastructure investment. Still, virus concerns persist as flareups intensified, along with looming interest-rate hikes by western governments. Looking at inventories, there have been continued inventory challenges this year for base metals and upward squeezes remain possible. While Goldman says copper is "sleepwalking" toward a depletion of stockpiles, Barclays highlights that the most significant disruption is currently occurring downstream, as activity in China is disrupted. Also, copper output in Chile, the world's largest copper producing country, is facing significant underperformance so far this year due to a combination of widespread water shortages, ore grade disappointments and technical issues that are disrupting close to half of supply in the country. On top, MMG is facing the possibility of a prolonged disruption at its Las Bambas copper mine in Peru, which represents 2% of world supply, after failing to clear the site of all protesters in an operation that has further inflamed tensions with indigenous groups. On the company side, Glencore's trading business is headed for another year of bumper profits as the company cashes in on soaring prices and market volatility. The volatile markets have helped boost earnings for commodities traders, with merchants including Mercuria and Gunvor earning windfall profits last year. However, surging prices have also created liquidity pressures for traders, as they face massive margin calls on derivative hedging positions. Still, like several other big miners, Glencore has had problems operationally. The company cut its zinc production goal for the year and also said it would produce less copper. Anglo American and Freeport both tumbled after forecasting steep cost rises, while other miners such as BHP disappointed as COVID absenteeism and operational missteps curb output across the sector. The recent pressure on the equity side could be an attractive entry point for investors, as financial ratios remain extremely favourable. For example, the average price-to-book-ratio of the fund is currently at 2.3x, combined with an EV/EBITDA 2022E of 4x and a price-to-earnings ratio of 7x makes the portfolio look cheap compared to benchmark figures or other sectors. Also, the companies are incredibly healthy with a net-debt/equity of only 12% and profitable: free-cash-flow yield 2022E 13.2%, EBITDA margin 2022E 44%, dividend yield 3.4%.

IMC Factsheet

April 2022

Financial statistics*

Number of holdings	25
Market cap	\$31bn
P/B ratio	2.3x
P/cash flow	11.1x
EV/EBITDA 2022E	4.0x
FCF yield 2022E	13.2%
Dividend yield	3.4%
Net debt/equity	12%

Operating statistics in copper-eg.*

Production	3'932 ktpa
Reserve life (2P reserves)	25 years
Cash costs	\$4'138/t
Cash margin	53%
Reserve valuation (EV/2P)	\$1'100/t

Market cap. segmentation*

Small	< \$3bn	23%
Mid	\$3 - 30bn	51%
Large	> \$30bn	25%

Top 5 commodity exposure*

Copper	29%
Aluminium	11%
Iron Ore	11%
Steel	10%
Nickel	6%

Top 5 country exposure (production)*

Australia	19%
United States	13%
Brazil	8%
Canada	8%
Chile	6%

Top 5 holdings

Teck Resources	4.5%
Nickel Mines	4.5%
Anglo American	4.2%
BHP Group	4.2%
Glencore	4.2%

ESG transparency	IMC	Universe
GHT/production	4.6	5.9
CO2/production	1.6	2.2
Fuel Used/Mt	291	313
Women in Mngmt	11.5%	4.8%
Women on Board	27.6%	13.3%
Disclosure Score	62.0%	35.0%

Fund administration

Accuro Fund Solutions AG

Contact

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

* based on weighted average and/or weighted average copper-equivalent numbers

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.

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 (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.