

PRECIOUS METALS CHAMPIONS FUND



PMC Factsheet

August 2022

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 \$4m

Benchmark

NYSE Arca Gold Miners Index

Custodian

LLB Liechtensteinische Landesbank AG

Performance over 1 year -25.1%



Cumulative performance in USD

	NAV	August	YTD	2 Years	Since Inception
	31.08.2022	29.07.-31.08.2022			
Class A	107.7	-9.3%	-23.7%	-39.1%	-28.2%
Class B*	112.7	-9.3%	-24.0%		-31.9%

*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

Gold, silver and PGMs came under renewed pressure as the dollar resumed strengthening. Silver has now fallen below \$18/oz for the first time since July 2020. Chair Powell's Jackson Hole address struck a more hawkish tone, reiterating records caution "strongly against loosening policy prematurely" and acting as a cudgel against those looking for rate cuts in 2023. The market was too quick to price in a dovish shift by the Fed and with Fed member comments signaling continued focus on inflation. On the positive side, we saw some support from dip buying gold demand by EMs and central banks. The recent spike in Chinese gold imports is driven by a recovery in retail demand as lockdowns moderated occasionally. Looking at PGMs, stronger than expected shipments of platinum to China in the first half of the year spurred shortages elsewhere as supply declined from mines and recycling, the World Platinum Investment Council (WPIC) said. It was difficult to track what happened to some of the Chinese imports, so the platinum market was in surplus on paper but on the ground tightness sent lease rates surging to the highest levels in a decade, the WPIC said in its latest quarterly report. Metals Focus has released its Gold ESG Focus 2022, a report which looks at a number of ESG metrics across 16 of the largest gold miners. This shows that in 2021 combined Scope 1 & 2 greenhouse gas emissions dropped 1% YoY to 27'617kt CO2e, while water withdrawals dropped 5% YoY and water consumption 24% YoY. With this, the average emissions intensity of gold production fell 3% YoY to 0.81t CO2e/oz. Meanwhile, tax and royalty payments rose 39% YoY (with a higher average gold price and increased extraction) while community development spend rose 7% YoY. On the company side, Barrick Gold said it agreed to sell a portfolio of royalties to Maverix Metals for up to \$60mn – the portfolio consist of 22 royalties on the production of minerals from mines located in North America, South America, Australia and Africa. Consideration consists of \$50mn in cash and up to an additional \$10m from three contingent payments. In general and despite the bearish sentiment for gold we see the precious metals companies at its best shape in history. The sector is going to be debt free this year. Our PMC portfolio companies have already net cash on their balance sheets. Miners cash costs increased recently amid the global inflation shock. However, margins are still above the average of the last few years. The free cash flow is as high as never before with an industry FCF yield of >8% - this will certainly result in higher dividends and shares buybacks.

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Exposure

Gold equities	80%
Metals physical	20%

Financial statistics*

Number of holdings	25
Market cap	\$4.8bn
P/B ratio	1.1x
P/cash flow	5.6x
EV/EBITDA 2023E	3.8x
FCF yield 2023E	12.8%
Dividend yield	3.5%
Net debt/equity	-1%

Operating statistics in gold-eq.*

Production	1'400 koz
Reserve life (2P reserves)	20 years
Cash costs	\$920/oz
AISC**	\$725/oz
Reserve valuation (EV/2P)	\$240/oz

Market cap. segmentation*

Small	< \$3bn	59%
Mid	\$3 - 10bn	25%
Large	> \$10bn	16%

Top 5 commodity exposure*

Gold	76%
Silver	6%
Copper	5%
Diamonds	3%
Rhodium	2%

Top 5 country exposure (production)*

Australia	13%
South Africa	12%
Canada	9%
United States	6%
Ecuador	4%

Top 5 equity holdings

Lundin Gold	3.5%
Royal Bafokeng Platinum	3.5%
Endeavour Mining	3.4%
Impala Platinum Holdings	3.4%
Aura Minerals	3.3%

ESG transparency	PMC	Universe
Fuel/production	77	162
Water recycled	70%	70%
Womeen in mgmt	18%	18%
Women on Board	31%	24%
Disclosure score	58%	31%

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

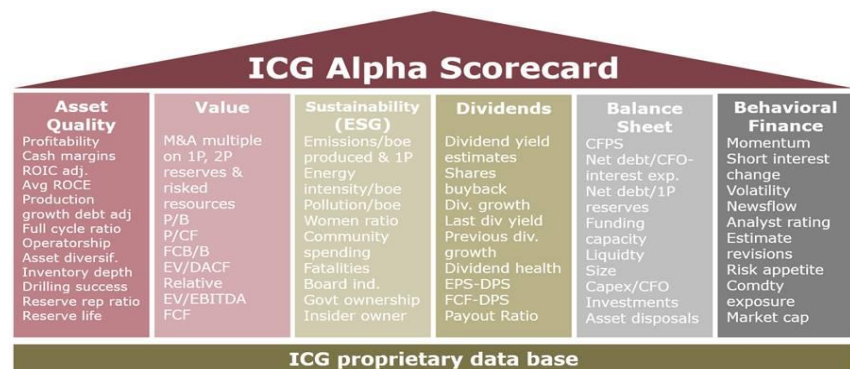
Natural resource companies are entering a phase of improving margins and the valuation is very low on a relative basis compared to the global equity markets. A portfolio of natural resource equities reduces firm specific risks while it increases the commodity exposure. The Precious Metals Champions Fund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