

INDUSTRIAL METALS CHAMPIONS FUND



IMC Factsheet

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 \$27m

Benchmark

MSCI Metals & Mining Net TR Index

Custodian

LLB Liechtensteinische Landesbank AG

Codes

Share classes

A Institutional USD, acc. F Retail USD, acc.
B Institutional CHF, acc.
C Institutional USD, acc.

Bloomberg ticker

A GATNTRA LE Equity F GATNTRF LE Equity
B GATNTRB LE Equity
C GATNTRC LE Equity

ISIN

A LI0382154354 F LI1205086088
B LI0382154693
C LI0580310303

Dealing & prices

Management fee p.a.

A 1.20% F 2.00%
B 1.20%
C 0.60%

Trading frequency

Daily

Minimum subscription

A USD \$1m F One share
B USD \$1m
C USD \$5m

October 2022

Performance over 1 year **-21.7%**



Cumulative net performance in USD

	NAV	October	YTD	2 Year	3 Year	since IMC*
	31.10.2022	30.09.-31.10.2022				
Class A	166.9	1.0%	-23.7%	31.4%	39.9%	33.0%
Class B	147.0	0.3%	-26.2%	23.7%	27.9%	18.0%
Class C**	126.2	1.1%	-23.3%			-21.7%

*domicile status change and inception of GNR-Fund Liechtenstein 3.4.18 (performance 11.29%); Change of strategy into IMC-Fund as of 4.12.2018

**Inception 08. January 2021

Monthly comment

Macroeconomic headwinds have pushed copper futures down almost 30% from a peak in March, despite brisk demand and shrinking inventories that are nearing historical lows. According to Freeport-McMoRan, the world's largest publicly-traded copper producer, the copper markets don't reflect a strikingly tight physical market. The company says, customers are not scaling back orders and are really fighting to get products. The decline in copper prices this year reflects investor concerns about the global economy, weak economic data from top consumer China, the European energy crisis and a strong dollar. Such a pricing environment will defer new projects and mine expansions just when the world's epic shift to electrification requires a massive amount of all sorts of metals, including copper. Indeed, WoodMacenzie recently published a study that states the mining industry would have to deliver new projects at a frequency and consistent level of financing never previously accomplished to meet zero-carbon targets. For copper, the additional volume needed means that 9.7 Mt of new mine supply will be required over the next decade from projects that have yet to be sanctioned – equivalent to nearly a third of current refined consumption. To date, a shortfall of this magnitude has never been overcome within a decade. The study is underlining that more than \$23bn of investment a year in new projects or 64% higher than the average annual spend over the last 30 years has to be made by miners to meet demand. In theory, higher prices should encourage project sanctioning and more supply. However, the conditions for delivering projects are challenging, with political, social and environmental hurdles higher than ever. But copper is not the only metal which will be key in the future – the world needs lithium supplies to grow fivefold by the end of the decade to meet projected demand as the electric vehicle revolution gets into full swing. This looming shortage has seen miners engage in bidding wars for assets. Rio Tinto for example is asking for pitches from some of the biggest investment banks for lithium companies and projects it could buy as the mining giant looks to expand into the key battery metal. Rio already bought a lithium mine in Argentina for \$825 million and is looking to bring it into production as soon as 2024.

IMC Factsheet

Financial statistics*

Number of holdings	25
Market cap	\$26bn
P/B ratio	1.8x
P/cash flow	6.2x
EV/EBITDA 2023E	4.4x
FCF yield 2022E	10.9%
Dividend yield	4.9%
Net debt/equity	13%

Operating statistics in copper-eq.*

Production	1'661 ktpa
Reserve life (2P reserves)	30 years
Cash costs	\$3'482/t
Cash margin	55%
Reserve valuation (EV/2P)	\$972/t

Market cap. segmentation*

Small	< \$3bn	25%
Mid	\$3 - 30bn	43%
Large	> \$30bn	33%

Top 5 commodity exposure*

Copper	23%
Iron Ore	18%
Steel	10%
Aluminium	8%
Nickel	8%

Top 5 country exposure (production)*

Australia	29%
United States	13%
Brazil	7%
Canada	7%
Chile	7%

Top 5 holdings

Capstone Copper	4.5%
Hudbay Minerals	4.3%
Nickel Industries	4.3%
Glencore	4.2%
Central Asia Metals	4.2%

ESG transparency	IMC	Universe
Waste/production	232.0	250.0
CO2/production	1.3	1.9
Fuel Used/Mt	265	307
Women in Mngmt	25.6%	21.1%
Women on Board	26.0%	20.7%
Disclosure Score	62%	37%

Fund administration

Accuro Fund Solutions AG

Contact

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

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.

October 2022

Why commodities

Commodities have been key in the economic development of the world. 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. 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

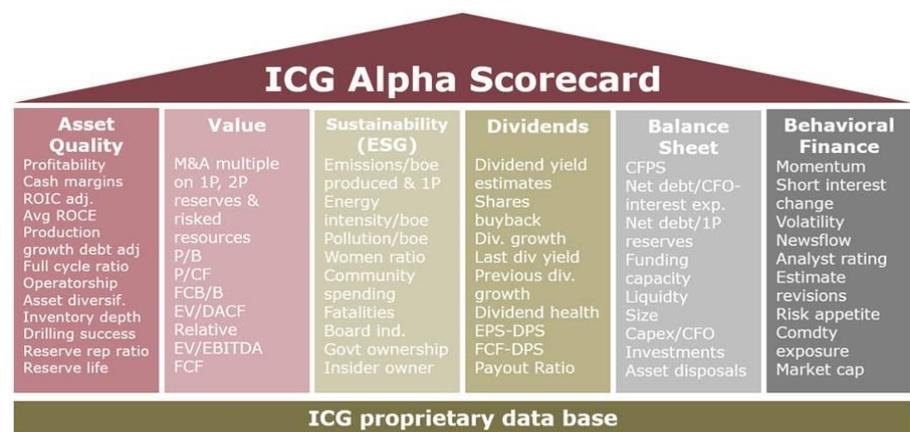
Natural resource companies are entering a phase of improving margins and the valuation is very low on a relative basis compared to the global equity markets. A portfolio of natural resource equities reduces firm specific risks while it increases the commodity exposure. The Industrial Metals Champions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

ICG Investment Process

Our investment process is based on a quantitative approach to find the best-in-class companies. The consistent methodological process 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. 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. 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.

ICG Alpha Scorecard

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. The majority of variables are dynamic and based on historical figures from the last fiscal year or on a 3 year average. All 25 positions are equally weighted, however we may reduce the weight or even exclude a company on exceptionally events (e.g. oil spill, political risk).



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.