

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 \$31m

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

December 2022

Performance over 1 year **-5.1%**



Cumulative net performance in USD

	NAV	December	YTD	2 Years	3 Years	4 Years	since IMC*
	30.12.2022	30.11.-30.12.2022					
Class A	206.4	-1.1%	-5.7%	14.6%	57.4%	73.9%	64.5%
Class B	178.1	-1.6%	-10.6%	7.0%	42.1%	51.3%	43.0%
Class C**	156.1	-1.1%	-5.1%				4.1%

*domicile status change and inception of GNR-Fund Liechtenstein 3.4.18 (performance 37.59%); Change of strategy into IMC-Fund as of 4.12.2018

**Inception 08. January 2021

Monthly comment

Despite growing economic headwinds, most metals prices remain at healthy levels by historical norms. While most analysts expect 2023 metals demand unlikely to be stellar, the reopening of China and therefore its demand will offset weakness in the developed world. Goldman Sachs recently published its 2023 commodity outlook, where the bank states that the setup for most commodities next year is more bullish than it has been at any point since they first highlighted the supercycle in October 2020. What most banks point out are the broadly depleted inventories – with geopolitical tensions high, and security of commodity supply into core value chains rising in terms of strategic importance, the world has fundamentally shifted from a “just-in-time” to a “just-in-case” model. For most raw materials, visible exchange inventory cover is much lower than seen at the start of 2022. This has not only left commodity prices more susceptible to financial positioning, and ultimately outsized price swings, but it also means that prices will likely broadly remain at a premium to cost curves until inventory levels replenish to more usual levels. Looking at China, the country is reopening rapidly and people have more cash in their bank account than ever before. Chinese households currently hold 50% more money than before the pandemic started 3 years ago – analysts expect the release of pent-up demand to be similar if not bigger than it was in the western world when governments relaxed strict covid-rules. In general, supply chain pressures have eased markedly from earlier in the year, but metals and mining output has been hampered by the surge in costs and underinvestment over recent years. Despite a near doubling year-on-year of many commodity prices by May 2022, capex across the entire commodity complex disappointed and continues to do so - even the extraordinarily high prices seen earlier this year cannot create sufficient capital inflows and hence supply response to solve long term shortages. Despite the recent price declines, commodities still finished the year as the best performing asset class – analysts highlight that commodity supercycles never move in a straight line, rather, they are a sequence of price spikes with each high and low higher than the last. Once high prices have rebalanced the market in the short term, the high prices are no longer needed, and prices come crashing back down as we witnessed late this year – but it takes years to resolve long-run supply issues.

IMC Factsheet

Financial statistics*

Number of holdings	25
Market cap	\$28bn
P/B ratio	1.7x
P/cash flow	7.1x
EV/EBITDA 2023E	4.8x
FCF yield 2023E	9.1%
Dividend yield	4.3%
Net debt/equity	10%

Operating statistics in copper-eq.*

Production	1'578 ktpa
Reserve life (2P reserves)	30 years
Cash costs	\$3'474/t
Cash margin	55%
Reserve valuation (EV/2P)	\$1'098/t

Market cap. segmentation*

Small	< \$3bn	29%
Mid	\$3 - 30bn	46%
Large	> \$30bn	25%

Top 5 commodity exposure*

Copper	24%
Iron Ore	19%
Steel	11%
Aluminium	8%
Nickel	8%

Top 5 country exposure (production)*

Australia	29%
United States	12%
Brazil	7%
Canada	7%
Chile	6%

Top 5 holdings

Capstone Copper	4.6%
Atalaya Mining	4.3%
Teck Resources	4.2%
Vale	4.2%
Rio Tinto	4.2%

ESG transparency*

	IMC	Universe
Scope 1 GHG/EVIC	6.9	7.0
Scope 2 GHG/EVIC	150	166
Renewable Energy Cons.	14%	9%
Women on Board	28%	20%
LTIR	0.37	0.40
Insider Ownership	14.2%	9.6%

*find more in our ESG Quarterly

Fund administration

Accuro Fund Solutions AG

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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.

December 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

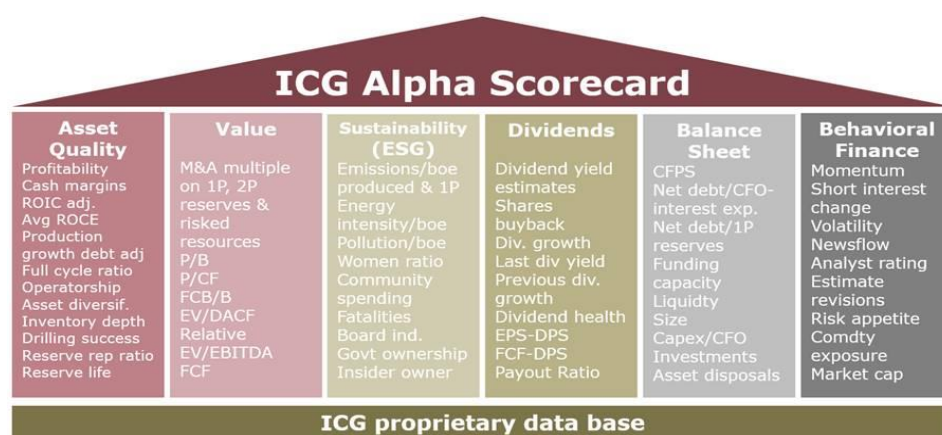
Natural resource companies are entering a phase of improving margins and the valuation is very low on a relative basis compared to the global equity markets. A portfolio of natural resource equities reduces firm specific risks while it increases the commodity exposure. The Industrial Metals Champions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