

INDUSTRIAL METALS

CHAMPIONS FUND



IMC Factsheet

April 2023

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

Custodian

LLB Liechtensteinische Landesbank AG

Performance over 1 year -13.1%



Cumulative net performance in USD

	NAV	April	YTD	2 Years	3 Years	4 Years	since IMC*
	30.04.2023	31.03-30.04.2023					
Class A	207.4	-1.1%	0.5%	-6.6%	117.1%	52.9%	65.3%
Class B	171.9	-1.4%	-3.5%	-15.8%	92.2%	29.8%	38.0%
Class C**	157.2	-1.1%	0.7%	-5.5%			4.8%
Class F***	138.0	-1.2%	-8.0%				-8.0%

*domicile status change and inception of GNR-Fund Liechtenstein 3.4.18 (performance 38.25%); Change of strategy into IMC-Fund as of 4.12.2018

Inception 08. January 2021; *Inception 10. February 2023

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

Monthly comment

Last month, copper dropped 4.4%, the most in almost a year, on a dimming global economic outlook including a weaker-than-expected start to China's peak building season. According to Goldman Sachs, the bearish views on Chinese demand had been misconstrued and it is important to recognize the persistence of a negative shock in mine supply as a tightening effect. The bank said that current demand environment for copper is far from recessionary. Market participant gathered in Santiago in April for "Cesco Week", one of the copper industry's biggest conferences. The industry isn't letting tightening credit and slowing growth kill the fundamental story behind copper. Underpinning the confidence are the lowest stockpiles of the metal in 18 years, standing at less than a week's worth of consumption. CEO of Freeport, one of the largest copper producers, confirmed that demand for the company's copper continues to be strong. As new deposits become pricier and trickier to develop, major producers like BHP and Glencore are turning back to deal-making for growth – as seen recently, when Glencore offered to buy Teck Resources for \$23bn. The controlling shareholder has said the company will be up for sale, but only after separation, but the board withdrew its separation proposal ahead of its AGM due to lack of support. The company is set to pursue a simpler and more direct separation, which is the best path to unlock the full value according to the CEO. Most analysts expect a revised offer from Glencore, who is willing to present its takeover offer directly to shareholders if the board doesn't come to the negotiating table. The deal is also closely watched by politicians, Canadian Prime Minister Trudeau said that any takeover bid for Teck will have to get through a rigorous process to win government approval. Looking at lithium, Chile, the No. 2 lithium producer globally, is transforming its model for production and is seeking majority stakes in new contracts with private companies. Although the royalties and taxes paid to the government are already by far the highest globally, Chile also wants direct ownership – with risking to lose investments and market-share to other lithium-rich destination like Argentina or Australia. The news dragged down shares of Albemarle and SQM, even as the government has vowed to respect existing arrangements. SQM's contract expires in 2030, Albemarle has more flexibility with its expiration date only due in 2043 – both are encouraged to enter talks with the government though.

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Financial statistics*

Number of holdings	25
Market cap	\$19bn
P/B ratio	1.4x
P/cash flow	8.7x
EV/EBITDA 2023E	5.1x
FCF yield 2023E	8.1%
Dividend yield	4.2%
Net debt/equity	12%

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.

Operating statistics in copper-eq.*

Production	1'253 ktpa
Reserve life (2P reserves)	31 years
Cash costs	\$2'919/t
Cash margin	62%
Reserve valuation (EV/2P)	\$977/t

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.

Market cap. segmentation*

Small	< \$3bn	38%
Mid	\$3 - 30bn	45%
Large	> \$30bn	17%

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.

Top 5 commodity exposure*

Copper	24%
Steel	17%
Iron Ore	14%
Nickel	9%
Aluminium	6%

Top 5 country exposure (production)*

Australia	25%
United States	10%
Brazil	9%
Canada	7%
Spain	6%

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).

Top 5 holdings

Lundin Mining	5.1%
Teck Resources	5.0%
Capstone Copper	4.7%
Bluescope Steel	4.6%
Aperam	4.4%

ESG transparency*

	IMC	Universe
Scope 1 GHG/EVIC	331	511
Scope 2 GHG/EVIC	161	158
Renewable Energy Cons.	13%	4%
Women on Board	30%	21%
LTIR	0.30	0.34
Insider Ownership	16.1%	8.9%

*find more in our ESG Quarterly

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.

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.