

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 \$29m

Custodian

LLB Liechtensteinische Landesbank AG

Distribution

LI, CH, DE, AT, UK

August 2023

Performance over 3 year 55.6%



Cumulative net performance in USD

	NAV	August	YTD	2 Years	3 Years	4 Years	since IMC*
	31.08.2023	31.07.-31.08.2023					
Class A	194.0	-8.5%	-6.0%	-11.7%	55.6%	71.0%	57.2%
Class B	178.6	-9.1%	-11.5%	-21.7%	35.3%	43.4%	28.7%
Class C**	147.3	-8.4%	-5.6%	-10.7%			-1.8%
Class D**	150.2	-7.5%	-10.4%				-11.6%
Class F**	128.7	-8.5%					-14.2%

*domicile status change and inception of GNR-Fund Liechtenstein 3.4.18 (performance 24.2%); Change of strategy into IMC-Fund as of 4.12.2018

C-Class since 08. January 2021; D-Klasse since 23. November 2022; F-Class since 10. February 2023

Monthly comment

In August, China's economic outlook has showed little signs of improvement. On the contrary, the domestic property crisis seems to have deepened with two of the country's major real estate developers, Evergrande and Country Garden, facing severe financial difficulties. Evergrande has filed for chapter 15 bankruptcy protection and Country Garden last week reported a \$6.7bn loss for H1 2023, adding to worries of a disastrous default in the coming weeks. This has sent waves through China and the global economy. The rating agency Fitch expects Chinese GDP momentum to slow and has downgraded its China 2023 GDP Forecast from 5.6% to 4.8%. The ongoing worries about demand from the world's most significant commodity buyer have weighed on base metal prices. BHP announced that its full-year profits fell as much as 37% as China's metal demand wanes. Nevertheless, analysts have signalled that the slump might be bottoming out. One such sign was China's manufacturing contraction which slightly eased in August. The manufacturing PMI rose to 49.7, topping estimates and nearing the 50 level that would signal activity has stopped contracting. The Caixin PMI rose to 51.0 in August vs. 49.2 in June. Firms reported increases in output and new order intakes, despite a continued downturn in new export orders, indicating domestic demand was the main source of growth. This has raised hopes that the governments efforts to boost the economy are starting to bear fruits. Last week, the Chinese government announced it is further ramping up its campaign to boost the economy. What impact do the recent developments in China have on industrial metals? Looking at copper for example, it seems as if the metal is stuck between a new energy transition super-cycle and the gravitational pull of the old Chinese super-cycle. We explore the current and future dynamics of the copper market in quite some detail in our recently published research report "Copper – What Else?". Speaking about copper but on the company side, Aurubis warned it may face losses in the hundreds of millions of euros after being hit by a massive scam involving shipments of scrap metal that it uses in its recycling business. Australian lithium miner Lontown Resources said it's willing to back a new AUD 6.6bn takeover offer from Albemarle. Glencore has a new rival in its bid to acquire Teck Resources coal division. India's biggest steel producer JSW Steel is looking to snap up a major stake in Teck's coal unit according to its chairman.

Codes

Share classes

A	USD accumulating	D	CHF unhedged acc.
B	CHF hedged acc.	F	USD accumulating
C	USD accumulating		

Bloomberg ticker

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

ISIN

A	LI0382154354	D	LI1121337953
B	LI0382154693	F	LI1205086088
C	LI0580310303		

Dealing & prices

Management fee p.a.

A	1.20%	D	1.50%
B	1.20%	F	2.00%
C	0.60%		

Trading frequency

Daily

Minimum subscription

A	USD \$1m	D	USD \$0.5m
B	USD \$1m	F	One share
C	USD \$5m		

IMC Factsheet

August 2023

Financial statistics*

Number of holdings	25
Market cap	\$27bn
P/B ratio	1.9x
P/cash flow	7.0x
EV/EBITDA 2024E	5.5x
FCF yield 2024E	8.2%
Dividend yield	4.3%
Net debt/equity	13%

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	1'530 ktpa
Reserve life (2P reserves)	31 years
Cash costs	\$4'504/t
Cash margin	34%
Reserve valuation (EV/2P)	\$1'092/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	24%
Mid	\$3 - 30bn	48%
Large	> \$30bn	28%

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	23%
Iron Ore	13%
Steel Upstream	7%
Zinc	5%
Rare Earth	4%

Top 5 country exposure (production)*

Australia	23%
Canada	11%
Brazil	9%
Chile	6%
United States	5%

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

Champion Iron	4.5%
Central Asia Metals	4.3%
Teck Resources	4.3%
Rio Tinto	4.2%
Lynas Rare Earths	4.2%

ESG transparency*

	IMC	Universe
Scope 1 GHG/EVIC	183	511
Scope 2 GHG/EVIC	103	171
Renewable Energy Cons.	20%	4%
Women on Board	29%	22%
LTIR	0.27	0.39
Insider Ownership	11.4%	9.8%

*find more in our ESG Quarterly

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

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.