

# 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

#### Custodian

LLB Liechtensteinische Landesbank AG

#### Distribution

LI, CH, DE, AT, UK

### 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		

## February 2024

### Performance since inception



### Cumulative net performance in USD

	NAV	February	YTD	2 Years	3 Years	5 Years	since IMC*
	29.02.2024	31.01.-29.02.2024					
Class A	178.2	-2.9%	-12.6%	-28.6%	-11.8%	31.1%	42.0%
Class B	139.7	-3.6%	-13.5%	-37.9%	-25.1%	4.4%	12.1%
Class C**	135.8	-2.8%	-12.5%	-27.7%	-10.2%		-9.5%
Class D**	121.5	-0.9%	-8.2%				-19.0%
Class F**	117.8	-2.9%	-12.7%				-21.5%

\*domicile status change and inception of GNR-Fund Liechtenstein 3.4.18 (performance +18.83%); 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

As reporting season kicked-off, the recent declines in profits reported by major mining companies, including Rio Tinto, BHP, and Glencore, reflect a retreat from the extraordinary gains witnessed in the aftermath of Russia's invasion of Ukraine. It is essential to consider the context of the preceding period marked by price spikes and wild swings, which led to blockbuster earnings. Rio Tinto, despite a 12% fall in profits attributed to weaker commodity prices and rising costs, maintained resilience by paying a higher dividend, reflecting its overall financial strength. BHP, undergoing significant restructuring to enhance efficiency, faced a hit in profits primarily due to a write-down in its nickel business. However, the company's half-year underlying profit exceeded expectations, and cautious optimism was expressed about a demand recovery in 2024. Glencore, despite a steep drop in annual profit, still achieved impressive earnings of \$17.1 billion. As the mining industry anticipates a more balanced global economy in 2024, these profit declines should be viewed in the context of a return to normalized conditions following a period of exceptional highs. Looking at lithium, Albemarle, the leading lithium supplier, has voiced concerns about the sustainability of current prices, deeming them insufficient to spur the necessary supply investments for long-term demand growth. Global lithium companies scaling back expenditures and curtailing production as demand slowed precisely when new mines ramped-up. This sudden shift has resulted in a market oscillating from shortages to oversupply. Contrasting this trend, SQM, the world's second-largest lithium producer, has adopted a distinctive strategy. Despite operating in an oversupplied market, SQM is forging ahead with expansions and stockpiling of the battery metal, positioning itself for a potential resurgence in demand. This approach carries a dual impact on the market dynamics. On one hand, the continued increase in output during a period when buyers are depleting inventories may extend the glut. On the other hand, it reflects a calculated wager on the return of buyers, aligning with the sustained growth in EV demand. According to SQM, the next decade is poised to witness a fourfold surge in lithium demand. This strategic perspective underscores SQM's readiness to navigate the evolving market dynamics, balancing the present challenges with a forward-looking optimism anchored in the transformative trajectory of electric-vehicle adoption.

## IMC Factsheet

### Financial statistics\*

Number of holdings	25
Market cap	\$28bn
P/B ratio	1.8x
P/cash flow	6.2x
EV/EBITDA 2024E	7.0x
FCF yield 2024E	5.4%
Dividend yield	4.2%
Net debt/equity	17%

### Operating statistics in copper-eq.\*

Production	1'641 ktpa
Reserve life (2P reserves)	37 years
Cash costs	\$5'804/t
Cash margin	31%
Reserve valuation (EV/2P)	\$2'002/t

### Market cap. segmentation\*

Small	< \$3bn	20%
Mid	\$3 - 30bn	48%
Large	> \$30bn	33%

### Top 5 commodity exposure\*

Copper	21%
Iron Ore	16%
Steel Upstream	6%
Lithium Spodumene	6%
Steel Downstream	5%

### Top 5 country exposure (production)\*

Australia	26%
Canada	11%
Brazil	9%
Chile	7%
Peru	6%

### Top 5 holdings

Hudbay Minerals	4.9%
Pilbara Minerals	4.9%
Zijin Mining	4.8%
Tenaris	4.4%
Lundin Mining	4.3%

Transparency	IMC	Universe
Scope 1 GHG/EVIC	158	2'285
Carbon footprint/EVIC	236	2'556
Renewable Energy Cons.	20%	6%
Lost Time Incident Rate	0.27	0.31
Women on board	29%	23%
Independent Board	71%	51%

### 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.

## February 2024

### 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).

ICG Alpha Scorecard					
Asset Quality	Value	Sustainability (ESG)	Dividends	Balance Sheet	Behavioral Finance
Profitability	M&A multiple	Emissions/boe	Dividend yield	CFPS	Momentum
Cash margins	on 1P, 2P	produced & 1P	estimates	Net debt/CFO-	Short interest
ROIC adj.	reserves &	Energy	Shares	interest exp.	change
Avg ROCE	riskd	intensity/boe	buyback	Net debt/1P	Volatility
Production	resources	Pollution/boe	Div. growth	reserves	Newsflow
growth debt adj	P/B	Women ratio	Last div yield	Funding	Analyst rating
Full cycle ratio	P/CF	Community	Previous div.	capacity	Estimate
Operatorship	FCB/B	spending	growth	Liquidity	revisions
Asset diversif.	EV/DACF	Fatalities	Dividend health	Size	Risk appetite
Inventory depth	Relative	Board ind.	EPS-DPS	Capex/CFO	Comdty
Drilling success	EV/EBITDA	Govt ownership	FCF-DPS	Investments	exposure
Reserve rep ratio	FCF	Insider owner	Payout Ratio	Asset disposals	Market cap
Reserve life					

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.