

PRECIOUS METALS CHAMPIONS FUND



PMC Factsheet

Fund objectives

The fund aims to generate long term capital growth by primarily investing in equities from companies offering exposure to the precious metals market.

Fund facts

Investment manager

Independent Capital Group AG

Fund name

ICG Umbrella Funds -
Precious Metals Champions Fund

Legal status

Liechtensteiner UCITS contractual fund

Base currency

USD

NAV calculation

Daily

Inception date

02. June 2020

Fund size

USD \$8m

Custodian

LLB Liechtensteinische Landesbank AG

Distribution

LI, CH, DE, AT

Fund administration

Accuro Fund Solutions AG

Codes

Share classes

A	USD acc.	F	USD acc.
B	USD acc.		
D	CHF (unhedged) acc.		

Bloomberg ticker

A	PRCMCFA LE	F	PRCMCFF LE
B	PRCMCFB LE		
D	Pending		

ISIN

A	LI0445625085	F	LI1205084919
B	LI0445625093		
D	LI1121337961		

Dealing & prices

Management fee p.a.

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

Trading frequency

Daily

Minimum subscription

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

August 2024

Performance since inception



Cumulative performance in USD

	NAV	August	YTD	1 Year	2 Years	3 Years	Since Inception
	31.07.2024	31.07.-30.08.2024					
Class A	172.7	4.4%	22.8%	33.2%	60.4%	18.8%	15.1%
Class B*	161.8	4.4%	22.3%	32.3%	58.4%	16.6%	7.9%
Class D*	Pending						
Class F*	208.1	4.3%	21.6%	31.3%			38.7%

*B-Class since 08. February 2021; D-Class Pending; F-Class since 22. February 2023

Monthly comment

Gold has surged more than 20% this year, maintaining its position around \$2,500/oz. This robust performance has been fueled by several factors, including optimism surrounding monetary easing, a weakening dollar, and substantial central-bank buying. Additionally, gold's appeal as a safe-haven asset has been amplified by ongoing geopolitical conflicts worldwide. In the near term, market participants are closely watching the upcoming nonfarm payrolls report, scheduled for release this Friday, which could provide crucial insights into the central bank's rate-cutting trajectory. A weaker labor market could raise expectations for more aggressive easing, which typically benefits gold due to its non-interest-bearing nature. Despite the record-high gold prices, gold mining companies have not seen a corresponding boost in performance. As highlighted by Barron's last weekend, gold miners have significantly underperformed over the last few years, though this trend may be starting to reverse. The NYSE Arca Gold Bugs Index (HUI) is currently only 10% above its level from August 2016, when gold was trading at just \$1,300/oz. Two primary factors explain this underperformance. First, between 2011 and 2015, the five largest gold miners took \$80bn in impairments from overpaid mergers and cost-overrun projects. This history of capital mismanagement has made investors hesitant to return to mining stocks until they see evidence that management teams have learned from past mistakes. The second factor was that from 2020 to 2022, operating cost inflation outpaced the rise in gold prices, squeezing miners' margins. However, costs have recently moderated, improving the outlook. Notably, the HUI's earnings per share are expected to quadruple this year compared to 2016. Despite these positive developments, gold stocks remain undervalued, making up just 0.5% of the S&P 500 - a proportion similar to the market bottom in 2015, when the industry's profit margins were only about 12%. Today, those margins are nearing 40%, offering a much greater margin of safety. Our PMC portfolio is expected to achieve EBITDA margins of 51% next year, with even more significant growth in free cash flow with a yield of 12.2% in 2025 and 13.9% in 2026. This positions gold equities as an unprecedented opportunity, combining low valuations with high potential returns - an opportunity the market has yet to fully recognize. Paradoxically, the gold equity ETF GDX has seen \$1.5bn in redemptions so far in 2024. However, we think this may change.

PMC Factsheet
Exposure

Gold equities	82%
Metals physical	18%

Financial statistics*

Number of holdings	25
Market cap	\$9bn
P/B ratio	1.9x
P/cash flow	8.5x
EV/EBITDA 2025E	4.7x
FCF yield 2025E	12.1%
Dividend yield	1.7%
Net debt/equity	6.5%

Operating statistics in gold-eq.*

Production	1'230 koz
Reserve life (2P reserves)	18 years
Cash costs	\$1'106/oz
AISC**	\$1'253/oz
Reserve valuation (EV/2P)	\$423/oz

Market cap. segmentation*

Small	< \$3bn	40%
Mid	\$3 - 10bn	23%
Large	> \$10bn	20%

Top 5 commodity exposure*

Gold	81%
Silver	12%
Copper	5%
Molybdenum	1%
Zinc	1%

Top 5 country exposure (production)*

Canada	12%
Mexico	11%
Australia	10%
United States	5%
Burkina Faso	5%

Top 5 equity holdings

Lundin Gold	3.9%
Mandalay Resources	3.9%
Newmont	3.7%
Agnico Eagle Mines	3.6%
New Gold	3.6%

Transparency	PMC	Universe
Methan % Scope 1	0.2%	3.4%
Renewable Energy Cons.	8.2%	5.9%
GHG Intensity	349	2'362
Women on Board	34%	28%
Independent Board	72%	54%

more information and details see ESG Quarterly Report

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*Equity portfolio based on weighted average and/or weighted average gold-equivalent numbers; **All-in sustaining cost

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.

August 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 Precious Metals Champions Fund

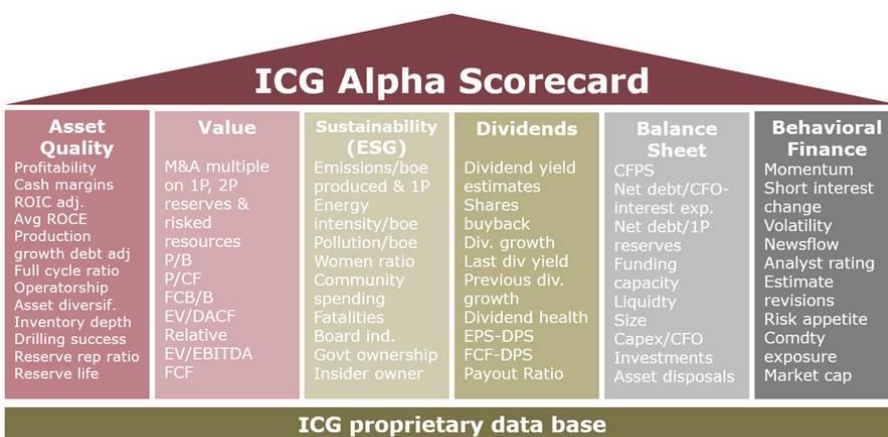
Natural resource companies are entering a phase of improving margins and the valuation is very low on a relative basis compared to the global equity markets. A portfolio of natural resource equities reduces firm specific risks while it increases the commodity exposure. The Precious Metals Champions Fund offers the investor the opportunity to participate in an actively managed portfolio of natural resources companies active in the attractive precious 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.

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). The Precious Metals Champions Fund consists of a unique combination of investments in the best gold companies but has a minimum gold investment strategy to protect the gold equity downside. The Investment Management team will apply a rule based systematic approach with a gold risk factor that helps to define the current gold environment and according to that adjust the gold equities vs. gold allocation target.


Investment Manager

The Precious 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.