

AMG Gold - Mines & Metals

Report as of December 31, 2011

Review December

In December the precious metal prices remained under pressure despite no important news. Gold, silver and platinum prices lost between 10% and 15% month over month. Only the palladium price has moved upwards over the last four weeks.

On December 14, the gold price broke through its 200 day moving average (200MA), which was slightly confusing for technical analysts as well as for longterm investors and triggered a flurry in the market. This technical indicator has provided a strong support on several occasions in any mid-term correction since January 2009. From a chart point of view, a temporary breakthrough of the 200MA should be unproblematic as long as the line remains ascending. This is still the case right now. Over the last 10 years the gold price broke the 200MA line 11 times. The longest period with a price range below that line was from October 2008 until January 2009. Even the trend line started to sink during that period. The risk of a potential long-term trend change for gold was much higher at the beginning of 2009 than today. Purchases of gold at or below the 200MA line paid off in the last 10 years. Due to the fundamentally positive outlook for gold, the current correction should be a buying opportunity again. All the more most of the important real interest rates remain on a very low level or even negative.

The stocks in the precious metal sector recorded monthly losses similarly to the metal prices. This is regarded a positive fact. Since the beginning of the gold boom gold stocks usually lost two to three times more than the physical gold price in correction phases. As already witnessed over the last few months senior producers have outperformed all the other segments. Small Caps in the junior mining sector lost more ground once more. The AMG Gold – Mines & Metals Fund has taken that situation into consideration for quite some time. For several months stocks of the large, well established gold producers (seniors) were increased at the expenses of junior mines.

Eldorado Gold announced the takeover of European Goldfields for 2.6bn USD. The Fund has sold its whole Eldorado position before that announcement as there were rumours ahead of the news pointing to this happening. The share price of Eldorado Gold lost over 10% after the announcement of this M&A transaction. This demonstrates once again that expensive takeovers in the exploration and junior mining sector do not get honoured by investors.

In December the portfolio changed somewhat. Seniors were reduced from 65% to 58%. On the other hand the renewed silver price correction was used to open a new position in silver (4%). The fund also increased the allocation in silver stocks from 2% to 9%. Should the silver price get some upside-momentum over the next few months, these positions will be increased further. But apart from that the portfolio is well positioned for a rebound.

The RAND currency hedge was closed. Right now, none of the currencies are hedged.

Facts

Domicile of the Fund:	Switzerland
Fund Management Company:	LB(Swiss) Investment AG, Zürich
Custodian Bank/Asset Manager:	Bank Sarasin & Co, Ltd., Basel
Investment Advisor:	AMG Analysen & Anlagen AG, Zug Fritz Eggmann
Tranche A (ISIN, Swiss Sec. No.):	CH0024686773, 2468677
	Dividend & Capital Gain distributing
Tranche B (ISIN, Swiss Sec. No.):	CH0048476706, 4847670
	Dividend distributing only
Subscription/Redemption:	Daily, 0.5% Redemption Fee
Performance Fee:	8% over 5% Hurdle, with High Water Mark
High Water Mark and Hurdle:	CHF 226.73 - Tranche A CHF 226.73 - Tranche B
Fee Investment Advisor:	1.50%
TER (Total Expense Ratio) as of 30.06.2011:	1.73%

Monthly Performance

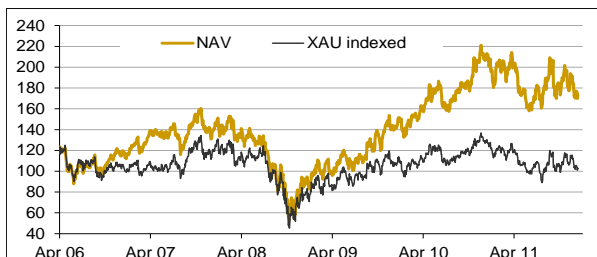
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2011	AMG Gold	-13.0%	9.4%	0.7%	-2.9%	-9.4%	-7.1%	1.7%	11.6%	-6.6%	6.3%	3.8%	-10.6%	-18.1%
2011	XAU in CHF	-11.0%	6.5%	-0.9%	-2.7%	-7.7%	-4.9%	-4.2%	8.4%	-4.4%	4.3%	8.2%	-10.9%	-20.0%
2010	AMG Gold	-6.1%	10.0%	3.2%	13.0%	4.7%	-3.2%	-7.2%	9.8%	3.1%	4.3%	10.9%	1.0%	49.7%
2010	XAU in CHF	-10.4%	11.0%	0.5%	10.9%	4.1%	-4.7%	-7.3%	5.7%	2.5%	4.4%	5.7%	-0.6%	21.4%
2009	AMG Gold	6.6%	1.9%	6.6%	-8.0%	19.6%	-9.0%	4.8%	0.2%	11.1%	-3.5%	18.3%	-1.9%	51.6%
2009	XAU in CHF	9.2%	-3.6%	10.2%	-10.6%	25.0%	-11.5%	5.8%	-2.8%	10.4%	-6.5%	15.0%	-5.7%	31.9%
2008	AMG Gold	0.8%	5.2%	-13.2%	-1.4%	4.7%	-0.5%	-11.2%	-10.1%	-9.4%	-32.4%	26.2%	13.4%	-33.9%
2008	XAU in CHF	3.0%	1.6%	-14.8%	2.0%	6.3%	4.9%	-11.0%	-7.4%	-10.2%	-35.6%	30.3%	6.8%	-32.8%
2007	AMG Gold	3.3%	1.6%	1.7%	5.2%	1.2%	-1.3%	1.5%	-6.7%	14.4%	9.5%	-12.7%	1.4%	17.8%
2007	XAU in CHF	0.5%	-2.3%	-2.0%	-1.0%	3.6%	-2.7%	7.4%	-5.0%	15.9%	10.9%	-11.7%	1.6%	13.0%
2006	AMG Gold				0.6%	-12.6%	0.2%	-1.1%	6.9%	-4.0%	6.8%	9.3%	-0.8%	-0.4%
2006	XAU in CHF				-0.4%	-11.5%	1.1%	0.7%	-0.8%	-11.1%	6.4%	4.8%	-2.9%	-12.1%

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Key Figures

Total Net Asset Value:	CHF 352.4 m
Net Asset Value (Tranche A):	CHF 173.33
Number of Shares Issued:	1'034'084
Net Asset Value (Tranche B):	CHF 173.33
Number of Shares Issued:	999'188

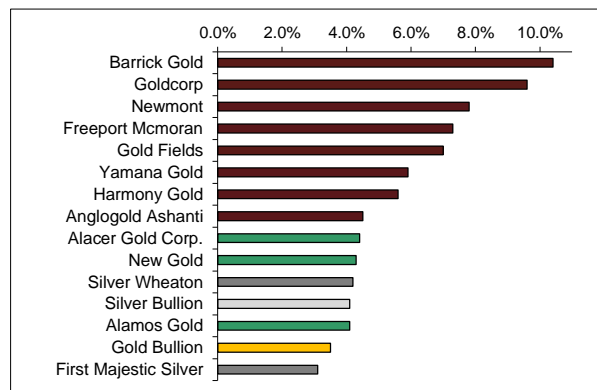
Performance since Inception in Swiss Franc



Performance since 18.4.2006 (Inception)

	44.4%
Benchmark XAU Index in CHF indexed:	-14.5%
(XAU = The Philadelphia Stock Exchange Gold and Silver Index)	

Largest Positions



Breakdown by Sectors

Seniors	58.0%
Intermediates	12.7%
Juniors	4.4%
Silver Stocks	8.7%
Explorers	5.8%
Palladium/Platinum	0.0%
Gold Bullion	3.5%
Silver Bullion	4.1%
Cash	2.8%

Engagement

Long Positions:	97.2%
Hedge Positions:	0.0%
Net Position:	97.2%
Absolute Position:	97.2%
Liquidity:	2.8%

Breakdown by Currencies

CHF	0.0%	USD	25.5%
AUD	4.6%	ZAR	16.1%
GBP	0.0%	GOLD	3.5%
CAD	46.2%	SILVER	4.1%

Distributions

Until now none