

AMG Substanzwerte Schweiz (AMG Value Stocks Switzerland)

Report as of December 31, 2011

Review December

December wasn't as dull as expected, as the ECB had to save European Banks from a credit crunch. The enormous sums which were placed make clear that there is no solution found yet. On the other hand those interventions supported share prices, especially those of solid and reasonably priced companies. If side-lined investors get a positive view again we could see an important uptrend. Interventions made once again clear that central banks are ready to do whatever it needs to prevent the economy and banks from collapsing. This fact for itself should bring back investors' confidence.

Swiss indices had a mixed December. The SMI shined at the end thanks to its defensive heavyweights. The SMIM and SPI Small- and Midcap Indices closed slightly in minus. The AMG Substanzwerte Fund gained almost 2% this month. Investors' preferences are obvious: defensive, solidly valued stocks are sought after towards the year-end, cyclical and business sensitive shares are left aside or sold. 2011 was a successful year for the AMG Substanzwerte Fund, it lost slightly less than 5%. The SMI was 7%, the SMIM slumped 21.5% and the SPI Small/Midcap Index 21%.

Very few company news were published this month. **NZZ** optimised business processes of Schaffhauser/St. Galler Tagblatt. Contents which were bought from Tamedia's "Winterthurer Landboten" so far are now interchanged. NZZ shares are priced very reasonably with a P/E of below 7x for 2012. **Tradition (CFT)** intends to lower costs by CHF 12m in 2012, so the management reduced headcounts, which saved the company CHF 2m in one step. More measures will follow. CFT's valuation with a P/E 2012 of 6x is very attractive. Emhart Glass, a subsidiary of Bucher Industries, invented a method to reduce the weight of glass bottles drastically and at the same time make them less fragile. **Vetropack** will install this new machine as one of the first by end of 2012. **Banque Cantonale de Genève** made a small step forward as Standard & Poors revised the rating from A to A+. The stocks still trades close to the lows even though the outlook is positive. P/E for 2012 is currently at 7x, P/B at 0.66x.

During a phone conversation **MCH Group** confirmed that bookings for exhibitions and trade fairs in 2012 run more successfully than in 2011. The construction of the new exhibition building which will be completed 2013 is within the timeline and the cost plan. Its subsidiary company "stand construction and fittings" has a busy order-book and was able to gain new customers. The valuation at a P/E of 6x for 2012 is modest and promising for next year. A visit with Remstar, a subsidiary of **Kardex**, confirmed once more that the company is at a turning point. Optimisations and adaptations will bring changes to the better in 2012. With a capitalisation of CHF 90m and a turnover of CHF 550m the company is priced reasonably.

The year ended uneventfully and with little turnover. New year 2012 will possibly start more interesting, especially for share-holders.

Facts

Domicile of Fund:	Switzerland
Fund Management Company:	LB(Swiss) Investment AG, Zürich
Custodian Bank:	Bank Sarasin & Co. Ltd, Basel
Investment Advisor:	AMG Analysen & Anlagen AG, Zug Erhard Lee, Roger Fischer
Tranche A (ISIN, Swiss Sec. No.):	CH0019597530, 1959753 Dividend & Capital Gain distributing
Tranche B (ISIN, Swiss Sec. No.):	CH0048476698, 4847669 Dividend distributing only
Subscription/Redemption:	Daily, no Charges
Performance Fee:	8% over 2% Hurdle, with High Water Mark
High Water Mark plus Hurdle:	CHF 1'445.13 - Tranche A CHF 1'507.17 - Tranche B
Fee Investment Advisor:	1.00%
TER (Total Expense Ratio) as of 30.06.2011:	1.22%

Monthly Performance - Tranche A

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2011	1.6%	1.5%	0.6%	2.2%	-0.1%	-1.8%	-1.4%	-4.6%	-2.4%	-0.5%	-2.5%	2.7%	-4.9%
2010	1.0%	0.2%	4.0%	1.6%	-4.2%	-0.3%	-0.8%	0.0%	2.2%	1.9%	2.0%	4.6%	12.4%
2009	-1.2%	-10.2%	2.6%	10.8%	4.9%	2.8%	0.2%	4.4%	3.4%	-1.0%	-2.7%	1.7%	15.3%
2008	-8.0%	6.1%	-0.3%	2.1%	3.3%	-0.5%	-2.6%	2.9%	-5.7%	-13.0%	-5.6%	-0.6%	-21.1%
2007	7.0%	0.8%	4.1%	4.0%	3.1%	-1.4%	0.5%	-3.9%	-1.1%	3.2%	-2.3%	3.5%	19.8%
2006	5.2%	3.3%	2.9%	4.5%	-0.9%	-0.6%	2.0%	3.1%	1.7%	2.1%	1.4%	5.8%	34.9%
2005	5.8%	4.0%	3.7%	-1.3%	1.3%	4.0%	3.2%	0.3%	3.9%	-3.0%	0.0%	2.3%	26.8%
2004											0.4%	5.3%	5.7%

Disclaimer: While AMG Analysen & Anlagen AG has made every effort to ensure that the information on this document is correct at the time of publication, AMG can make no representation or warranty (including liability to third parties) either expressly or by implication as to the accuracy, reliability or completeness of the said information. The future performance of an investment cannot be deduced from previous market value, i.e. the value of an investment may fall as well as rise. Performance was calculated without commissions and fees for subscription or redemption. The portfolio management refrains from comparing with any benchmark.

Key Figures

Total Net Asset Value:	CHF 228.1 m
Net Asset Value (Tranche A):	CHF 1'336.84
Number of Shares Issued:	126'912
Net Asset Value (Tranche B):	CHF 1'396.15
Number of Shares Issued (Tranche B):	41'844

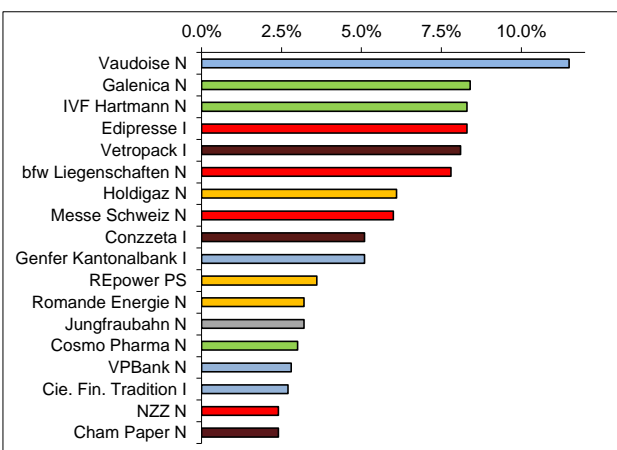
Performance since Inception - Tranche A (Distributions included)



Performance since Inception (Distributions included) 110.5%

Volatility (100 days):	9.2%
Sharpe Ratio (Yearly, 1% Risk Free Rate):	-0.82
Beta (1 Year, SPI Small & Mid Cap Price Index):	0.21

Largest Positions



Breakdown by Sectors

Industry	16.0%
Real Estate	23.3%
Utilities	14.7%
Health Care	16.5%
Financials	23.2%
Others	4.3%
Cash	2.0%

Exposure

Long Position:	106.6%
Hedge Position:	8.6%
Net Position:	98.0%
Absolut Position:	115.2%
Cash:	2.0%

Distributions

20.03.2006	Dividend CHF	7.00	Capital Gain CHF	93.00
21.03.2007	Dividend CHF	7.00	Capital Gain CHF	163.00
26.03.2008	Dividend CHF	8.40	Capital Gain CHF	170.00
22.03.2010	Dividend CHF	170.00	Capital Gain CHF	30.00
15.03.2011	Dividend CHF	30.00	Capital Gain CHF	30.00