

# AMG Gold - Mines & Metals

Report as of January 31, 2012

## Review January

After the announcement of FED chairman Ben Bernanke to keep the low interest policy at least until 2014, equity markets around the world moved upwards. Especially the precious metal stocks advanced significantly on January 25<sup>th</sup>. The Philadelphia Gold & Silver Index, XAU, moved up over 7% on that day! That rally in gold mining shares was overdue for a long time and was supported by a rising gold price. Since the beginning of the year the gold stocks, with an advance of 11% (in local currencies), have better performed than most of the other equity sectors. Such an outperformance usually activates capital, which is looking to get invested. This should be a positive fact for gold equities in the foreseeable future.

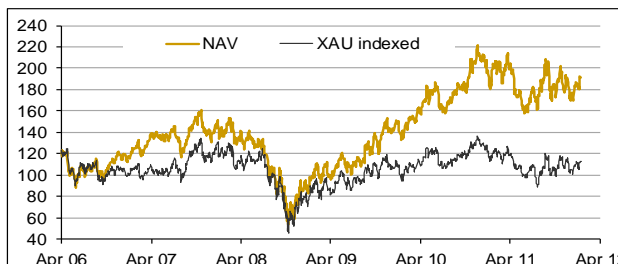
Since the beginning of the year silver and platinum prices have developed better than gold. The platinum price moved up by more than 14%, the silver price by more than 20%. Only palladium was not able to keep up with the price developments of the precious metals and moved up "only" 5%. As the white metals are used mainly for industrial purpose, it looks like the market participants are not really assuming a hard landing in China anymore, but rather an orderly economic slowdown, which will slowly turn into recovery over time. Since November, the AMG Gold – Mines & Metals Fund has pointed out that the silver price is in a late stage of a correction phase, which started in April 2011. The fund has used the underperformance of the silver price compared to the gold price last year to build and increase silver stock positions as well as physical silver significantly. Currently the fund runs positions in silver stocks of 18% and 7% in physical silver. On the top of that, palladium and platinum have been added to the portfolio with a 5% weighting. The gold/silver ratio (gold price divided by the silver price) has fallen to 51 over the last few days. In April 2011, when silver was hitting 49, that ratio was at 32. That new downtrend in the gold/silver ratio points to further outperformance of silver over gold. On top of that, speculative long positions in silver at the COMEX are on historically low levels. This is a sign that investors hesitate with decisions to buy silver and that there are no signs of euphoria. From a fundamental point of view the announcement of BHP Billiton, to cut the silver output by 15% at its "Cannington" mine (largest single silver mine worldwide), should be supportive for the silver price. The same for Hecla Mining when they announced a cut in its production by 3 million ounces for the current year. This shows that the supply side will be under pressure in 2012.

In January Pan American Silver Corp announced a friendly takeover offer for Minefinders. A small position in Pan American Silver shares in the fund's portfolio was sold after the announcement. The proceeds have been fully invested into existing silver stock exposures. In addition the silver allocation has been increased. For profit taking reasons the Newmont Mining position was sold and Alacer Gold reduced. New investments in Allied Nevada Gold and Tahoe Resources have been added to the portfolio. There are no currencies hedged right now.

## Key Figures

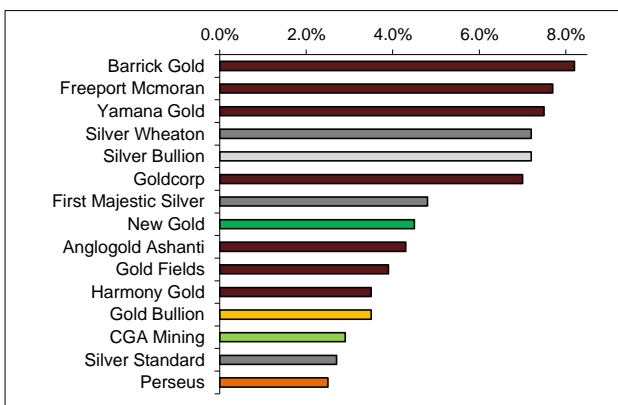
Total Net Asset Value:	CHF 384.7 m
<b>Net Asset Value (Tranche A):</b>	<b>CHF 191.52</b>
Number of Shares Issued:	1'034'734
<b>Net Asset Value (Tranche B):</b>	<b>CHF 191.52</b>
Number of Shares Issued:	973'999

## Performance since Inception in Swiss Franc



<b>Performance since 18.4.2006 (Inception)</b>	<b>59.6%</b>
Benchmark XAU Index in CHF indexed:	-6.4%
(XAU = The Philadelphia Stock Exchange Gold and Silver Index)	

## Largest Positions



## 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 Eggimann
<b>Tranche A</b> (ISIN, Swiss Sec. No.):	CH0024686773, 2468677
	Dividend & Capital Gain distributing
<b>Tranche B</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%

## Breakdown by Sectors

Seniors	42.1%
Intermediates	8.2%
Juniors	4.9%
Silver Stocks	18.6%
Explorers	8.8%
Palladium/Platinum	5.0%
Gold Bullion	3.5%
Silver Bullion	7.2%
Cash	1.7%

## Engagement

Long Positions:	98.3%
Hedge Positions:	0.0%
Net Position:	98.3%
Absolute Position:	98.3%

Liquidity: 1.7%

## Breakdown by Currencies

CHF	0.0%	USD	22.8%
AUD	4.6%	ZAR	11.7%
GBP	0.0%	GOLD	3.5%
CAD	50.2%	SILVER	7.2%

## Distributions

Until now none

## Monthly Performance

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2012	<b>AMG Gold</b>	<b>10.5%</b>												<b>10.5%</b>
2012	XAU in CHF	9.4%												9.4%
2011	<b>AMG Gold</b>	<b>-13.0%</b>	<b>9.4%</b>	<b>0.7%</b>	<b>-2.9%</b>	<b>-9.4%</b>	<b>-7.1%</b>	<b>1.7%</b>	<b>11.6%</b>	<b>-6.6%</b>	<b>6.3%</b>	<b>3.8%</b>	<b>-10.6%</b>	<b>-18.1%</b>
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	<b>AMG Gold</b>	<b>-6.1%</b>	<b>10.0%</b>	<b>3.2%</b>	<b>13.0%</b>	<b>4.7%</b>	<b>-3.2%</b>	<b>-7.2%</b>	<b>9.8%</b>	<b>3.1%</b>	<b>4.3%</b>	<b>10.9%</b>	<b>1.0%</b>	<b>49.7%</b>
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	<b>AMG Gold</b>	<b>6.6%</b>	<b>1.9%</b>	<b>6.6%</b>	<b>-8.0%</b>	<b>19.6%</b>	<b>-9.0%</b>	<b>4.8%</b>	<b>0.2%</b>	<b>11.1%</b>	<b>-3.5%</b>	<b>18.3%</b>	<b>-1.9%</b>	<b>51.6%</b>
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	<b>AMG Gold</b>	<b>0.8%</b>	<b>5.2%</b>	<b>-13.2%</b>	<b>-1.4%</b>	<b>4.7%</b>	<b>-0.5%</b>	<b>-11.2%</b>	<b>-10.1%</b>	<b>-9.4%</b>	<b>-32.4%</b>	<b>26.2%</b>	<b>13.4%</b>	<b>-33.9%</b>
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	<b>AMG Gold</b>	<b>3.3%</b>	<b>1.6%</b>	<b>1.7%</b>	<b>5.2%</b>	<b>1.2%</b>	<b>-1.3%</b>	<b>1.5%</b>	<b>-6.7%</b>	<b>14.4%</b>	<b>9.5%</b>	<b>-12.7%</b>	<b>1.4%</b>	<b>17.8%</b>
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%

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