

AMG Substanzwerte Schweiz (AMG Value Stocks Switzerland)

Report as of January 31, 2012

Review January

Swiss equities experienced a friendly start into the new year. The indices moved higher; small/midcaps performed better than the SMI. The cyclical sectors contributed a lot to this positive performance. Towards the end of the month the partly fulminant gains had to be consolidated and some profits were given off. The fund's performance was always in positive, but the gains couldn't keep up with the small- and midcap indices.

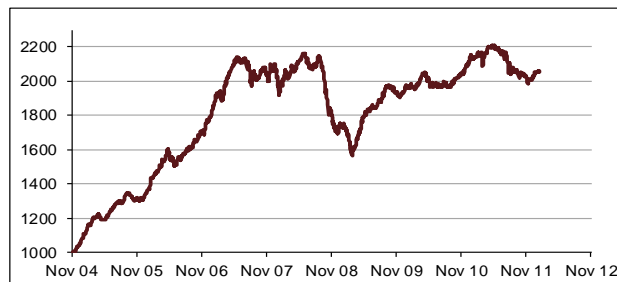
Early publications of sales numbers as well as meetings with company managements, which are important for the fund, paint a fine picture of the actual condition of the economy. Conclusion: The executives of these companies are looking back onto a solid business year and are ready for the upcoming duties. The companies are well prepared to tackle the challenges. **bfw liegenschaften** had to announce a lower profit as the long-term mortgages, repayable at a determined date, had to be mark-to-market. The adjustment had no cash-flow effects and was therefore not of much interest for investors. The result was reflecting the strong operating improvement. The cash flow rose to a new record. The company is in an excellent position. The mortgages were settled with attractive conditions for longer than average binding agreements. The expected higher profits could well be leading to a dividend increase. The investor day at **Cosmo** confirmed once more, that the company is transforming more and more into a pharmaceutical company. Over the next 18 months decisive market introductions are planned. There is hardly any doubt about their success. **Vetropack** remains a very interesting case, which has been confirmed in a meeting with the management. The company announced at the end of the month, that profits for 2011 were significantly higher. That doesn't come as a surprise, given the fact that Vetropack profit from the CHF peg to the Euro. As always, Vetropack is still looking for interesting investment opportunities. The balance sheet is strong and a takeover could be well absorbed. **Galenica** is expecting an approval for its "Ferinject" in the USA by August. Luitpold, the distribution partner for Galenica in the USA, announced Q4 sales for "Venofer" at the end of the month. With an increase of 60% they were very positive. Quarterly sales have heavy fluctuations, but nevertheless, this news should help the share price further. The new management with its CEO David Elsworth seems quite confident to meet the high expectations. The company currently trades on a P/E of 14x. The seminal pipeline with its novel phosphate binder PA21 as well as the upcoming market approval of "Ferinject" in the USA is expected to drive the stock price. **Sika** delivered once more solid numbers, sales increased by 3.1% (in local currencies by 15.5%). But valuation of the stock looks rich. The fund has sold its position and is awaiting lower entry levels. **Conzzeta** is restructuring its "Bistrionic Glass" division. Their locations in Germany and Switzerland will be merged. These measures hurt and will weight on this years' result, but will be positive for the future. The company continues to have excess liquidity of over CHF 500mln. On the top of that it runs a real estate portfolio of over CHF 400mln. It will be able to finance a real estate project, 200 apartments in Wallisellen, with its own cash. It's amazing however, that the market capitalisation is still under CHF 900mln; hence the industrial portfolio has a negative value. The restructuring in **Cham Paper Group** starts to bear fruits. The stock has already moved up by almost 10% since the beginning of the year. Investors' confidence in that company seems to grow.

February is expected to be quiet. Towards the end of the month more company results will be published under scrutiny and will create some volatility. The fund is planning to pay out a dividend of CHF 9 (per share A and B) and a tax free capital reduction of CHF 18 at the end of March (for share A).

Key Figures

Total Net Asset Value:	CHF 230.9 m
Net Asset Value (Tranche A):	CHF 1'347.06
Number of Shares Issued:	127'885
Net Asset Value (Tranche B):	CHF 1'406.83
Number of Shares Issued (Tranche B):	41'647

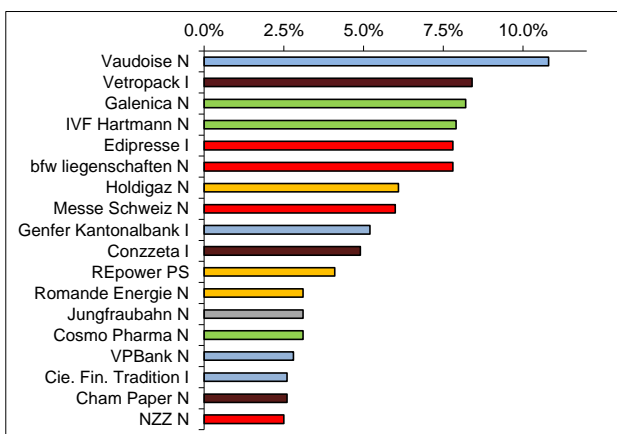
Performance since Inception - Tranche A (Distributions included)



Performance since Inception (Distributions included) 112.1%

Volatility (100 days):	4.6%
Sharpe Ratio (Yearly, 1% Risk Free Rate):	-1.63
Beta (1 Year, SPI Small & Mid Cap Price Index):	0.20

Largest Positions



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%

Breakdown by Sectors

Industry	12.1%
Real Estate	22.9%
Utilities	15.2%
Health Care	16.2%
Financials	22.4%
Others	4.2%
Cash	7.0%

Exposure

Long Position:	104.0%
Hedge Position:	11.0%
Net Position:	93.0%
Absolut Position:	115.0%
Cash:	7.0%

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

Monthly Performance - Tranche A

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2012	0.8%												0.8%
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%

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