

# AMG Gold - Mines & Metals

Report as of February 28, 2019

## Review February

The price of gold held above USD 1,300 in February and closed more or less unchanged compared to the beginning of the month. The white metals once again saw palladium rise sharply by 15% to a new all-time ever high. Precious metal stocks experienced large price movements in both directions this month on the back of the reported figures for the fourth quarter 2018 - a zero-sum game for the index. **Barrick Gold** (GOLD) once again caused a surprise by placing a takeover bid for **Newmont Mining** (NEM) on the table shortly before the end of the month. However, the exchange offer has an unattractive discount of 7% compared to the closing prices before the announcement, so that Newmont shareholders do not take this offer too seriously for the time being, as NEM trades higher than the given ratio (2,5694 Barrick shares = 1 Newmont). Should the deal be concluded, the synergies would be enormously high. In particular, the Nevada business of both companies could be optimized and generate an added value of approximately USD 7 billion. However, Newmont would have to reverse the January **Goldcorp** (G) acquisition and would be forced to pay Goldcorp compensation of USD 650 million. Barrick considers Goldcorp's "assets" to be second-tier and has no interest in them. However, in addition to Nevada, there is growth potential in Newmont's West African business, where the management team around Barrick CEO Mark Bristow had with the Randgold history the best track record in the area. Barrick has also already presented its Q4 figures, which have included various tax provisions, so that the "new" Barrick can start in 2019 without any inherited burdens. The adjusted result of USD 0.06 was pretty much as expected. Also **Agnico Eagle** (AEM) had to put all kinds of write-offs into Q4, but reported better than expected production figures of 411k ounces of gold (400k expected), with "all in sustaining costs" (AISC) of USD 852 (928e). The dividend will be increased by 14% to USD 0.125 and the outlook for 2019 is positive for AEM as the company will increase production to over 2 million ounces per year with a couple of new projects. **Kirkland Lake Gold** (KL) has met expectations of its Q4 earnings per share of USD 0.49 and has further raised its 2019 production outlook. As an increase in outlook is now almost the norm at KL, several analysts are slowly becoming cautious. We have also reduced the position after a strong share price increase in February. The **AngloGold Ashanti** (AU) share price has doubled over the last six months and the reported results confirm the improvements within the company. Full-year earnings per share of USD 0.51 (previous year 0.02) are delightful for investors. We expect the net profit to double again in 2019 despite major investments to improve the business. Accordingly, the dividend in 2019 will be increased by approximately 40% (dividend yield of 0.6%). AU has clear targets as to what the 14 mines operated by the company must deliver. Two of them are likely to be sold this year.

The M&A activity will keep the sector on its toes. The average gold selling price for the first two months in 2019 is already above USD 1,300 and will therefore boost goldminers' cashflows versus the previous quarter quite significantly.

## Facts

Domicile of the Fund:	Switzerland
Fund Management Company:	LLB Swiss Investment AG, Zürich
Custodian Bank:	Bank J. Safra Sarasin Ltd., Basel
Investment Manager:	AMG Fondsverwaltung AG, Zug Fritz Eggimann, Bernhard Graf
Launch date:	18.04.06 Tranche A / 10.01.13 Tranche C 08.08.18 Tranche H
Tranche A (ISIN, Swiss Sec. No.):	CH0024686773, 2468677
Distributions:	Dividend & Capital Gain distributing
Tranche C (ISIN, Swiss Sec. No.):	CH0197484386, 19748438
Distributions:	Dividend & Capital Gain distributing
Tranche H (ISIN, Swiss Sec. No.): FX hedged	CH0420487941, 42048794
Distributions:	Dividend & Capital Gain distributing
Subscription / Redemption:	Daily / no fees
Performance Fee:	8% over 5% Hurdle, with High Water Mark
High Water Mark and Hurdle:	CHF 226.74 - Tranchen A / C / H
Management Fee:	1.50% - Tranchen A; 1.0% - Tranche C + H
TER (Total Expense Ratio) as of 31.12.2018:	1.73% - Tranche A; 1.23% - Tranche C 1.25% - Tranche H

## Breakdown by Currencies

CHF	0.2%	USD	60.7%
GBP	2.4%	Silver	0.0%
AUD	8.6%	Gold	0.0%
CAD	28.1%	Palladium / Platin	0.0%
GBP	0.0%		

## Distributions

Until now none

## Key Figures

<b>Net Asset Value (Tranche A):</b>	<b>CHF 71.85</b>
Number of Shares Issued:	359'217
<b>Net Asset Value (Tranche C):</b>	<b>CHF 74.08</b>
Number of Shares Issued:	1'230'221
<b>Net Asset Value (Tranche H, FX hedged):</b>	<b>CHF 73.08</b>
Number of Shares Issued:	713'395
Total Net Asset Value:	CHF 122.1mn

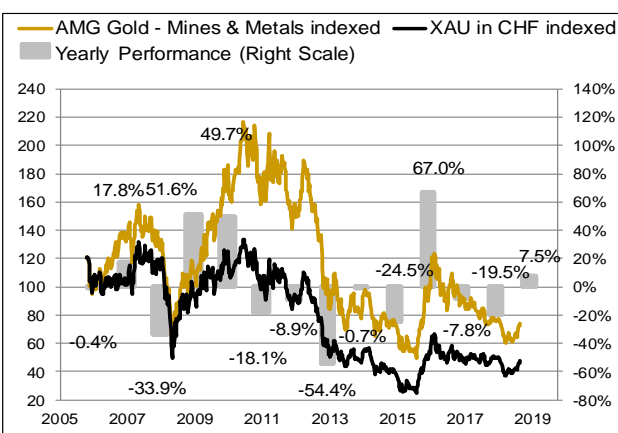
## Performance - Tranche A, since inception 18.4.2006

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception*
Fund	-0.2%	18.5%	-2.3%	0.1%	-4.7%	-3.9%
XAU	-0.2%	17.3%	2.2%	5.9%	-2.9%	-7.2%

\*p.a.

XAU = The Philadelphia Stock Exchange Gold & Silver Index

	2019	2018	2017	2016	2015	since inception
Fund	7.5%	-19.5%	-7.9%	67.0%	-24.5%	-40.1%
XAU	8.5%	-16.2%	3.7%	76.8%	-33.7%	-61.7%



Please find the detailed performance overview under [www.amg.ch](http://www.amg.ch)

## Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	31.1%
Sharpe Ratio (-0.74% Risk Free Rate)	0.11
Beta (vs. XAU)	0.93

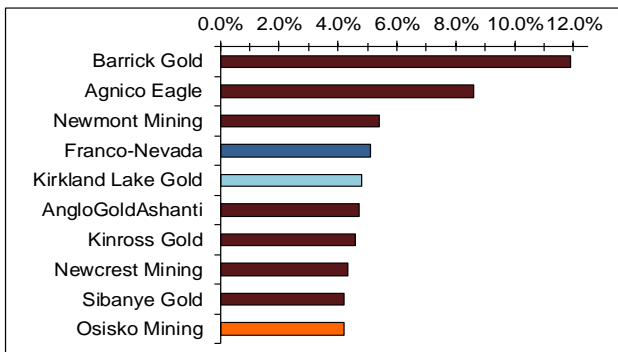
## Breakdown by Sectors

Seniors	51.3%
Intermediates	25.3%
Juniors	3.7%
Silver Stocks	0.0%
Explorers	8.4%
Royalties	9.2%
Gold Bullion	0.0%
Silver metal account	0.0%
Palladium/Platin	0.0%
Cash	2.1%

## Engagement

Long Position:	97.9%
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## Largest Positions



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