

AMG Gold, Mines & Metals

Report as of April 30, 2019

Review

The rising prices of the global stock markets had a negative impact on the share prices of precious metal companies. April brought a sharp correction in the XAU index, which also put pressure on the gold price and temporarily pushed it into the minus zone compared to the beginning of the year. The global macro environment continues to support the yellow metal. Interest rates remain low year-on-year and the central banks also made enough comments in April that they would be ready with stimulus in the event of an economic slowdown. Now we no longer speak of "QE" but of "QQE" (Quantitative and Qualitative Monetary Easing). The Bank of Japan (BoJ) officially admits that it has full control over the yield curve. The end of the free market! But central banks are increasingly acquiring gold in addition to government bonds. The number of central banks that have increased their gold allocation in their foreign exchange reserves doubled in 2018. According to statistics from the World Gold Council (WGC), central bank demand in 2018 rose by 74% year-on-year to 651 tonnes, the highest absolute figure ever measured. We had many meetings with new insights at the European Gold Forum (EGF) in Zurich early this month. A few companies have already published their Q1 results. **Agnico Eagle** (AEM) earned USD 0.14 per share with a production of 398k ounces of gold, which was significantly better than the consensus of USD 0.06. After an intensive CAPEX phase in the "Nunavut" region in northern Canada, growth is expected to come from the two new mines "Meliadine" and "Amaruq" from 2020 onwards. From 2020, the company will produce 500k ounces per quarter. The costs are under control thanks to good gold grades and the free cash flow (FCF) will increase strongly from mid-2019. We have been sticking to this position despite the share price correction. **Goldfields** (GFI) is also among the top 10 in our portfolio. Q1 production was reported at 542k ounces at all-in sustaining costs (AISC) of USD 963. The production outlook for the full year is 2.1-2.2 million ounces. It can be assumed that this forecast will be exceeded. In particular, the company is very confident about production outside the "South Deep" Mine in South Africa. With "Gruyere" in Australia (JV project with Gold Road) going into production in 2019, GFI's business will be better and more profitable going forward. **Yamana Gold** (YRI) has cancelled its participation at the EGF at short notice. This led us to hope for a positive M&A transaction. Contrary to our expectation, the company has sold its "Chapada" gold copper mine in Brazil to Lundin Mining for USD 800 million. The selling price has been disappointing despite the option they got to participate in a higher gold price (USD 125 million). The share price reacted quite negatively. YRI is improving its balance sheet (lower debt), but is giving up a lot of upside potential. We had rather thought of a merger with another "senior" producer. We particularly liked the companies from "West Africa" at the Gold Forum. With **Endeavour Mining** (EDV), **Golden Star Resources** (GSS) **Resolute Mining** (RSG) and **Teranga Gold** (TGZ) we have a good positioning in this region. We temporarily held a platinum position in April. We sold this position with a profit and focused again on precious metal stocks.

Facts

Domicile of Fund:	Switzerland
Fund Management Company:	LLB Swiss Investment Ltd, Zurich
Custodian Bank:	Bank J. Safra Sarasin Ltd, Basel
Investment Manager:	AMG Fondsverwaltung AG, Zug +41 41 726 71 71, www.amg.ch
Launch date:	18.04.2006 (A) / 10.01.2013 (C) / 08.08.2018 (H)
ISIN:	CH0024686773 (A) / CH0197484386 (C) CH0420487941 (H)
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 226.47
Management Fee:	1.5% (A); 1.0% (C + H)
TER (31.12.2018):	1.73% (A); 1.23% (C); 1.25% (H)

Breakdown by Currencies

USD	62.2%	CAD	27.9%
AUD	8.0%	HKD	1.9%
CHF	-0.1%		

Distributions

Until now none

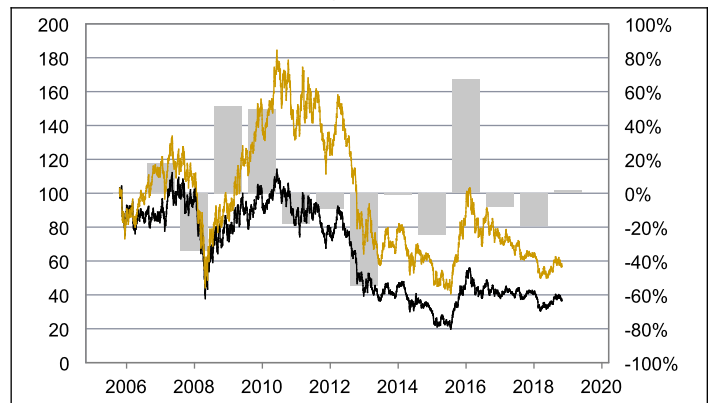
Key Figures

Net Asset Value (Tranche A):	CHF 67.98
Number of Shares Issued:	340'689
Net Asset Value (Tranche C):	CHF 70.15
Number of Shares Issued:	1'209'054
Net Asset Value (Tranche H, FX-hedged):	CHF 67.73
Number of Shares Issued:	70'647
Total Net Asset Value:	CHF 112.8 Mio.

Performance - Tranche A

	1 Month	3 Months	12 Months	3 Years*	5 Years*	since inception*
Fund	-3.3%	-5.6%	-9.9%	-11.9%	-4.2%	-4.3%
XAU	-4.6%	-4.2%	-9.7%	-6.6%	-2.2%	-7.4%
	2019	2018	2017	2016	2015	since inception
Fund	1.7%	-19.5%	-7.9%	67.0%	-24.5%	-43.3%
XAU	4.1%	-16.2%	3.7%	76.8%	-33.7%	-63.2%

XAU = The Philadelphia Stock Exchange Gold & Silver Index



— AMG Gold, Mines & Metals indexed — XAU in CHF indexed — Yearly performance (right scale)

Please find the detailed overview under www.amg.ch

Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	29.2%
Sharpe Ratio (-0.74% Risk Free Rate):	n/a
Beta (vs. XAU):	1.00

Breakdown by Sectors

Seniors	41.5%
Intermediates	29.3%
Explorers	8.7%
Royalties	7.8%
Silver metal account	6.8%
Juniors	3.7%
Silver Stocks	2.0%
Cash	0.3%

Exposure

Long Position:	99.7%
Cash:	0.3%

Largest Positions

