

AMG Gold, Mines & Metals

Report as of May 31, 2019

Review

The performance of precious metal stocks was, apart from the last trading day, negative in May. Smaller stocks in particular, but also companies with problem mines, came under pressure. There was also a large discrepancy between Australian and North American companies, with Australians being much stronger in May and even posting some new highs for the year, after a weak April. Accordingly, the "GDX ETF" (17% Australia-weighted) was more than 4% better than the Philadelphia Gold and Silver Index (XAU), which only contains North American companies. As in April, the gold price held up very well and has never fallen below the 200 day moving average (200DMA) this year. The 200DMA currently stands at USD 1,262 and it is rising. But sentiments remain very low for the sector as a whole. This comes as a surprise, given the confidence in governments continues to crumble. The tougher stance between the US and China temporarily boosted gold. However, the psychological price level of USD 1,300 was only overcome on the last day of trading. For the white metals, palladium was stable, silver and platinum were in reverse mode.

As expected, **Barrick Gold** (GOLD) has made an exchange offer to the minority shareholders of **Acacia Mining** (ACA). 64% were already owned by Barrick. They wanted to spin off and sell Acacia Mining (at the time African Barrick) almost ten years ago. The Chinese were interested at that time, but the Barrick management was too arrogant to agree on a fair price. As an African specialist, today's Barrick CEO, Mark Bristow, could get the troubled Tanzanian company going again. Apart from this, it has become quiet around Barrick, whereas behind the scenes there is obviously haggling for assets that are for sale. We have adjusted the position size in Barrick downwards. **Sibanye-Stillwater** (SBGL) reported its Q1 2019 figures in May. As the company had long been involved in a strike at the South African gold mines, nothing positive was to be expected from this business. The US business had also experienced a weak quarter (production -12%). The EBITDA of ZAR 200 million was 89% lower than in the previous year. In the following quarters the situation will return to normal as the strike was ended. For the full year a net profit of approximately ZAR 5.5 billion is expected, which would result in a P/E ratio of 6x. **AngloGold Ashanti** (AU) produced 752k ounces of gold in Q1, which was about 50k ounces too low compared to estimates. However, the company had already prepared the market for a weaker Q1 in advance of the figures. The outlook has been maintained with 3.25-3.45 million ounces of gold. At EBITDA level, Q1 was USD 307 million, 20% lower than in the previous year. The company intends to withdraw from their South African business. AngloGold Ashanti has also put a mine in Argentina and Mali up for sale. This creates opportunities for smaller companies to expand. The portfolio has changed very little. The silver position built up in the previous month was sold due to lack of performance. In the royalty area, the portfolio weighting was increased.

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 |
| Reference currency: | CHF |
| 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) |
| Tax transparency: | Switzerland, Austria |
| Tax Status Germany: | Equity Fund within the meaning of the German investment tax law (InvStG) with part. release |
| Registered for public distribution: | Switzerland |

Breakdown by Currencies

| | | | |
|-----|-------|-----|-------|
| USD | 53.7% | CAD | 33.3% |
| AUD | 9.5% | HKD | 1.8% |
| GBP | 1.4% | CHF | 0.3% |

Distributions

Until now none

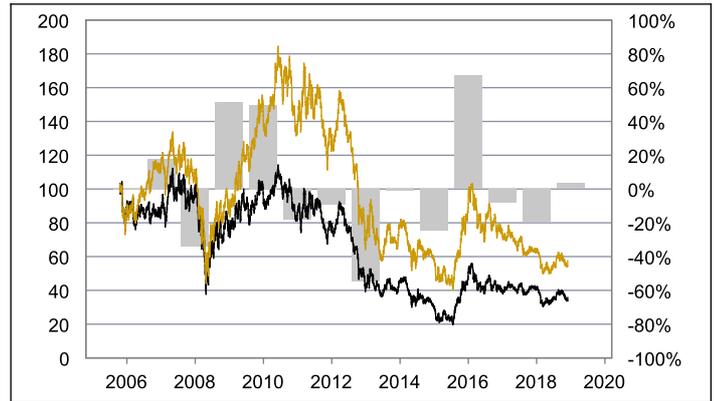
Key Figures

| | |
|------------------------------------------------|------------------|
| Net Asset Value (Tranche A): | CHF 69.04 |
| Number of Shares Issued: | 340'342 |
| Net Asset Value (Tranche C): | CHF 71.28 |
| Number of Shares Issued: | 1'207'546 |
| Net Asset Value (Tranche H, FX-hedged): | CHF 69.61 |
| Number of Shares Issued: | 70'460 |
| Total Net Asset Value: | CHF 114.5 Mio. |

Performance - Tranche A

| | 1 Month | 3 Months | 12 Months | 3 Years* | 5 Years* | since inception* |
|------|---------|----------|-----------|----------|----------|------------------|
| Fund | 1.6% | -3.9% | -9.0% | -8.4% | -2.4% | -4.1% |
| XAU | -2.9% | -6.8% | -14.0% | -4.2% | -1.5% | -7.5% |
| | | | | | | *p.a. |
| | 2019 | 2018 | 2017 | 2016 | 2015 | since inception |
| Fund | 3.3% | -19.5% | -7.9% | 67.0% | -24.5% | -42.5% |
| XAU | 1.1% | -16.2% | 3.7% | 76.8% | -33.7% | -64.3% |

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.): | 27.3% |
| Sharpe Ratio (-0.74% Risk Free Rate): | n/a |
| Beta (vs. XAU): | 0.95 |

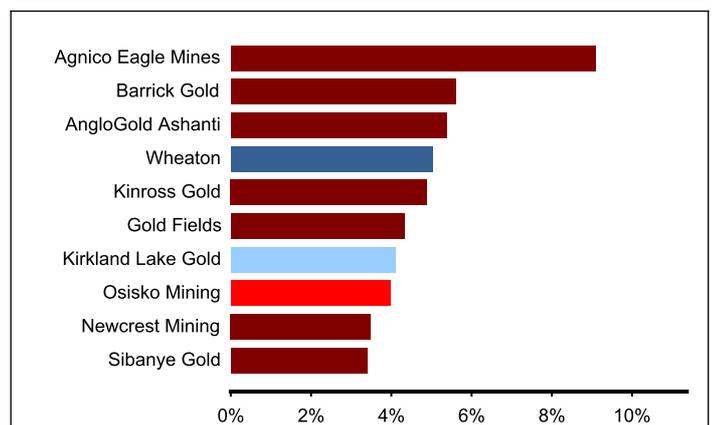
Breakdown by Sectors

| | |
|---------------|-------|
| Seniors | 39.0% |
| Intermediates | 28.3% |
| Royalties | 13.7% |
| Explorers | 10.4% |
| Juniors | 3.7% |
| Silver Stocks | 2.6% |
| Cash | 2.4% |

Exposure

| | |
|----------------|-------|
| Long Position: | 97.6% |
| Cash: | 2.4% |

Largest Positions



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