

# AMG Gold - Mines & Metals

Report as of August 30, 2019

## Review

The price of gold and silver reached new annual highs in the month under review. Even more, Gold made new all-time highs against most paper currencies. The price of gold, for example, reached record highs in euros, British pounds and Japanese yen. These currencies form the basket of special drawing rights of the International Monetary Fund (IMF). The remaining units in the basket are the US dollar and the Chinese renminbi, which are the two most important currencies in the world in terms of economic performance. In these currencies, gold has not yet been able to equalize the highs reached in 2011. However, the gold ounce price in USD is still 25% and in Renminbi 10% below the highs. The main driver of this positive development remains low real interest rates worldwide. The 10-year real interest rate on US government bonds is negative at minus 0.28%. In England with minus 1.62% and in Germany with minus 2.38% the investor, who wants or has to invest more or less risk-free, is asked to pay even more. In China, too, the real interest rate is at a seven-year low of +1.7%. In addition, the declining confidence of citizens in the governments of countries such as Russia, the USA, Italy, Hong Kong, China, Argentina, England etc. has a very supportive effect on the price of gold. These reasons are accelerating global demand for Gold ETF. Over the course of the year (ytd), the outstanding share certificates of the globally traded Gold ETF increased by 10% to 78.5 million ounces. This corresponds to a current market valuation of USD 120 billion. This year, producers were able to offer their gold at an average selling price of USD 1,343. This is USD 75 more than in 2018. In the current quarter, the average gold price is USD 1,455, which is a more than USD 100 higher. These are price increases that gold producers and analysts never dreamed of at the beginning of the year. With production costs remaining constant and even falling, the companies will be able to significantly increase their profit margins. In addition, free cash flows, the majority of which are likely to be used for the benefit of shareholders, will increase sharply. Despite an already very positive annual performance, the shares of gold producers with a P/CFPS ratio of 11x on average are still not expensive. This ratio has fluctuated between 5 and 25x over the last 20 years. Nor is the investor sentiment for gold stocks euphoric in any way. Rather rejection and restraint for this sector can be discerned. This sentiment is well reflected in the stock of outstanding shares of gold stocks ETF GDV. These fell by 21% to 396 million shares, equivalent to a market capitalisation of USD 12 billion. For valuation reasons, a new position in **Newmont Goldcorp** was built up in the portfolio. In addition, negotiations for the sale of strategically "unimportant" projects are well advanced. This focus makes the company more agile and profitable. In the past, the gold shares moved at an average ratio of 3 to 1 in relation to the gold price. Since the low point of the gold price on 16.8.18, a ratio of 1.6 to 1 has been calculated. The price profit potential is therefore still high.

## 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	51.2%	CAD	39.4%
AUD	7.8%	GBP	1.3%
CHF	0.4%		

## Distributions

Until now none

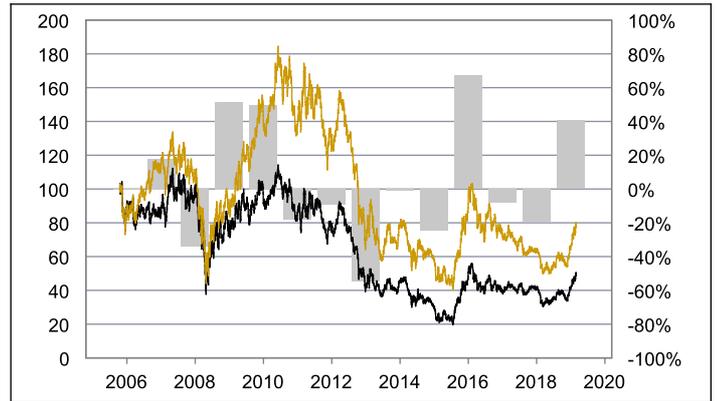
## Key Figures

<b>Net Asset Value (Tranche A):</b>	<b>CHF 93.88</b>
Number of Shares Issued:	318'915
<b>Net Asset Value (Tranche C):</b>	<b>CHF 96.99</b>
Number of Shares Issued:	1'260'617
<b>Net Asset Value (Tranche H, FX-hedged):</b>	<b>CHF 94.88</b>
Number of Shares Issued:	90'406
Total Net Asset Value:	CHF 160.8 Mio.

## Performance - Tranche A

	1 Month	3 Months	12 Months	3 Years*	5 Years*	since inception*
Fund	10.8%	36.0%	47.6%	-3.8%	-0.4%	-1.8%
XAU	12.9%	39.1%	52.9%	3.4%	0.9%	-5.1%
						*p.a.
	2019	2018	2017	2016	2015	since inception
Fund	40.4%	-19.5%	-7.9%	67.0%	-24.5%	-21.8%
XAU	40.6%	-16.2%	3.7%	76.8%	-33.7%	-50.3%

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](http://www.amg.ch)

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

Volatility (p.a.):	26.0%
Sharpe Ratio (-0.74% Risk Free Rate):	n/a
Beta (vs. XAU):	0.97

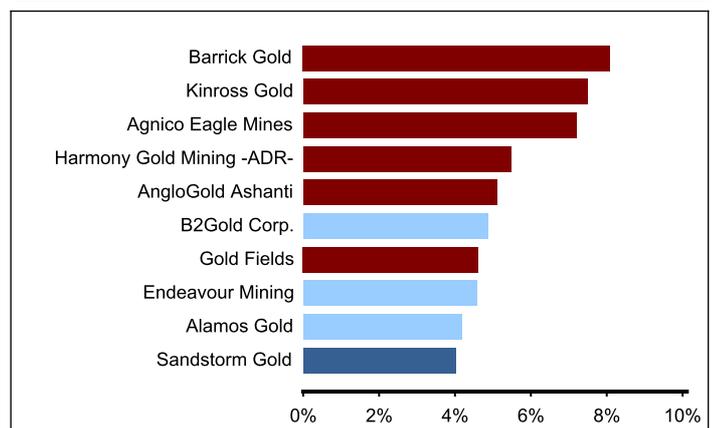
## Breakdown by Sectors

Seniors	46.9%
Intermediates	27.6%
Explorers	8.6%
Silver Stocks	6.9%
Juniors	5.1%
Royalties	4.0%
Cash	0.9%

## Exposure

Long Position:	99.1%
Cash:	0.9%

## Largest Positions



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