

AMG Gold - Mines & Metals Fund

Monthly Report February 2020

Review

After a very subdued start to the new year, precious metals equities gained only temporarily some ground in February. But positive is a strong gold price, which, at over USD 1,600 during the month, was able to regain a level last seen in 2012. We remain cautiously optimistic for the yellow metal, but think that we will have to digest the latest advances before trading higher. Due to the increased volatility in the equity markets, "real" interest rates have slipped further into negative territory, which is supportive of the gold price.

On the news front, many companies reported their Q4 2019 figures in February and gave an outlook for 2020. We are satisfied with most of the results, which have been presented. **Barrick Gold** (GOLD), our largest position, posted a better net result (USD 0.17 per share versus 0.14 expected) and a quarterly dividend, which was increased by 40% to USD 0.07. With a higher gold price, Barrick will be able to significantly increase its free cash flow (FCF) for the coming year, which was USD 1.1 billion in 2019. We expect Barrick to continue to pursue M&A this year to further optimize its mining portfolio. **Yamana Gold** (YRI), which was downsized in 2019 through asset sales, also delivered solid results. With a production of around 1 million ounces of gold, Yamana will also be able to increase its FCF next year and further reduce its debt. Yamana has also increased its dividend by 25%, which now gives a dividend yield of 1.1%. At **B2Gold** (BTO), a company that has increased production from 150k to 1 million ounces over the last 8 years with the construction of new mines, the FCF was also significant at USD 300 million. This money was used to reduce debt. By Q3 2020 at the latest, the company should be debt-free and from then on the company will return half of the FCF to the shareholders. For many companies, which have invested a lot of money for a higher production in the last years, it is now harvest time. Several companies with production between 500k and 1 million ounces fall into this category. **Agnico-Eagle** (AEM), the industry favorite by some investors, also presented good Q4 figures, but then caused a big disappointment with a lower than expected production outlook and the news that two mines are not operating optimally. The share was penalized by 15% immediately. The problem is that the free cash flow (FCF), which will now be about 15% lower than expected, would have been used to repay the dividend of USD 192 million and a payback of a bond of USD 360 million. Agnico will have no problem financing itself, but the stock is still not among the most favorable after the correction. However, the long-term strategy remains intact for this company.

Precious metal stocks, are too cheap compared to the gold price at current levels. However, volatility will remain high in this sector for the time being due to external influences.

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 (31.12.2019):	1.73% (A); 1.22% (C); 1.23% (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	41.4%	CAD	39.5%
AUD	18.9%	CHF	0.3%

Distributions

Until now none

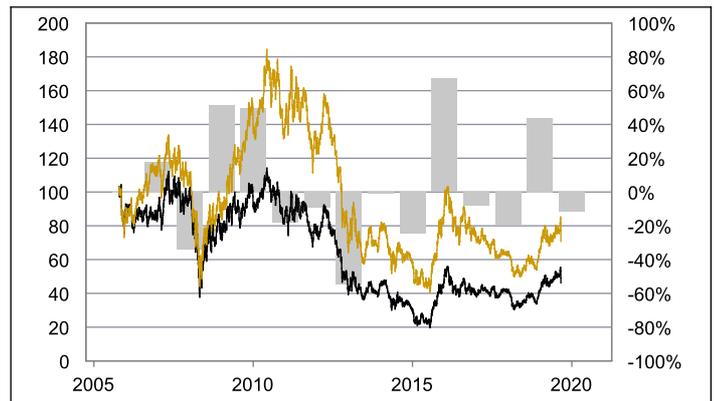
Key Figures

Net Asset Value (Tranche A):	CHF 84.96
Number of Shares Issued:	316'865
Net Asset Value (Tranche C):	CHF 88.00
Number of Shares Issued:	1'364'525
Net Asset Value (Tranche H, FX-hedged):	CHF 87.45
Number of Shares Issued:	172'199
Total Net Asset Value:	CHF 162.1 Mio.

Performance - Tranche A

	1 Month	3 Months	12 Months	3 Years*	5 Years*	since inception*
Fund	-9.1%	-4.6%	18.2%	-4.8%	1.4%	-2.5%
XAU	-9.1%	-4.5%	20.6%	2.5%	4.6%	-5.4%
						*p.a.
	2020	2019	2018	2017	2016	since inception
Fund	-11.7%	43.9%	-19.5%	-7.9%	67.0%	-29.2%
XAU	-12.0%	48.7%	-16.2%	3.7%	76.8%	-53.8%

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.):	25.5%
Sharpe Ratio (-0.74% Risk Free Rate):	n/a
Beta (vs. XAU):	0.96

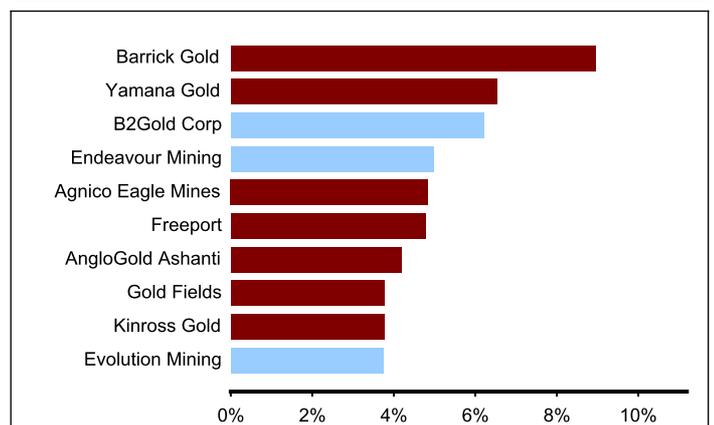
Breakdown by Sectors

Intermediates	40.6%
Seniors	38.6%
Silver Stocks	8.3%
Juniors	5.9%
Explorers	3.2%
Others	2.5%
Cash	0.9%

Exposure

Long Position:	99.1%
Cash:	0.9%

Largest Positions



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