

# AMG Substanzwerte Schweiz (AMG Value Stocks Switzerland)

Report as of November 30, 2018

## Review November

In line with the indices, the AMG Substanzwerte Schweiz Fund also lost some ground. Despite some very encouraging news, investors left small and mid-cap equities on the sidelines. We seized the opportunity and expanded important positions.

One of them is **Arbonia Holding**. Arbonia concentrates the production of panel radiators for the Western European market in Plattling (D) and Tubbergen (NL). This concentration will increase capacity utilization at these locations and reduce unit costs. The company is taking a further step forward in its strategy to become the cost leader and to consolidate the fragmented markets. Since the balance is very good thanks to some real estate divestments and despite the high investments, a dividend will be paid in next spring, which will yield about 2%. We had the opportunity to meet the management of **Vifor Pharma**. The world's leading group in iron deficiency, nephrology and cardio-renal therapies is picking up speed and will reach top form from the 2020's onwards. If you only apply the per capita penetration rate of Ferinject in Switzerland to the rest of the world, the market potential is still enormous. Patent protection is still ongoing, but much more important are the complicated manufacturing of the products and the cooperation with Fresenius. **Cosmo Pharmaceutical** drew attention to itself with various reports. At the beginning of the month the expected damper came in the rejection of the reconsideration application for LuMeBlue by the FDA. In mid-month, the company announced that its drug Aemcolo (rifamycin) would receive marketing approval in the United States. A few days later, this drug also received marketing authorization in the EU. Now Cosmo, respectively its US sales unit and its partner in the EU, Dr. Falk Pharma, can start selling this product. Cosmo estimates the market potential at around USD 250 million. Aemcolo is seen by analysts as a potential challenger to Xifaxan, which currently generates over USD 1 billion in sales. Due to its more advantageous properties, especially in terms of side effects, we believe that Aemcolo will one day be able to achieve even higher sales. In addition, we also announced that a EUR 175 million convertible bond will be issued for general corporate purposes, potential acquisitions and in-licensing. The **MCH Group** has decided to discontinue the Comptoir Suisse (Lausanne) and Züspa (Zurich) public exhibitions. In response to market developments, the MCH Group is considering to develop a new, innovative format by 2020. Behind the scenes, hard work is getting done. The exhibition portfolio is being sharpened and "nice to have" holdings reduced. It is also very important to state that support functions and expertise are to be bundled and shared across the Group. Previously, there were separate profit centres for each trade fair, which had their own advertising and communications departments. Likewise, the purchase of external services was not centralized. The search for a CEO is progressing. **BFW Liegenschaften** have successfully completed the 20% share buyback. By selling older, decently located properties at a profit and book value, BFW is increasing the quality of its portfolio. The yield will probably fall slightly, but the need for renewal will be significantly reduced. In the future, the company will be able to book record earnings per share of approximately CHF 2.10. The tax-free dividend will probably be increased and will result in a return of just below 4%.

## Facts

Domicile of Fund:	Switzerland
Fund Management Company:	LLB Swiss Investment AG, Zürich
Custodian Bank:	Bank J. Safra Sarasin Ltd., Basel
Investment Manager:	AMG Fondsverwaltung AG, Zug Roger Fischer, Patrick Hofer
Launch Date:	15.11.2004
ISIN, Swiss Sec. No.:	CH0019597530, 1959753
Distributions:	Dividend & Capital Gain distributing
Subscription / Redemption:	Daily / no fees
Performance Fee:	8% over 2% Hurdle, with High Water Mark
High Water Mark plus Hurdle:	CHF 1'966.14
Management Fee:	1.00%
TER (Total Expense Ratio) as of 31.12.2017:	1.23% (without Performance Fee)
Tax transparency:	Switzerland, Austria
Tax Status Germany:	Equity Fund within the meaning of the German investment tax Law (InvStG) with partial release
Licensed for public distribution:	Switzerland

## Distributions (over the last 3 Years)

21.03.2016		Capital Gain CHF 200.00
24.03.2017	Dividend CHF 6.00	Capital Gain CHF 90.00
05.07.2017		Capital Gain CHF 100.00
21.03.2018		Capital Gain CHF 100.00

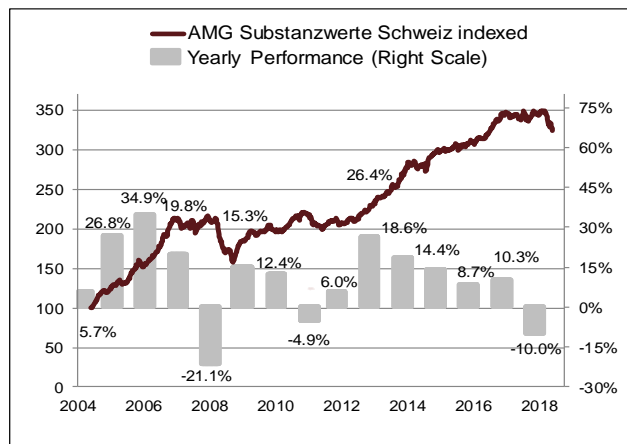
Please find the detailed overview under [www.amg.ch](http://www.amg.ch)

## Key Figures

<b>Net Asset Value:</b>	<b>CHF 1'724.09</b>
Number of Shares Issued:	282'126
Total Net Asset Value:	CHF 486.4mn

## Performance - since inception 15.11.2004 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception*
Fund	-5.3%	-12.7%	-8.3%	2.9%	8.2%	10.6%
						*p.a.
	2018	2017	2016	2015	2014	since inception
Fund	-10.0%	10.3%	8.7%	14.4%	18.6%	313.1%



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.):	7.6%
Sharpe Ratio (-0.74% Risk Free Rate):	0.50
Beta (vs. SPI Small & Mid Cap TR Index):	0.44

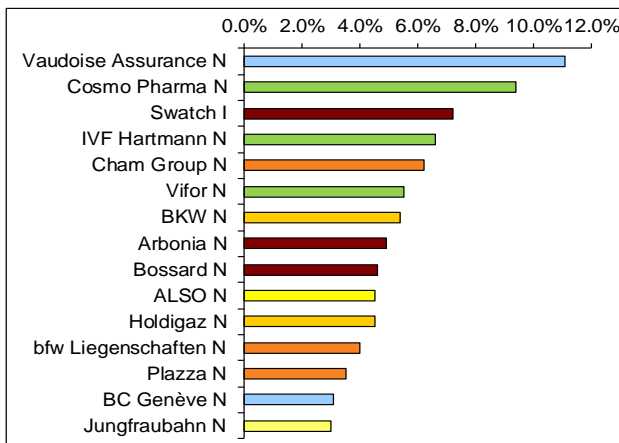
## Breakdown by Sectors

Industry	24.7%
Real Estate	13.7%
Utilities	9.9%
Health Care	23.7%
Financials	13.3%
Media	2.7%
Service Industries	10.2%
Others	-4.9%
Cash	6.7%

## Exposure

Long Position:	106.9%
Hedge Position:	-13.6%
Net Position:	120.5%
Absolut Position:	93.3%
Cash:	6.7%

## Largest Positions



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