

# AMG Substanzwerte Schweiz (AMG Value Stocks Switzerland)

Report as of January 31, 2019

## Review January

The stock market had a brilliant start to the year. The indices and the AMG Substanzwerte Schweiz Fund are clearly in positive territory. It is becoming increasingly apparent that the feared economic downturn is likely to be moderate, which will further strengthen the confidence of market participants. The first sales figures and company results are pleasing.

At the end of the month, **Swatch** communicated key figures that at first glance appeared to be pervasive. According to CEO Hayek, homemade production bottlenecks at Longines and Omega cost up to CHF 300 million sales and over CHF 100 million EBIT. Sales increased by 6.1% to CHF 8,475 million. The EBIT margin increased from 12.5% to 13.6%. The production bottlenecks should be resolved in 2019. As a result, the situation will normalise and the margin will recover. The margin target of 20% remains and promises much room for manoeuvre upwards. Swatch is attractively valued at its current level. The company has no debts and should make a net profit of roughly CHF 18 per share in 2019 (P/E 15.5x). The PBV is 1.5x (the brand values are not activated). The market position of the products, the prudent management and the extremely solid balance sheet should take the share to significantly higher levels. **Autoneum's** sales figures were good. With a growth rate of 3.7% to CHF 2.3 billion, sales clearly outperformed the market growth rates, with automobile sales falling slightly in 2018 (-1%) for the first time in years. Growth was 7.7% in Europe, 6.6% in Asia and 24% in Latin America, which had been the problem child for a long time. Only North America is performing poorly. Sales there shrank by 3.4%. It is important that production capacities and cost structures in the USA are adjusted and made more flexible. The company is well established in the market with its products and is clearly gaining market share. The share is valued with a P/E of approx. 10x and a PBV of 1.4x. **Arbonia's** sales figures meet expectations. The sales growth of 10.3% to CHF 1.374 billion was positively influenced by a currency effect of 2.7%. Company acquisitions brought a further 5% growth. Organic growth was 2.5%. Business with radiators and ventilation systems was very good (+8%). The window division grew by 4.4% and the door division by 5.1%. With these sales figures, Arbonia should be able to achieve the communicated EBITDA targets of approximately CHF 110 million (excluding one-off positive effects from sales). The share is now valued with a P/E ratio 2020 of 12x and a P/E ratio of approx. 0.9x. Starting this spring, a dividend will also be distributed, which should reach a yield of 2%. **Tamedia** presented itself at a conference in the middle of the month. Further savings will be made in the print sector and editorial harmonization will take place. Unfortunately, sales are declining steadily. "20 Minuten" remains the most important medium in Switzerland. The "Classifieds" (homegate.ch; job.ch; etc.) are very successful. Tamedia is trying to penetrate the advertising market better with combined offers. The digital sector is to be further expanded, while print is to deliver cash flow as long as possible. "search.ch" and "local.ch" was sold for CHF 220 million. With a valuation of KGVe 10x, the share is cheap. At the same conference, **Vetropack** reported that the company is operating at full capacity, which speaks for good margins. The higher costs can be passed on in full to customers. In Italy, approval is expected for a new plant in Boffalora sopra Ticino. Production is expected to start in 2021. The valuation remains attractive at 12x KGVe.

## 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

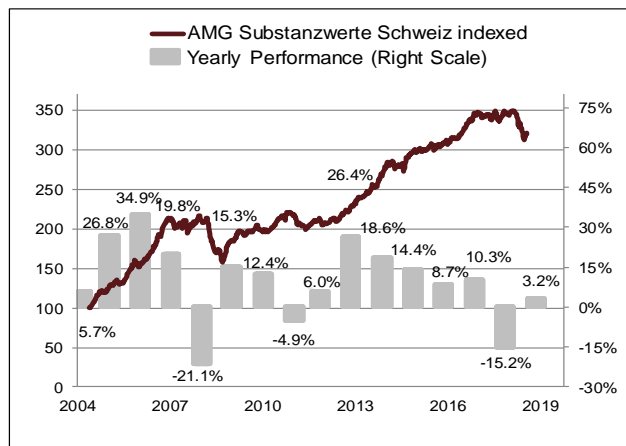
<b>Net Asset Value:</b>	<b>CHF 1'676.00</b>
Number of Shares Issued:	271'747
Total Net Asset Value:	CHF 455.5mn

## Performance - since inception 15.11.2004 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception*
Fund	3.2%	-8.0%	-13.6%	2.2%	6.8%	10.3%

\*p.a.

	2019	2018	2017	2016	2015	since inception
Fund	3.2%	-15.2%	10.3%	8.7%	14.4%	301.5%



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

Volatility (p.a.):	8.0%
Sharpe Ratio (-0.74% Risk Free Rate):	0.34
Beta (vs. SPI Small & Mid Cap TR Index):	0.47

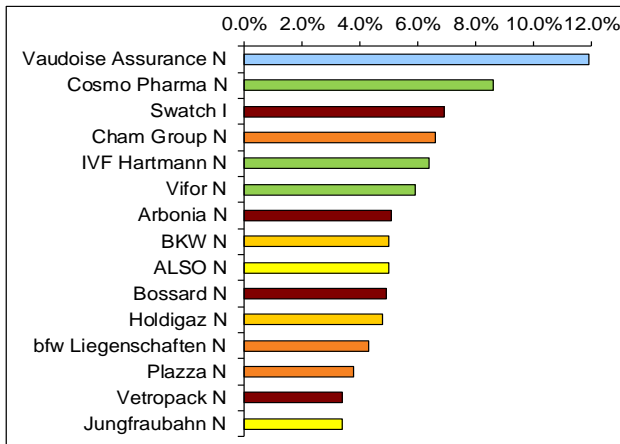
## Breakdown by Sectors

Industry	22.8%
Real Estate	13.4%
Utilities	9.9%
Health Care	23.6%
Financials	10.5%
Media	3.2%
Service Industries	10.8%
Others	-1.9%
Cash	7.7%

## Exposure

Long Position:	106.0%
Hedge Position:	13.7%
Net Position:	92.3%
Absolut Position:	119.7%
Cash:	7.7%

## Largest Positions



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