

AMG Substanzwerte Schweiz (AMG Value Stocks Switzerland)

Report as of February 28, 2019

Review February

This year, the Substanzwerte Schweiz Fund was not yet able to keep up with the Swiss indices. However, only a few of our stocks presented their results for the year so far. Those companies that have already done so were able to convince and will continue to make investors happy.

Despite or because of the challenging past year, we have decided to distribute a tax-free capital repayment of CHF 40 per value date 22/03/19. As many companies are attractively valued, we would like to further expand our positions and recommend reinvesting the repayment. With reference 1818, your subscription will be forwarded to us by your bank.

The **Cantonal Bank of Geneva (BCGE)** has achieved a very good result. After all, it actually managed to increase its profit (net profit plus allocation to general banking risks) by 24% to CHF 126 million or CHF 17.50 per share. The figures are impressive. Interest income grew by 3.7% and the interest margin increased by 11.8% thanks to much lower hedging and refinancing costs. Commission business, which accounts for 28% of total income, grew by 9.2%. Costs are rising at a disproportionately low rate. For 2019, we expect a more or less stable result. The share is currently valued with a P/E ratio 2019e of 11x and a P/B ratio of 0.9x. The dividend yields a return of 1.7%. There are few reasons why BCGE is lower valued than the rest of the cantonal bank competitors. **Arbonia** provided the figures at the end of the month. The result is in line with expectations, although the outlook for 2019 EBITDA of CHF 128-136 million is somewhat conservative. Sales rose by 10.3% to CHF 1.374 billion, half of which was due to the acquisition of a company. The EBITDA margin improved slightly to 8.4% after 8.1% in the previous year. Higher depreciation after the various investments had a negative impact on the result, so that in the end the net profit margin only increased from 2.5% to 2.6%. In absolute terms, this is CHF 35.4 million compared with CHF 31.7 million in the previous year. With a P/B ratio of 0.95x, the share is not valued dearly and does not price in the opportunities. The dividend yields a return of 1.6%. **IVF Hartmann's** figures are in line with expectations. The first improvements are clearly visible in the second half of the year. The Group is in the midst of a restructuring process in which it wants to develop from a pure product supplier to a service provider in terms of warehouse management and process optimisation in purchasing for its customers. This year's profit is CHF 14.1 million (CHF 5.85 per share), 12 % less than last year. The company is expected to reach its 2020 target of earning CHF 8.35 per share. The P/E ratio 2020e is 20x. However, it should also be borne in mind that IVF Hartmann now has CHF 75-80 million in liquidity, which is not needed operationally. This cash reserve accounts for approx. 20% of the market capitalisation. **BFW Liegenschaften** announced an excellent result for 2018. The profit amounts to CHF 20.6 million or CHF 5.50 per share. This amount includes revaluation effects of CHF 10.3 million and CHF 4.1 million in pre-tax gains on the sale of existing properties. Without these two extraordinary items, profit would have been approximately CHF 8 million or CHF 2.15 per share. The NAV increases to approximately CHF 46 per share. The share trades below the NAV, although the quality of the portfolio has improved considerably. This makes the share a very solid real estate investment, which actually belongs in every defensive portfolio.

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 31.12.2018:	1.17% (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

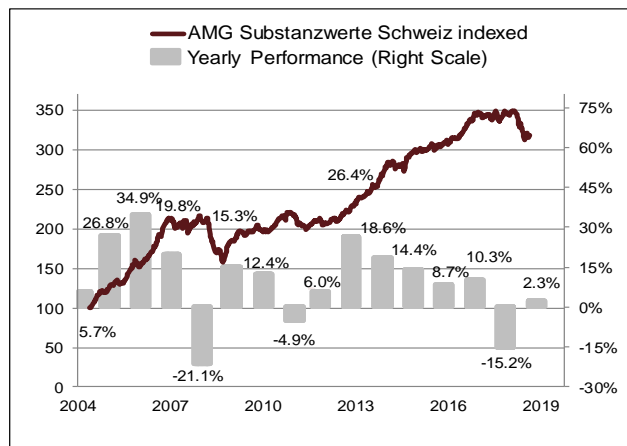
Please find the detailed overview under www.amg.ch

Key Figures

Net Asset Value:	CHF 1'660.33
Number of Shares Issued:	269'579
Total Net Asset Value:	CHF 447.6mm

Performance - since inception 15.11.2004 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception*
Fund	-0.9%	-3.7%	-11.6%	1.6%	6.4%	10.1%
						*p.a.
	2019	2018	2017	2016	2015	since inception
Fund	2.3%	-15.2%	10.3%	8.7%	14.4%	297.8%



Please find the detailed performance overview under www.amg.ch

Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	7.9%
Sharpe Ratio (-0.74% Risk Free Rate):	0.26
Beta (vs. SPI Small & Mid Cap TR Index):	0.48

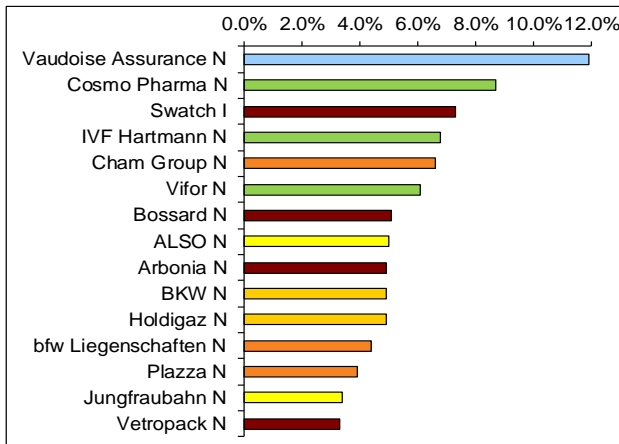
Breakdown by Sectors

Industry	21.6%
Real Estate	13.4%
Utilities	9.8%
Health Care	23.5%
Financials	14.0%
Media	3.1%
Service Industries	11.0%
Others	-3.6%
Cash	7.2%

Exposure

Long Position:	107.0%
Hedge Position:	14.2%
Net Position:	92.8%
Absolut Position:	121.2%
Cash:	7.2%

Largest Positions



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