

# AMG Substanzwerte Schweiz (AMG Value Stocks Switzerland)

Report as of March 29, 2019

## Review

Small caps are still being beaten below their value. The broad indices closed practically unchanged, the SPI Small Cap has lost significant ground and is only marginally up in 2019. The AMG Swiss Substanzwerte fund also recorded only slight gains. However, the results of the companies were good to very good.

Our largest position, **Vaudoise Assurances**, delivered excellent results for the year. Sales increased by 4.8% to CHF 1.1 billion and net profit by 5.6% to CHF 127.5 million. Equity rose to CHF 593 per share (current share price CHF 504) despite the recognition of losses on securities, FX and derivatives. At 92%, the combined ratio was good and 1.8% lower than in the previous year. With a plus of 2.2%, the investment result is 0.2% lower than in the previous year, which is a very good result in view of the poor stock markets last year and the still very low interest rates. The share is valued at 0.8x book value and yields a P/E ratio of 10.5x and a profit yield of almost 10%. **Cassiopea** announced at the end of March that it had also completed the second "Safety" study for Winlevi (acne) positively. The data set can now be made available to the FDA for marketing approval in the USA. If the decision is positive, sales could start in mid-2020. The potential for this new acne product, the first effective product with no side effects, is high. The **Cham Group** figures are good. On the industrial site, if the building permit arrives in time, construction will begin in 2020 and the apartments (240 units and 9,000 m2 of commercial space) will be ready for occupancy from 2022. As construction progresses, there will be some revaluations over the next few years. **Vifor** reports very good figures, which pleasingly exceed expectations. The 22.7% increase in sales to CHF 1.6 billion and the improvement in EBITDA to CHF 391 million, as well as the 95% increase in net profit to CHF 4.16 per share, are supported by positive developments in the main pharmaceuticals business. The company has also made progress with licensing deals and investments. The company believes that earnings can be increased this year by a further 11-13% and net profit by 25%. The share is valued with a KGV 2019 of approx. 25x. Thus it is clearly too favorable. **Tamedia's** figures show the same picture as they have for years. Advertising revenues from print media are falling, while they are rising for online media. These trends will continue in 2019. The share is now valued at a P/E ratio of 10x. The dividend remains at CHF 4.50 and yields a return of 4.5%. The reported equity per share is approximately CHF 166, the share price CHF 100! **Bossard** delivers excellent figures for the 2018 financial year. Turnover rose by 10.8% to CHF 871 million. In contrast to many other industrial companies, EBIT margins rose from 12.3% to a new all-time high of 12.5% despite rising commodity prices. EBIT stood at CHF 109 million, while net profit rose to CHF 85.4 million (+12.8%). The Bossard share is undervalued. Industrial companies with a profit growth of more than 5% over the cycles and such EBIT margins can certainly be valued with a P/E of 18x. **COSMO** delivered the expected annual loss. There will be real news on Investor Day on May 8th. **Jungfrau** will close 2018 with a record result. The opening of the V-Bahn (end of 2019 and 2020) will open up new sources of revenue for the company in the future. The share is valued at a P/E of a good 15x too favourably.

## 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
Launch date:	15.11.2004
ISIN:	CH0019597530
Distributions:	Dividend & Capital Gain distributing
Subscription / Redemption:	Daily / no fees
Performance Fee:	8% over 2% Hurdle, with High Water Mark
High Water Mark and Hurdle:	CHF 1'966.14
Management Fee:	1.0%
TER (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 part. release
Licensed for public distribution:	Switzerland

## Distributions (over the last 3 Years)

24.03.2017	Dividend CHF 6.00	Capital Gain	CHF 90.00
05.07.2017		Payout	CHF 100.00
21.03.2018		Capital Gain	CHF 100.00
20.03.2019		Capital Gain	CHF 40.00

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

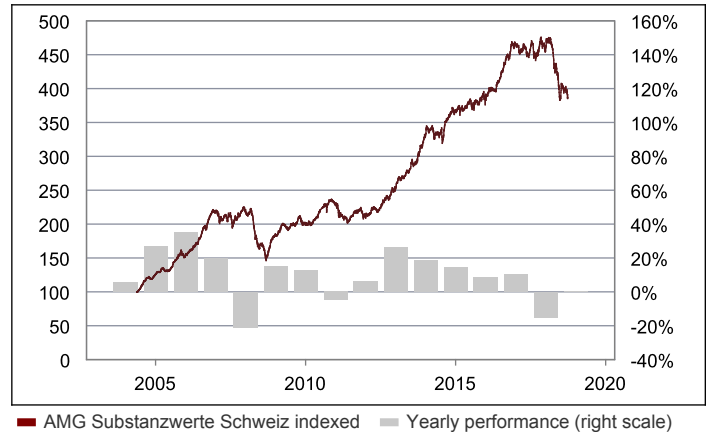
## Key Figures

<b>Net Asset Value:</b>	<b>CHF 1'592.41</b>
Number of Shares Issued:	266'030
Total Net Asset Value:	CHF 423.6 Mio.

## Performance (Distributions included)

	1 Month	3 Months	12 Months	3 Years*	5 Years*	since inception*
Fund	-1.7%	0.5%	-13.8%	0.9%	5.4%	10.0% *p.a.

	2019	2018	2017	2016	2015	since inception
Fund	0.5%	-15.2%	10.3%	8.7%	14.4%	291.0%



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

Volatility (p.a.):	7.9%
Sharpe Ratio (-0.74% Risk Free Rate):	0.25
Beta (vs. SPI Small & Mid Cap TR Index):	0.48

## Breakdown by Sectors

Health Care	24.5%
Industry	19.2%
Real Estate	16.9%
Utilities	10.1%
Financials	10.0%
Service Industries	9.2%
Media	3.1%
Others	0.3%
Cash	6.7%

## Exposure

Long Position:	108.8%
Hedge Position:	15.5%
Net Position:	93.3%
Absolut Position:	124.4%
Cash:	6.7%

## Largest Positions

