

# AMG Substanzwerte Schweiz (AMG Value Stocks Switzerland)

Report as of May 31, 2019

## Review

The markets were again affected by various political turbulences in May. The European elections confirm that the established party landscapes in many countries are slowly disappearing from the scene and that often only unstable government alliances can be agreed. As a result, an entire continent becomes more or less incapable of tackling urgent renewal processes and acting in a forward-looking manner. We are of the opinion that these uncertainties will persist for some time to come and that the recovery in economic growth expected by many will therefore fail to materialise in the second half of the year. Accordingly, we expect that equities that are not very sensitive to the economic cycle will outperform the market in the near future. This environment favours above all "value" equities, in which our fund is heavily invested. The valuation differences between growth and value, as well as between mid-cap and small-cap companies, are enormous and speak strongly for the small solids. The performance of our fund in May is a clear indication that preferences have changed. Mid-caps, on the other hand, were much weaker in May. We expect this trend to continue and favour our fund.

Our two growth stocks **Cosmo Pharmaceuticals** and **Vifor** gained in the reporting month. **Cosmo** benefited from the fact that it presented a new cancer drug on its investor day and at the same time introduced a new sales strategy. The worldwide distribution agreement with Medtronic for the endoscopy device with "KI" software is already starting in Europe in the next few days and is expected to make a good contribution to sales. The product will be launched in the USA next year. The distribution strategy for Aemcolo, the product approved for sale at the end of last year, will be redesigned for the indication travelers' diarrhea. Cosmo wants to position the product as an "insurance" for travelers, so that they can enjoy their holidays without being affected. This requires a different sales approach, as it should be purchased before departure. Via two telemedicine companies the medicine can be prescribe online. **Vifor** was able to report good study results for its product Veltassa and profited from the fact that a competing product could not achieve a better effect in studies. **LEM Holding** presented good results for the year. It was pleasing to see that the negative sales and order trend was broken in Q4 (1.1.-31.3.) and that the outlook is favourable. Business in the automotive sector continues to be sluggish. We are optimistic that the trend will soon reverse here as well. This is particularly due to the fact that LEM already generates 2/3 of its sales in this segment with parts for cars with alternative driving systems. The watch export figures indicate that business is going well. Even though the **Swatch Group** "only" sells around 45% in the "expensive" and "very expensive" segments and is relatively heavily involved in the difficult business of low-cost watches up to 200 francs, we expect a sustained profit trend in the first half of the year and a significant improvement thereafter. With a P/E ratio of less than 15x, the 100% substance share is now very favourably valued.

## 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:	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
Registered 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

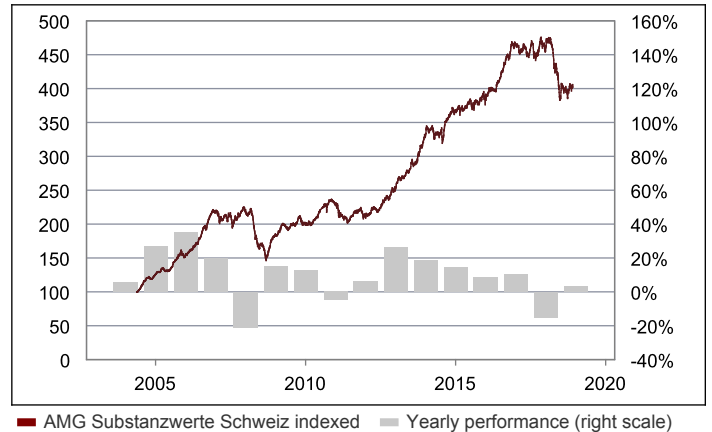
<b>Net Asset Value:</b>	<b>CHF 1'638.08</b>
Number of Shares Issued:	250'956
Total Net Asset Value:	CHF 411.1 Mio.

## Performance (Distributions included)

	1 Month	3 Months	12 Months	3 Years*	5 Years*	since inception*
Fund	-0.5%	1.1%	-13.0%	0.8%	4.6%	10.0% *p.a.

	2019	2018	2017	2016	2015	since inception
Fund	3.4%	-15.2%	10.3%	8.7%	14.4%	302.2%



■ AMG Substanzwerte Schweiz indexed ■ Yearly performance (right scale)

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

Volatility (p.a.):	8.0%
Sharpe Ratio (-0.74% Risk Free Rate):	0.21
Beta (vs. SPI Small & Mid Cap TR Index):	0.48

## Breakdown by Sectors

Health Care	26.2%
Industry	19.2%
Real Estate	18.4%
Utilities	10.5%
Service Industries	10.3%
Financials	9.4%
Media	3.3%
Others	-2.9%
Cash	5.7%

## Exposure

Long Position:	107.1%
Hedge Position:	12.8%
Net Position:	94.3%
Absolut Position:	120.0%
Cash:	5.7%

## Largest Positions

