

Comment October 2024

The global equity markets, particularly equity holdings in Switzerland, moved within a narrow range overall and closed the reporting month with minimal change. The performance development of the AMG Substanzwerte Schweiz Fund was similarly steady, although the fund performed slightly better.

The macroeconomic environment continues to be characterized by somewhat contradictory trends. Nonetheless, a challenging economic environment has become evident in the ongoing earnings season for the third quarter of 2024. In this mixed market environment, the equity markets remain buoyed by optimism about expected further rate cuts by central banks, while the upcoming presidential election in the United States has prompted a cautious stance among investors.

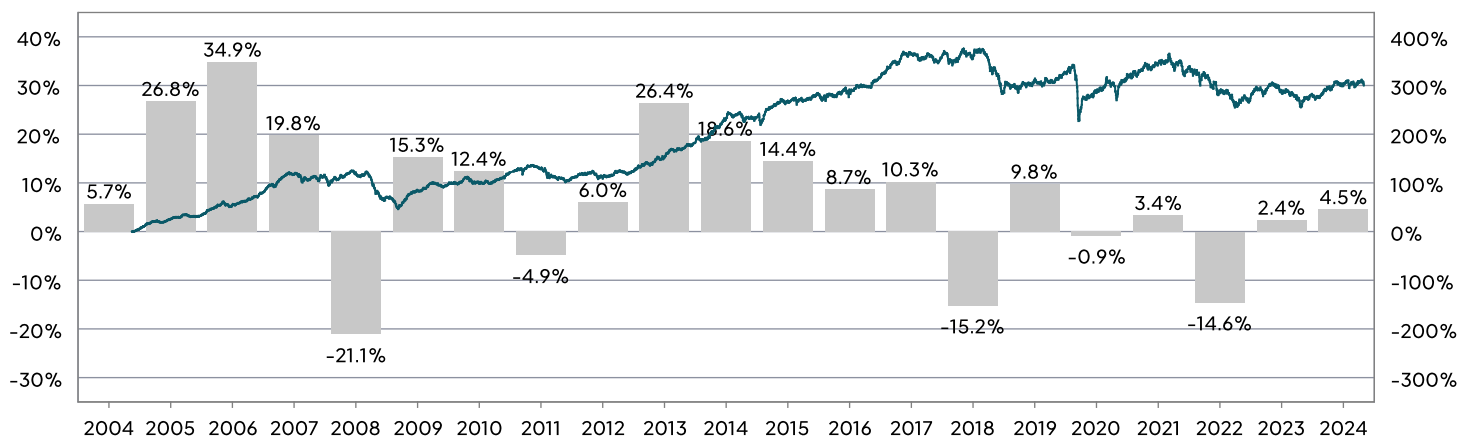
The Swiss equity market has also entered the reporting season, with many of our portfolio companies providing quarterly updates on revenue developments only. Unsurprisingly, **Bossard Holding** reported a challenging market environment and revenue growth in the third quarter that fell significantly short of expectations. **Aryzta** also failed to meet some of the upwardly revised expectations and was only able to achieve modest gains in the critical European region. However, the company is growing, and thanks to new capacities in Switzerland, Malaysia, and Germany, we expect this to continue over the next two years. **Galenica** reported solid revenue growth for the third quarter. While generics and biosimilars continue to slow growth, the ongoing flu season is giving the company renewed momentum.

Our financial holdings, **Valiant Holding** and **VZ Holding** contributed to the fund's relatively stable performance compared to the broader market segment. This is also true of the fundamentally strong industrial holding **Meier Tobler**, where confirmation of a dividend yield of around 5% led to a significantly positive price development during the reporting month.

Top 10 positions

Plazza	4.9%
Cham Group	4.9%
APG	4.6%
Jungfraubahn	4.6%
Metall Zug	4.4%
BKW	4.3%
Bossard	4.2%
Accelleron	4.2%
Vaudoise Assurances	3.8%
Vetropack	3.6%

Performance since launch



■ AMG Substanzwerte Schweiz ■ Performance p.a. (left scale)

Key figures as of 31 October 2024

Net Asset Value	CHF 1'424.59
Number of shares	25'634
Total Net Asset Value	CHF 36.5m

Performance

Duration	Fund
1 month	-2.2%
3 months	-2.5%
12 months	10.8%
3 years p.a.	-3.5%
5 years p.a.	-0.4%
since inception (15.11.2004) p.a.	7.2%

Year

2024	4.5%
2023	2.4%
2022	-14.6%
2021	3.4%
2020	-0.9%
since inception (15.11.2004)	300.0%

Risk ratios (rolling over the last 3 years)

Volatility (p.a.)	9.7%
Sharpe ratio (0.77% Risk free rate)	n/a
Beta (vs. SPI Small Cap TR Index)	0.75

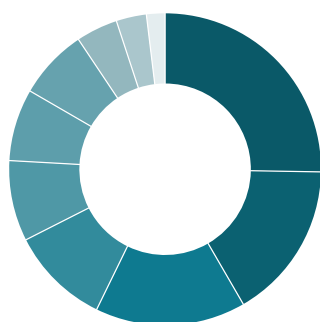
Exposure

Equities	98.1%
Cash	1.9%

Top-3 / Poor-3 performers in October 2024

Company	Perf.
MCH Group	11.5%
Valiant	8.5%
Accelleron	5.6%
Lem NA	-16.2%
u-blox Holding	-15.2%
Mikron Holding	-14.5%

Breakdown by sectors



■ Industrials	25.3%	■ Health Care	7.3%
■ Real Estate	16.4%	■ Utilities	4.3%
■ Financials	15.6%	■ IT	3.1%
■ Consumer Staples	10.3%	■ Energy	0.0%
■ Communication Serv.	8.4%	■ Consumer Discr.	0.0%
■ Materials	7.5%	■ Cash	1.9%

Distributions to investors

(Amounts in CHF per unit)

Date	Gross dividend (subject to VAT)	Capital (without VAT deduction)	Total dividend (gross)
20.03.2006	7.00	93.00	100.00
21.03.2007	7.00	163.00	170.00
26.03.2008	8.40	170.00	178.40
22.03.2010	170.00	30.00	200.00
15.03.2011	30.00	30.00	60.00
20.03.2012	9.00	18.00	27.00
12.03.2013	30.00	-	30.00
13.03.2014	4.00	51.00	55.00
18.03.2015	5.00	195.00	200.00
21.03.2016	-	200.00	200.00
24.03.2017	6.00	90.00	96.00
05.07.2017	-	100.00	100.00
21.03.2018	-	100.00	100.00
20.03.2019	-	40.00	40.00
18.03.2020	6.00	34.00	40.00
27.04.2021	-	40.00	40.00
26.04.2022	8.00	32.00	40.00
25.04.2023	6.00	34.00	40.00
18.03.2024	10.00	30.00	40.00
Total			1'756.40

Legal notice

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Investment philosophy

The equity fund invests in Swiss companies from the small & mid cap segment. The investment focus is on companies that receive lesser attention by investors, with an overweighting of defensive value stocks. AMG Fonds' own in-depth equity analysis is used for stock selection and risk-conscious fund management. Within the framework of the bottom-up approach, particular attention is paid to the financial ratios and balance sheet ratios. The management of the companies is the decisive factor for a fundamentally long-term commitment. This approach results in a niche portfolio in a special segment of the Swiss equity market that offers solid development potential with lower volatility.

Fund facts

Domicile of fund	Switzerland
Legal form	Contractual investment fund
Investment universe	Small & Mid Caps Switzerland
Investment manager	Serafin Asset Management Ltd, Zug
Management company	LLB Swiss Investment Ltd, Zurich
Custodian bank	Bank J. Safra Sarasin Ltd, Basel
Launch date	15.11.2004
Recommended investment horizon	5 years
Reference currency	CHF
ISIN / Bloomberg-Ticker	CH0019597530 / AMGSSCH SW
Distributions	distributing (Dividend & Capital Gain)
Subscription and redemption	daily (cut-off 09.00 CET)
Performance Fee	8% over 2% Hurdle, with High Water Mark
High Water Mark and Hurdle	CHF 1'714.9366
Tax transparency	CH, AT
Tax status Germany	Equity fund pursuant to InvStG with partial exemption
Registered for public distribution	CH, DE

Fee structure

Subscription and redemption fee	none
Management fee p.a.	1.00%
Total expense ratio p.a. (per 31.12.2023; TER, before profit sharing)	1.25%

Portfolio management



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