

Annual report 2023

The year 2023 was characterized by a rollercoaster of share prices. It began with an impressive rise, followed by a period of stagnation. There was a significant slump in the third quarter, but a strong year-end rally in November and December enabled a positive end to the year.

Review

The AMG Substanzwerte Schweiz Fund performed positively over the course of the year and outperformed the SPI Small Companies Index. Due to its defensive orientation, major setbacks were avoided.

Fig. 1: Performance of AMG Substanzwerte Schweiz



Source: Serafin, Bloomberg

In the reporting year, the shares of Also Holding AG, Aryzta AG, Accelleron Industries AG, Jungfraubahn Holding AG, Flughafen Zürich AG, Burkhalter Group, and APG SGA SA topped the list of positive performers. We took profits on BKW Energie AG and liquidated the stock. Emmi AG, Bossard Holding AG, Vetropack Holding AG, Vaudoise Assurances Holding SA, and Cham Group AG also made a positive contribution to performance. On the other hand, the share prices of Schweiter Technologies AG, Villars Holding SA, Arbonia AG, Barry Callebaut Group, Metall Zug AG, TX Group AG, DKSH Holding AG, SGS SA, and Cembra Money Bank AG were disappointing. Bell Food Group AG, Meier Tobler AG, Bucher Industries, Groupe Minoteries SA, Coltene Holding AG, Galenica AG, SIG Group AG, Piazza AG, and HIAG Immobilien Holding AG made insignificant contributions to the positive or negative performance.

Over the course of the reporting period, we further optimized the portfolio to reduce risks and strengthen the defensive orientation. No position has a weighting of more than well over 5%. This was achieved by reducing the positions in Villars Holding SA, Groupe Minoteries SA, Jungfraubahn Holding AG, and Vaudoise Assurances Holding SA or by disposing of stocks such as Holdigaz SA and Arbonia AG.

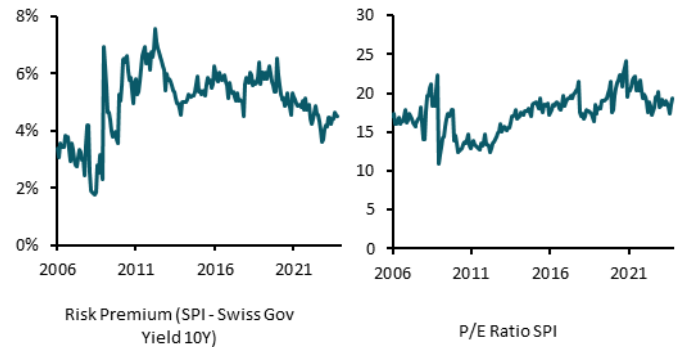
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We have also diversified the portfolio more broadly. The most important change, however, was the liquidation of all short positions in the 4th quarter and a new long-only focus for the fund.

Outlook

The markets' attention is mainly focused on the future development of inflation and the resulting interest rate movements as well as corporate earnings momentum. The current crises in Ukraine and the Middle East are also influencing the market situation as further disruptive factors. Despite the increase in valuations as a result of the year-end rally, they are still not excessively high.

Fig.2: Valuation on the Swiss stock market



Source: Serafin, Bloomberg

In addition, we continue to see catch-up potential for small caps.

Fig. 3: Stocks in the small cap segment signal further potential



Source: Serafin, Bloomberg

We are also convinced that the overall increase in structural inflation expectations is not yet fully reflected in the performance of value stocks.

Fig. 4: Inflation expectations and value stocks



Source: Serafin, Bloomberg

The decreasing skepticism among investors makes us cautious: there are an increasing number of investors who expect both interest rate cuts and only a moderate weakening of the global economy without a global recession.

We would like to thank our investors for the trust they have placed in us and wish them a successful investment year in 2024.

Your Serafin Asset Management Team

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