

AMG Europe

Report as of January 31, 2015

Review January

The European Central Bank (ECB) has announced its decision to purchase bonds with the total size of roughly EUR 1.1bln. The ECB is trying to weaken the EURO to bring inflation towards the target level of 2% and to prevent a deflation. Ahead of the ECB decision, the Swiss National Bank (SNB) has abandoned its EUR/CHF lower boundary limit. Financial markets have reacted accordingly in January: While the DAX had a 15% up-move from the lows to the highs since the beginning of the year, the SMI was losing 18% from the top to the lows. But in Euro the Swiss index can account a gain of 8%, which is almost the same as the DAX performance of +9%. The AMG "Europa" fund, invested in both markets, was able to add 8.1% which was again better as the benchmark (STOXX600) with a gain of 7.2%.

SAP reported its 4th quarter 2014 figures where sales were very nicely up by 7% to EUR 5.5bln. But in terms of margins it showed that the increasing efforts to extend its "cloud" business are taking a toll. For the long-term 2020 targets the company has a sales level range of EUR 26 to 28bln with an expected margin of only 32% compared to the so far estimated 35%. We regard the reorganization of the company as a positive. SAP's revenues will become more constant with the "cloud" business. With the traditional software licencing business much of the fees flow through in the first year. **BayWa**, Germany's largest agriculture and building material company is proposing a higher dividend despite the expectation of lower net profits. With the acquisition of a fruit trader in New Zealand, BayWa has entered the Asian market. As a grain handler in Europe, the crisis in Russia continues to spread uncertainty. An export stop by the Russians would have a big impact on prices and the battered margins in Europe would most likely go up again. **VTG** has tested the capital market for acceptance with the successfully placed hybrid bond issue. The yield of this bond is 5% and the company can call it back after 5 years. The proceeds were in relation to the acquisition of "AAE" and should lower the financing costs further. Within the Swiss portfolio **Swiss Re** was sold immediately after the SNB decision. One third of the Swiss Re revenues come from the European regions (including UK) and one third from the USA. **Swiss Life** on the other hand has about one quarter of its revenues from Europe but only about 3% of its net profits within the Euro regions. They stated that on all their foreign investments the currency risk has been hedged. The valuation, with a P/E of 7x and a P/B ratio of 0.75x, offers a great opportunity to profit from a rebound. For the other portfolio positions in CHF, we see no reason to change anything. **Cosmo Pharmaceutical** has its production in the EU-regions and most of its sales are in the USA. **Komax's** and **LEM's** very good market position should be reason enough for a positive business development despite the fact that a large part of their business is outside Switzerland. Negative exaggerations in the stock markets will be used to increase these positions in the portfolio.

On March 18th, 2015, investors in the fund will get a **dividend payment of EUR 1.40** per share. This income will be subject to the Swiss withholding tax.

Facts

Domicile of Fund:	Switzerland
Fund Management Company:	LB(Swiss) Investment AG, Zürich
Custodian Bank:	Bank J. Safra Sarasin Ltd., Basel
Investment Manager:	AMG Fondsverwaltung AG, Zug Roger Fischer, Patrick Hofer
Launch date:	01.04.2007
Tranche A (ISIN, Swiss Sec. No.):	CH0027940730, 2794073
Distributions:	Dividend & Capital Gain distributing
Tranche B (ISIN, Swiss Sec. No.):	CH0048476664, 4847666
Distributions:	Dividend distributing only
Subscription/Redemption:	Daily / no fees
Performance Fee:	None
Management Fee:	1.0% Tranche A; 1.5% Tranche B
TER (Total Expense Ratio) as of 31.12.2014:	1.41% Tranche A; 1.91% Tranche B

Breakdown by Currencies

EUR	62.5%	CHF	32.4%
GBP	0.9%	SEK	1.3%
NOK	2.9%	DKK	0.0%

Distributions

22.03.2010	Dividend	EUR 1.97
12.03.2013	Dividend	EUR 2.00
18.03.2015	Dividend	EUR 1.40

Key Figures

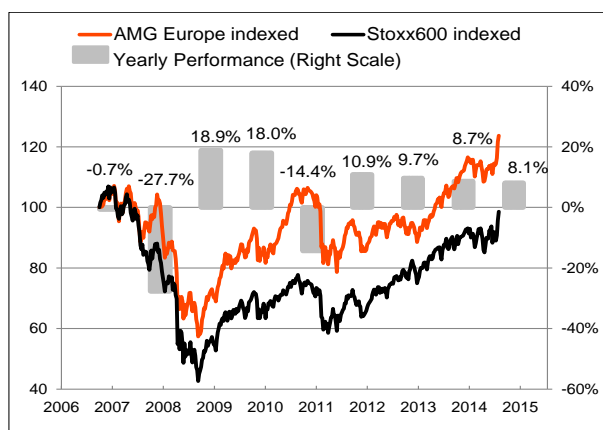
Total Net Asset Value:	EUR 31.9 m
Net Asset Value per Share (Tranche A):	EUR 117.93
Number of Shares Issued:	251'984
Net Asset Value per Share (Tranche B):	EUR 115.43
Number of Shares Issued:	19'140

Performance - since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception*
Fund	8.1%	9.6%	19.2%	10.6%	7.5%	2.7%
Stoxx600	7.2%	9.0%	13.8%	13.0%	0.6%	-0.3%

*p.a.

	2015	2014	2013	2012	2011	since inception
Fund	8.1%	8.7%	9.7%	10.9%	-14.4%	23.2%
Stoxx600	7.2%	4.4%	17.4%	14.4%	-11.3%	-1.9%



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

Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	11.3%
Sharpe Ratio (0.7% Risk Free Rate)	0.7932
Beta (vs. Stoxx 600)	0.72

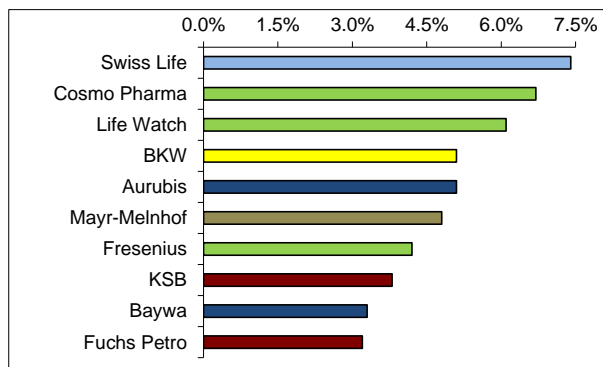
Breakdown by Sectors

Industrial Goods	23.6%
Construction	1.8%
Consumer Goods	10.0%
Financials	7.8%
Communication	3.0%
Health Care	17.0%
Energy & Utilities	5.1%
Basic Materials	19.1%
Others	-1.3%
Cash	13.9%

Exposure

Long Positions:	92.9%
Hedge Positions:	6.8%
Net Position:	86.1%
Absolute Position:	99.7%
Cash:	13.9%

Largest Positions



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