

AMG Europe

Report as of March 31, 2015

Review March

The European Central Bank (ECB) has started its quantitative easing program. The European equity markets responded positively with new yearly highs in the middle of the month. Triggered by a weaker EUR/USD parity, capital flows from the dollar regions supported European markets. The AMG Europe Fund made a new all-time high on March 30; at the month end it was up 3.3% compared to the STOXX600, which added 1.3%. Year-to-date the fund now shows an outperformance compared to the index. The strongest performance contributors this month came from Dräger (+16%), Fresenius (+8%) and Munich Re (+7%).

Dräger, the international leader in medical and safety technology is celebrating its 125 year anniversary with a dividend increase for shareholders. The company showed a strong 4th quarter with a revenue increase of 2.5% and an EBIT margin of 7.3%, which was within expectations. Dräger traditionally invests about 10% of its revenue into R&D, to fulfil the high expectations of its long-standing customer franchise. With the figures the company announced a restructuring program which should lead to a margin increase by 1%. The current valuation, a P/E of 17x on 2015 estimates, with a very sound balance sheet (40% equity capital quota), promises further upside potential on a mid-term time frame. **Semperit AG** as a highly specialised producer of rubber and plastic products also delivers to the medical sector (rubber gloves for operations), but also to the industrial sector (rubber tubes, conveyor belts etc.). In the medical division the revenues increase in Q4 by 15% and account for almost 50% of overall revenues. A profit from a higher valuation due to the accounting changes with its JV partner in Thailand has created an extraordinary boost. For 2014 the company announced an extraordinary dividend payout of EUR 4.90 per share on the top of the regular EUR 1.10. That's adding to about 8% dividend yield. As a new position we added **Danieli**, an Italian supplier of plants and equipment to the metals industry. The company announced a bulk order of EUR 2bn from Algeria. This order increases the order backlog and the visibility for the coming years quite significantly. The company's leading positioning in regards to energy efficient production process for steel producers – called direct reduced iron (DRI) – was again demonstrated. The valuation of the company is at 13x expected profit for 2015. In addition on the balance sheet sits a cash pile of EUR 900m. We reckon that the stock trades below fair value. **Surteco** is a specialist for surface technology. In the 2014 full-year numbers, the "Süddekor" acquisition from back in 2013 is getting consolidated. The announced revenue numbers were up by 54% to EUR 618mln. We realised how broad the client diversification of the company is. The largest customer is responsible for only about 4% of the overall revenues; the 10 largest clients make 18% of the revenues. **Grammer** published results, which were better than analyst expectations. But the management crew presented a very conservative outlook with the quarterly results. We quite like that, but the euphoric market was a bit disappointed.

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	70.2%	CHF	28.7%
GBP	0.8%	SEK	0.0%
NOK	0.3%	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

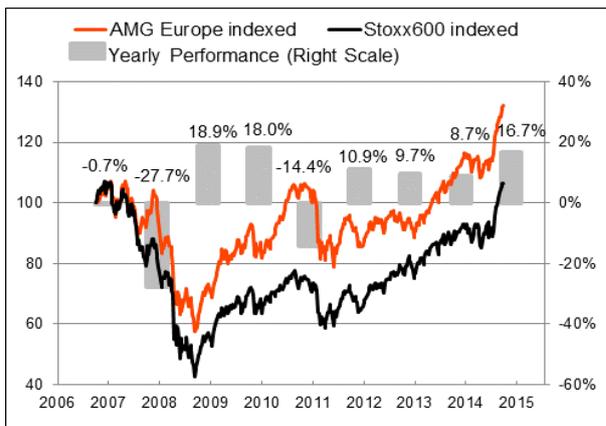
Net Asset Value per Share (Tranche A):	EUR 125.87
Number of Shares Issued:	263'984
Net Asset Value per Share (Tranche B):	EUR 123.07
Number of Shares Issued:	20'025
Total Net Asset Value:	EUR 35.7 m

Performance - since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception*
Fund	3.3%	16.7%	21.2%	12.4%	8.1%	3.6%
Stoxx600	1.3%	16.0%	18.8%	14.7%	8.6%	0.8%

*p.a.

	2015	2014	2013	2012	2011	since inception
Fund	16.7%	8.7%	9.7%	10.9%	-14.4%	33.0%
Stoxx600	16.0%	4.4%	17.4%	14.4%	-11.3%	6.2%



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

Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	11.2%
Sharpe Ratio (0.08% Risk Free Rate)	1.1
Beta (vs. Stoxx 600)	0.7

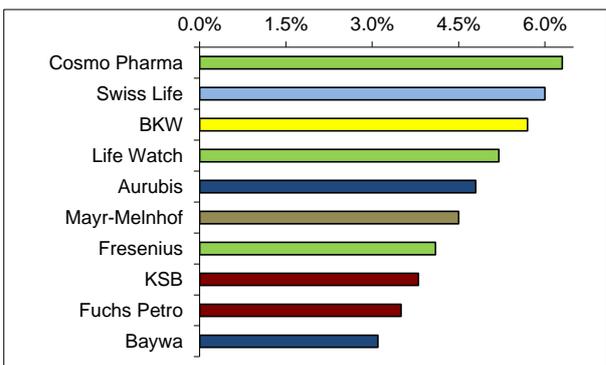
Breakdown by Sectors

Industrial Goods	29.8%
Construction	-0.8%
Consumer Goods	12.1%
Financials	6.4%
Communication	2.9%
Health Care	15.6%
Energy & Utilities	5.8%
Basic Materials	17.4%
Others	-8.0%
Cash	18.8%

Exposure

Long Positions:	97.5%
Hedge Positions:	16.3%
Net Position:	81.2%
Absolute Position:	113.8%
Cash:	18.8%

Largest Positions



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