

AMG Europe

Report as of July 31, 2015

Review July

After Greece has moved out of the investors focus, the substantial stock market collapses in China provided cause for concern at Europe's stock markets last month. The DAX Index increased by 9% until the middle of the month triggered by the political agreement between Greece and its creditors; concerns about China then led to substantial profit-taking. The return to the good half-year figures and fundamental data in Europe then helped the index still achieve an increase of 3.3% during July. The AMG Europa Fund increased in July by 3.8%. The benchmark index STOXX600 has advanced 4.0%. Since the start of the year 2015, the fund has increased by 19.3%; the index has gained 15.7%.

KSB is headquartered in the Palatinate region of Germany and generates 83% of its sales with pumps and auxiliary equipment. The currently very low but highly-profitable after sales service, generating 17% of the total revenues, is to be expanded in the future. Furthermore, the ongoing reorganisation comprises a reduction of the product range, the consolidation of the production locations as well as the reduction of the national companies. 2015 is still considered to be a year of transition, in which the initiated restructuring programme is being implemented. EUR 20-30m restructuring costs counterbalance the efficiency gains. The full effect of the reorganisation is expected as of 2016. The solid balance sheet with net liquidity and an equity ratio of 36% as well as the attractive valuation draw investors' attention to the share in light of the expected restructuring effects. The result of the 2nd quarter at **SAP** is solid. Besides the strong Cloud business, which will determine the future growth, the current Euro weakness enhances the competitiveness of the software group. The outlook for the entire year was confirmed; although the management expects a lower contribution from advantageous currency movements for the second half-year compared to the first half-year. Margins of the high-growth Cloud business lie below the traditional licence and maintenance business. On the other hand, job cuts in the entire year 2015 are leading to savings in the mid-three-digit million range, with a full impact as of 2016. The valuation with a price-earnings-ratio 2015e of 18.5x lies at the upper end of the historical bandwidth, which is acceptable in light of the continuing low interest environment. **Cassiopea**, a company specialised in dermatology, celebrated its stock exchange debut one month ago as a spin-off of CosmoPharmaceuticals. We are convinced of the medium term potential, in particular of the acne treatment, which can be absorbed by the body over the skin. At **Jenoptik** we expect strong growth in the defence and civil systems division: In the previous year, some projects were postponed to the year 2015, which are expected to have a disproportionate effect on the profitability. Jenoptik is also very satisfied with the development of Visionics, which was acquired last year. Increasing safety requirements in road traffic in emerging countries serve as growth drivers. Jenoptik benefits from the increasing mobility, not only through the sale of velocity measuring devices, but is also taking over the operation of facilities. The Management Guidance 2015 with double-digit sales growth and high profitability is expected to be easy to achieve.

Facts

Domicile of Fund:	Switzerland
Fund Management Company:	LB(Swiss) Investment AG, Zürich
Custodian Bank:	Frankfurter Bankgesellschaft, Zurich
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	89.2%	CHF	10.8%
GBP	0.0%	SEK	0.0%
NOK	0.0%	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

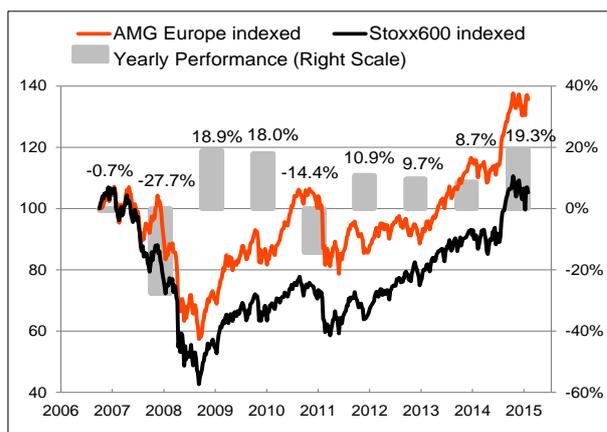
Net Asset Value per Share (Tranche A):	EUR 128.63
Number of Shares Issued:	297'875
Net Asset Value per Share (Tranche B):	EUR 125.56
Number of Shares Issued:	19'845
Total Net Asset Value:	EUR 40.8 m

Performance - since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception*
Fund	3.8%	2.3%	19.5%	14.5%	9.5%	3.7%
Stoxx600	4.0%	0.4%	18.0%	14.9%	9.2%	0.7%

*p.a.

	2015	2014	2013	2012	2011	since inception
Fund	19.3%	8.7%	9.7%	10.9%	-14.4%	35.9%
Stoxx600	15.7%	4.4%	17.4%	14.4%	-11.3%	5.9%



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

Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	10.91%
Sharpe Ratio (0.08% Risk Free Rate)	1.28
Beta (vs. Stoxx 600)	0.67

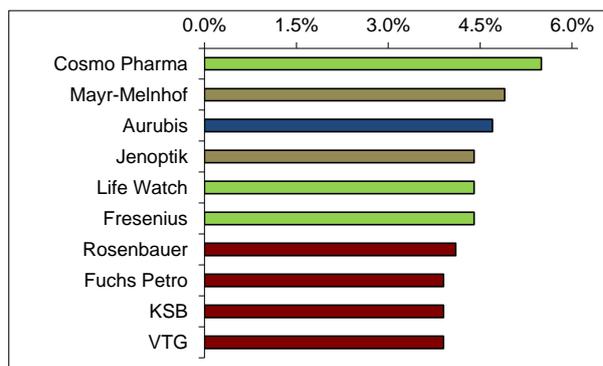
Breakdown by Sectors

Industrial Goods	31.5%
Construction	3.6%
Consumer Goods	14.9%
Financials	5.2%
Communication	3.1%
Health Care	17.4%
Energy & Utilities	2.3%
Basic Materials	17.2%
Others	3.0%
Cash	1.8%

Exposure

Long Positions:	98.2%
Hedge Positions:	0.0%
Net Position:	98.2%
Absolute Position:	98.2%
Cash:	1.8%

Largest Positions



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