

# AMG Europe

Report as of August 31, 2015

## Review August

Uncertainties about the state of the Chinese economy nourished worries about the possible consequences for economic development in other countries have pushed stockmarkets into freefall around the world. At one point, the DAX Index sank to a level last seen in December 2014. Following a turbulent week, however, a countermovement was set in. Concerns about a global economic dip were softened by strong US macro data. AMG Europa Fund declined by 2.7% in August. Selective picking of low beta quality stocks contributed to the distinct outperformance compared to its benchmark index STOXX600 which lost 8.5%. Viewed since the start of the year 2015, the fund has gained 16.1%, while the index has risen 5.9%.

Interim results reported by the German forklift manufacturer **Jungheinrich** demonstrate clearly that the company is a major beneficiary of the economic recovery in Europe (90% of sales are generated in Europe). Strong sales growth in the first quarter was boosted still further in the second. Improved production capacity utilisation pushed the EBIT margin higher. Incoming orders rose some 9%, representing a sound basis for the future performance of the business. The management has raised its guidance for the year as a whole. The leading copper producer **Aurubis** also posted an outstanding result for the first 9 months of the financial year. Treatment and refining charges (TC/RCS) have generally been declining. Despite this, Aurubis managed to generate significantly higher TC/RCS with more complex products, which is positive. The slide in gold, copper and silver prices was offset by favourable currency shifts (weaker EUR relative to the USD). Entering the fourth quarter, the business remains strong. Statements issued by the company suggest that it is likely to post a record result for the year as a whole. The strong generation of free cash flow means dividends could also be raised. The stock remains attractive, even after the impressive rise in prices seen since the start of the year. The Austrian airline caterer **Do&Co** confirmed the guidance for the year with its result for the first quarter of 2015/16, and announced measures to boost low margins in the field of restaurants, lounges & hotels (RLH). In addition, two major contracts are being renegotiated in the field of airline catering, bringing these into line with existing lucrative contracts with Turkish Airline. In view of Do&Co's indisputably strong business performance, these negotiations can be expected to achieve a positive outcome. The new agreements will drive both sales as well as margins higher, and for this reason we continue to favour this stock. The rail carriage hire company **VTG** also reported healthy figures for the 2<sup>nd</sup> quarter: while sales rose 27% on account of acquisitions, the high margins generated by its acquisition AAE caused operating profits at the EBITDA level to rise 65%. The improved profitability of VTG's established business operations also helped improve margins at its Rail Logistics Unit. The financial results benefited from the expiry of an interest rate swap, which will also make it easier to forecast net results in future. In overall terms, the set of figures released by VTG demonstrate just how robust its business model is, even in the difficult market environment.

## Facts

Domicile of Fund:	Switzerland
Fund Management Company:	LB(Swiss) Investment AG, Zürich
Custodian Bank:	Frankfurter Bankgesellschaft, Zurich
Investment Manager:	AMG Fondsverwaltung AG, Zug Birgit Heim, 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 30.06.2015:	1.34% Tranche A; 1.82% Tranche B

## Breakdown by Currencies

EUR	89.0%	CHF	11.0%
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

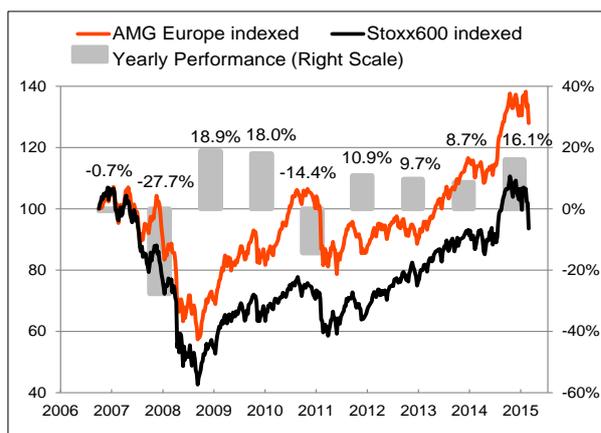
<b>Net Asset Value per Share (Tranche A):</b>	<b>EUR 125.18</b>
Number of Shares Issued:	297'825
<b>Net Asset Value per Share (Tranche B):</b>	<b>EUR 122.13</b>
Number of Shares Issued:	19'610
Total Net Asset Value:	EUR 39.7 mn

## Performance - since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception*
Fund	-2.7%	-2.4%	15.9%	13.3%	9.2%	3.4%
Stoxx600	-8.5%	-9.3%	6.1%	10.9%	7.6%	-0.4%

\*p.a.

	2015	2014	2013	2012	2011	since inception
Fund	16.1%	8.7%	9.7%	10.9%	-14.4%	32.2%
Stoxx600	5.9%	4.4%	17.4%	14.4%	-11.3%	-3.1%



Please find the detailed performance overview under [www.amg.ch](http://www.amg.ch)

## Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	11.07%
Sharpe Ratio (0.08% Risk Free Rate)	1.16
Beta (vs. Stoxx 600)	0.66

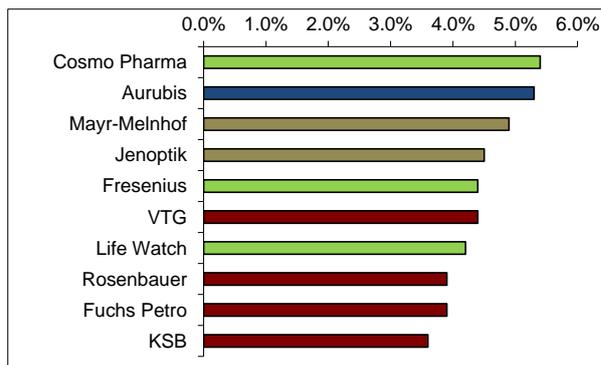
## Breakdown by Sectors

Industrial Goods	29.1%
Construction	3.2%
Consumer Goods	14.8%
Financials	5.1%
Communication	2.9%
Health Care	17.3%
Energy & Utilities	3.2%
Basic Materials	17.6%
Others	-6.9%
Cash	13.7%

## Exposure

Long Positions:	96.0%
Hedge Positions:	9.7%
Net Position:	86.3%
Absolute Position:	105.7%
Cash:	13.7%

## Largest Positions



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