

AMG Europe

Report as of September 30, 2015

Review September

Equity markets saw another sharp correction in September. The DAX dropped well below its August low. Stock markets have once again been hit by worries about the economic outlook for emerging markets. At the same time, these uncertainties have been stoked by the US Fed's communication policies. The AMG Europa Fund fell 0.7% in September. Once more, the selection of high-quality stocks with low betas proved successful and helped the fund outperform the benchmark index STOXX600 (-4.1%). Since the start of 2015, the fund has gained 15.3%, while the index rose 1.5%.

The lubricant manufacturer **Fuchs Petrolub** is characterised by a good market positioning and strong balance sheet. In view of the weak state of the Chinese auto market, Fuchs is expecting organically stagnating or moderately rising sales for 2015. The persistent weakness of the euro, however, will contribute towards a rise in operating earnings in the medium to higher single digits. The company's increased investment, inter alia in emerging markets, is opening up good growth opportunities going forward. The acquisitions of Statoil Fuel & Retail Lubricants as well as Pentosil are helping it to gain market shares, while the integration is set to bring the margins of the acquired units into line with those of Fuchs Petrolub. In addition to acquisitions, innovations developed in conjunction with customers are growth drivers. **Jungheinrich** is growing, despite the fact that the market is shrinking: historically positioned in the electric vehicles field, the leading manufacturer of industrial vehicles is profiting from tighter exhaust standards in China. The company, which has a healthy balance sheet, is focusing on market growth. It generates robust margins with aftersales activities as well as with the sale of used equipment from the hire business. In the case of the Austrian cardboard and packaging manufacturer **Mayr Melnhof**, high capacity utilisation as well as improved productivity is facilitating further sales and earnings growth, despite tough competition in an essentially stable market environment. Acquisition of Ileo (French producer of folding boxes for pharmaceuticals and luxury goods, sales EUR 115 million, purchase price EUR 80 million) will additionally support future growth. The current order backlog allows the management to look at "continuity at a good level" for the year 2015 as a whole. Although the 2015e P/E ratio of 14.7x is at the upper end of the scale in historical terms, the sound balance sheet, a P/B ratio of 1.7x as well as the strong market position continue to support its position in the fund. In the case of the Swiss cable manufacturer **Komax**, its principal Wire unit is performing very well, and the large volume of incoming orders suggests that the current half of the year is likely to see further substantial growth. The entire profit is generated by the principal unit, where a sizeable EBIT margin of 19-20% is generated. The Medtech unit was forced to introduce restructuring measures on account of the strength of the Swiss franc. While the earnings situation is set to recover slightly during the second half of the year, it is unlikely to make an earnings contribution during the year as a whole. The stock is currently trading with a 2015e P/E ratio of 17.7x, which remains attractive in view of its outstanding market position, debt-free balance sheet and the 3.4% dividend.

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	89.9%	CHF	10.1%
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

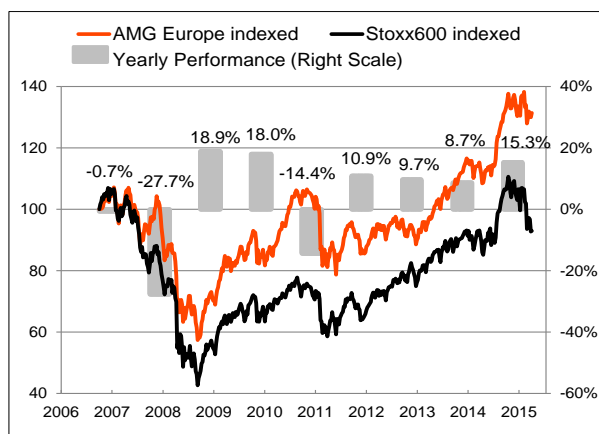
Net Asset Value per Share (Tranche A):	EUR 124.37
Number of Shares Issued:	296'325
Net Asset Value per Share (Tranche B):	EUR 121.30
Number of Shares Issued:	18'485
Total Net Asset Value:	EUR 39.1 mn

Performance - since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception*
Fund	-0.7%	0.3%	15.8%	12.0%	8.0%	3.3%
Stoxx600	-4.1%	-8.8%	1.4%	9.0%	6.0%	-0.9%

*p.a.

	2015	2014	2013	2012	2011	since inception
Fund	15.3%	8.7%	9.7%	10.9%	-14.4%	31.4%
Stoxx600	1.5%	4.4%	17.4%	14.4%	-11.3%	-7.1%



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

Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	10.90%
Sharpe Ratio (0.08% Risk Free Rate)	1.07
Beta (vs. Stoxx 600)	0.64

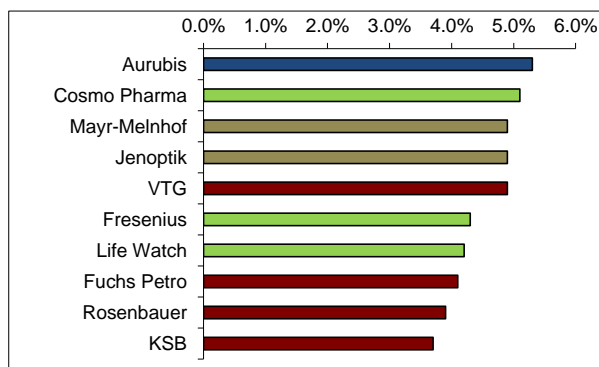
Breakdown by Sectors

Industrial Goods	28.5%
Construction	3.1%
Consumer Goods	15.0%
Financials	7.0%
Communication	3.0%
Health Care	16.6%
Energy & Utilities	3.2%
Basic Materials	18.1%
Others	2.7%
Cash	2.8%

Exposure

Long Positions:	97.1%
Hedge Positions:	9.2%
Net Position:	87.9%
Absolute Position:	106.3%

Largest Positions



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