

# AMG Europe

Report as of October 31, 2015

## Review October

Following the September correction, equity markets enjoyed strong gains since early October. Despite this, some European equity indices remain significantly below the highs recorded in the summer. US equity markets, by contrast, have almost reached recent highs. Strongly expansive policies pursued by the ECB as well as the interest rate cut pushed through by the People's Bank of China have raised the prospect of even lower bond yields, boosting sentiment. The AMG Europa Fund rose 3.5% in October, the benchmark index STOXX600 gained 8.0%. Since the start of the year 2015, the fund has risen 19.4%, while the index has gained 9.6%.

Robust Europe-wide summer sales along with added momentum from online activities boosted sales at the **Hornbach** DIY group. Hornbach Baumarkt is the only market player that also offers its merchandise online. In the interim, it generates sales in the hundreds of millions with its online business. For the group as a whole, same store sales during the first half of the 2015/16 financial year (as of 31 August) rose 4% to reach EUR 2.1 billion relative to the same period of the previous year. Operating earnings at the EBIT level also came in moderately above market expectations. The second quarter made up for the weak first quarter. The confirmed outlook for the year as a whole leaves scope for strategic investments, for example with a view to the online side of the business. Following the change of the capital structure, the Hornbach Holding recently expanded the free float from 50% to 56.25% by placing 1 million shares previously held by the Hornbach family worth EUR 70 million (6.25% of the shares). In addition to a comfortable equity ratio of some 54% as well as hidden reserves in real estate, the strong market position as well as solid margins speak for an investment in Hornbach shares. The result for the third quarter of 2015 published by **SAP** shows that SAP is successfully managing the shift in the software business to the cloud, without undermining margins. Following the -9% decline in licence revenues at Oracle relative to the same quarter of the previous year, the strong rise in licences at SAP (+7%) was a positive surprise. Operating earnings came in significantly above market expectations. The operating margin rose in the Q3 for the first time in several years, and reached an impressive 32.4%. SAP confirmed its annual outlook, and is confident that demand for its accounting and supply chain software launched in February (S/4 HANA) will remain high. This means further positive quarterly performances should be possible. With the publication of its third-quarter results, the **Fresenius** health group has lifted its net profit outlook for the year 2015 as a whole. The key factor here has been the strong performance of its Kabi generic drug specialist subsidiary in North America, where Fresenius is also continuing to profit from the supply bottlenecks affecting the competition. The group as a whole reported sales 7% higher in the third quarter, adjusted for currency effects. Earnings adjusted to take special effects into account rose by a faster-than-expected 20% in the third quarter. Once again, the performance remains sound and the annual guidance has again been raised. This speaks for the healthcare stock.

## 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
Tranche C (ISIN, Swiss Sec. No.), CHF hedged:	CH00297417534, 27941753
Distributions:	Dividend & Capital Gain distributing
Subscription/Redemption:	Daily / no fees
Performance Fee:	None
Management Fee:	1.0% Tranche A & C; 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	91.1%	CHF	8.9%
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

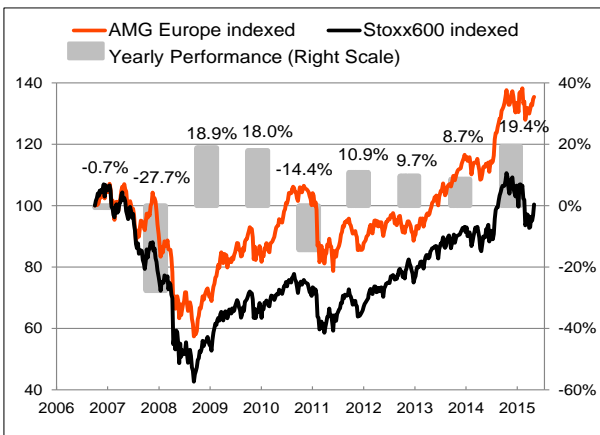
<b>Net Asset Value per Share (Tranche A):</b>	<b>EUR 128.73</b>
Number of Shares Issued:	283'207
<b>Net Asset Value per Share (Tranche B):</b>	<b>EUR 125.50</b>
Number of Shares Issued:	18'125
<b>Net Asset Value per Share (Tranche C):</b>	<b>CHF 139.74</b>
Number of Shares Issued:	42'398
Total Net Asset Value:	EUR 44.2 mn

## Performance - since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception*
Fund	3.5%	0.1%	21.0%	13.2%	7.8%	3.6%
Stoxx600	8.0%	-5.3%	11.5%	11.6%	7.2%	0.0%

\*p.a.

	2015	2014	2013	2012	2011	since inception
Fund	19.4%	8.7%	9.7%	10.9%	-14.4%	36.0%
Stoxx600	9.6%	4.4%	17.4%	14.4%	-11.3%	0.3%



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.):	10.84%
Sharpe Ratio (0.08% Risk Free Rate)	1.18
Beta (vs. Stoxx 600)	0.63

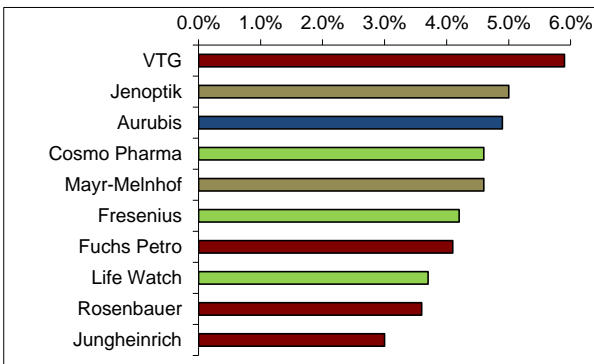
## Breakdown by Sectors

Industrial Goods	28.0%
Construction	2.5%
Consumer Goods	15.8%
Financials	6.1%
Communication	2.8%
Health Care	15.3%
Energy & Utilities	2.9%
Basic Materials	17.6%
Others	3.0%
Cash	6.0%

## Exposure

Long Positions:	94.0%
Hedge Positions:	0.0%
Net Position:	94.0%
Absolute Position:	94.0%

## Largest Positions



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