

AMG Europe

Report as of November 30, 2015

Review November

Strong gains posted by European stock markets in October were followed in November by moderate fluctuations, the month ended higher after all. Demand for big caps tended to outstrip that for smaller stocks. In addition to the profit-taking that followed the good third-quarter results, stocks that failed to meet or only just met market expectations were punished. At the same time, expansive monetary policies maintained by the European Central Bank helped support the markets. US macro data, which in overall terms show that the economic upturn is continuing, also boosted confidence. The AMG Europa Fund rose 2% in November. By contrast, the benchmark index STOXX600 gained 2.7%. Since the start of the year 2015, the Fund has risen 21.7%, while the index gained 12.5%.

Not least due to acquisitions in the fields of body care as well as due to its highly-profitable adhesive activities, **Henkel** reported an 8.4% increase in sales in the 3rd quarter, which was significantly above market expectations. In organic terms, sales rose 3.2%, and on a positive note this was also due to price rises. At the regional level, emerging countries performed particularly well. While the USA is continuing to grow strongly, markets in Western Europe are characterised by predatory competition. At the end of the day, Henkel was able to boost its operating earnings at the EBIT level by a disproportionately strong +10.4%, which enabled the corresponding margins to hit record highs. We added this stock to the portfolio at the end of October 2015. It has a strong balance sheet with an equity ratio of 58%, robust sales growth as well as strong profitability. The 3rd quarter result reported by **Jenoptik** was moderately above market expectations, and its annual guidance for 2015 was confirmed and underscored. At the same time, net debt was reduced, and the balance sheet was strengthened with an equity ratio of 55.7%. Incoming orders were slightly disappointing; the book-to-bill ratio is below 0.85, which resulted in a share price slide of up to -12.5% during the course of the day due to profit taking. In a conference call, the management confirmed that the pipeline is healthy in overall terms. Orders declined in the 3rd quarter, above all in the fields of defence and civilian systems. These fluctuate more strongly than other fields, due to major orders. With a P/E ratio 2016e of 14.7x, Jenoptik's valuation is moderate for a sound company, operating in an attractive high-tech niche with good growth prospects. At the same time, the strong generation of cash flow appealed to us. We used the price dip to build up our position. The Hamburg-based company **Jungheinrich**, which enjoys a global reputation for its forklift trucks as well as storage and material flow technology, produced a strong set of sales and earnings figures for the 3rd quarter. The company also confirmed its guidance, which had been raised at the end of the first half, for the year 2015 as a whole. Following a strong 2nd quarter, the 3rd quarter provided evidence of accelerating sales growth momentum, and this is likely to continue into the years 2016 and 2017. In view of these expectations, the management guidance seems very conservative. The high incoming orders of EUR 720mn points to healthy demand for logistics systems, and underscores Jungheinrich's strong market position in this growing market.

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
Tax transparency:	Switzerland / Germany / Austria

Breakdown by Currencies

EUR	90.3%	CHF	9.7%
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

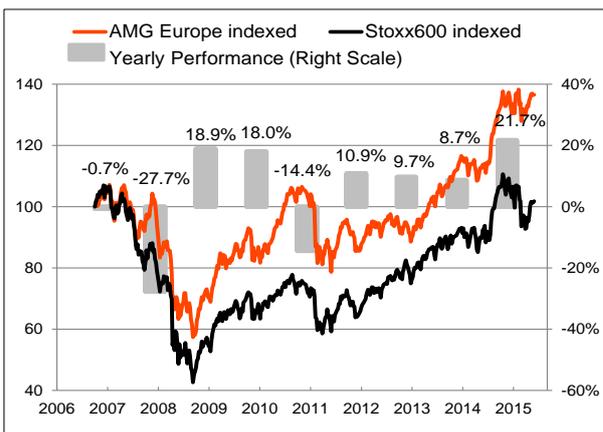
Net Asset Value per Share (Tranche A):	EUR 131.29
Number of Shares Issued:	268'334
Net Asset Value per Share (Tranche B):	EUR 127.95
Number of Shares Issued:	18'875
Net Asset Value per Share (Tranche C):	CHF 142.47
Number of Shares Issued:	74'481
Total Net Asset Value:	EUR 47.4 mn

Performance - since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception*
Fund	2.0%	4.9%	22.1%	14.3%	8.4%	3.8%
Stoxx600	2.7%	6.2%	11.0%	11.8%	8.0%	0.3%

*p.a.

	2015	2014	2013	2012	2011	since inception
Fund	21.7%	8.7%	9.7%	10.9%	-14.4%	38.7%
Stoxx600	12.5%	4.4%	17.4%	14.4%	-11.3%	3.0%



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

Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	10.58%
Sharpe Ratio (0.08% Risk Free Rate)	1.30
Beta (vs. Stoxx 600)	0.62

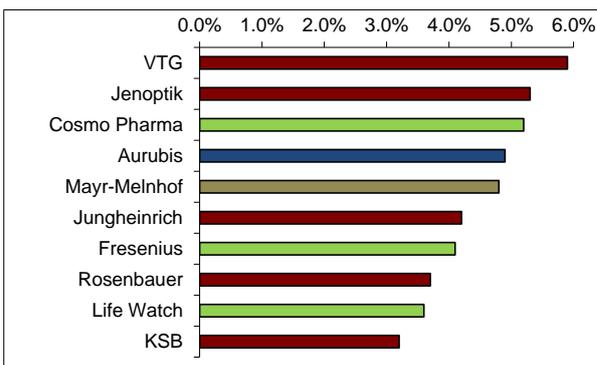
Breakdown by Sectors

Industrial Goods	34.5%
Construction	2.6%
Consumer Goods	12.9%
Financials	6.7%
Communication	3.0%
Health Care	16.0%
Energy & Utilities	2.7%
Basic Materials	16.4%
Technology	2.9%
Cash	2.3%

Exposure

Long Positions:	97.7%
Hedge Positions:	9.6%
Net Position:	88.1%
Absolute Position:	107.3%

Largest Positions



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