

# AMG Europe

Report as of January 31, 2016

## Review January

The new year began with a rapid downwards movement. Worries about weaker emerging countries, the sharp fall in the price of oil and the interest rate turnaround in America were seen as heightened risks for the global economy, and this was reflected by equity prices. Within two weeks, European markets lost over 12%. The AMG Europa Fonds proved relatively robust during this phase. Towards the end of the month, with ECB Chairman Draghi toying with the idea of further quantitative easing measures for the Eurozone, a countermovement was triggered. The fund realized this uptrend only partly. In total, the AMG Europa Fonds fell 7.5% in January, while the benchmark index STOXX600 eased 6.4%.

**Komax** published sales and incoming orders figures for the 2015 financial year that were very impressive. In year-on-year terms, incoming orders rose 20%, with increasing momentum during the second half of the year 2015, which will have a positive impact on sales in 2016. The volatile Medtech Division saw the strongest growth. With incoming orders of CHF 66.1 million, this is likely to see the EBIT parameter break even. The division is now officially up for sale, and the improved performance of the business is likely to facilitate this goal. The spin-off will not merely support the company's growth and margin profile, but will also boost its value. In the case of the Austrian fire brigade vehicle manufacturer **Rosenbauer**, we used the strong decline in the stock price to build up the existing position. Following years of strong growth, the management is shifting its focus towards production efficiencies and cost restructuring, in particular at the Austrian production works in Leonding. Conditions on the global firefighting market are still considered favourable, with a moderate recovery in Europe, the USA as well as the growth regions of Asia and the Middle East. With a P/E ratio 2016e of 12.3x, a P/B ratio of 1.6x and consistently strong sales growth, we consider the stock to be attractive in view of the anticipated improvements in profitability.

In the case of **Henkel**, we viewed the fall in the stock price, together with the unexpected departure of Kasper Rosted, as an opportunity to buy. The new CEO Van Bylen has worked for Henkel since 1984, and is looking to maintain the core strategy. This also aims to achieve sustained growth through acquisitions. The new CEO will be announcing medium-term goals in November 2016. Van Bylen is seen as an excellent manager, and was one of the driving forces behind the turnaround and success of the Henkel Beauty Care Division. He has in-depth knowledge of the business, meaning that the transition from Kasper Rosted to Hans van Bylen is likely to proceed smoothly. The technology group **Jenoptik** ended 2015 with significant increases in sales and operating results, whereby these even picked up in the 4<sup>th</sup> quarter. In addition to strong sales, earnings were also boosted by cost-cutting measures. The statements issued during the telephone conference underscore the high quality of the result. Favourable cash-flow generation enabled net debts to be almost halved to EUR 50 million relative to the previous year. In the current environment, the outlook for 2016 is cautiously optimistic, while the medium-term guidance was also confirmed.

## 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 31.12.2015:	1.35% Tranche A; 1.86% Tranche B 1.38% Tranche C
Tax transparency:	Switzerland / Germany / Austria

## Breakdown by Currencies

EUR	89.6%	CHF	10.4%
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

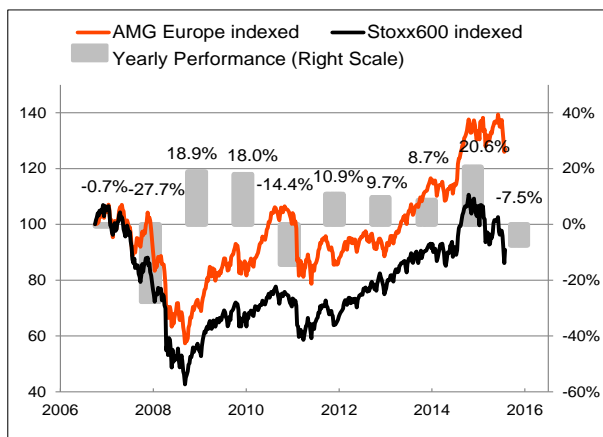
<b>Net Asset Value per Share (Tranche A):</b>	<b>EUR 120.33</b>
Number of Shares Issued:	280'624
<b>Net Asset Value per Share (Tranche B):</b>	<b>EUR 117.15</b>
Number of Shares Issued:	18'875
<b>Net Asset Value per Share (Tranche C):</b>	<b>CHF 130.26</b>
Number of Shares Issued:	106'375
Total Net Asset Value:	EUR 48.7 mn

## Performance - since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception*
Fund	-7.5%	-6.5%	3.2%	9.6%	4.1%	2.8%
Stoxx600	-6.4%	-8.8%	-6.8%	6.0%	4.1%	-1.0%

\*p.a.

	2016	2015	2014	2013	2012	since inception
Fund	-7.5%	20.6%	8.7%	9.7%	10.9%	27.1%
Stoxx600	-6.4%	6.8%	4.4%	17.4%	14.4%	-8.5%



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.):	11.3%
Sharpe Ratio (0.08% Risk Free Rate)	0.78
Beta (vs. Stoxx 600)	0.62

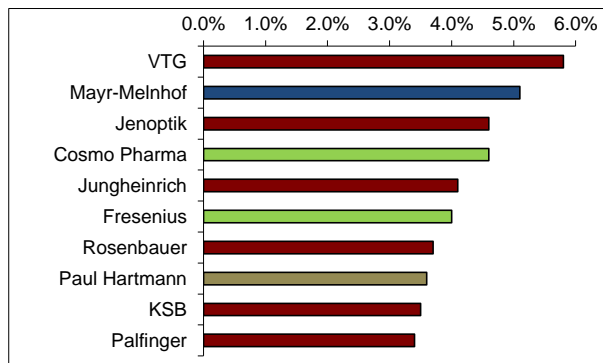
## Breakdown by Sectors

Industrials	29.4%
Consumer Disc.	4.8%
Consumer Staples	8.0%
Financials	7.0%
Communication	2.6%
Health Care	13.1%
Energy	0.0%
Basic Materials	16.9%
Technology	7.2%
Utilities	2.5%
Cash	8.5%

## Exposure

Long Positions:	91.5%
Hedge Positions:	10.1%
Net Position:	81.4%
Absolute Position:	101.6%

## Largest Positions



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