

AMG Europe

Report as of May 31, 2016

Review May

European equity markets are awaiting the outcome of the June referendum on whether Britain will remain in the European Union. By contrast, the surprisingly clear statement from the US Federal Reserve, pointing to an interest rate hike, did hardly unsettle the markets. Quite the opposite, in fact: the forthcoming interest rate move invigorated financial stocks. The AMG Europe Fund rose by 2.3% in May, while the benchmark index STOXX 600 gained 1.8%. Since the start of the year the performance of the AMG Europe Fund has been -4.4%, while the benchmark posted -5.0%.

The German wagon hire and rail logistics company, **VTG**, has a new major shareholder: Klaus-Michael Kühne. The Kühne+Nagel majority shareholder acquired the stake from Wilbur Ross. Kühne now has a stake of over 20%, making him the second-largest shareholder after Andreas Goer, who holds 29%. In operating terms, the rail logistics firm is continuing to grow. For the current year the SDAX Group is looking for sales in the region of EUR 1.03-1.07 billion and an EBITDA between EUR 345-355 million. With the backing of a new major shareholder, VTG will be able to continue to grow. At **Henkel**, all three divisions – Laundry & Home Care, Beauty Care and Adhesive Technologies – contributed to the good performance recorded in the 1st quarter of 2016. In view of the strong start to the year, Henkel confirmed the upbeat outlook for the year as a whole, with earnings per share growth of 8-11%. The biggest uncertainty in this conjunction remains the development of foreign currencies, in particular in emerging markets. This is where the highest growth is currently being generated. In addition to organic growth, the sound balance sheet allows to actively take part in market consolidation. Henkel is looking for suitable takeover targets. The positive start to the year as well as the growth expectations going forward are convincing. The financial services company **Wirecard** also posted a strong result, with sales growth of 32% and operating profit (EBIT level) some 40% higher. The upbeat result confirms the robust performance of the business and Wirecard's good market position. **Palfinger** benefited from the growth momentum in southern Europe, and saw sales grow in the 1st quarter of 2016 by an impressive 9% to reach EUR 318.8 million, a new record figure for a 1st quarter. Operating earnings at the EBIT level rose by a superb 28%, significantly above market expectations. The recently announced acquisition of the Norwegian Harding Group strengthens Palfinger's position in the marine sector, which has been a long-standing objective. With sales of EUR 140 million, Harding operates the world's largest service network for boats with rescue equipment. Servicing accounts for an attractive 50% of sales of Harding. The price for the acquisition has not yet been announced, if it does not exceed a valuation of 10x EV/EBITDA, then this acquisition is clearly a positive move. It will boost marine operations to over 20% of sales at Palfinger. In view of the sound performance of the business, the Palfinger share is still attractively valued with a P/E 2016e of 13.0x.

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:	CH0297417534, 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, CHF hedged
Tax transparency:	Switzerland / Germany / Austria
Licensed for public distribution:	Switzerland / Germany

Breakdown by Currencies

EUR	89.4%	CHF	10.6%
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 124.39
Number of Shares Issued:	293'892
Net Asset Value per Share (Tranche B):	EUR 120.92
Number of Shares Issued:	8'345
Net Asset Value per Share (Tranche C, CHF hedged):	CHF 134.32
Number of Shares Issued:	120'622
Total Net Asset Value:	EUR 52.5 mn

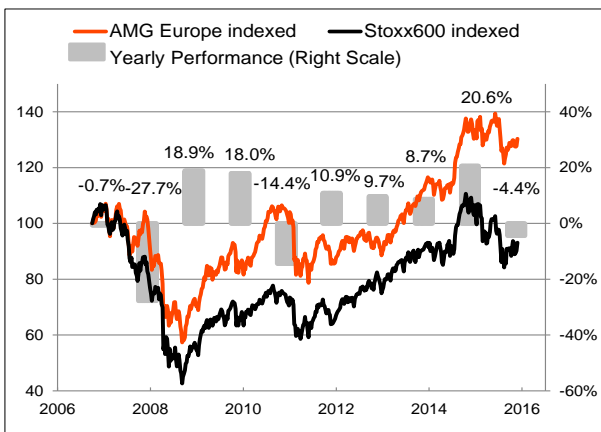
Performance - Tranche A

since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	2.3%	4.0%	-3.0%	12.1%	4.4%	3.0%
Stoxx600	1.8%	4.0%	-13.1%	4.9%	4.3%	-0.8%

*p.a.

	2016	2015	2014	2013	2012	since inception
Fund	-4.4%	20.6%	8.7%	9.7%	10.9%	31.4%
Stoxx600	-5.0%	6.8%	4.4%	17.4%	14.4%	-7.1%



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

Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	11.16%
Sharpe Ratio (0.08% Risk Free Rate)	1.06
Beta (vs. Stoxx 600)	0.59

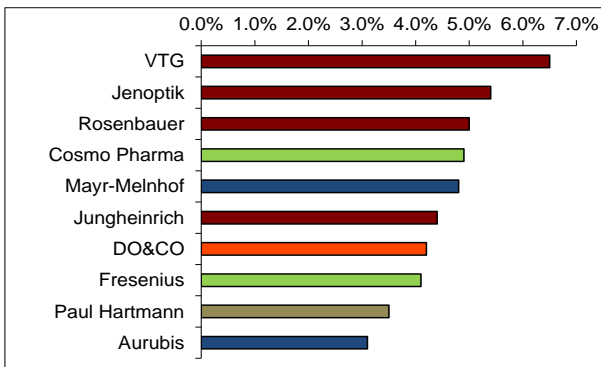
Breakdown by Sectors

Industrials	33.4%
Consumer Disc.	7.4%
Consumer Staples	8.0%
Financials	6.9%
Communication	2.2%
Health Care	13.2%
Energy	0.0%
Basic Materials	15.6%
Technology	6.5%
Utilities	2.7%
Cash	4.1%

Exposure

Long Positions:	95.9%
Hedge Positions:	7.4%
Net Position:	88.5%
Absolute Position:	103.3%

Largest Positions



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