

AMG Europe

Report as of July 31, 2016

Review July

Following the shockwaves caused by the Brexit vote in June, the European stock markets staged a remarkable rally in July. Buoyed up by central banks' ultra-expansive monetary policies, stocks rebounded sharply. The general market trend even weathered several terrorist attacks in Europe and political unrest in Turkey. In July, the AMG Europe gained 1.9%, while the STOXX 600 benchmark index rallied more strongly, edging up 3.6%. The performance of the AMG Europe since the beginning of the year stands at -7.1%, that of the benchmark at -6.5%.

SAP's second-quarter results substantially exceeded market expectations. The recovery of licensing revenue (+6%) made a significant contribution to pushing up the EBIT margin from 28.0% in the previous year's quarter to 28.9%. Revenues from the cloud business also expanded considerably by close to 30%. The company's 2016 Guidance, which was published at the beginning of the new year, is being confirmed by a healthy order pipeline. Moreover, progress should be sustained by the weak Euro. The company aims to generate a 6-8% increase in cloud and software revenue. In contrast to its competitors, SAP is already making a profit from the cloud business, and revenues in this area are expected to exceed the software license business as of 2018. This should make an above-average contribution to growth in SAP's results of operations. Due to a decline in incoming orders from Asia in 2Q16, the Austrian fire truck manufacturer **Rosenbauer** scaled down its full-year 2016 Guidance. Furthermore developments in the Middle East are turning out weaker than expected. The lower oil price and geopolitical tension in the region are slowing down business. Persistent growth in demand in Europe and the USA is partially compensating for the decline in Asia. The company still anticipates an increase in turnover for the full year. However, in contrast to the previous outlook which projected an increase over 2015, EBIT is now expected to remain at the previous year's level. The recovery of margins from the weaker 2015 figures thanks to internal reorganisation measures is unlikely to materialise this year and current price levels reflect disappointment with the 2016 development. However, even taking into account the latest profit warning, at a P/E 2016e of 16x, this solid company is not overvalued and we remain invested.

Palfinger's turnover in the first six months of 2016 expanded by 9.8%, reaching a new record high of EUR 665.9 million, with EBIT growing as much as 21.4% to EUR 64.9 million and the EBIT margin increasing to 9.8%. This welcome development is buoyed up by growth in all product areas in Europe. In the USA, Palfinger is currently lagging behind the strong market trend and is aiming to raise profitability to the group level via a restructuring programme that has already been launched. In strategic terms, Palfinger is focusing on integrating the recently acquired Harding Group into its marine business and completing the takeover of the TTS Group, thereby benefitting its corporate growth and profitability.

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	82.4%	CHF	17.6%
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 120.92
Number of Shares Issued:	320'833
Net Asset Value per Share (Tranche B):	EUR 117.44
Number of Shares Issued:	7'220
Net Asset Value per Share (Tranche C, CHF hedged):	CHF 130.14
Number of Shares Issued:	116'322
Total Net Asset Value:	EUR 53.6 mn

Performance - Tranche A

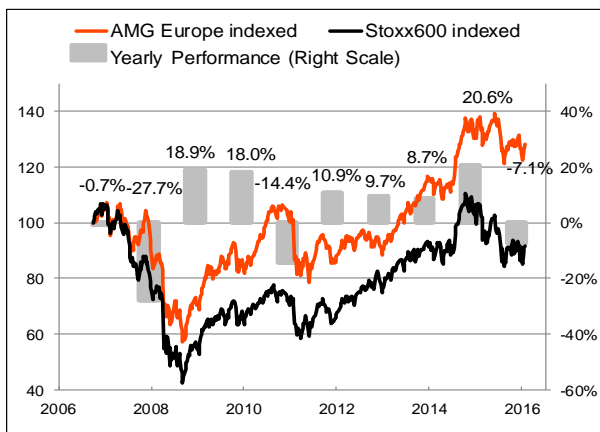
since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	1.9%	-0.6%	-6.0%	10.9%	5.3%	2.7%
Stoxx600	3.6%	0.1%	-13.7%	4.5%	5.2%	-1.0%

*p.a.

since inception

	2016	2015	2014	2013	2012	since inception
Fund	-7.1%	20.6%	8.7%	9.7%	10.9%	27.7%
Stoxx600	-6.5%	6.8%	4.4%	17.4%	14.4%	-8.6%



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

Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	10.97%
Sharpe Ratio (0.08% Risk Free Rate)	0.93
Beta (vs. Stoxx 600)	0.56

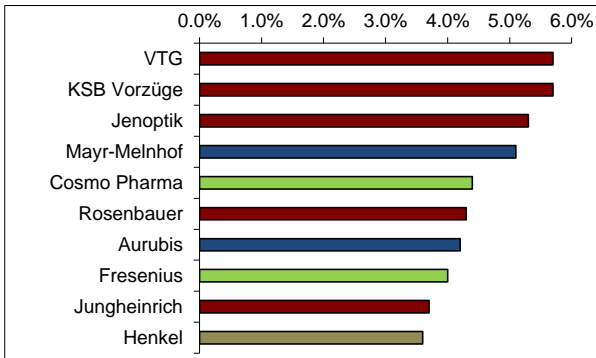
Breakdown by Sectors

Industrials	32.5%
Consumer Disc.	6.2%
Consumer Staples	8.6%
Financials	6.7%
Telecommunication	2.3%
Health Care	13.4%
Energy	0.0%
Basic Materials	19.4%
Technology	7.1%
Utilities	2.5%
Cash	1.3%

Exposure

Long Positions:	98.7%
Hedge Positions:	11.2%
Net Position:	87.5%
Absolute Position:	109.9%

Largest Positions



Disclaimer: While AMG Fondsverwaltung AG has made every effort to ensure that the information on this document is correct at the time of publication, AMG can make no representation or warranty (including liability to third parties) either expressly or by implication as to the accuracy, reliability or completeness of the said information. The future performance of an investment cannot be deduced from previous market value, i.e. the value of an investment may fall as well as rise. Performance was calculated without commissions and fees for subscription or redemption.