

AMG Europe

Report as of August 31, 2016

Review August

Following rapid gains in July, lethargic European stocks were moving in narrow trading ranges in August. Uncertainty regarding the central banks' further course of action was not alleviated by the latest FED communications, and markets worldwide are now in wait-and-see mode. Accordingly, we retain a cautious approach. The AMG Europe gained 1.5% in August, while the benchmark index, the STOXX 600, advanced by 0.5%. Since the beginning of the year, the AMG Europe has recorded a performance of -5.7%, the benchmark index reported -6.1%, albeit with much lower volatility in the fund.

The midyear 2016 result published by **Surteco**, a specialist in decorative paper- and plastic-based surface materials, significantly exceeded the market's expectations. The strong profit dynamics in the 2nd quarter constitute particularly good news. Surteco is reaping substantial benefits from the integration effects of the 2013 Süddekor takeover. In the first six months of 2016, group turnover rose by 3%, while EBIT improved significantly by 22%. For the full year, the company expects a slight rise in turnover and anticipates a substantial increase in profits. Surteco's balance sheet structure is sound, net financial debt has declined by 5% to EUR 120.3 million since the end of 2015 and the equity quota stands at a solid 48.4%. At a P/E 2016e of 14.4x, a P/B 2016e of just above 1x and a dividend yield of 3.6%, the valuation is very attractive, not least given the anticipated growth in profits. **Fresenius** is recording continuous growth in all three segments. EBIT margins were well-defended and the trend towards declining finance costs persisted. Despite the high reference basis, profit growth over last year's comparative quarter was in the two-digit range. The higher profit outlook is suggestive of continued dynamics in the 2nd half of the year. In the current insecure market environment, this solid stock remains attractive even after recent price rises. The new CEO of **Henkel**, Hans Van Bylen, presented a very strong midyear result. Investors were particularly pleased with the slight improvement in the company's outlook. For the full year, Mr Van Bylen still holds out the prospect of further organic growth of 2-4% and an 8-11% increase in the adjusted earnings per preferential share. The native Belgian plans to raise the EBIT margin to over 16.5%. Up until now, Henkel had targeted a margin of around 16.5%. In November, he will announce his strategy, which is expected to include a reduction of the company's dependence on the highly cyclical adhesive business that currently generates approx. 50% of total turnover. Mr Van Bylen took the first step in this direction in June 2016 when he announced the takeover of Sun Products, a US detergent manufacturer. The acquisition resulted in an increase in turnover generated by the less cyclical detergent business, of which the Persil brand is the best-known representative, from just under 30% to approx. 33%.

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 30.06.2016:	1.34% Tranche A; 1.83% Tranche B 1.35% Tranche C / CHF hedged
Tax transparency:	Switzerland / Germany / Austria
Licensed for public distribution:	Switzerland / Germany

Breakdown by Currencies

EUR	83.0%	CHF	17.0%
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 122.72
Number of Shares Issued:	314'248
Net Asset Value per Share (Tranche B):	EUR 119.14
Number of Shares Issued:	7'340
Net Asset Value per Share (Tranche C, CHF hedged):	CHF 132.13
Number of Shares Issued:	114'487
Total Net Asset Value:	EUR 53.3 mn

Performance - Tranche A

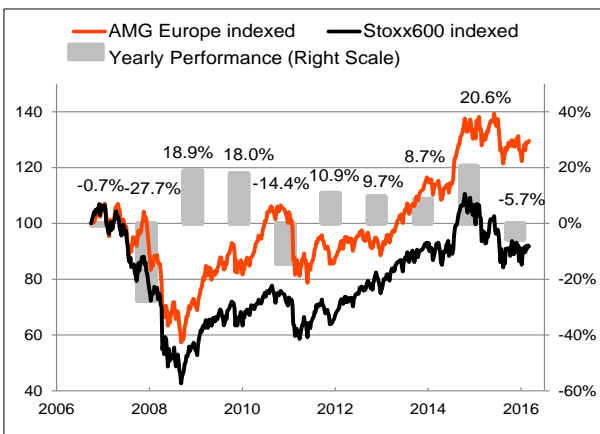
since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	1.5%	-1.3%	-2.0%	11.7%	8.1%	2.8%
Stoxx600	0.5%	-1.1%	-5.3%	4.9%	7.7%	-0.9%

*p.a.

since inception

	2016	2015	2014	2013	2012	since inception
Fund	-5.7%	20.6%	8.7%	9.7%	10.9%	29.6%
Stoxx600	-6.1%	6.8%	4.4%	17.4%	14.4%	8.2%



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

Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	10.87%
Sharpe Ratio (0.08% Risk Free Rate)	1.03
Beta (vs. Stoxx 600)	0.56

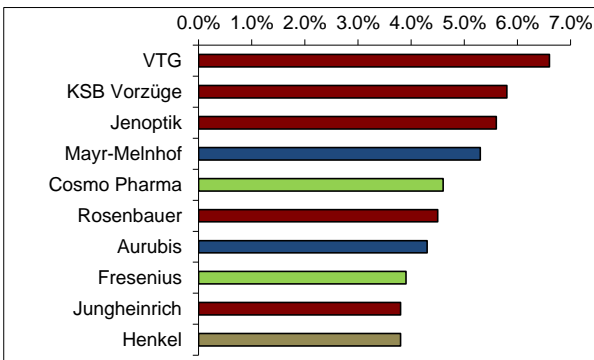
Breakdown by Sectors

Industrials	34.3%
Consumer Disc.	5.9%
Consumer Staples	8.9%
Financials	6.7%
Telecommunication	2.4%
Health Care	12.8%
Energy	0.0%
Basic Materials	19.2%
Technology	6.9%
Utilities	2.5%
Cash	0.4%

Exposure

Long Positions:	99.6%
Hedge Positions:	14.4%
Net Position:	85.2%
Absolute Position:	114.0%

Largest Positions



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