

AMG Europe

Report as of September 30, 2016

Review September

After a good start, the European stock markets shifted into correction mode in the middle of the month. In September, the AMG Europe advanced by 0.4%, while the benchmark index, the STOXX 600, lost 0.2%. Since the beginning of the year, at -5.3%, the performance of the AMG has been slightly better than of the benchmark index (-6.3%), although the fund is subject to much lower volatility.

The takeover of the highly profitable Spanish Quironsalud hospital group was a very positive move for **Fresenius SE**, with the former generating EBITDA margins in excess of 20%. Fresenius' existing hospital division is generating an EBITDA margin of approximately 19%, the Fresenius SE Group as a whole reports a margin of 15%. Accordingly, the acquisition will already make a positive contribution to the overall result in 2017. Earnings per share are expected to go up by approximately 15%. This figure does not yet include the intended synergy effects. The EUR 5.8 billion transaction volume will be financed both via the issuance of new shares, which will be taken over and held for two years by the current owner of Quironsalud, and via debt capital. At 1%, the resulting dilution is low and the company intends to reduce the net debt/EBITDA ratio of 3.1x after the acquisition to 2.5x by 2018.

Freenet has recently returned to the path of growth: sales rose 7.3% to reach EUR 807.7 million. Gross earnings increased 18% in the 2nd quarter to a total of EUR 220 million, which is clearly above market expectations, and the margin strengthened 2.5% to reach 27.2%. Guidance for the year as a whole was confirmed, with the EBITDA slightly over EUR 400 million and the free cash flow of EUR 300 million. In addition, the stake in Sunrise also had a positive effect, bringing cash inflows from dividends of EUR 32 million. An expansion of the stake in Sunrise to 33 1/3% is something that cannot be ruled out, and this would trigger a mandatory takeover offer. Sunrise has performed very strongly of late in operative terms, silencing critics of the Freenet stake. In view of the confirmed guidance, the dividend of EUR 1.60 is also likely to remain in place, corresponding to a dividend yield of 6.1%.

RIB-Software, a supplier of construction project coordination systems, has substantially raised its outlook for the full year 2016 at the same time as announcing a joint venture with "a leading global production company". 2016 EBITDA is expected to range between EUR 27 and 32 million (previously EUR 20 to 25 million). Most likely, the upward revision would have been due even without the new joint venture. Since the profit warning in November 2015, RIB has been traded at a significant discount to its peer group although the company records the highest organic growth among this group. There is significant potential for catching up.

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	83.5%	CHF	16.5%
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 123.19
Number of Shares Issued:	304'812
Net Asset Value per Share (Tranche B):	EUR 119.54
Number of Shares Issued:	7'340
Net Asset Value per Share (Tranche C, CHF hedged):	CHF 132.55
Number of Shares Issued:	108'970
Total Net Asset Value:	EUR 51.7 mn

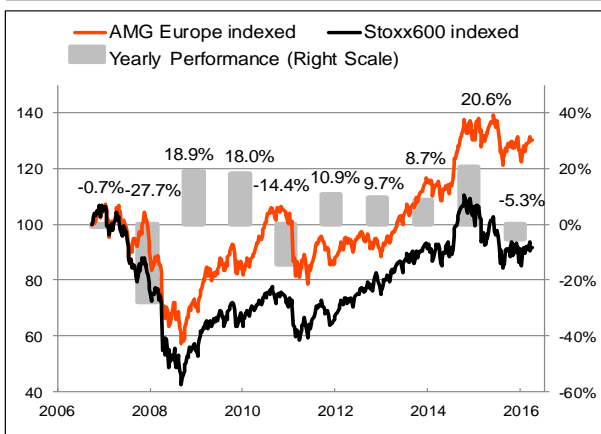
Performance - Tranche A

since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	0.4%	3.8%	-1.0%	10.3%	9.2%	2.8%
Stoxx600	-0.2%	4.0%	-1.4%	3.4%	8.7%	-0.9%

*p.a.

	2016	2015	2014	2013	2012	since inception
Fund	-5.3%	20.6%	8.7%	9.7%	10.9%	30.1%
Stoxx600	-6.3%	6.8%	4.4%	17.4%	14.4%	-8.4%



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

Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	10.68%
Sharpe Ratio (0.08% Risk Free Rate)	0.96
Beta (vs. Stoxx 600)	0.55

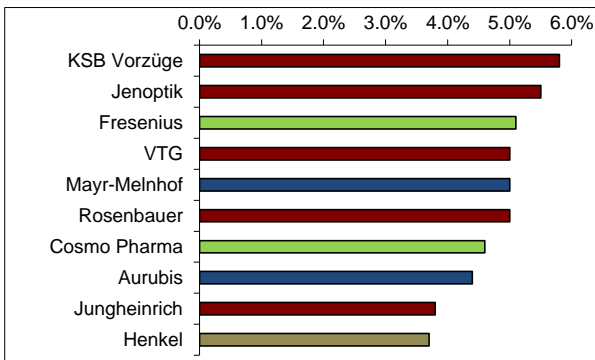
Breakdown by Sectors

Industrials	29.6%
Consumer Disc.	6.5%
Consumer Staples	8.9%
Financials	7.5%
Telecommunication	2.5%
Health Care	14.0%
Energy	0.0%
Basic Materials	17.1%
Technology	7.1%
Utilities	2.7%
Cash	4.1%

Exposure

Long Positions:	95.8%
Hedge Positions:	16.9%
Net Position:	78.9%
Absolute Position:	112.7%

Largest Positions



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