

AMG Europe

Report as of October 31, 2016

Review October

Since mid-October, the European stock markets have followed a slightly positive trend, with banks effecting a remarkably swift recovery. The AMG Europe Fund achieved a total monthly performance of -1.3%, while the benchmark index, the STOXX 600, lost 1.2%. At -6.6%, the year to date performance of AMG Europe Fund has been better than that of the benchmark index (-7.3%), albeit with much lower volatility.

According to **SAP's** 3rd quarter figures, license revenue is expanding in addition to the sustained and significant growth of its cloud business. In the third quarter 2016, revenue rose by 8% while income from licenses grew by 3%. At EUR 1.6 bn, EBIT was in line with market expectations. The license business trend which SAP announced for the full year is thus well within the company's reach. Given better visibility, SAP has made a slight upward adjustment to its full-year outlook, with the new anticipated increase in sales revenue ranging between 6.5 to 8.5% (previously: 6.0 to 8.0%) and non-IFRS EBIT projected to rise by 2 to 6% (previously: 1 to 6%). The agrochemical producer **KWS** is defying the consolidation trend currently dominating the sector and is instead pursuing an organic growth strategy with the help of a strong core shareholder. In the past financial year, which ended in June, turnover grew by 5.2% to just above EUR 1 bn. At EUR 112.80 million, EBIT is at a similar level as last year. While EBIT in the corn segment was somewhat weaker due to market conditions, EBIT in the sugar beet segment rose by approx. +30%. At +25%, EBIT in the wheat business also recorded a significant gain. The anticipated increase in the EBIT margin to 11.0%, accompanied by turnover growth of +5%, is a particular highlight of the management outlook for the coming year. These positive figures and the confident outlook continue to prop up the share. **Fresenius SE** published excellent 3rd quarter 2016 figures: All in all, turnover rose by 7% to EUR 7.4 bn. At +5%, organic turnover from generic products (Kabi) rose above expectations, and even North America achieved 2% growth after a weak 2nd quarter. At EUR 1.1 bn, EBIT was in line with expectations. The full-year guidance was raised slightly. Aside from the Kabi segment, the acquisition of the Spanish hospital chain Quirónsalud, whose 10% EBITDA margin will substantially boost the profitability of the Fresenius Group, is expected to drive future growth. **Palfinger** raised turnover by 13.1% to EUR 331 million in the 3rd quarter. In the marine segment – the core driver of the growth – the Harding acquisition is being consolidated and is contributing approx. EUR 25 to 30 million to turnover. The land segment recorded an excellent development at +9%. Both the acquisition of a Spanish dealer as well as rising dynamics in the USA and parts of southern Europe contributed to this development. The expected turnover growth of over 10% for the full year, accompanied by solid profitability growth, looks well within the company's reach.

Key Figures

Net Asset Value per Share (Tranche A):	EUR 121.54
Number of Shares Issued:	302'012
Net Asset Value per Share (Tranche B):	EUR 117.89
Number of Shares Issued:	7'340
Net Asset Value per Share (Tranche C, CHF hedged):	CHF 130.52
Number of Shares Issued:	108'240
Total Net Asset Value:	EUR 50.6 mn

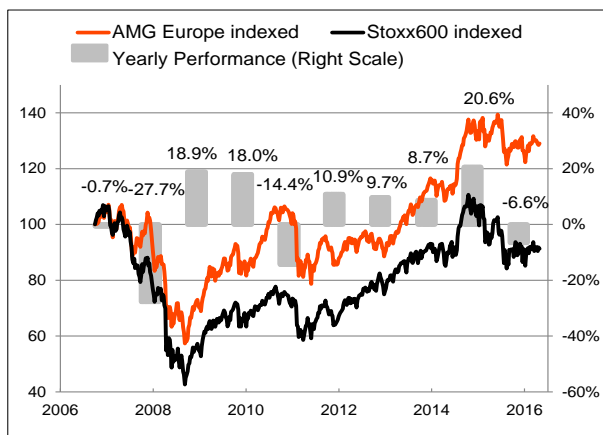
Performance - Tranche A

since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	-1.3%	0.5%	-5.6%	8.4%	8.0%	2.6%
Stoxx600	-1.2%	-0.9%	-9.7%	1.7%	6.8%	-1.0%

*p.a.

	2016	2015	2014	2013	2012	since inception
Fund	-6.6%	20.6%	8.7%	9.7%	10.9%	28.4%
Stoxx600	-7.3%	6.8%	4.4%	17.4%	14.4%	-9.4%



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)	0.77
Beta (vs. Stoxx 600)	0.54

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	83.6%	CHF	16.4%
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

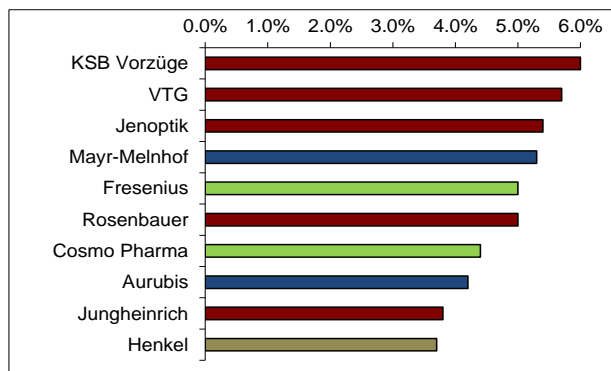
Breakdown by Sectors

Industrials	30.5%
Consumer Disc.	6.8%
Consumer Staples	9.1%
Financials	8.2%
Telecommunication	2.6%
Health Care	13.8%
Energy	0.0%
Basic Materials	17.1%
Technology	7.6%
Utilities	2.7%
Cash	1.6%

Exposure

Long Positions:	98.4%
Hedge Positions:	17.9%
Net Position:	80.5%
Absolute Position:	116.3%

Largest Positions



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