

AMG Europe

Report as of November 30, 2016

Review November

November was dominated by insecurity and surprise surrounding the US presidential elections. The USD has benefited considerably from the expectations placed on the policies of the newly elected president Trump. US Markets recovered strongly after the elections, the European stock markets reacted comparatively moderate. The AMG Europe closed the month with -0.4% while the STOXX 600 was up 0.9%, supported by banks and energy stocks. At -6.9%, the performance of the AMG Europe since the beginning of the year developed approximately as the index with -6.5%. Our active hedging strategy is reducing volatility in the fund, although this is accompanied by a respective delay in following swift recovery phases on the market.

The highlight of **Jenoptik's** 3rd quarter figures was the significant 57% increase in incoming orders. Big transport technology and defence contracts contributed to this rise. Although 3rd quarter turnover did not yet benefit from these dynamics, the EBIT margin surged to 11.9% - an unexpectedly high increase of 160 basis points over the previous quarter. At the same time, the target margin for the full year was defined at a positive 9.5%. Thanks to the excellent order volume and the highly dynamic margin trend of the recent past, the guidance should be well within the company's reach. Furthermore, the share is supported by a solid balance sheet and a still reasonable valuation at an estimated 2017 P/E ratio of 16x. We are exploiting the substantial price drop in the share of the Danish pharmaceutical group **Novo Nordisk** to set up a new position: At present, the prices of insulin and growth hormones are under pressure, particularly in the USA. The company has therefore revised its expected turnover growth from 7% down to 5 to 6%. EBIT is now expected to grow by 7% (previously 8%). The cost cutting measures announced by the company, and a more selective R&D approach, are to counteract the current price pressure. At a PER of 14.5x and a dividend yield of 3.1%, the 2017e valuation is at a historically low level. We consider the drop in the share price as a good entry opportunity. **Henkel** reported a solid 3rd quarter 2016 result. The announcement of the long-awaited 2020+ strategy by the new CEO Hans van Bylen aims for a continuation of above-market organic growth of 2 to 4% accompanied by an adjusted EPS growth rate of 7 to 8% and a consistent improvement of the EBIT margin. Further growth via acquisitions is also planned. The strategy announced by the CEO indicates a continuation of the company's steady turnover and profitability expansion. After the elections in the USA, sector rotation and turning away from consumer stocks burdened the stock price of Henkel, which we consider an exaggeration, given the healthy development of the operating business. The integration of **Süddekor**, which was taken over in 2013, has once again had a noticeable effect on the 3rd quarter results of **Surteco**, the specialised surface and edging manufacturer (supplier e.g. for furniture and floors). The outlook of a slight rise in turnover was confirmed and EBIT is now expected in the lower half of the previously specified range. At an expected 2017 PER of 11.1x, a P/B of just above 1x and a dividend yield of 4.6%, the valuation remains attractive, not least thanks to the support provided by solid balance sheet relations.

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	79.2%	CHF	18.6%
GBP	0.0%	SEK	0.0%
NOK	0.0%	DKK	2.2%

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 121.12
Number of Shares Issued:	292'268
Net Asset Value per Share (Tranche B):	EUR 117.44
Number of Shares Issued:	7'340
Net Asset Value per Share (Tranche C, CHF hedged):	CHF 130.01
Number of Shares Issued:	94'950
Total Net Asset Value:	EUR 47.6 mn

Performance - Tranche A

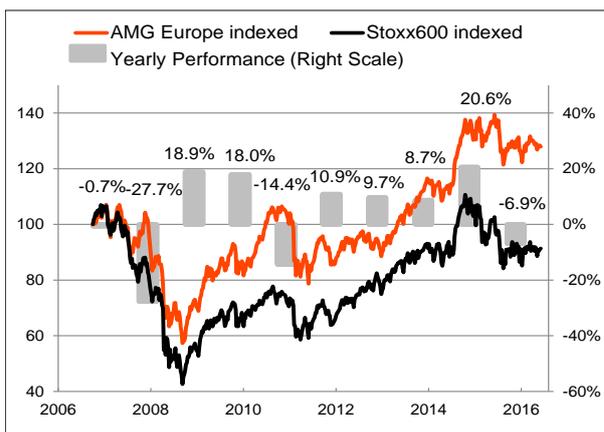
since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	-0.4%	-1.3%	-7.8%	7.4%	8.4%	2.6%
Stoxx600	0.9%	-0.5%	-11.3%	1.7%	7.3%	-0.9%

*p.a.

since inception

	2016	2015	2014	2013	2012	since inception
Fund	-6.9%	20.6%	8.7%	9.7%	10.9%	28.0%
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.):	10.75%
Sharpe Ratio (0.08% Risk Free Rate)	0.69
Beta (vs. Stoxx 600)	0.55

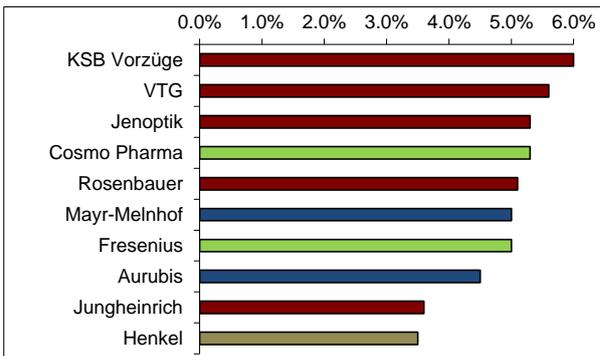
Breakdown by Sectors

Industrials	30.4%
Consumer Disc.	6.1%
Consumer Staples	8.9%
Financials	8.1%
Telecommunication	2.5%
Health Care	15.3%
Energy	0.0%
Basic Materials	19.2%
Technology	6.6%
Utilities	2.8%
Cash	0.1%

Exposure

Long Positions:	99.9%
Hedge Positions:	14.6%
Net Position:	85.3%
Absolute Position:	114.5%

Largest Positions



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