AMG Europe

Report as of February 28, 2017

Review February

On the whole, in the context of the approaching reporting season, February was a positive month on the stock markets. The AMG Europe gained 2.7% in February, the benchmark index (STOXX600) 2.8%. Since the beginning of the year, the AMG Europe went up 4.4%, while the benchmark index gained 2.4% in the same period.
Financial year 2016 was the best ever in **Jenoptik's** history. Dynamics in the 4th quarter even topped the strong 3rd quarter, allowing the company to surpass its profitability target. The robust performance was due to the company's improved turnover mix and its consistent implementation of efficiency programmes. The healthy order book of EUR 730mn (book/bill thus 1.07x) is due to stronger demand in the 'Mobility' segment and the 'Defence' segment. Given the company's solid order and project pipeline, the outlook for 2017 is positive. Both the healthy balance sheet, which now shows net liquidity, and the valuation at an expected 2017e P/E of 18.3x, which is still reasonable considering the company's regular growth, count in Jenoptik's favour. Following a 50% decline in earnings before taxes to EUR 18mn, as expected, **Aurubis**' first quarter 2016/17 result was significantly lower than in the previous year's period. The scheduled maintenance downtime at the main plant in Hamburg and a valuation effect that was expected to balance out in the course of the year were the main events of the quarter. Adjusted by the downtime and the valuation effect, the company's EBT would have been 22% higher. Europe's biggest copper enterprise confirmed its annual targets which project a substantially higher net result. With furnaces running on full steam again, the projected profit growth of approx. 10% should be well within the company's reach. **Henkel** has delivered another record result in financial year 2016, reporting organic turnover growth of 3.1% as well as a record-high adjusted EBIT margin of 16.9%. The quality of the company's profitability hike is particularly positive, with the largest part due to cost savings. Although the SUN acquisition is placing an initial strain on the 'laundry' margin, both defensive and offensive synergies (placement of existing Henkel products on the shelves of US department stores) should be achievable within 24 months. Given the high revenue quality and the recurring solid figures throughout the company's history, the share remains attractive – not least due to the fact that its valuation is still low in industry comparison. **Palfinger** reports a solid result which meets expectations in all respects. The outlook for 2017 contains a welcome surprise in the form of the envisaged rise of the EBIT margin to double-digit levels. This increase is supported by a healthy order book in the LAND segment as well as an expected profitability effect combined with already low growth in the SEA segment. The company also announced plans to sell the loss-making US Service Body Unit, which will contribute to a profitability gain. The latest takeovers have pushed up the company's debt, which Palfinger now intends to reduce again. Thanks to the solid figures and convincing outlook, the share remains attractive.

Key Figures

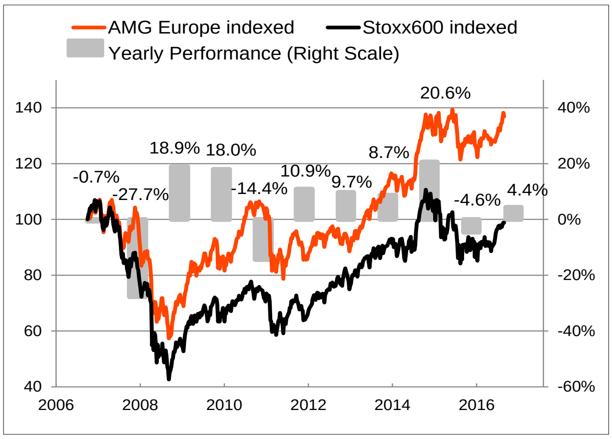
Net Asset Value per Share (Tranche A):	**EUR 129.66**
Number of Shares Issued:	292'812
Net Asset Value per Share (Tranche B):	**EUR 125.58**
Number of Shares Issued:	17'335
Net Asset Value per Share (Tranche C, CHF hedged):	**CHF 138.70**
Number of Shares Issued:	102'993
Total Net Asset Value:	EUR 53.3 mn

Performance - Tranche A
since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	2.7%	7.1%	8.5%	8.6%	7.7%	3.2%
Stoxx600	2.8%	8.3%	10.9%	3.1%	7.0%	-0.1%

*p.a.

	2017	2016	2015	2014	2013	since inception
Fund	4.4%	-4.6%	20.6%	8.7%	9.7%	37.0%
Stoxx600	2.4%	-1.2%	6.8%	4.4%	17.4%	-1.1%



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

Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	10.53%
Sharpe Ratio (0.08% Risk Free Rate)	0.81
Beta (vs. Stoxx 600)	0.53

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 31.12.2016:	1.34% Tranche A; 1.84% Tranche B 1.34% Tranche C / CHF hedged
Tax transparency:	Switzerland / Germany / Austria
Licensed for public distribution:	Switzerland / Germany

Breakdown by Currencies

EUR	80.0%	CHF	16.9%
GBP	0.0%	SEK	0.0%
NOK	0.0%	DKK	3.1%

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	27.7%
Consumer Disc.	7.8%
Consumer Staples	8.6%
Financials	7.2%
Telecommunication	2.6%
Health Care	15.2%
Energy	0.0%
Basic Materials	19.6%
Technology	6.9%
Utilities	2.9%
Cash	1.5%

Exposure

Long Positions:	98.6%
Hedge Positions:	7.2%
Net Position:	91.4%
Absolute Position:	105.8%

Largest Positions