

AMG Europe

Report as of June 30, 2017

Review June

In June, the European stock markets moved sideways, a market correction took place towards the end of the month, the STOXX600 closed the months with a loss of -2.7%. Having decreased by -1.0%, the AMG Europe outperformed the benchmark index significantly. Since the beginning of the year, the AMG Europe has gone up 14.1%, which is 9.1% more than the 5.0% gain chalked up by the benchmark index.

The railcar leasing provider **VTG** is benefiting from German government plans to support rail transport: On the one hand, the government intends to cut user fees for railway tracks by half, on the other hand electricity taxes and surcharges will be reduced. This will make freight transport by rail much more attractive than by road. Since Deutsche Bahn, the market leader, does not have the railcar capacities to serve any additional demand, VTG – the no. 2 on the German market – will benefit from the rise in demand. Aside from maintenance cost savings of over EUR 100mn thanks to digitalisation, this will add a further driver at the turnover level. At an expected 2018 P/E of 14.9x and an EBIT margin of over 16% combined with further growth prospects in the following years, the share has a very attractive valuation. At its capital markets day in Frankfurt, the dialysis specialist **Fresenius Medical Care** (FMC) announced a turnover target of EUR 24bn by 2020, which corresponds to an annual growth rate of 10%. In the same period, net profit is to expand in the upper one-digit range. New takeovers and the expansion of the supply management division – the company's newest mainstay – shall support the ambitious growth targets.

A new savings programme under which Fresenius Medical Care aims to further cut its costs will commence in 2018 is expected to result in savings of over EUR 100mn a year until 2020. Aside from the positive growth prospects at FME, Fresenius SE, FMC's biggest shareholder at around 30%, will receive a boost to its Helios hospital management division from the acquisition of the Spanish company Quironsalud, including the associated higher margins. We remain invested. **Surteco**, a manufacturer of paper and plastic-based surface materials, has successfully absorbed the 2013 takeover of Süddekor. In continuation of its growth-through-acquisition strategy, the company is acquiring the Portuguese company Probos, which is a good fit both in terms of geographical orientation and product range. Probos is already expected to contribute to Surteco's margins in the first year. The company has 470 staff members and generates turnover of EUR 66.5mn and EBITDA of EUR 11mn. Corresponding to an EBITDA margin of 16.6%, the figure is significantly higher than Surteco's last reported margin of 11.6%. At the net profit level, the debt-financed acquisition is also expected to have a positive effect in the first full financial year. Since Surteco's organic growth opportunities are limited, this acquisition is a positive move. We are confident that Surteco will continue its excellent track record when it comes to integrating acquired units.

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	82.8%	CHF	12.3%
GBP	0.0%	SEK	0.0%
NOK	2.0%	DKK	2.9%

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 141.67
Number of Shares Issued:	350'998
Net Asset Value per Share (Tranche B):	EUR 136.99
Number of Shares Issued:	24'141
Net Asset Value per Share (Tranche C, CHF hedged):	CHF 151.20
Number of Shares Issued:	185'511
Total Net Asset Value:	EUR 79.1 mn

Performance - Tranche A

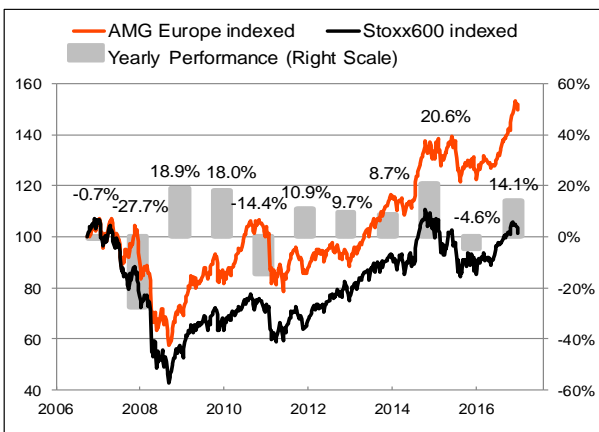
since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	-1.0%	6.3%	19.4%	9.1%	11.3%	4.0%
Stoxx600	-2.7%	-0.5%	15.0%	3.5%	8.6%	0.1%

*p.a.

since inception

	2017	2016	2015	2014	2013	since inception
Fund	14.1%	-4.6%	20.6%	8.7%	9.7%	49.7%
Stoxx600	5.0%	-1.2%	6.8%	4.4%	17.4%	0.1%



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

Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	10.55%
Sharpe Ratio (-0.20% Risk Free Rate)	0.85
Beta (vs. Stoxx 600)	0.53

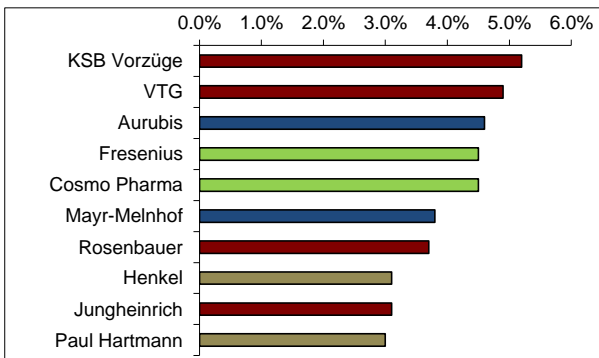
Breakdown by Sectors

Industrials	25.4%
Consumer Disc.	8.0%
Consumer Staples	7.4%
Financials	6.6%
Telecommunication	2.0%
Health Care	16.6%
Energy	0.0%
Basic Materials	17.3%
Technology	5.9%
Utilities	2.2%
Cash	8.6%

Exposure

Long Positions:	91.4%
Hedge Positions:	5.1%
Net Position:	86.3%
Absolute Position:	96.5%

Largest Positions



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