

# AMG Europe

Report as of July 31, 2017

## Review July

In July, wait-and-see attitudes regarding interest rate decisions in both the USA and Europe and a further seasonal drop in trading volumes dominated the mood on the European stock markets. The AMG Europe advanced 1.5% in the reporting month, the EuroStoxx 600 benchmark index went down by -0.4%. Since the beginning of the year, the fund has gained 15.8%, outperforming the Index, which generated 4.5%, by an impressive 11.3%. We will retain our cautious approach in the fund.

The software group **SAP** recorded a 10% increase in turnover in the first half of the year to EUR 5.8bn. Due to high investments in the cloud segment, EBIT expanded by only 4% to EUR 1.6bn. The company's management expects a return to rising margins as of 2018. Thanks to substantial demand for its S4/Hana flagship product, SAP raised its full-year turnover forecast by EUR 100mn to EUR 23.3 - 23.7bn. Healthy cash flows resulted in a twenty per cent rise in liquid funds in the first half of 2017. With debt reduction after the 2014 multi-billion Concur takeover progressing well and no further acquisitions scheduled for the moment, a share buyback programme over EUR 500mn is planned in the second half of 2017. **Palfinger**, the Austrian manufacturer of loader cranes for land and sea installations reported turnover of EUR 392mn in the 2<sup>nd</sup> quarter 2017 – a figure that implies robust growth of 13%. Sales figures in the Land segment rose by 7%. The Sea segment expanded by 62%, while contracting by 6% in terms of organic growth. Adjusted by restructuring expenses, EBIT went up 3% to EUR 40.5mn with a correspondingly solid EBIT margin of 10.3%. At the same time, the company confirmed its outlook for the year 2017, including a further rise in turnover by approx. 10% and a double-digit EBIT margin. These figures are based on a solid order book which grew by 25% in the first six months thanks to substantial incoming orders in the lorry crane field and reflects the rising momentum in the company's Land segment. The Spanish sausage casing manufacturer **Viscofan** generated a 7% increase in turnover in the second quarter 2017, 4.3% of which is due to the Vector acquisition. The company recorded a further slight increase in its EBITDA margin to 28.6%. All in all, net profit increased by 6%. Its solid balance sheet places the company in a position to pursue further growth through acquisitions and offer a dividend yield of 3%. The Italian eyewear manufacturer **Luxottica** recorded a 4.2% increase in turnover in the first half of 2017, while improved profitability in both its wholesale and its retail division resulted in a 10 basis-point rise in its EBIT margin to 18.3%. The anti-monopoly review of its planned takeover of the lens manufacturer Essilor is progressing as scheduled. The merger of the two companies would lead to cost synergy potential of around 2-5%. In addition, the companies would receive a turnover boost from using each other's networks. We remain invested.

## Facts

Domicile of Fund:	Switzerland
Fund Management Company:	LB(Swiss) Investment AG, Zürich
Custodian Bank:	Frankfurter Bankgesellschaft, Zürich
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	84.2%	CHF	9.6%
GBP	0.0%	USD	0.9%
NOK	2.1%	DKK	3.2%

## Distributions

22.03.2010	Dividend	EUR 1.97
12.03.2013	Dividend	EUR 2.00
18.03.2015	Dividend	EUR 1.40

## Key Figures

<b>Net Asset Value per Share (Tranche A):</b>	<b>EUR 143.79</b>
Number of Shares Issued:	399'034
<b>Net Asset Value per Share (Tranche B):</b>	<b>EUR 138.99</b>
Number of Shares Issued:	26'633
<b>Net Asset Value per Share (Tranche C, CHF hedged):</b>	<b>CHF 153.61</b>
Number of Shares Issued:	194'942
Total Net Asset Value:	EUR 88.9 mn

## Performance - Tranche A

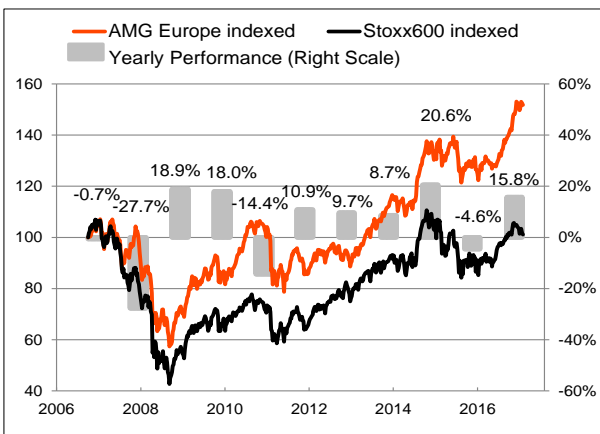
### since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	1.5%	4.8%	18.9%	10.1%	10.9%	4.1%
Stoxx600	-0.4%	-2.4%	10.5%	4.0%	7.7%	0.1%

\*p.a.

### since inception

	2017	2016	2015	2014	2013	since inception
Fund	15.8%	-4.6%	20.6%	8.7%	9.7%	51.9%
Stoxx600	4.5%	-1.2%	6.8%	4.4%	17.4%	1.0%



Please find the detailed performance overview under [www.amg.ch](http://www.amg.ch)

## Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	10.53%
Sharpe Ratio (-0.20% Risk Free Rate)	0.97
Beta (vs. Stoxx 600)	0.53

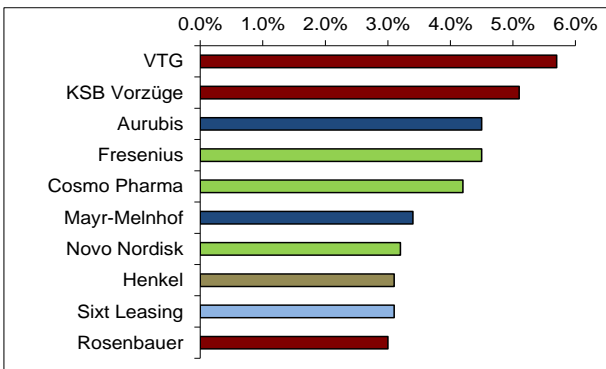
## Breakdown by Sectors

Industrials	27.1%
Consumer Disc.	7.8%
Consumer Staples	7.0%
Financials	7.7%
Telecommunication	2.4%
Health Care	13.9%
Energy	0.0%
Basic Materials	16.5%
Technology	5.1%
Utilities	2.2%
Cash	10.3%

## Exposure

Long Positions:	89.7%
Hedge Positions:	5.1%
Net Position:	84.6%
Absolute Position:	94.8%

## Largest Positions



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