

AMG Europe

Report as of August 31, 2017

Review August

Over the course of the year, the economic situation in Europe has improved substantially and is now noticeably more dynamic than a year ago. In the past month, the influx of positive macro data continued. The Purchasing Managers' Index for the Eurozone advanced further, while the export orders sub-index for German industrial enterprises climbed to its highest level since May 2010. However, given the shifting currency relations and a rising Euro, the mood on the markets is more on the cautious side. While the EuroStoxx 600 index declined by 1.05% in August, the AMG Europe moved up by 0.38%. With a performance of 16.3% since the beginning of the year, the fund has produced a significant 12.9% outperformance compared to the index, which generated 3.4%. For the next weeks we will retain our cautious approach in the fund.

The profits generated by the Danish insulin manufacturer **Novo Nordisk** in the first six months of 2017 exceeded market expectations. Thanks to the positive turnover trend, the company further narrowed down its outlook for the full year, implying a potential increase in margins with turnover growth of 1 to 3% and EBIT growth of 1 to 5%. This is likely to result from the impact of the company's cost cutting measures. Confirmation of the long-term strategic objectives indicates that US price pressure has not increased more than expected, which is good news. The result for the first six months also shows that especially the newer products are following a positive trend, a fact that the market rewarded with a substantial price increase. **Surteco** has published mixed results: The plastics division, which felt the positive effects of the Nenplas Group takeover, flourished. In contrast, the paper division failed to reach the high figures generated in the preceding year. This was due to customers' increasing stock expansion activities in the 1st half of 2016 which resulted from previous delivery bottlenecks caused by the integration of Süddekor. The effect of the higher previous year's figures will decline in the 2nd half of 2017. Thanks to its acquisition of Süddekor, Surteco is the only supplier worldwide that produces all edge films in both paper and plastic versions. Once the aftermath of the Süddekor integration has abated, a further increase in margins should be possible, although financial year 2017 will remain difficult. The latest acquisitions (Nenplas and Probos, both active in the plastics field) are underpinning future growth and margins. **Jenoptik** has reported significant first half year turnover growth especially in the Optics & Life Science segment, which also recorded disproportionate EBIT growth. The company's positive outlook for the second half of 2017 is also based on its exceptionally good order books (in all three segments) – an aspect that continues to speak in the company's favour. **Jungheinrich** is recording further substantial growth, thus setting up the basis for further profit growth with a higher service percentage and sales of second-hand machinery. At the same time, the company is focusing on diversification outside Europe (close to 90% of its turnover is generated in Europe), which starts being reflected in the result. Due to solid market dynamics in Europe and an order backlog of over four months, Jungheinrich has raised its outlook for the full year 2017.

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	84.3%	CHF	8.8%
GBP	0.0%	USD	1.0%
NOK	2.4%	DKK	3.5%

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 144.34
Number of Shares Issued:	405'864
Net Asset Value per Share (Tranche B):	EUR 139.46
Number of Shares Issued:	26'208
Net Asset Value per Share (Tranche C, CHF hedged):	CHF 154.25
Number of Shares Issued:	196'192
Total Net Asset Value:	EUR 90.3 mn

Performance - Tranche A

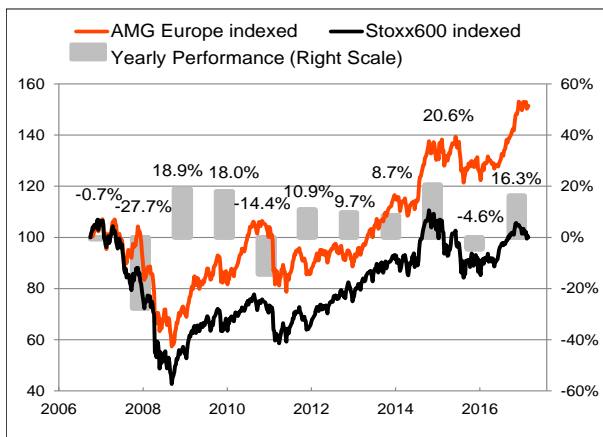
since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	0.4%	0.9%	17.6%	10.1%	10.9%	4.1%
Stoxx600	-1.1%	-4.1%	8.8%	3.0%	7.0%	0.0%

*p.a.

since inception

	2017	2016	2015	2014	2013	since inception
Fund	16.3%	-4.6%	20.6%	8.7%	9.7%	52.5%
Stoxx600	3.5%	-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.):	10.30%
Sharpe Ratio (-0.20% Risk Free Rate)	0.98
Beta (vs. Stoxx 600)	0.52

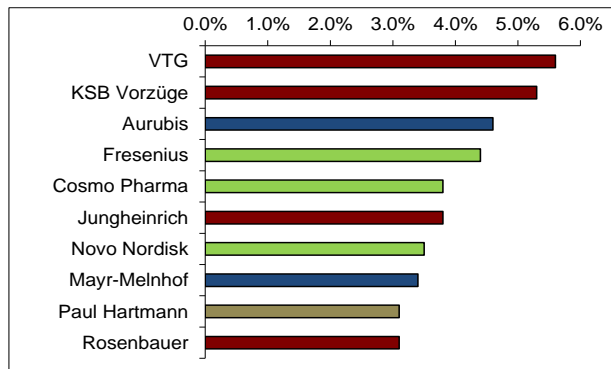
Breakdown by Sectors

Industrials	29.0%
Consumer Disc.	6.9%
Consumer Staples	7.1%
Financials	7.8%
Telecommunication	2.3%
Health Care	13.8%
Energy	0.0%
Basic Materials	16.9%
Technology	5.2%
Utilities	2.2%
Cash	8.8%

Exposure

Long Positions:	91.2%
Hedge Positions:	7.5%
Net Position:	83.7%
Absolute Position:	98.7%

Largest Positions



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