

AMG Europe

Report as of October 31, 2017

Review October

All in all, last month's price trends on the European stock markets stuck to a relatively narrow band. Supported by a positive start to the reporting season, the main indices in the USA, on the other hand, went on to hit new highs. Although the stock market valuations have become expensive, the consistently solid and concurrent growth of the global economy promises further increases in corporate profits, paving the way for further gains on the stock markets. In October, the AMG Europe fund advanced by 1.5%, parallel to the STOXX600 index (+1.5%). Having gained 19.5% since the beginning of the year, the fund has delivered a 10.5% outperformance of the index, the index has gained 9.0% since the start of the year. Our fund focuses on companies with strong balance sheets and selectively builds up individual stocks in the event of setbacks.

This quarter, **SAP** once again opened the reporting season and underlined its confident outlook for the future by raising its annual guidance. SAP still manages to expand both its licensing business and its cloud business on an exclusively organic basis. However, due to higher investments in new and existing technologies, the Q3 2017 EBIT result was below expectations. Nevertheless, in the coming years, the basis created by the recent investments will allow the company to advance its growth in the cloud segment through new technologies and a well-positioned distribution and support team. During the teleconference, the management was particularly confident about the margin trend in the coming years when the initial investments will pay off. Excellent cloud bookings (especially S4/HANA in the public cloud) give the company confidence. The Italian spectacles manufacturer **Luxottica** reported a 3.5% decline in 3rd quarter turnover to EUR 2.15bn. The company's North American business was affected by the big storms in September. In July and August, turnover was still growing. Nevertheless, Luxottica expanded in Europe where the company's turnover went up 14.2% to EUR 457mn and in Latin America (+6.7% to EUR 148mn). The share was supported by expectations that the US business will return to normal. The copper manufacturer **Aurubis** is exposed to smelting fee trends all year round. The fact that Chinese smelters' 4th quarter scrap fees have now been set above market expectations should boost Aurubis' position in the imminent negotiations. Given the high copper price and the favourable economic situation in Europe, the share price should gain fresh momentum after the expiry of the Salzgitter exchangeable note at the end of October. The expected 2017/18 P/E of 13.5x and a price-to-book ratio of 1.4x ensure a consistently attractive valuation. The ongoing expansion, during which the company's extraordinary copper processing knowhow is being transferred to other metals, and the company's efforts to increase the underlying EBITDA by EUR 200mn via internal optimisation give credit to this expectation.

Key Figures

Net Asset Value per Share (Tranche A):	EUR 148.29
Number of Shares Issued:	418'629
Net Asset Value per Share (Tranche B):	EUR 143.17
Number of Shares Issued:	27'108
Net Asset Value per Share (Tranche C, CHF hedged):	CHF 158.60
Number of Shares Issued:	209'347
Total Net Asset Value:	EUR 94.9 mn

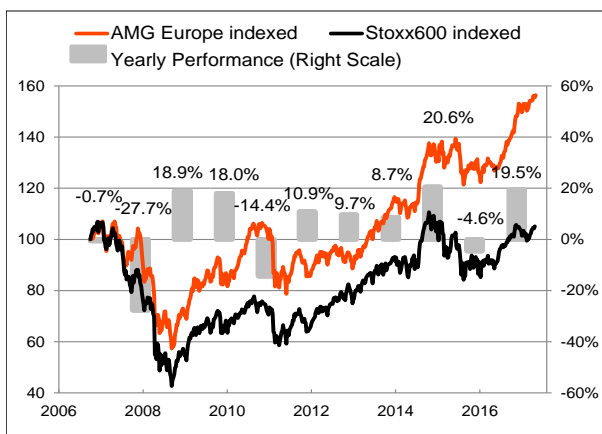
Performance - Tranche A

since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	1.5%	3.1%	22.0%	11.7%	10.8%	4.3%
Stoxx600	1.5%	4.3%	16.2%	5.4%	7.8%	0.5%

*p.a.

	2017	2016	2015	2014	2013	since inception
Fund	19.5%	-4.6%	20.6%	8.7%	9.7%	56.7%
Stoxx600	9.0%	-1.2%	6.8%	4.4%	17.4%	5.3%



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

Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	9.97%
Sharpe Ratio (-0.20% Risk Free Rate)	1.12
Beta (vs. Stoxx 600)	0.52

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 30.06.2017:	1.31% Tranche A; 1.81% Tranche B 1.31% Tranche C / CHF hedged
Tax transparency:	Switzerland, Germany, Austria
Licensed for public distribution:	Switzerland, Germany

Breakdown by Currencies

EUR	84.5%	CHF	8.9%
GBP	0.0%	USD	0.7%
NOK	2.3%	DKK	3.6%

Distributions

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

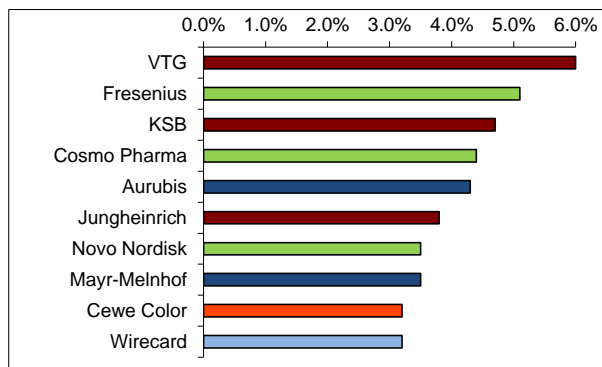
Breakdown by Sectors

Industrials	23.4%
Consumer Disc.	10.3%
Consumer Staples	5.9%
Financials	7.7%
Telecommunication	2.3%
Health Care	14.9%
Energy	0.0%
Basic Materials	16.6%
Technology	5.9%
Utilities	2.2%
Cash	10.8%

Exposure

Long Positions:	89.1%
Hedge Positions:	8.7%
Net Position:	80.4%
Absolute Position:	97.8%

Largest Positions



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