

AMG Europe

Report as of December 31, 2017

Review December

The substantial economic upswing in the USA and Europe in 2017 came as a surprise to investors, given the numerous political imponderables. In December, affirmative macro data and excellent leading indicators once again boosted investors' confidence. In this environment, the AMG Europe advanced 3.3 % in December, 2.9% more than the benchmark index, the STOXX600, which went up 0.4%. Over the full year, the fund gained 20.3%, outperforming the index (+7.5%) by 12.8%.

Every year, **Cewe Stiftung** benefits from substantial demand for photo books during the Christmas season, which means that the 4th quarter is also the most important quarter in financial terms. However, the healthy 3rd quarter figures also showed that the seasonality of the company's business is declining. The takeover of the Berlin-based online print specialist Laserline at the beginning of November is set to boost Cewe's second line of business, Commercial Online-Print, in the coming year, while the company's solid balance sheet will support further organic growth as well as small complementary acquisitions. At an estimated 2018 P/E of 14.9x, the valuation remains attractive given the expected growth rate of over 10%. The financial year 2016/2017 figures presented by the German copper smelter **Aurubis** showed a significant spurt in profits, although the moderately optimistic outlook for the current financial year 2017/18 and the rather modest dividend announcement initially stifled the market's reaction. However, the envisaged EUR 200m rise in EBITDA by 2019/20 was confirmed. At the same time, the company announced that it plans to set aside an additional investment volume of EUR 320m for the next four years to boost the result of operations by EUR 80m starting in 2022/23. These investments are laying the basis for Aurubis' medium-term growth, which justifies the company's moderate distribution of profits. **Koenig&Bauer**, a printing machine specialist, plans to launch a new tin print decoration unit in 2018, which will introduce a new technological standard and allow customers to change print orders in five minutes instead of the previous hour. The company will also launch a printing machine for corrugated cardboard in 2018. The current guidance does not include the turnover potential associated with the two product launches, which could generate additional turnover growth of 2-4% in the coming years and may provide additional support for the current estimated 2018 P/E of 13.5x, assuming margins do not change. The value of **Freenet's** approx. 25% investment in the Swiss company Sunrise soared due to rumours that UPC (Liberty Global) might want to invest in Sunrise. Apart from the Sunrise investment phantasies, Freenet's investment case is supported by its growing TV business, which is highly profitable and generates solid cash flows that will sustain the approx. 5% dividend yield in the future.

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	84.4%	CHF	9.5%
GBP	0.0%	USD	0.7%
NOK	1.9%	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 149.35
Number of Shares Issued:	422'819
Net Asset Value per Share (Tranche B):	EUR 144.07
Number of Shares Issued:	45'433
Net Asset Value per Share (Tranche C, CHF hedged):	CHF 159.73
Number of Shares Issued:	222'130
Total Net Asset Value:	EUR 100.7 mn

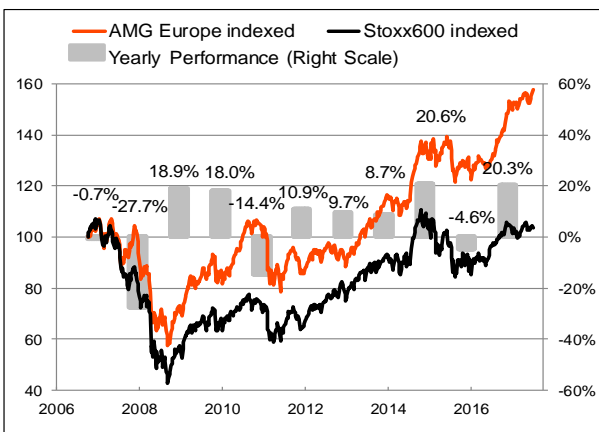
Performance - Tranche A

since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	3.3%	2.2%	20.3%	11.5%	10.6%	4.3%
Stoxx600	0.4%	0.1%	7.5%	4.3%	6.8%	0.3%

*p.a.

	2017	2016	2015	2014	2013	since inception
Fund	20.3%	-4.6%	20.6%	8.7%	9.7%	57.8%
Stoxx600	7.5%	-1.2%	6.8%	4.4%	17.4%	3.8%



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

Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	9.87%
Sharpe Ratio (-0.20% Risk Free Rate)	1.12
Beta (vs. Stoxx 600)	0.52

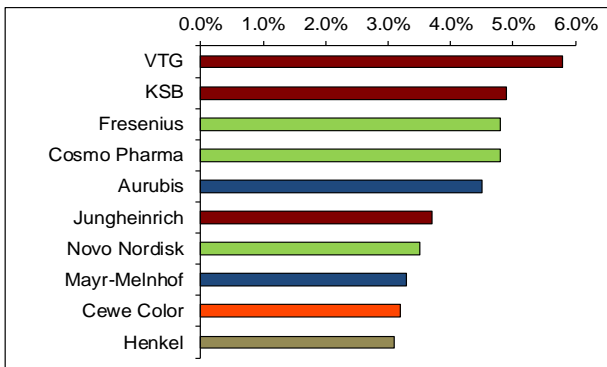
Breakdown by Sectors

Industrials	25.4%
Consumer Disc.	10.4%
Consumer Staples	5.7%
Financials	7.4%
Telecommunication	2.3%
Health Care	15.3%
Energy	0.0%
Basic Materials	16.5%
Technology	3.3%
Utilities	2.0%
Cash	11.7%

Exposure

Long Positions:	88.2%
Hedge Positions:	9.6%
Net Position:	78.6%
Absolute Position:	97.8%

Largest Positions



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