

# AMG Europe

Report as of January 31, 2018

## Review January

Buoyed up by solid macro data and the expectation of a convincing earnings season, the European stock markets and the AMG Europe Fund started 2018 with new highs. In January the fund advanced by 0.9%, the STOXX 600 gained 1.8%.

**Fresenius SE** is set to benefit from the US tax reform, with the group anticipating a book profit of EUR 90m due to the tax cut from 35% to 21%. The company made two major acquisitions in 2017, taking over the Spanish hospital chain Quironsalud and boosting its Kabi business, the company's injectable generic drugs division, by taking over Akorn. The antitrust investigation of the Akorn takeover will be concluded in 2018. As soon as it is approved, Fresenius can focus on integrating the new company and exploit the potential associated with the acquisition. At the beginning of the year, the world leader in diabetes medication, **Novo Nordisk**, received FDA approval for its Ozempic drug, which is administered as a once-a-week injection instead of a daily shot. In 2017, the company achieved several milestones which consolidate its dominant position on the diabetes market: Oral Semaglutide entered clinical phase III with a potential market launch in 2020, and Victoza was approved by the FDA as the first drug that is indicated to reduce the risk of cardiovascular events in diabetes treatment. The stock had strong advances in light of these news. We have sold the position and realized the profit, after in January Novo Nordisks bid for Ablynx had been trumped by Sanofi, which made us expect a more conservative forecast 2018 for Novo Nordisk. The publication of full year results 2017 and guidance 2018 on Feb. 1<sup>st</sup> confirmed our expectation. The 3<sup>rd</sup> quarter 2017/18 turnover figures published by the German DIY chain **Hornbach** confirmed the continuing popularity of DIY home improvement. The company did particularly well in the European region and in the building material segment; the growth curve on the German market was slightly flatter. All in all, 3<sup>rd</sup> quarter turnover expanded by 4.0% to EUR 1.0bn with like-for-like turnover increasing by 2.7%. In contrast, EBIT declined by close to 2% to EUR 29.2mn, while net profit was almost unchanged at around EUR 15.8mn. Hornbach is currently pouring substantial investments into the integration of its retail and online businesses, which appear as direct costs in the income statement. In the 4<sup>th</sup> quarter, the company will continue to incur higher costs due to digitalisation. Despite rising turnover, the annual result is therefore not expected to exceed the previous year's level. The forward-looking digitalisation strategy is convincing and the company's share is attractive thanks to its solid retail business and a favourable valuation with an expected 2018/19 PER of 12.5x and an expected 2018/19 P/B of 0.9x.

## 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 31.12.2017:	1.31% Tranche A; 1.83% Tranche B 1.33% Tranche C / CHF hedged
Tax transparency:	Switzerland, Germany, Austria
Licensed for public distribution:	Switzerland, Germany

## Breakdown by Currencies

EUR	85.0%	CHF	9.0%
GBP	0.0%	USD	0.8%
NOK	1.8%	DKK	3.4%

## 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 150.75</b>
Number of Shares Issued:	424'551
<b>Net Asset Value per Share (Tranche B):</b>	<b>EUR 145.37</b>
Number of Shares Issued:	53'289
<b>Net Asset Value per Share (Tranche C, CHF hedged):</b>	<b>CHF 161.21</b>
Number of Shares Issued:	226'743
Total Net Asset Value:	EUR 103.6 mn

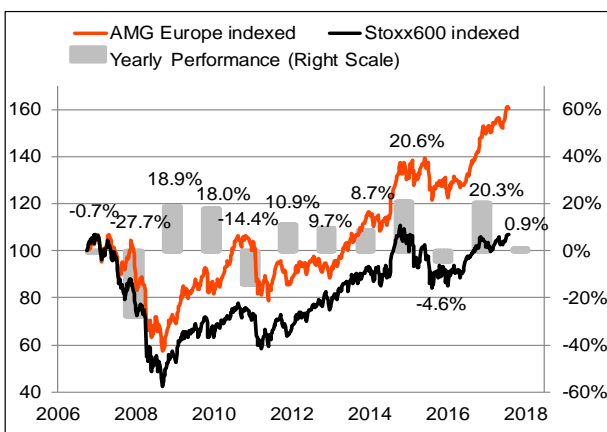
## Performance - Tranche A

since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	0.9%	1.7%	19.4%	8.9%	10.5%	4.4%
Stoxx600	1.8%	0.4%	9.8%	2.5%	6.6%	0.5%

\*p.a.

	2018	2017	2016	2015	2014	since inception
Fund	0.9%	20.3%	-4.6%	20.6%	8.7%	59.3%
Stoxx600	1.8%	7.5%	-1.2%	6.8%	4.4%	5.7%



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.):	9.4%
Sharpe Ratio (-0.31% Risk Free Rate)	0.97
Beta (vs. Stoxx600)	0.52

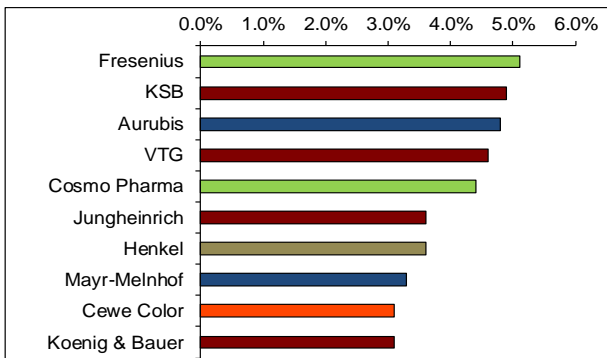
## Breakdown by Sectors

Industrials	24.1%
Consumer Disc.	10.3%
Consumer Staples	6.2%
Financials	7.3%
Telecommunication	2.2%
Health Care	12.0%
Energy	0.0%
Basic Materials	17.3%
Technology	3.3%
Utilities	2.1%
Cash	15.2%

## Exposure

Long Positions:	84.8%
Hedge Positions:	9.6%
Net Position:	75.2%
Absolute Position:	94.4%

## Largest Positions



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