

# AMG Europe

Report as of February 28, 2018

## Review February

Following a strong beginning to the year, the global stock markets started to wobble in February. While leading indicators for the US economy still suggest rising momentum, European sentiment indicators could not entirely escape the turbulence on the financial markets. According to the preliminary results of the purchasing managers' survey, the indicators dropped slightly compared to the peaks in January but are still at a very high level. The AMG Europe closed the month with -2.6%, and thereby outperformed the benchmark index STOXX600 which declined by 4.0%.

The 2017 result generated by **Henkel** came as a positive surprise. The company's adhesives division, which is of a more cyclical nature, is benefiting particularly from the solid global economic development. At +90BP, the group margin followed a similarly excellent trend while also harbouring further potential due to the ongoing efficiency enhancement programme. At the structural level, adhesives are likely to receive further tailwind from industry (automotive and electronics), at the regional level, consumer goods are set for continuous growth in the emerging markets. The laundry division is gaining market share in the USA, although promotion-based competition prevents price hikes in the developed markets. The beauty division remained a problem child in the fourth quarter, with the hair care segment lagging behind the competitor L'Oréal. In this area, Henkel has redirected its focus on innovations. In the second half of 2018, the result should start reflecting the effects of this reorientation. **SAF Holland's** preliminary 2017 turnover growth figure of 9.3% surpasses its turnover guidance, which had already been raised at the beginning of October 2017. Ongoing factory consolidation in the USA resulted in a spike in customer demand, which placed a strain on the EBIT margin due to a temporary rise in HR and logistics costs. The management has adopted a slightly more conservative outlook for 2018, which reflects higher start-up expenses in the restructured factory landscape in the first six months of 2018. With these costs expected to decline in the 2<sup>nd</sup> half of the year, the recovery of the US truck market will be reflected not only by structural growth opportunities in China but also by profitability. Aside from growth expectations, the company's expected 2018e PER of 13.8x is another point in favour of this industrial security. The healthcare group **Fresenius** also delivered a robust annual result. Turnover rose by 15% to EUR 33.9bn, while consolidated earnings expanded by 16% to EUR 1.8bn. Acquisitions contributed 10% to turnover growth, first and foremost the takeover of the Spanish hospital chain Quirónsalud in late January 2017. Kabi, the company's liquid medicine division, also recorded welcome growth. Fresenius confirmed its projected growth in the upper one-digit percentage range by 2020. Consolidated earnings in the current financial year are expected to grow by 6-9%, on a currency-adjusted basis between 5% and 8%. Following the weak price trend of the past few weeks, the publication of the record result and the outlook was well received by the market.

## 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, Austria
Tax Status Germany:	Equity Fund within the meaning of the German investment tax Law (InvStG) with partial release
Licensed for public distribution:	Switzerland, Germany

## Breakdown by Currencies

EUR	85.0%	CHF	8.4%
GBP	0.0%	USD	0.8%
NOK	2.3%	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

<b>Net Asset Value per Share (Tranche A):</b>	<b>EUR 146.76</b>
Number of Shares Issued:	429'504
<b>Net Asset Value per Share (Tranche B):</b>	<b>EUR 141.46</b>
Number of Shares Issued:	54'404
<b>Net Asset Value per Share (Tranche C, CHF hedged):</b>	<b>CHF 156.79</b>
Number of Shares Issued:	226'193
Total Net Asset Value:	EUR 101.7 mn

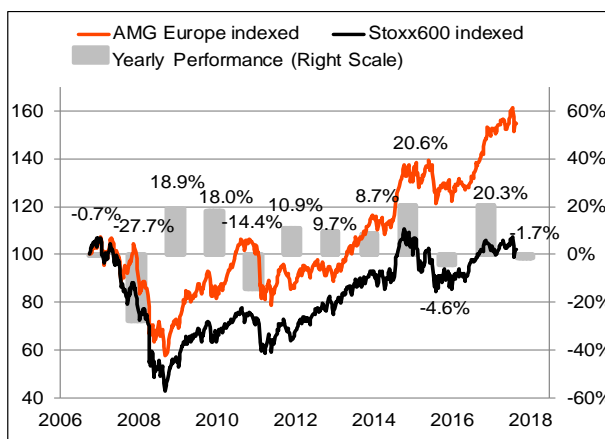
## Performance - Tranche A

### since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	-2.7%	1.5%	13.2%	6.4%	10.3%	4.1%
Stoxx600	-4.0%	-1.8%	2.5%	-1.1%	5.5%	0.1%

\*p.a.

	2018	2017	2016	2015	2014	since inception
Fund	-1.7%	20.3%	-4.6%	20.6%	8.7%	55.0%
Stoxx600	-2.3%	7.5%	-1.2%	6.8%	4.4%	1.5%



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.):	9.7%
Sharpe Ratio (-0.31% Risk Free Rate)	0.65
Beta (vs. Stoxx600)	0.54

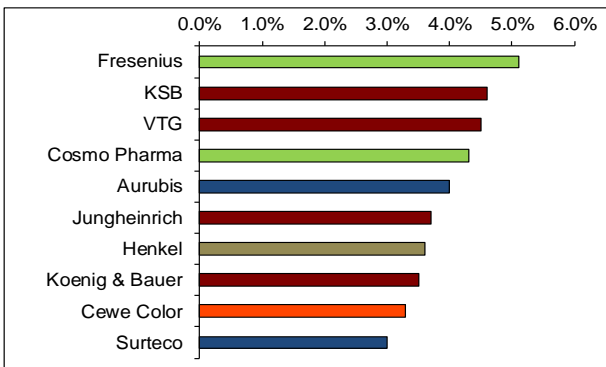
## Breakdown by Sectors

Industrials	25.0%
Consumer Disc.	10.6%
Consumer Staples	6.1%
Financials	7.3%
Telecommunication	2.4%
Health Care	12.3%
Energy	0.0%
Basic Materials	16.4%
Technology	3.4%
Utilities	1.9%
Cash	14.6%

## Exposure

Long Positions:	85.2%
Hedge Positions:	9.4%
Net Position:	75.8%
Absolute Position:	94.6%

## Largest Positions



**Disclaimer:** While AMG Fondsverwaltung AG has made every effort to ensure that the information on this document is correct at the time of publication, AMG can make no representation or warranty (including liability to third parties) either expressly or by implication as to the accuracy, reliability or completeness of the said information. The future performance of an investment cannot be deduced from previous market value, i.e. the value of an investment may fall as well as rise. Performance was calculated without commissions and fees for subscription or redemption.