

AMG Europe

Report as of April 30, 2018

Review April

Given the high levels of insecurity surrounding the consequences of a potential trade war and persistent geopolitical tension, the European stock markets went through a surprisingly robust interim recovery in April. The AMG Europe closed the month under review with a 1.8% gain, while its benchmark index, the STOXX600, went up 3.9%. Since the beginning of the year, the AMG Europe performed -2.2% and the benchmark index caught up to -0.8% reflecting the strong performance in April.

After the antitrust authorities in Germany and Austria approved the acquisition, the German wagon hire company **VTG** can now focus on integrating the acquired Nacco fleet. Although the approval of the takeover entails the sale of one-third of the Nacco wagon fleet, the deal is still highly lucrative even after the partial sale since the Nacco fleet is very young and will reduce the average age of the future VTG fleet to 19 years. The cost of producing the acquired wagons would be substantially higher than the purchase price. At 92.2%, capacity utilisation of the current VTG fleet at the end of 2017 was at its highest since 2008, implying a robust start to the year 2018. The current environment of higher wagon rents and the expansion of the fleet via the acquired Nacco wagons should form a solid basis for accelerated profit growth. The 2017 result achieved by **Freinet** includes total turnover growth of 4.3% to EUR 3.5bn and a significant 23.3% EBITDA rise to EUR 541mn. The free cash flow only moved sideways. However, the announced dividend rise to EUR 1.65 (consistent with a distribution of just under 62% of the generated cash flow) counteracted concerns regarding the company's future dividend policy and led to a significant price recovery. The dividend yield is currently above 6%, and given its estimated 2018 PER of close to 14.0x this high-dividend share still has an attractive valuation. The restructuring process implemented by the pump manufacturer **KSB** is starting to bear fruit: The solid 2017 result, including initial cost effects from the restructuring and a return to turnover growth, impressed investors. Incoming orders in the first quarter 2018 increased by 4.4% and, in combination with an order backlog worth over EUR 1.2bn at the end of the quarter, show promise for further turnover growth in financial year 2018. Turnover in the water/wastewater segment, which now generates 20% of group sales, is following a dynamic trend and compensates for the weaker construction and energy segments. By end of 2017, the ongoing restructuring measures comprise a reduction in the number of production sites from 47 to 40, a reduction in the number of legal units from 117 to 96 and the streamlining of the product portfolio from over 1,000 products to approx. 750 products. The organisational centralisation measures, and hence the fixed cost reduction measures, are ongoing and should continue to support the company's profit momentum. At the end of 2017, KSB's solid balance sheet included net liquidity of EUR 378mn. With the expected 2018 PER of 11.1x and a P/B ratio below 1.0x the share is valued attractively.

Facts

Domicile of Fund:	Switzerland
Fund Management Company:	LLB 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	85.3%	CHF	9.2%
GBP	0.0%	USD	0.0%
NOK	2.0%	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 146.08
Number of Shares Issued:	443'497
Net Asset Value per Share (Tranche B):	EUR 140.68
Number of Shares Issued:	54'901
Net Asset Value per Share (Tranche C, CHF hedged):	CHF 155.98
Number of Shares Issued:	223'297
Total Net Asset Value:	EUR 102.0 mn

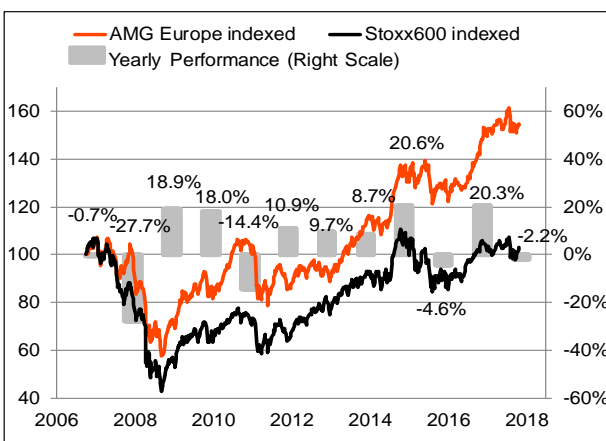
Performance - Tranche A

since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	1.8%	-3.1%	6.5%	5.1%	10.6%	4.0%
Stoxx600	3.9%	-2.6%	-0.5%	-0.8%	5.4%	0.3%

*p.a.

	2018	2017	2016	2015	2014	since inception
Fund	-2.2%	20.3%	-4.6%	20.6%	8.7%	54.3%
Stoxx600	-0.8%	7.5%	-1.2%	6.8%	4.4%	3.0%



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

Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	9.7%
Sharpe Ratio (-0.31% Risk Free Rate)	0.49
Beta (vs. Stoxx600)	0.54

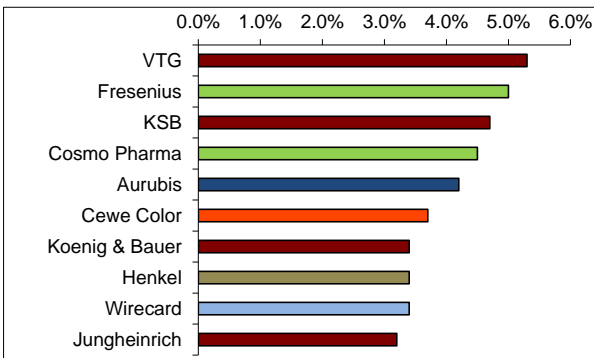
Breakdown by Sectors

Industrials	26.2%
Consumer Disc.	11.3%
Consumer Staples	5.9%
Financials	8.0%
Telecommunication	2.4%
Health Care	12.0%
Energy	0.0%
Basic Materials	16.3%
Technology	3.0%
Utilities	2.4%
Cash	12.5%

Exposure

Long Positions:	87.5%
Hedge Positions:	9.3%
Net Position:	78.2%
Absolute Position:	96.8%

Largest Positions



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