

AMG Europe

Report as of June 30, 2018

Review June

After an energetic start to the first week of June, the European stock markets turned down due to unease over the trade tariffs imposed by the USA as well as China and Europe. Political in-fighting in Germany also raised the level of insecurity. The AMG Europe did not participate in the upswing off the first week of June and ended the month at -3.2%. The STOXX 600, its benchmark index, closed at -0.8%. Owing to its highly defensive orientation, the fund has not fully benefited from the upward phases we have seen since the start of the year and is therefore showing a loss of 5.6% year to date, while the overall market closed at -2.2%. In response to the persistent risk of an escalation of the current trade disputes, the potential impact of interest rate policy adjustments in Europe and the possible effects of the ongoing Brexit negotiations on the Eurozone, we are retaining our prudent orientation and using the market setbacks to increase selected positions.

Do&Co, a gourmet catering company domiciled in Vienna, is currently negotiating the severance of its ties with Turkish Airlines. Although Turkish Airlines is still in the black despite the pressure political challenges are placing on tourism, the company is on a stringent economy drive. In response, Do&Co already suggested cost cuts last year; however, the partners seem to have lost any common ground where prices are concerned. In Europe however, following the acquisition of Lufthansa at New York's JFK and an expansion of the company's cooperation with Austrian Airlines, Do&Co has managed to recruit SWISS as a new customer for the first time. Starting in July 2018, catering services will be offered daily on one of the SWISS flights from Los Angeles to Zurich. On the European side, the company is setting up Europe's largest gourmet kitchen (30,000m²) in London. Decisions in the bidding processes in which the group is currently taking part (including British Airways and Iberia) are expected in the next few weeks. This should affect the company's share price. Following a strong price trend, we have reduced our holding in the Spanish meat casing producer **Viscofan**. Despite the fact that its quarterly results were affected by negative currency movements, the share had lately gained considerably. This was due to the management's confident outlook which projects higher selling prices and higher sales volumes for 2018. Given the substantial price gain and the 2018e P/E of 21x, we believe that these expectations have now been priced in. We have used the return of the share prices of the crane manufacturer **Palfinger** to increase positions and have done the same with the German printing machine producer **Koenig&Bauer**. A well-filled order book allows Koenig&Bauer to be more particular, and hence more profitable, in its order selection. Additional capacities have been set up to reduce the bottleneck in the installation of package printing machines. In the banknote printing segment, a major order from Egypt may extend the reach of the solid one-year project pipeline well into the year 2019.

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	85.5%	CHF	8.9%
GBP	0.0%	USD	0.0%
NOK	2.2%	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

Net Asset Value per Share (Tranche A):	EUR 140.93
Number of Shares Issued:	445'349
Net Asset Value per Share (Tranche B):	EUR 135.61
Number of Shares Issued:	56'335
Net Asset Value per Share (Tranche C, CHF hedged):	CHF 150.43
Number of Shares Issued:	243'952
Total Net Asset Value:	EUR 101.4mn

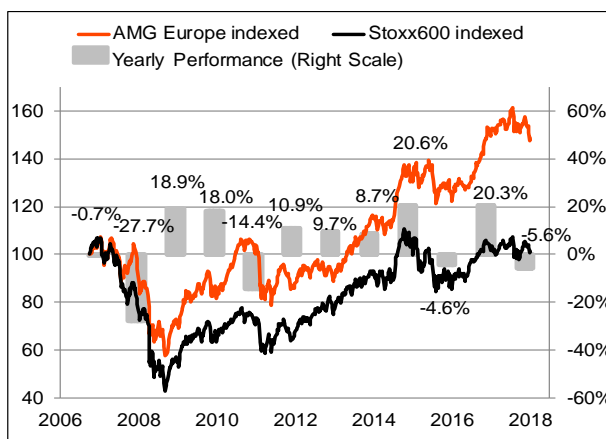
Performance - Tranche A

since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	-3.2%	-1.8%	-0.5%	4.4%	10.6%	3.6%
Stoxx600	-0.8%	2.4%	0.1%	-0.1%	5.9%	0.1%

*p.a.

	2018	2017	2016	2015	2014	since inception
Fund	-5.6%	20.3%	-4.6%	20.6%	8.7%	48.9%
Stoxx600	-2.2%	7.5%	-1.2%	6.8%	4.4%	1.5%



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

Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	9.5%
Sharpe Ratio (-0.31% Risk Free Rate)	0.41
Beta (vs. Stoxx600)	0.54

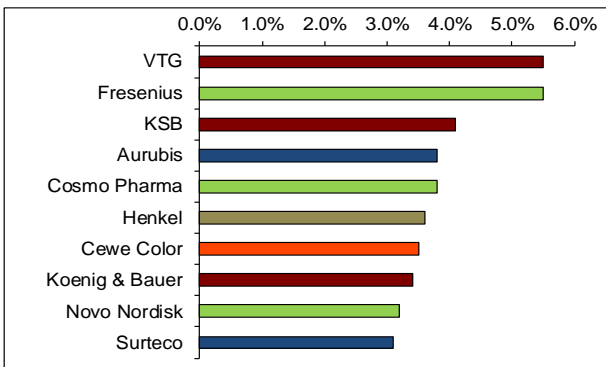
Breakdown by Sectors

Industrials	25.7%
Consumer Disc.	11.5%
Consumer Staples	6.0%
Financials	6.3%
Communication	2.1%
Health Care	15.8%
Energy	0.0%
Basic Materials	11.8%
Technology	2.8%
Utilities	2.5%
Cash	15.5%

Exposure

Long Positions:	84.5%
Hedge Positions:	0.0%
Net Position:	84.5%
Absolute Position:	84.5%

Largest Positions



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