

AMG Europe

Report as of July 31, 2018

Review July

The European stock markets were off to a spirited start to the second half of the year. The government's conflict over refugee policy which haunted Germany at the beginning of the month has eased off and the meeting on import tariffs between EU Commission President Juncker and US President Trump seems to have been rather more moderate in tone than expected as agreement was achieved on key points. The AMG Europe ended the month up 4.3% while the benchmark index, the STOXX 600, recorded an overall gain of 3.1%.

Morgan Stanley Infrastructure has a 29.1% share in **VTG** and has submitted a takeover bid for the remaining 71% at a price of EUR 53.00 per VTG share. According to the bidder, Kühne Holding AG has undertaken to offer its 20% stake. VTG's business model remains very attractive thanks to the takeover of Naccos and the company's forward-looking digitalisation strategy. We believe that the integration of Naccos will ensure a continuous disproportionate rise in profits. As the valuation of the share has also expanded since our initial investment, we reduced our position to some degree and took profits once the news of the takeover bid was out. In early July, our fund received a new addition in the form of **Voestalpine AG**, a specialist in steel production and steel-based technologies. The share was under massive pressure due to the US steel tariffs. Voestalpine operates 7 crossings manufacturing sites in the USA and, with the exception of grades that are not available, generally buys its steel in the USA. The company expects that a special import permit will be negotiated for the special steel that is not produced in the USA. Voestalpine's order books in all divisions are full until late autumn. The new facilities which have recently been taken into operation are working at full capacity. The railway (tracks) segment, which has been slightly weaker of late, is expected to recover since Austrian Federal Railways, a key account, has completed its nationwide expansion of train station facilities and is set to pour more money into track maintenance again. The 9.3x PE and 1.1x PB figures make for an attractive 2018e valuation. Positive news were reported by **Cassiopea** which has successfully completed all studies for the three skin and hair growth remedies it currently has under development. The three remedies are associated with potential turnover far in excess of CHF 1bn. At present, the company is preparing its market approval application for Winlevi, an acne treatment, which should start selling in 2019 if everything goes smoothly. The share value is CHF 500mn. Cosmo, which has a 45% interest, is the biggest shareholder. The share has made substantial gains. The global event and airline caterer **Do&Co** has also delivered a strong monthly performance after news of the start of its negotiations with Turkish Airlines regarding the provision of catering services at the new Istanbul airport as well as all other Turkish airports came out. Decisions are also imminent in British Airways and Iberia tenders.

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	84.5%	CHF	9.8%
GBP	0.0%	USD	0.0%
NOK	2.1%	DKK	3.6%

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 146.96
Number of Shares Issued:	438'450
Net Asset Value per Share (Tranche B):	EUR 141.35
Number of Shares Issued:	56'335
Net Asset Value per Share (Tranche C, CHF hedged):	CHF 156.66
Number of Shares Issued:	241'200
Total Net Asset Value:	EUR 104.4mn

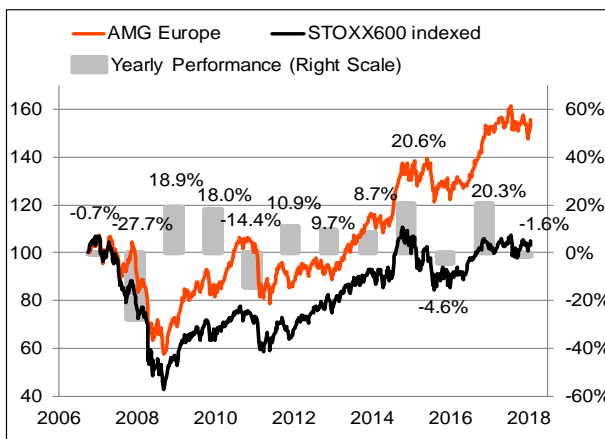
Performance - Tranche A

since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	4.3%	0.6%	2.2%	4.5%	10.7%	4.0%
Stoxx600	3.1%	1.6%	3.6%	-0.4%	5.5%	0.4%

*p.a.

	2018	2017	2016	2015	2014	since inception
Fund	-1.6%	20.3%	-4.6%	20.6%	8.7%	55.3%
Stoxx600	0.8%	7.5%	-1.2%	6.8%	4.4%	4.7%



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)	0.51
Beta (vs. Stoxx600)	0.54

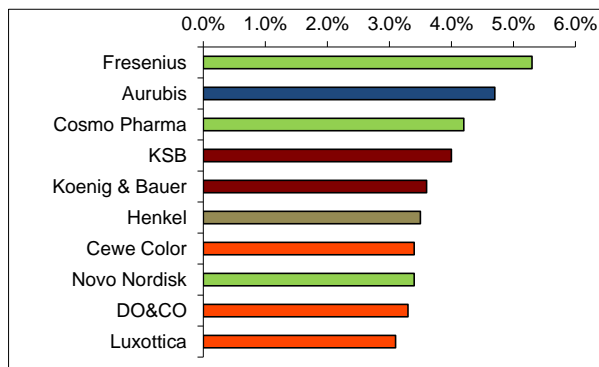
Breakdown by Sectors

Industrials	23.0%
Consumer Disc.	11.5%
Consumer Staples	5.7%
Financials	6.6%
Communication	2.3%
Health Care	17.3%
Energy	0.0%
Basic Materials	14.1%
Technology	3.3%
Utilities	2.5%
Cash	13.7%

Exposure

Long Positions:	86.6%
Hedge Positions:	9.1%
Net Position:	77.5%
Absolute Position:	95.7%

Largest Positions



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