

# AMG Europe

Report as of August 31, 2018

## Review August

After their strong performance in July, the European stock markets gave a rather indecisive impression in August, concerns deriving from debt crisis in Argentina and Turkey burdened during the last trading days of the month: The STOXX600 ended the month with a -2.4% loss, while the AMG Europe, with a -0.7%, was more resilient than the market.

**SAF Holland** reported high turnover growth of 15% which was carried by all regions. By contrast, EBIT was affected by inefficiencies in the USA. Due to factory consolidation and unusually high demand, the company had to hire temporary staff, which combined with delayed deliveries to place a strain on costs. On top of this, costs were also pushed up by rising steel prices, reducing the EBIT margin from just under 9% to 6.9%. The company has raised its projected turnover growth for the whole year to 5-7% (previously 4-5%) and reduced its expected EBIT margin from 8-8.5% to 7-8%. Its 2018e PER of 11.8x and P/B ratio of 1.9x give SAF a rather attractive valuation. The company's turnover prospects are good, thanks to the conversion from drum brakes to disc brakes in the USA, new regulatory requirements in China and two takeovers. Moreover, the inefficiencies in the North American factory network are reportedly of a temporary nature, which will also support the future profit trend. After the Chinese antitrust authority has signed off on the merger between the Italian eyewear manufacturer **Luxottica** (Ray Ban, among other products) and the French contact lens manufacturer Essilor, it is only the approval of the Turkish authorities that is now outstanding. Generating a combined turnover of EUR 16.6bn, the merger would result in the largest vertically integrated supplier of corrective eyewear worldwide. Cost synergies and the comprehensive product portfolio (frames, lenses, sunglasses) harbour enormous potential for profit growth, with Asia and Latin America deemed to be the most attractive growth markets. The companies expect the merger to be completed in the course of the 3rd quarter 2018. Thanks to its takeover of Probos in H1, **Surteco**, the manufacturer of surfaces for the furniture and construction industries, posted turnover growth of 9%. Probos' profitability was also reflected in 18% EBIT growth. However, the core business in the paper division contracted organically due to a disadvantageous product mix and a consistent trend towards less pricey monochrome decors, which significantly affected EBIT in the paper segment. Since the lower material cost pressure expected due to lower demand will take effect with a delay, the trigger for a recovery of the Surteco share may take some time. The low-priced share (2018e PER of 11.7x, P/B ratio of 0.9x) offers an attractive dividend yield of 4.2%. The German IT service provider **Bechtle** posted a top result, gaining further market share and raising the company's profitability thanks to 17% turnover growth. Further boosted by the imminent conclusion of the takeover of the French company Inmac WStore in the next few weeks, its future growth prospects are excellent.

## 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	83.5%	CHF	10.8%
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

<b>Net Asset Value per Share (Tranche A):</b>	<b>EUR 145.89</b>
Number of Shares Issued:	444'045
<b>Net Asset Value per Share (Tranche B):</b>	<b>EUR 140.27</b>
Number of Shares Issued:	56'326
<b>Net Asset Value per Share (Tranche C, CHF hedged):</b>	<b>CHF 155.33</b>
Number of Shares Issued:	242'440
Total Net Asset Value:	EUR 104.6mn

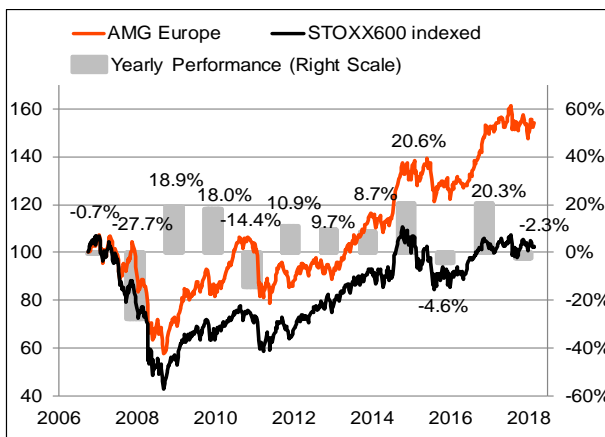
## Performance - Tranche A

since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	-0.7%	0.2%	1.1%	5.2%	10.6%	3.9%
Stoxx600	-2.4%	-0.2%	2.2%	1.8%	5.2%	0.2%

\*p.a.

	2018	2017	2016	2015	2014	since inception
Fund	-2.3%	20.3%	-4.6%	20.6%	8.7%	54.1%
Stoxx600	-1.8%	7.5%	-1.2%	6.8%	4.4%	2.2%



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.):	9.2%
Sharpe Ratio (-0.31% Risk Free Rate)	0.66
Beta (vs. Stoxx600)	0.55

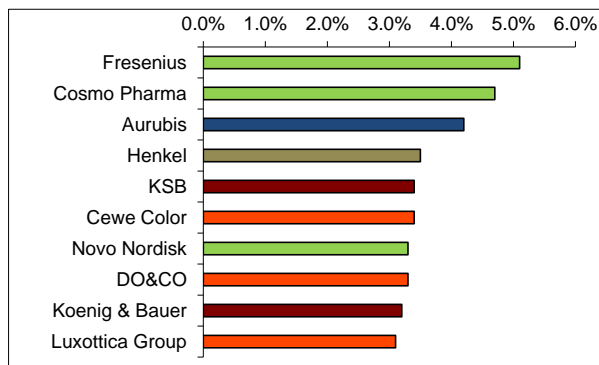
## Breakdown by Sectors

Industrials	21.9%
Consumer Disc.	11.4%
Consumer Staples	5.8%
Financials	6.7%
Communication	2.1%
Health Care	18.0%
Energy	0.0%
Basic Materials	13.3%
Technology	3.5%
Utilities	2.6%
Cash	14.7%

## Exposure

Long Positions:	85.3%
Hedge Positions:	6.8%
Net Position:	78.5%
Absolute Position:	92.1%

## Largest Positions



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