

AMG Europe

Report as of September 30, 2018

Review September

Signs of a crisis in the emerging markets and the imminent trade war between the USA and China resulted in substantial markdowns on the European stock markets at the beginning of the month, which were followed by a swift counter-movement. Surprisingly robust leading indicators in the US private sector, as well as the stabilisation of European economic growth at a low level combined with an unprecedentedly low ECB key rate of zero percent, won out over signs of a slowdown in the emerging markets. The STOXX600 ended the month nearly flat with 0.2%, while the AMG Europe closed at minus 2.4%, the defensively positioned fund reacted slowly in the fast recovery of the market.

In April 2018, **Fresenius SE** had cancelled its planned acquisition of Akorn Inc. due to irregularities in Akorn's research process, in response to which Akorn Inc. had filed a lawsuit against Fresenius. The latent lawsuit overshadowed the stock market price, with repeated assumptions of potential dissolution costs of up to hundreds of millions making the rounds. During an inspection, FDA inspectors have now discovered numerous irregularities in test procedures at an Akorn Inc. factory which confirm Fresenius' concerns and may justify the cancellation of the takeover (approx. USD 4.3bn). A court decision is due in November. In the last few weeks, the shares of the photo book manufacturer **CEWE** have lost substantial ground. This was due to the expected EBIT loss at the Cheerz acquisition which, however, did not affect the inherent operating result. Nevertheless, the market responded by taking profits. Even so, the quality supplier is supported not only by its published figures and excellent positioning for the upcoming Christmas business but also by the potential arising from the acquired photo app supplier Cheerz which is developing as expected and should drive the future international expansion of the photo book business as well as appealing to younger customer groups. CEWE has confirmed its guidance for the full year 2018 at all levels. The shift in turnover towards higher-margin products, such as photo books and gift articles, and away from digital print, which generates lower margins, holds out further potential for the already strong operating margin. At an attractive 2019e PER of 13.0x and a P/B ratio below 2x, the solidly financed stock corporation still has a lot of ground to catch up. The airline caterer **Do&Co** announced that it has won the British Airways and Iberia contracts. As of 2020/21e, Do&Co will be responsible for all catering services on BA short and long-haul flights from London Heathrow and Iberia short and long-haul flights from Madrid. Both contracts have a term of 10 years. The anticipated additional catering turnover arising from the contracts amounts to EUR 200mn, which significantly exceeds previous market expectations. Furthermore, after the conclusion of the contracts, further IAG Group catering contracts may be acquired with five US airports. We have increased our position in Do&Co after the company's announcement on 11 September.

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	2.2%	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 142.38
Number of Shares Issued:	446'195
Net Asset Value per Share (Tranche B):	EUR 136.84
Number of Shares Issued:	56'231
Net Asset Value per Share (Tranche C, CHF hedged):	CHF 151.70
Number of Shares Issued:	245'371
Total Net Asset Value:	EUR 102.8mn

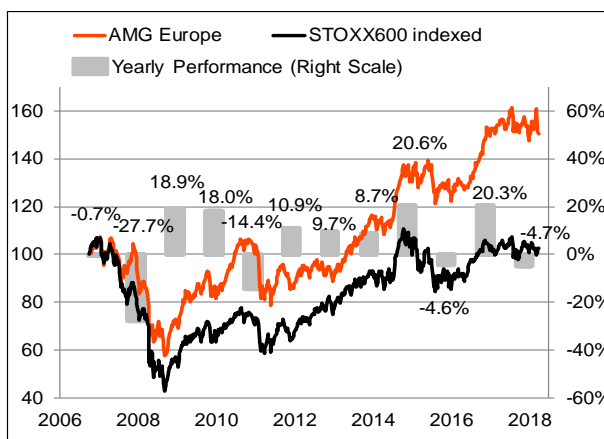
Performance - Tranche A

since inception 01.04.2007 (Distributions included)

	1 Mt	3 Mt	12 Mt	3 Years*	5 Years*	since inception
Fund	-2.4%	1.0%	-2.6%	4.6%	9.2%	3.6%
Stoxx600	0.2%	0.9%	-1.3%	3.3%	4.3%	0.2%

*p.a.

	2018	2017	2016	2015	2014	since inception
Fund	-4.7%	20.3%	-4.6%	20.6%	8.7%	50.4%
Stoxx600	-1.5%	7.7%	-1.2%	6.8%	4.4%	2.4%



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

Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	9.3%
Sharpe Ratio (-0.31% Risk Free Rate)	0.46
Beta (vs. Stoxx600)	0.55

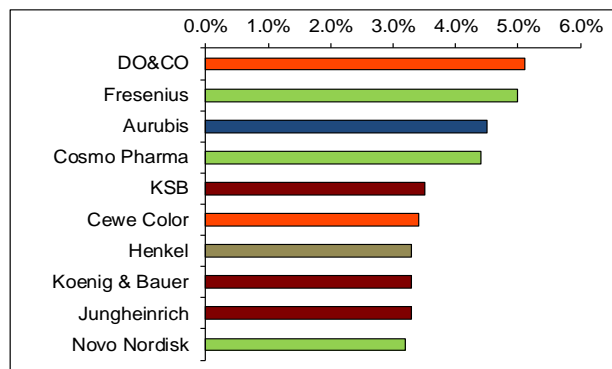
Breakdown by Sectors

Industrials	22.7%
Consumer Disc.	13.6%
Consumer Staples	5.6%
Financials	6.1%
Communication	1.9%
Health Care	17.2%
Energy	0.0%
Basic Materials	13.6%
Technology	3.1%
Utilities	2.4%
Cash	13.8%

Exposure

Long Positions:	87.3%
Hedge Positions:	6.9%
Net Position:	80.4%
Absolute Position:	94.2%

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.