

# AMG Europe

Report as of May 31, 2019

## Review

The European stock markets were burdened in May by the intensification of the trade conflict between the USA and China. In order to reduce the risk of setbacks, we extended hedging in the AMG Europe Fund at the beginning of May. In this environment, the AMG Europe Fund performed significantly better than the market as a whole.

The energy group **Enel**, which operates primarily in Southern Europe and Latin America, posted healthy growth in operating profit of +14% in the first quarter of 2019. The strong growth is the result of the increase in installed capacities in the renewable energy sector and the consolidation of the Brazilian Eletropaulo. Enel's business model is convincing with its focus on networks and renewable energy, which now contribute 40% and 28%, respectively, to the operating result. After a good start to the year overall, management's guidance for 2019 as a whole was confirmed with net income growth of 18%. After the good result, the share remains attractive. In addition to the profit development, the 2019e valuation of P/E 11.9x and K/B 1.6x and the dividend yield of 5.8% are also advantageous. Through the joint venture with Turkish Airlines, **Do&Co** concludes a catering contract for a period of 15 years for all flights of Turkish Airlines departing from airports in Turkey. An agreement in principle had already been reached in October 2018, but the final signing was still pending. Do&Co will now operate at the newly opened airport in Istanbul, one of the largest in the world, as well as at eight other locations in Turkey. The contracts with the International Airlines Group IAG (British Airlines and Iberia) already announced in September 2018 will generate an additional revenue volume of EUR 250 million by 2021. Overall, net profit is expected to rise by a good 60% in the next financial year 2020/21e, resulting in a P/E 2020/21e of 14.2x. With the takeover of the Metallo Group, **Aurubis** is expanding its recycling business with expertise in tin, nickel and lead. This is in line with Aurubis' strategy to develop the company on a broader basis in additional metals. In its most important third quarter (as of March 31, 2019), seed manufacturer **KWS** published a good result and at the same time raised its EBIT guidance for the full year 2018/19 to the upper end of the target range of 10-12%. The preliminary annual result 2018/19 of the traffic telematics company **Kapsch TrafficCom AG** with a revenue increase of 6.4% to EUR 738 million and an EBIT increase of 13.8% to EUR 57 million is significantly above market expectations. Future growth driver will be the toll collection agreement for foreign passenger cars in Germany won in a joint venture with CTS Eventim at the end of 2018. With a contract term of 12 years, the joint venture will generate annual EBIT of approximately EUR 20 million. With a P/E ratio 2019/20e of 11.5x and a K/B 2019/20e of 1.7x, the share, which also offers a dividend yield of 4.2%, is attractively valued.

## Facts

Domicile of Fund:	Switzerland
Fund Management Company:	LLB Swiss Investment Ltd, Zurich
Custodian Bank:	Frankfurter Bankgesellschaft, Zurich
Investment Manager:	AMG Fondsverwaltung AG, Zug +41 41 726 71 71, www.amg.ch
Reference currency:	EUR
Launch date:	01.04.2007
ISIN:	CH0027940730 (A) / CH0048476664 (B) CH0297417534 (C)
Distributions:	Dividend & Capital Gain distributing (A + C) Dividend distributing only (B)
Subscription / Redemption:	Daily / no fees
Performance Fee:	none
Management Fee:	1.0% (A + C); 1.5% (B)
TER (31.12.2018):	1.27% (A); 1.77% (B); 1.26% (C)
Tax transparency:	Switzerland, Austria
Tax Status Germany:	Equity Fund within the meaning of the German investment tax law (InvStG) with part. release
Registered for public distribution:	Switzerland, Germany

## Breakdown by Currencies

EUR	82.6%	CHF	9.8%
DKK	4.7%	NOK	2.8%

## Distributions

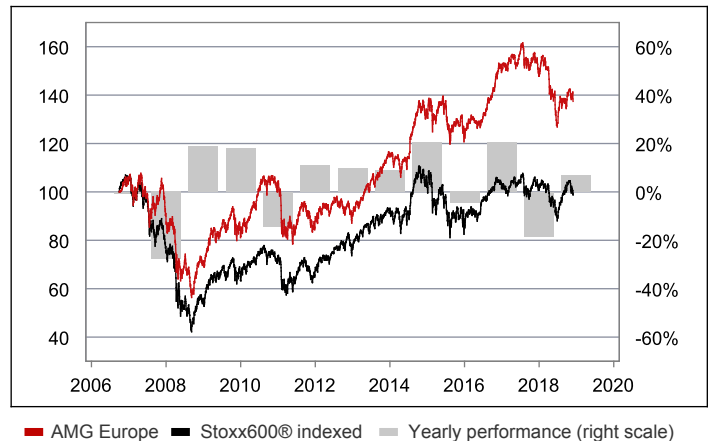
22.03.2010	Dividend	EUR 1.97
12.03.2013	Dividend	EUR 2.00
18.03.2015	Dividend	EUR 1.40

## Key Figures

<b>Net Asset Value (Tranche A):</b>	<b>EUR 130.06</b>
Number of Shares Issued:	358'465
<b>Net Asset Value (Tranche B):</b>	<b>EUR 124.56</b>
Number of Shares Issued:	54'401
<b>Net Asset Value (Tranche C, CHF-hedged):</b>	<b>CHF 138.80</b>
Number of Shares Issued:	208'474
Total Net Asset Value:	EUR 79.2 Mio.

## Performance - Tranche A (Distributions included)

	1 Month	3 Months	12 Months	3 Years*	5 Years*	since inception*
Fund	-3.6%	-0.0%	-10.6%	1.5%	3.9%	2.6%
Stoxx600®	-5.7%	-1.0%	-3.7%	2.0%	1.4%	-0.1%
						*p.a.
	2019	2018	2017	2016	2015	since inception
Fund	6.9%	-18.6%	20.3%	-4.6%	20.6%	37.4%
Stoxx600®	9.3%	-13.2%	7.7%	-1.2%	6.8%	-1.4%



Please find the detailed overview under [www.amg.ch](http://www.amg.ch)

## Risk Ratios (rolling over the last 3 Years)

Volatility (p.a.):	9.8%
Sharpe Ratio (-0.41% Risk Free Rate):	0.20
Beta (vs. Stoxx600®):	0.67

## Breakdown by Sectors

Health Care	22.5%
Industry	20.3%
Basic Materials	15.6%
Consumer Disc.	12.3%
Utilities	5.1%
Financials	5.0%
Consumer Staples	3.8%
Communication	2.7%
Technology	2.6%
Cash	10.0%

## Exposure

Long Position:	90.0%
Hedge Position:	15.3%
Net Position:	74.7%
Absolut Position:	105.2%

## Largest Positions

