

AMG Europe

Report as of August 30, 2019

Review

After a sideways movement in July, the European stock markets started August with a significant discount. The month began with a mix of weaker macro data, and the shock of even tighter tariffs in the trade conflict between the USA and China then caused share prices to plummet significantly. In this environment, the AMG Europa Fund was more robust than the market as a whole. On the one hand, the existing potential unfolded for some individual stocks, resulting in clear price premiums, such as for Do&Co or Eckert Ziegler, and on the other hand, defensive stocks such as Novo Nordisk or Enel were able to clearly counter the market dynamics.

In addition to the new business with the IAG Group (British Airways and Iberia), which is currently being developed, Do&Co was informed that a competitor in the bidding for the European part of Lufthansa's catering had dropped out of the bidding process. Do&Co is now regarded as Lufthansa's preferred partner, while the unions prefer Gategroup. A decision for one of the two caterers is expected at the end of September, the chances for Do&Co are good. Even if Gategroup is awarded the contract, Do&Co will benefit because Gategroup will have to make numerous concessions due to its dominant market position and could thus indirectly take over new business. The pump manufacturer KSB was able to continue the very good operating performance of the first quarter in the second quarter, so that sales revenue rose by 9.3% in the first half of the year. The margin has also almost doubled from 2.7% in the previous year to 5.4%. KSB also recently announced that it was the first manufacturer in China to be certified for reactor cooling pumps for modern nuclear power plants (Generation 3x). KSB has already won its first order for the supply of five pumps to Shidaowan Power Station from the Chinese programme for the construction of numerous nuclear power plants. Despite the still high macroeconomic uncertainties, KSB is therefore optimistic for 2019 as a whole and expects sales revenue growth of between 2% to 8% with strong EBIT growth. The valuation with a PER 2020e of 10.0x and a K/B ratio of 0.6x reflects the still subdued market expectation. Mayr Melnhof published a set of figures for the 2nd quarter of 2019 that exceeded market expectations. The sales growth of 9% results from the acquisition of TANN. This also supports the 17% increase in EBIT and the corresponding increase in margins from 9.9% to 10.6%. The strength can be attributed to a combination of higher volumes in the cartonboard business and a robust price environment. At the same time, there was no headwind from the raw material side. Competitive pressure is currently only to be overcome in the Packaging Division. The management outlook confirms the guidance already formulated in the first quarter. The program initiated to continuously improve the cost situation will be continued, at the same time the focus will remain on maintaining high sales prices.

Facts

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|-------------------------------------|---|
| 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 | 79.6% | CHF | 10.4% |
| DKK | 5.8% | NOK | 3.3% |

Distributions

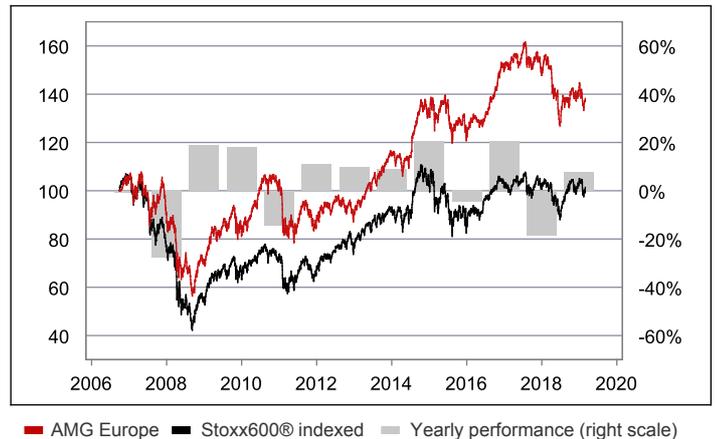
| | | |
|------------|----------|----------|
| 22.03.2010 | Dividend | EUR 1.97 |
| 12.03.2013 | Dividend | EUR 2.00 |
| 18.03.2015 | Dividend | EUR 1.40 |

Key Figures

| | |
|---|-------------------|
| Net Asset Value (Tranche A): | EUR 130.88 |
| Number of Shares Issued: | 343'551 |
| Net Asset Value (Tranche B): | EUR 125.20 |
| Number of Shares Issued: | 51'087 |
| Net Asset Value (Tranche C, CHF-hedged): | CHF 139.33 |
| Number of Shares Issued: | 146'100 |
| Total Net Asset Value: | EUR 70.1 Mio. |

Performance - Tranche A (Distributions included)

| | 1 Month | 3 Months | 12 Months | 3 Years* | 5 Years* | since inception* |
|-----------|---------|----------|-----------|----------|----------|------------------|
| Fund | -0.3% | 0.6% | -10.3% | 2.2% | 3.9% | 2.6% |
| Stoxx600® | -1.6% | 2.8% | -0.7% | 3.4% | 2.1% | 0.1% |
| | | | | | | *p.a. |
| | 2019 | 2018 | 2017 | 2016 | 2015 | since inception |
| Fund | 7.6% | -18.6% | 20.3% | -4.6% | 20.6% | 38.3% |
| Stoxx600® | 12.4% | -13.2% | 7.7% | -1.2% | 6.8% | 1.4% |



Please find the detailed overview under www.amg.ch

Risk Ratios (rolling over the last 3 Years)

| | |
|---------------------------------------|-------|
| Volatility (p.a.): | 10.0% |
| Sharpe Ratio (-0.41% Risk Free Rate): | 0.28 |
| Beta (vs. Stoxx600®): | 0.71 |

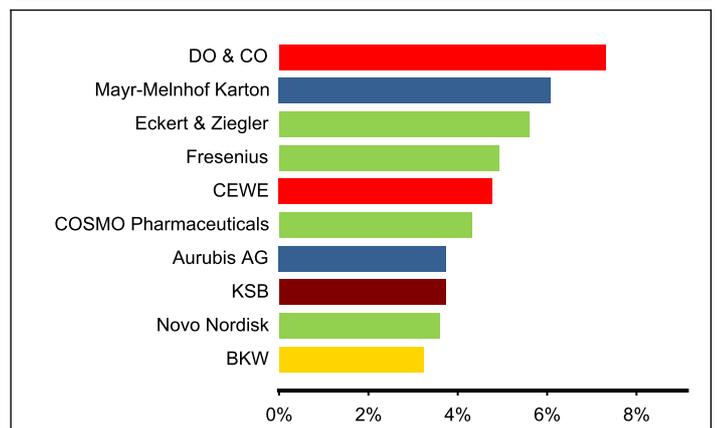
Breakdown by Sectors

| | |
|------------------|-------|
| Health Care | 23.3% |
| Industry | 19.1% |
| Basic Materials | 14.2% |
| Consumer Disc. | 13.6% |
| Utilities | 5.7% |
| Financials | 5.2% |
| Consumer Staples | 2.9% |
| Technology | 2.6% |
| Communication | 2.0% |
| Cash | 11.2% |

Exposure

| | |
|-------------------|--------|
| Long Position: | 88.8% |
| Hedge Position: | 11.4% |
| Net Position: | 77.4% |
| Absolut Position: | 100.2% |

Largest Positions



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