

## AMC PROFESSIONAL FUND – AMC Pro Swiss Equity

### Review

The Swiss equity market enjoyed a rally in the final quarter of 2011. Most sectors managed to deliver gains; consumer goods, chemicals and retailers noticeably outperformed. At the other end of the spectrum, travel & leisure and basic materials struggled on account of fears of a recession on the way. Utilities were heavily penalised by structural changes in progress (provisions to be reinforced to account for early closure of nuclear plants and cost bases not matching changed market conditions).

Earnings estimates (-6.4% for 2011 and +13.0% for 2012) have continued to be downgraded, except for large-cap shares which saw their forecasts being marginally upgraded in the final month of last year.

The sub-fund recorded a Q4 2011 gain of 6.71% on its Class A unit (Class B unit: +6.88%; Class C: +6.92%), whereas the SPI was up by 6.73%. The sectoral allocation proved fractionally negative, mainly owing to the underweighting of health-care stocks and the overweighting of consumer stocks in the quarter. Stock selection overall was positive, especially in the industrials and health-care sectors.

### Outlook

The Swiss stock market is currently valued at around 11.6X prospective earnings for the coming 12 months. That level, still modest by historical standards, is actually noticeably more demanding than valuations on other European stock markets. Moreover, it remains heavily influenced by shifts in exchange rates.

We are sticking with a broadly diversified stance for the sub-fund's portfolio. We slightly scaled back the sub-fund's positions in consumer goods stocks, owing to their demanding valuations, in favour of consumer services and, to a lesser degree, industrials. The sub-fund's negative bias to basic materials was also partly toned down. We continue to overweight large-cap stocks in preference to small-/mid-cap shares.

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