

AMC PROFESSIONAL FUND – AMC Pro US Equity

Review

The US economy continued to deliver signs of improving strength over the fourth quarter, as evidenced by a string of business sentiment indices and the fall in jobless benefit claims. In reality, the improvement on the jobs front is synonymous with more satisfactory growth in households' income, which is vital to ensure that the recovery is sustainable considering that consumers remain so heavily indebted.

During the final quarter of 2011, investors clearly tended to favour energy and cyclical sectors at the expense of defensives. Diminishing aversion to risk worked to the advantage of small-cap stocks. Value shares were also slightly in demand.

During Q4 2011, the AMC Pro US Equity's Class A unit rose by 9.74%, its B unit by 9.85% and its C unit by 9.91%, whereas the benchmark index climbed by 11.44%. The sub-fund's overweighting of metals and mining stocks, together with financials in November, proved disappointing. Underweighting of consumer goods stocks did not help either. On the plus side, overexposure to selected industrial sectors proved astute. Overall, stock-picking proved slightly disadvantageous, especially in the consumer services sector.

Outlook

Recent improvement in economic fundamentals should continue to favour US equities. They still have further positive re-rating potential, but are unlikely to benefit from any acceleration in earnings growth which is set to level off or even slow down during 2012.

The jobs market does appear to be exhibiting signs of life, which bodes well for the recovery continuing over the coming months. However, even though interest rates are low, several unknowns persist at the outset of 2012: governments' fiscal policy and the state of the property sector, among others.

We are currently favouring industrials, in preference to drinks and food stocks.

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