

AMC FUND – BCV Cluster Equity Alpha (EUR)

In the third quarter, the sub-fund fell by 4.45%, taking its return since launch to -0.33% for the Class I unit (-1.03% for the Class A unit). This performance fell short of that delivered by the HFRI Equity Market Neutral index, down 2.86% over Q3 2011. Stock markets tumbled steeply and the MSCI World TR Local index (-14.71%) endured its worst quarter since the crisis of 2008.

The punitive impact (-3.10%) from the underperformance by the smallest-cap stocks was principally to blame for the sub-fund's disappointing return. The selection model also worked against the sub-fund (-1.50%). As correlations hit record levels on stock markets over the summer months, it became very challenging to generate any alpha. Value and growth factors penalised the Cluster Equity sub-funds overall whereas earnings revisions and technical factors were neutral influences over the quarter.

Lastly, regions-wise, the Hong Kong zone performed particularly poorly, chiefly because of the slump by the smallest-cap stocks. The euro-zone, with a fractionally negative return over the quarter, was the region that resisted best. The USA and UK blocs produced negative returns.

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