

## AMC EXPERT FUND – AMC Euromac

### Review

Investors cannot really complain about how equities performed in Q1 2012: developed markets rose by 10.9% and emerging markets by 13.6%. The long-term refinancing operation (LTRO) engineered by the ECB in late December 2011 reassured investors who rediscovered their appetite for risk. This was further bolstered by the pleasant surprises coming out of the US economy.

Emerging Europe (+19.3%) comfortably outperformed other emerging regions (Latin America: +14.0%; Asia: +13.0%). Turkey, the emerging European backmarker in 2011, posted a 27.1% increase on the back of the strong rise in the Turkish lira's value, which gave the Central Bank of the Republic of Turkey the room to loosen its monetary grip somewhat. Hungary progressed by 22.8% thanks to hopes of a successful outcome to talks with the IMF. Russia (+18.5%) continued to benefit from oil-fuelled momentum, driven by the tensions between Iran and the West, and Vladimir Putin's re-election which reduced political uncertainties. Poland posted a 17.5% gain whereas the more defensive Czech market saw its increase limited to 9.3%.

Overall, Euromac Fund's units notched up gains of 17.88% (Class A), 17.94% (Class B) and 18.00% (Class C), respectively.

### Outlook

The energetic rebound in the early part of this year has prompted us to err more on the side of caution for a number of reasons. For a month now, the signals being detected in Europe have been less than encouraging. Spain's move to raise its deficit target for 2012 pushed sovereign bond yields back onto an upward trajectory, giving rise to fears about a fresh bout of troubles for the eurozone. On the US side of the Atlantic, pleasant surprises in the economic news flow have been drying up a little of late. As for China, concerns about growth slowing down have been mounting. Lastly, neither the Fed nor the ECB have, so far, hinted at any intention on their parts to launch into a further round of quantitative easing.

For the sub-fund, we will retain a slightly defensive bias, favouring Turkey and Russia at the expense of both Poland and Hungary which are more exposed to the eurozone.

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