

## AMC EXPERT FUND – AMC Seapac

### Review

The MSCI Far East ex Japan index (with dividends reinvested) made an unmistakably bright start to 2012, notching up an advance of 12.8% (in US dollars) over the opening quarter. All countries in the region made gains. Thailand (+20.4%), the Philippines (+20.2%) and Singapore (+19.1%) topped the performance league table whereas profit-taking and resurfacing inflationary fears meant that Indonesia (+4.1%) found itself bottom of the pile, just behind Malaysia (+7.9%). Despite a strong opening spell to the year, China (+9.9%) also underperformed the benchmark, penalised by some disappointing macroeconomic statistics and delays in relaxing the country's monetary policy.

The IT sector (+22.1%) was impressive, registering a non-stop rise over the whole quarter. Along with industrials (+16.5%), it was the only sector to outperform the benchmark. Telecommunications (+5%), utilities (+5.6%) and consumer staples (+6.6%) underperformed.

### Outlook

Stock markets embarked on their rallies six months ago so a spell of consolidation is hardly a surprise. Some macroeconomic data forced the People's Bank of China into postponing initial measures to make its monetary policy more relaxed again into the quarters ahead, but it should quite probably remain fairly accommodating. We will, therefore, be sticking with our overweighting of China, funded by the sub-fund's underweight exposure to Taiwan where the recent debate over a new capital gains tax scared the investment community. As for all other markets in the region, we will be persevering with a neutral stance as long as near-term visibility remains so fog-bound.

Our play of overweighting energy-related shares remains in place, but we are looking to see some rewards from defensive sectors, like telecoms, that have underperformed to date.

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