



UBAM (CH) – SWISS EXCELLENCE EQUITY

UBAM (CH) - SWISS EXCELLENCE EQUITY IS A SUB-FUND OF THE SWISS INVESTMENT FUND
UBAM (CH) BELONGING TO THE "OTHER FUNDS FOR TRADITIONAL INVESTMENTS"

Monthly Report | April 2012

Performance & Statistics

PERFORMANCE

As at 30.04.2012	Compartment	Index ⁽¹⁾
April 2012	0.9%	-0.3%
Current year	9.9%	6.6%
2011	-12.4%	-7.7%
2010 (3 months)	7.0%	2.4%

Source: UBP

(1) The index is for information purposes only. The investment objective does not aim to replicate the index.

STATISTICS

Over 52 weeks	Compartment	Index ⁽¹⁾
Volatility	22.2%	21.8%
Tracking error	4.9%	
Correlation	0.98	
Sharpe Ratio*	-0.34	-0.24
Information Ratio	-0.48	

*Risk-free rate: 0.07%

Market Review

The first quarter results season has been uneventful for Swiss companies, with mixed earnings and sales results, but with a positive bias. Although the Swiss market fell by -0.3% in April, largely due to falls in bank stocks, Switzerland outperformed European indices. After the fund's strong start to the year, we reduced its tracking error and took some profit on some of our more successful investments of the first quarter. Nevertheless, even with its lower tracking error, the fund outperformed the index by 125 basis points over the month.

Technology was the best-performing sector in April, gaining 8.85% on strong earnings. Retail gained 2.8%, boosted by the strong performance of Dufry, in which we reinvested during the month, while the small utilities sector gained 2.7%. Banks, however, lost almost 10%. We have long held that Swiss banks are overvalued within their sector, with which we see a number of other problems. Telecom fell by 7.3% and energy by 7.0%. We have no exposure to any of these sectors.

In April Covidien announced its intention to acquire Oridion, which rose by 64.6%, while Logitech delivered results in line with expectations and gained 31.7%. Zueblin was buoyed by a strategic investor raising its holding to 10%, and the stock gained 31.0%. Mondobiotec lost -40.7%, while the worst-performing large cap was Credit Suisse, which lost -15.6%. Swiss Life only did slightly better, losing -13.6%.

With negative returns from financials, small cap stocks outperformed mid and large caps. Small and mid caps rose in value, while large caps lost -0.7%.

Performance Analysis

Not holding UBS or Credit Suisse boosted the fund's return the most in April, with our zero holdings both adding 50bp. Austriamicrosystems, in which we halved our position during the month after its exceptional performance so far this year, added 39bp. Roche's recovery in April surprised us (although this reversed in early May on bad clinical trial news) and cost us -27bp. Clariant, which reported good results at the beginning of May, faced some profit-taking and investor nerves in April and detracted -21bp from our relative return. Georg Fischer, one of our top convictions and best-performing holdings since the beginning of the year, fell in value, costing us -9bp.

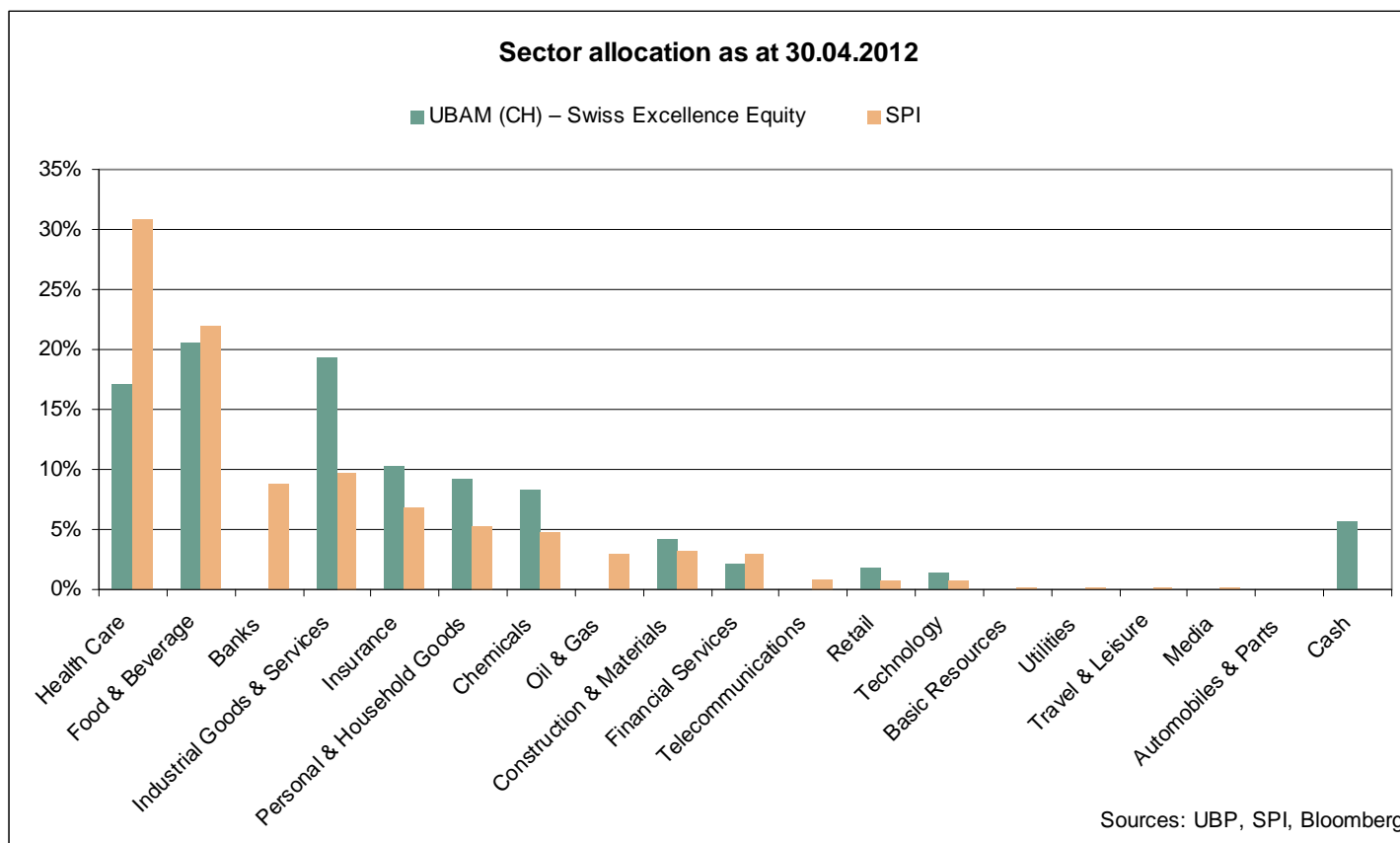
Portfolio Changes

At the end of the first quarter, we signalled that we would be positioning the portfolio more in high-quality, low-risk names over the next few months, which we expect to be difficult in terms of macroeconomic newsflow. We therefore took some profit on strong first-quarter performers in April and reduced the fund's tracking error by around 300bp. We will increase risk once again on weakness and when visibility improves. At present, however, we wish to avoid the risk of significant drawdowns on individual positions over the summer. In general, we simply reduced existing positions. However, we exited Sika, a strong first-quarter performer that faces margin pressure in the second half of the year. In preparation for the summer, we reinvested the proceeds of sales of industrial names with the stable, highly-cash-generative Schindler. Schindler has high exposure to the US, which is an attractive characteristic at present in view of the economic recovery there.

Outlook and Positioning

Our largest positions are in Nestlé, Novartis and Roche. Our largest overweights are in Syngenta, Georg Fischer and Swiss Re. Our largest underweights are in UBS, Credit Suisse and Transocean. As of the end of April, there were 25 stocks in the portfolio.

We are comfortable with the fund's level of risk, as expressed by its tracking error. We will continue to reduce our positions opportunistically in stocks that have performed strongly, but we are not yet in an environment in which we feel the need to move out of all cyclical names. Growth is evident in the US, and Swiss suppliers can benefit from this. Similarly, we seem to be approaching a bottom in China and there are some encouraging signs that government measures there will ensure an acceptable level of growth going forward. We remain concerned about the economic environment in Europe and relieved that Switzerland is not overly dependent on fragile southern European countries and consumers.



TOP 10 PORTFOLIO HOLDINGS

As at 30.04.2012

Name	GICS sector	Weighting	Weighting in the index ⁽¹⁾	Difference
NESTLE REG	Food & Beverage	20.5%	20.5%	0.1%
NOVARTIS	Health Care	8.9%	14.6%	-5.6%
ROCHE	Health Care	8.1%	13.0%	-4.9%
SYNGENTA	Chemicals	6.3%	3.3%	3.0%
CHF	Cash	5.7%	0.0%	5.7%
ZURICH FINANCIAL SERVICES	Insurance	5.6%	3.7%	2.0%
RICHEMONT	Personal & Household	4.8%	3.3%	1.6%
SWISS RE	Insurance	4.6%	2.2%	2.5%
ABB	Industrial Goods	3.1%	4.3%	-1.2%
GEORG FISCHER	Industrial Goods	3.0%	0.2%	2.8%

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	April	March	February	January
Weighting of the top ten holdings	70.7%	64.4%	68.9%	77.7%
Number of positions in the portfolio	25	24	22	23
Large caps > CHF 5 bn	78.9%	66.3%	71.4%	82.2%
Medium caps > CHF 1 bn < CHF 5 bn	15.0%	25.3%	21.3%	12.7%
Small caps < CHF 1 bn	6.2%	8.4%	7.4%	5.1%

Sources: UBP, SPI, Bloomberg

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