



Investment strategy

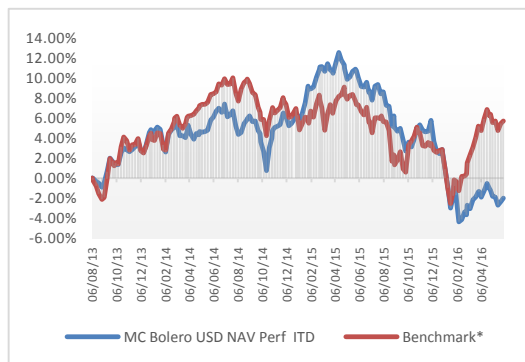
The Fund's objective is to provide a flexible exposure to the main asset classes (equities, bonds, real estate) without limitation to geography, capitalization and credit, while offering a moderate level of risk. Up to 70% of the fund may be invested in equities. The fund may temporarily allocate up to 100% of its net assets to Money Market Instruments when financial markets are experiencing excessive volatility. The fund seeks to minimize specific risks related to a company through a highly diversified portfolio invested predominantly in UCITS funds and ETF's. The fund may also invest on an ancillary basis in individual stocks and bonds. The fund aims to outperform its composite reference benchmark (50% MSCI AC World index + 50% JPM Global Bond Index) over a recommended investment horizon of 3 years. The base currency of the fund is the US dollar. The EUR class is hedged against the USD class.

Key information

Legal structure	Luxembourg SICAV UCIT IV
Fund Manager	Marie-Christine LAMBIN Novacap AM Luxembourg
Launch date	USD class: 06/08/2013 EUR class H: 10/10/2013
Composite benchmark	50% MSCI AC World USD +50% JPM Glob.Aggr. bond index USD unhedged (constant weight)
Lipper Classification	Global Mixed Asset USD Flexible
Management Fee	1.5% per annum
Performance Fee	10% (HWM)
Subscription/ Redemption	Weekly every Wednesday, Cut-off Tuesday before 12.00'am
Minimum subscription	USD 1000/EUR 1000
Custody	KBL European Private Bankers
Administration	Krediettrust (KTL)- EFA
Auditor	Ernst & Young
ISIN Code class USD	LU0952117553
ISIN code class EUR H	LU0952117124
Technical NAV 31/05/16	USD class: 98.06 EUR class : 96.09
Fund Size	USD 9.4 Mn
Web site	www.novacap-am.com

Net performance

In %	2013	2014	2015	2016 YTD
Fund	4.85	1.30	-3.42	-4.41
Bench.	4.49	1.75	-3.61	3.70



(* benchmark constant weight including rebalancing fees 0.01% per month). Be advised that the benchmark is expressed in US dollar unhedged, while the portfolio tends to avoid currency risks by hedging foreign currencies against the dollar.

Market review

Global equity markets posted mixed performance in May (MSCI AC World -0.19% in dollar terms). The American and European markets reacted positively to surprisingly hawkish FOMC minutes showing that most officials considered it appropriate to tighten policy in June if data continued to improve. The US economy appeared to have regained momentum early in Q2 with retail sales, goods exports, industrial production, housing starts and home sales surging in April. Employment data however were mixed. The prospect of a near term rate hike strengthened the US Dollar against all major currencies, making a pause in the weakening trend started in January. European Q1 GDP growth (+1.5% yoy) was encouraging but consumer inflation figures were far below the central bank's 2% target. Emerging market equities fell on fears of an imminent rate hike and dollar strength, renewed concerns about China's growth. In Brazil, President Rousseff was removed from government with Vice President Temer taking charge. Commodities were also mixed. Gains in oil, on the back of supply disruption caused by natural disasters (Canada fires) and geopolitical instability (Nigeria, Turkey, Lybia) were offset by decline in Metals including Gold. In the fixed income markets, longer duration Treasuries and corporate investment grade outperformed US and European high yield as the yield curve flattened. US short term treasury rates rose with yields on longer dated maturities posting a modest decline. The Emerging market debt also ended the month positively.

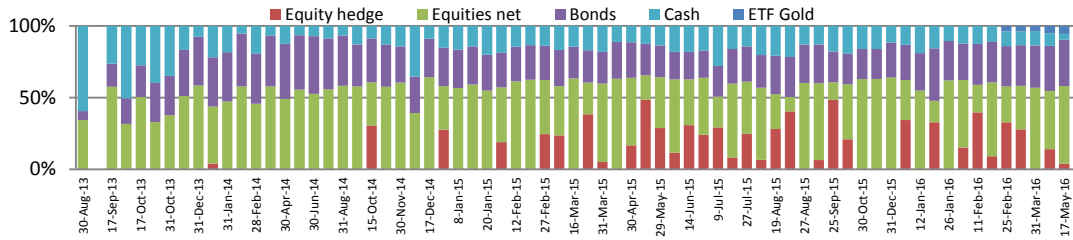
Portfolio Activity and Outlook

The fund declined by 0.78% over the month (vs -0.65% for the benchmark), largely due to the drop in the gold price, and the decline in the euro currency which negatively impacted our long exposure to the currency. An Underweight in equities also detracted from relative performance, offsetting positive returns generated by US Healthcare and Technology ETF'S, iShares Stoxx600, European Real Estate, Indian equities, European High Yield and selected stocks like Apple, Roche, AB Inbev, Geberit. Negative returns came from US Industrials, Nike, Carnival, and LafargeHolcim. In terms of activity, we increased the net equity exposure to 48.8% from 40.7% as markets start to discount that the US economy is strong enough to withstand another Fed rate hike. We stay away from Japan where the Bank of Japan's decision to introduce negative interest rates has been wholly counterproductive and the stronger yen has triggered sharp earnings downgrades. We reinforced exposure to India where the economic outlook continues to improve on the back of falling inflation, prospects of further rate cuts, a revival in government and private spending and an above average monsoon forecast. Asia ex-Japan remains our favorite region in the emerging world. We remain skeptical about Brazil's recent bounce given the deep economic recession over there. We increased exposure to real assets with the purchase of Neuberger US REITS Fund. In the fixed income part, we slightly reduced European High Yield which nevertheless remains a large Overweight. Despite our conviction that the dollar appreciation is largely behind us, we preferred to temporarily close our long Euro position ahead of the UK referendum. The latest polls are suggesting that the "remain" campaign is gaining ground but the uncertainty remains high. A "leave" vote would likely roil financial markets, force credit spreads to widen, trigger a rush into safe assets and bolster the dollar. Investors will likely struggle to find a direction over the near term. Risk appetite fluctuate around various data which often invalidate the previous ones. While the likelihood of a contraction in global activity this year is smaller than in the first two months of the year, the global economic footing is fragile and unstable. The moderation in US job gains could temper expectations of a strong rebound in economic activity in Q2. This combined with the geopolitical of a UK Brexit could keep the Fed patient until July or September. Once the UK's referendum and the first rate hike pass, we expect a growing focus on the US presidential elections and the risk of a Trump presidency. In this context, we think it wise to remain cautious and to keep some defensive positions in gold and Treasuries to cushion a potential return of risk aversion.

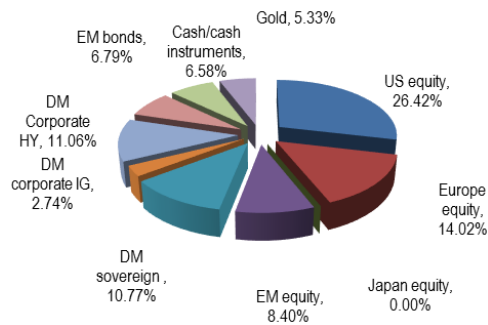
Asset allocation

Asset classes	May 16	Apr 16	Benchmark	+/-
Equities US	26.42%	25.93%	27.51%	-1.09%
Equities Europe	21.97%	21.69%	11.39%	10.58%
Equities Japan	0.00%	0.00%	3.89%	-3.89%
Equities Asia ex-Japan + EM	8.40%	6.98%	7.22%	1.19%
Total equities	56.79%	54.59%	50.00%	6.79%
Futures	-7.95%	-13.92%	0.00%	-7.95%
Total equities net	48.84%	40.67%	50.00%	-1.16%
Bonds DM Sovereign	10.77%	10.98%	29.50%	-18.73%
Bonds DM corporate IG	2.74%	2.58%	14.00%	-11.26%
Bonds DM Corporate HY	11.06%	11.63%	3.50%	7.56%
Bonds EM	6.79%	6.26%	3.00%	3.79%
Total bonds	31.36%	31.45%	50.00%	-18.64%
ETF Gold	5.33%	5.28%	0.00%	5.33%
Cash	6.58%	8.68%	0.00%	6.53%
Total	100%	100.00%	100.00%	100%

Historical Allocation



Global Asset Allocation (after hedge if any)



Sector Allocation (equities only, before hedge if any)

	MSCI AC World	Fund	+/-
Basic Materials	2.72	1.25	-1.47
Consumer Discretionary	7.34	11.72	4.38
Consumer Staples	6.08	5.01	-1.06
Energy	3.68	0.63	-3.05
Financials	11.44	11.02	-0.43
HealthCare	6.68	7.53	0.85
Industrials	5.97	8.24	2.26
Technology	8.47	9.71	1.24
Telecommunications	2.28	0.44	-1.85
Utilities	1.96	0.83	-1.13
cash	0.00	0.26	0.26
Total (%)	56.63	56.63	

Top 10 positions (before hedge)	
T Rowe European High Yield Bond	7.25
iShares STOXX Europe 600 UCITS	6.32
Petercam Real Estate Europe F	5.51
Gold ETF	5.34
US Technology Select Sector SPDR	5.10
US Healthcare Select Sector SPDR	4.95
Lyxor ETF USD Treasuries 5-7Y	4.93
Hermes Asia ex-Japan	4.80
iShares 7-10 Year Treasury Bond	4.69
Petercam Bonds EUR High Yield ST	4.48
Neuberger Short duration EMD	3.72
Total	57.09

Instruments	% of portfolio
Active funds	43.3%
ETF's	37.38%
Individual stocks	12.77%
Cash	6.58%
Total	100.0%

Currency breakdown		Net exposure (Incl. forwards)	
EUR	33.24%	EUR	1.17%
USD	62.42%	USD	94.49%
JPY	1.06%	JPY	1.06%
CHF	3.28%	CHF	3.28%
Total	100.00%	Total	100.00%

Top 5 equity holdings		% of portfolio
Apple		2.30
AB Inbev		1.97
Estée Lauder Inc		1.47
Visa Inc		1.37
Home Depot		1.29

Risk analysis 1 year (%)	Fund	Benchmark
Volatility	6.96	7.76
Max weekly return	2.29	2.17
Min. weekly return	-2.74	-2.68
Downside risk	5.08	

Fixed income portfolio	
Yield to worst	3.41
Modified Duration to worst	4.89
Rating	BBB+/A-

Main activity during the month	
In	LT European General, Neuberger US REITS
Out:	iShares Gold Producers, Roche-Brune Europe
Increased:	Franklin India
Reduced:	EUR HY, ETF Cons. Discr, US Treasuries 20Y, Visa, Nike,

Equities characteristics	Fund	Benchmark
Dividend Yield	2.37	1.35
Price/book	2.36	2.35
PE current year	18.90	22.06
PE 12 mth Fwd	16.06	15.40
EPS growth 12 mth Fwd	8.15	7.42
EPS growth LT	10.88	11.02
Profit margin net	9.58	6.64
ROE	26.25	19.12

Performance (%)	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	2016	Since Launch
Fund USD class	-3.29	-2.92	2.45	0.16	-0.78								-4.41	-2.00
Benchmark (*)	-2.48	0.54	4.80	1.10	-0.65								3.70	5.64
MSCI AC Wld \$	-6.09	-0.90	7.16	1.28	-0.19								0.80	6.82
JPM Gl.Ag.Bd	1.16	1.99	2.45	1.00	-1.09								5.59	5.13

(*) the performance of the benchmark, includes rebalancing fees 0.01% per month. The benchmark is provided for indicative purposes only. End of month returns are not audited unless corresponding to official weekly NAV's.

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