

Investment strategy

The Fund is a solution for investors who want to gain exposure to a broad range of asset classes (equities, bonds, real estate, both in developed markets and the emerging world) while seeking a dynamic and flexible exposure to risk according to market conditions. The fund investment strategy relies on a deep analysis of the world economic environment combined with a qualitative and quantitative analysis for security selection. The fund is actively managed according to the manager's view on the economic outlook, asset class valuations and return expectations, without limitation to country, sector, market capitalization and credit. The fund manager seeks to minimize specific risks related to a company through a highly diversified portfolio invested predominantly in UCITS funds and ETF's. Individual stocks derived from strong convictions ideas can be added to the strategic allocation. Allocation ranges: equities 0%-70%, bonds 0%-100%, cash 0%-100%). The base currency of the fund is the US dollar. The EUR class is hedged against the USD class. Recommended investment horizon: 3 to 5 years.

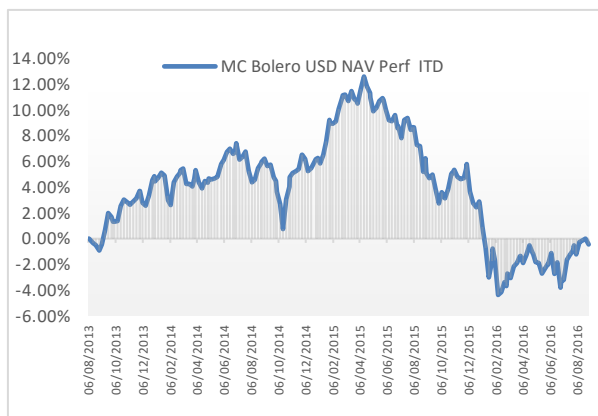
Key information

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
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
Official NAV 30/08/16	USD class : 99.56 EUR class : 97.12
Fund Size	USD 2.5 Million
Web site	www.novacap-am.com

Performance (in USD)

Net In %	2013	2014	2015	2016 YTD
Fund	4.85(*)	1.30	-3.42	-2.94%

(*) Since 06/08/13



Market review

Markets were calmer this summer than June's Brexit vote might have suggested (MSCI AC World +0.12% in dollar terms).. Volatility declined, trading volume fell and equity markets responded positively to a combination of improving outlook for global growth, better than expected corporate results and a favourable monetary backdrop. The Bank of England cut interest rates to counter the economic impact of the Brexit referendum and restarted its asset purchase programme, while the European Central Bank made clear it would provide more stimulus as and when needed. Fed Chair Yellen said the case for a rate increase was strengthening, but provided little clarity on when it would next move. Global equities nevertheless posted mixed performance. Emerging markets outshone all markets with a near 3% gain. UK equities was an outstanding performer among developed markets, followed by Japan. Europe and the US posted more modest gains. Energy stocks got a boost from a strong rally in oil prices during the month. Health care stocks lost ground amid political debate over drug pricing ahead of the US presidential election. Global bonds posted negative returns equities (JPM Global Bond index -0.46%) suggesting that with USD 13 trillion of government debt already trading at negative yields, the returns that can be expected from monetary stimulus will likely diminish in the future. Investment grade and high yield corporate debt had another solid month amid continued investor search for yield.

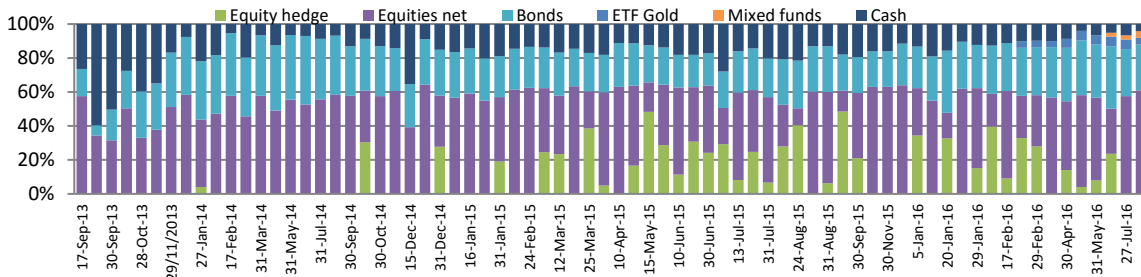
Portfolio Activity and Outlook

The fund ended the month almost flat (+0.08%) helped by an Underweight in government bonds and an Overweight in equities. In an environment where economic growth is defying downbeat expectations, we increased exposure to cyclical sectors (Technology, Industrials, consumer discretionary) mainly in the US, bringing the total equity exposure to 61% from 57.60%. The potential for an increase in US interest rates has led us to reduce the allocation to US Real Estate. We also sell the modest exposure to Japan equities as we doubt the new stimulus measures will be any more successful in reviving the economy stuck in stagnation and deflation. Asia ex-Japan remains our favourite region in the emerging world. India in particular has the best growth prospect in the region. The low interest rate environment coupled with low oil prices is supportive for Thailand, Indonesia and the Philippines. We remain Underweight in government bonds as the low level of government bond yields offer little protection in case of renewed stress in the markets. Preference is given to inflation linked treasuries on the view that US consumer inflation could get some boost by the end of the year from a favorable comparison basis for oil prices. Corporate High Yield and emerging debt still represent a large part of the fixed income portfolio as improved fundamentals coupled with a search for yield continue to drive inflows into the asset classes. We put some cash to work by increasing the allocation to Nordea Stable Return Fund. We slightly trimmed the Gold exposure by taking some profit but we still like the precious metal for its safe-haven and diversification characteristics. With a busy calendar in September, a renewed increase in market volatility cannot be excluded. There is the potential for a rate hike from the Fed on Sept 21 but we doubt the Fed will act before the November elections. The ECB meets on 8 September might extend the horizon of its asset purchase program from March to September 2017. The Bank of England meeting meets on September 15. The Bank of Japan is widely expected to cut rates further into negative territory. The upside potential in financial markets until the end of the year looks limited. Without a material acceleration in corporate earnings growth, a further expansion in PE multiples looks unlikely as they are already above historical averages. While the euro-zone economy seems to have avoided an immediate shock from the UK's Brexit vote, leading indicators point to a deceleration in GDP growth in the second half of the year. The monetary policy outlook is uncertain. The Fed is data-dependent for sure. But uncertainty remains over what data leads to which policy.

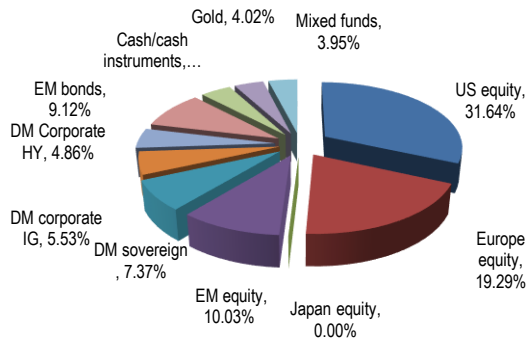
Asset allocation

Asset classes	Aug16	Jul 16	Neutral allocation	+/-
Equities US	31.64%	27.11%	27.51%	4.13%
Equities Europe	19.29%	19.46%	11.39%	7.90%
Equities Japan	0.00%	0.99%	3.89%	-3.89%
Equities Asia ex-Japan + EM	10.03%	10.04%	7.22%	2.82%
Total equities	60.97%	57.59%	50.00%	10.97%
Futures	0.00%	0.00%	0.00%	0.00%
Total equities net	60.97%	57.59%	50.00%	10.97%
Bonds DM Sovereign	7.37%	7.25%	29.50%	-22.13%
Bonds DM corporate IG	5.53%	5.71%	14.00%	-8.47%
Bonds DM Corporate HY	4.86%	4.88%	3.50%	1.36%
Bonds EM	9.12%	9.74%	3.00%	6.12%
Total bonds	26.88%	27.58%	50.00%	-23.12%
ETF Gold	4.02%	5.78%	0.00%	4.02%
Mixed Funds	3.95%	2.34%	0.00%	3.95%
Cash	4.18%	6.71%	0.00%	4.18%
Total	100.0%	100.0%	100.0%	

Historical Allocation



Global Asset Allocation (after hedge if any)



Sector Allocation (equities only, before hedge if any) in %

	MSCI AC World	Fund	+/-
Basic Materials	2.93	1.56	-1.36
Consumer Discretionary	7.89	12.81	4.92
Consumer Staples	6.53	7.30	0.77
Energy	3.96	0.61	-3.35
Financials	12.30	9.73	-2.57
HealthCare	7.17	7.67	0.50
Industrials	6.42	9.90	3.48
Technology	9.10	9.65	0.54
Telecommunications	2.45	0.68	-1.78
Utilities	2.11	0.57	-1.54
cash	0.00	0.38	0.38
Total (%)	60.85	60.85	

Top 10 holdings (before hedge)

SECTOR SPDR TECHNOLOGY US	6.50
NN (L) US CREDIT P CAP USD	5.77
SECTOR SPDR CONSUMER DISCR. US	5.42
T ROWE EUROPEAN HIGH YIELD EUR	5.24
NEUBERGER BERMAN EMD HC USD	4.82
ABERDEEN EMD CORPORATE	4.70
ULYSSE LT FUNDS EUROPE	4.74
SECTOR SPDR INDUSTRIALS	4.63
ISHARES DJ STOXX 600	4.58
ISHARES BARCLAYS 7-10Y TREASURY	4.56
Total	50.70

Instruments

Instruments	% of portfolio
Active Funds	47.2%
Passive ETF's	34.41%
Individual stocks	14.23%
Cash	4.18%
Total	100.0%

Currency breakdown

Currency	Net exposure
EUR	26.42%
USD	70.57%
JPY	0.00%
CHF	3.02%
Total	100.0%

Fixed income portfolio

Yield to maturity	4.37
Modified duration to worst	6.28
Rating	BBB-

Top 5 equity holdings

Equity Holdings	% of portfolio
VISA	2.99
HOME DEPOT Inc	2.76
ESTEE LAUDER Inc	2.49
CELGENE Corp	2.48
GEBERIT AG	2.42

Risk analysis

	1 Year	3 Year
Volatility	7.09%	6.34%
Max weekly return	2.17%	2.40%
Min. weekly return	-2.68%	-2.95%
Downside risk	5.46%	na

Main activity during the month

In:	
Out:	US TREASURY 20Y, ABERDEEN EMD SHORT DUR. APPLE, ALMA EIKOH JAPAN, NIKE, APPLE
Increased:	SPDR TECHNOLOGY, SPDR INDUSTRIALS, SPDR CONSUMER GOODS, ULYSSE LT FUNDS EUROPE, NORDEA STABLE RETURN
Reduced:	Neuberger US REITS, PETERCAM REAL ESTATE EUROPE

Equities characteristics

	Fund	MSCI AC World
Dividend Yield	1.94%	1.33%
Price/book	2.89	2.15
PE 12 mth Fwd	16.82	15.59
EPS growth 12 mth Fwd	9.67	9.81
EPS growth LT	11.12	10.96
Profit margin net	9.57	6.54
ROE	27.24	19.25

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	-1.36	2.84	0.08%					-2.94%	-0.44%
MSCI AC World \$	-6.09	-0.90	7.16	1.28	-0.19	-0.81	4.21	0.12%					4.32%	10.54%
JPM Global Ag.Bond	1.16	1.99	2.45	1.00	-1.09	2.84	0.72	-0.46%					8.87%	8.39%

(*)End of month performance are not audited unless corresponding to official weekly NAV's.

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