MC Bolero
Global Allocation Fund

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.

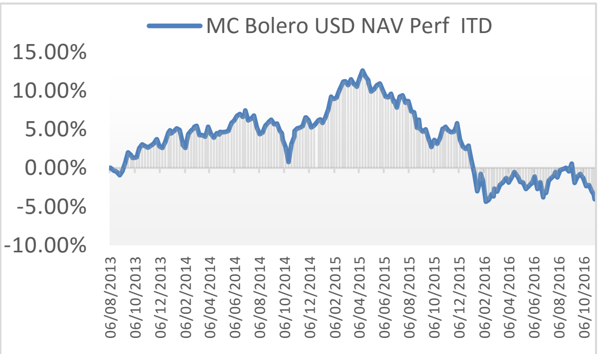
Key information

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	Kredietrust (KTL)- EFA
Auditor	Ernst & Young
ISIN Code class USD	LU0952117553
ISIN code class EUR H	LU0952117124
Official NAV 31/10/16	USD class: 96.59 EUR class : 93.71
Web site	www.novacap-am.com

Performance (in USD)

Net In %	2013	2014	2015	2016 YTD
Fund	4.85(*)	1.30	-3.42	-5.84

(*) Since 06/08/13)



Market review

Despite a relatively positive start of the earnings season, world equities traded lower in October (MSCI AC World –1.77% in dollar terms) as slightly better growth and inflation/data expectations together with less clarity from central banks pushed bond yields higher, which triggered a major sector rotation within equities. Financials, metals and mining reversed their post Brexit slump at the expense of higher duration sectors, notably Healthcare and Real estate. Bonds worldwide made their biggest losses since May 2013 (JPM Global Bond index - 2.59%) amid increasing sentiment that monetary policies will be less supportive going forward. Continued strength in the US labour market has increased the probability of a Fed rate hike in December. Q3 GDP data in the UK was strong enough to make the market consider that further rate cuts may not be needed. In Continental Europe, PMI data showed business activity expanded at its fastest pace this year. Better-than-expected German IFO business survey and industrial production numbers suggest executives have so far brushed off concerns about Brexit. The British Pound Sterling extended its decline against the US Dollar on "Hard Brexit" talks. Until recently, markets appeared to have priced in a Clinton victory at the US presidential elections. Polls however tightened into month when the FBI said it had re-opened a probe of Hillary Clinton's use of a private email server while she was secretary of state. The spectre of a Trump presidency is likely to trigger a rise in market volatility in the first week of November.

Portfolio Activity and Outlook

The fund ended the month with a loss of 2.50% for the USD class (-2.73% for the EUR hedged class) as the good performance of the fixed income of the portfolio (High yield, emerging debt, inflation linked Treasuries) could not offset the decline in global equities. Some securities particularly underperformed such as iShares Goldmines, Home Depot, AB Inbev (disappointing Q3 results), Nestlé as well as Real Estate funds both in the US and Europe. Some rare bright spots included Visa, LafargeHocim, Franklin India. In terms of activity, we further trimmed our exposure to Real Estate given its sensitivity to rising interest rate, and increased US inflation linked Treasuries as we expect a favourable comparison basis for the oil price will provide some boost to consumer prices in the months ahead. US Consumer Discretionary ETF was also reduced as margins in the sector are declining. Although we remain moderately optimistic for equities with a 6 months view, we think the near term prospects remain clouded by the uncertain outcome of the US elections. With a Trump presidency no longer as "Unthinkable" as many had thought, markets are likely to remain highly volatile as such an outcome would increase political and economic uncertainty, not only in the US but also globally. This being said the implications of a Trump victory on the financial markets are far from obvious. His pro-growth agenda could be positive for US equities. Bonds would likely suffer from the higher perceived risk of inflation and uncertainty surrounding the conduct of monetary policy. Trump's intention to cut taxes, increase the fiscal deficit speak for a USD depreciation while rising interest rates might support the greenback. Rising protectionism and the threat of trade wars with the rest of the world could temporarily trigger a slide in Emerging Market assets but also in other developed markets. European equities would also likely come under pressure. Given the near-term uncertainties, we preferred to reduce the net equity exposure to 50% from 62% at the end of September and to raise cash up to 12% of the portfolio, with the intention to take advantage of any market dislocation to rebuild positions in risky assets as the global economic environment remains fairly supportive so far while corporate earnings surprise on the upside. In the fixed income part of the portfolio we continue to prefer credit over sovereign. We believe a bearish view on Developed markets government bonds is now fully justified given their unattractive yield. At the beginning of October, 40% of global developed market bonds traded at negative yields.

Asset allocation

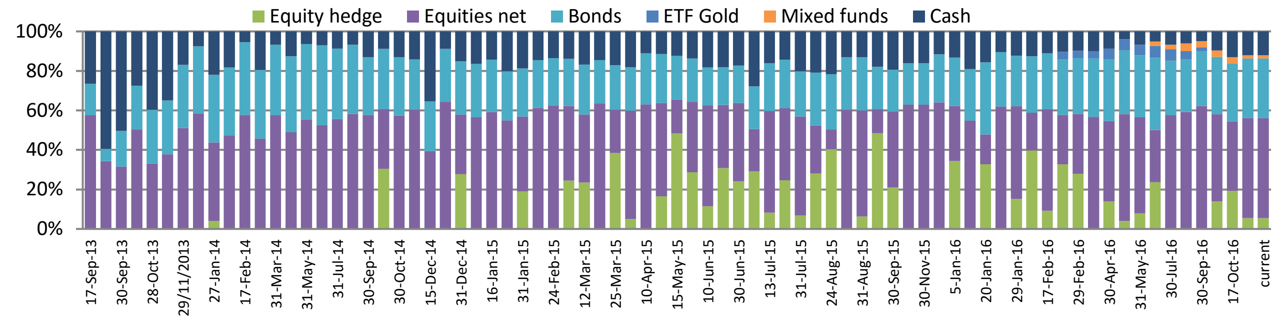
Asset classes	Oct16	Sep16	Neutral allocation	+/-
Equities US	28.49%	32.99%	28.12%	0.37%
Equities Europe	18.34%	19.36%	10.56%	7.79%
Equities Japan	0.00%	0.00%	3.92%	-3.92%
Equities GEM	9.29%	9.99%	7.41%	1.88%
Total equities	**56.11%**	**62.33%**	**50.00%**	6.11%
Futures Europe	-5.51%	0.00%	**0.00%**	-5.51%
Total equities net	**50.61%**	**62.33%**	**50.00%**	0.61%
Bonds DM Sovereign	4.55%	3.01%	29.50%	-24.95%
Bonds DM corporate IG	6.40%	6.18%	14.00%	-7.60%
Bonds DM Corporate HY	9.64%	9.14%	3.50%	6.14%
Bonds EM	9.60%	9.16%	3.00%	6.60%
Total bonds	**30.19%**	**27.48%**	**50.00%**	-19.81%
ETF Gold	0.00%	2.04%	0.00%	0.00%
Mixed Funds	1.60%	3.18%	0.00%	1.60%
Cash	12.10%	4.96%	**0.00%**	12.10%
Total	100.00%	100.0%	100.0%	

NOVACAP
Asset Management

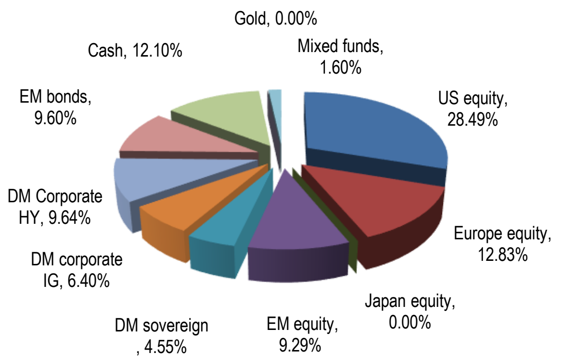
NHS SICAV – MC Bolero Global Allocation Fund
Class USD
Monthly report - Oct2016

MC Bolero Global Allocation Fund

Historical Allocation



Global Asset Allocation (after hedge if any)



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

	MSCI AC World	Fund	+/-
Basic Materials	2.92	2.68	-0.24
Consumer Discretionary	6.37	7.95	1.58
Consumer Staples	5.87	7.67	1.80
Energy	3.70	0.75	-2.95
Financials	9.78	4.15	-5.63
HealthCare	6.65	6.27	-0.39
Industrials	5.96	10.68	4.72
Technology	8.34	11.66	3.31
Telecommunications	2.75	0.57	-2.18
Real Estate	1.82	2.64	0.82
Utilities	1.83	0.58	-1.25
cash	0.00	0.41	0.41
Total (%)	56.01	56.01	

Top 10 holdings (before hedge)

NN (L) US CREDIT P CAP USD	5.99%
US TECHNOLOGY SECTOR SPDR	5.84%
T ROWE EUROPEAN HIGH YIELD	5.35%
NEUBERGER EMD HC USD	5.01%
ABERDEEN GLOBAL EMD CORP USD	4.88%
ULYSSES LT FUNDS EUROPEAN	4.80%
US INDUSTRIAL SECTOR SPDR	4.70%
ISHARES DJ STOXX 600 DE	4.57%
US CONS. DISCRETIONARY SPDR	4.28%
US TIPS	5.99%
Total	45.42%

Instruments

	% of portfolio
Active Funds	44.3%
Passive ETF's	31.95%
Individual stocks	11.63%
Cash	12.10%
Total	100.0%

Currency breakdown

		Net exposure	
EUR	26.41%	EUR	-0.65%
USD	70.31%	USD	97.36%
JPY	0.00%	JPY	0.00%
CHF	3.28%	CHF	3.28%
Total	100.00%	Total	100.00%

Top 5 equity holdings

	% of portfolio
CELGENE	1.78
ANHEUSER BUSCH INBEV	1.50
ADIDAS	1.36
VISA	1.27
HOME DEPOT	1.16

Risk analysis

	1 Year	3 Year
Volatility	7.50	6.34
Max weekly return	2.29	2.30
Min. weekly return	-2.74	-2.74
Maximum drawdown	-7.92	-13.10

Fixed income portfolio

Yield to worst	4.36
Modified duration	5.58
Rating	BBB/BBB-

Source: Thomson Reuters, Bloomberg
Statistics are provided for information only, can change over time.

Main activity during the month

In:	GEBERIT, POLAR GLOBAL TECH, LYXOR CAC40
Out:	CARNIVAL
Increased:	US TIPS, ADIDAS
Reduced:	GOLD, PETERCAM REAL ESTATE, HOME DEPOT, VISA, SPDR US CONS.DISCRETIONARY, NORDEA STABLE RETURN

Equities characteristics

	Fund	MSCI AC World
Dividend Yield	2.09	1.32
Price/book	2.80	2.14
PE 12 mth Fwd	16.62	15.23
EPS growth 12 mth Fwd	10.96	11.09
EPS growth LT	11.56	11.03
Profit margin net	7.45	6.53
ROE	22.61	19.17

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%	-0.49	-2.50			-5.84	-3.41
MSCI AC World $	-6.09	-0.90	7.16	1.28	-0.19	-0.81	4.21	0.12%	0.44	-1.77			2.92	9.06
JPM Global Ag.Bond	1.16	1.99	2.45	1.00	-1.09	2.84	0.72	-0.46%	0.44	-2.59			6.52	6.05

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

NOVACAP
Asset Management