

Newsletter

April 2016



Foreword

It is a pleasure to introduce you the April edition of the Nova Investment Club Newsletter.

In this issue, our Investment Banking team will guide you towards our followed companies and present an in depth overview of Wells Fargo and Marriott International.

Our Financial Markets division will provide some trading ideas for the post ECB and FED announcement period. Finally, in our monthly article, Jin Maruhashi will present his point of view on one of the most promising startups: Shyp.

Roberto Tedesco – Head of Financial Market Division



Nova Investment Club

www.novainvestmentclub.com

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Investment Banking Report

April

1. Macro Overview

Analyst: Márcia Gomes

After several bad months, there were some improvements in almost all economies last month. In the U.S. after central bankers announced they would act to stave off a global downturn, stocks showed some gains for the first time in the last four months with a rebounding in banks and technology shares. After seven months of losses, oil and gas companies also experienced the best quarter since June 2004, while dollar faced its worst quarterly performance since 2010 with a decrease of 0.26% in the DXY index.

European inflation continued to fall for the second month in a row, dropping 0.10%. However, core inflation, which does not consider food and energy prices, increased to 1.00%. In the beginning of the month, the European Central Bank cut rates to another record low and continued its quantitative easing program by purchasing EUR 20 bn in bonds in order to restore inflation to the target of 2.00%. The expectations are that inflation will stay below the target until 2018.

The Chinese Economy showed positive signs last month which included currency stabilization. The Chinese Yuan had a gain for the quarter of 1.46%, which represents the strongest quarterly performance since December 2011. The H-share index added 0.30%, signalling a bull market to some traders. In addition, the CSI 300 Index increased 12.00% in March and the Hang Seng Index gained 8.70%. However, as investors expected, China's banks announced low growth profit. On the last day of the month, S&P cut the outlook for China's credit rating from stable to negative, but due to the positive signs China has been showing this cut will probably not affect the Chinese economy.

Regarding emerging markets, the South African Rand was the strongest currency, after the Russian Ruble, with an increase of 7.80%. March was the best month for Rand since April 2009. Despite the fact that Jacob Zuma, South Africa's president, had violated the constitution, the nation's stocks have risen 5.60% in the last month. In Brazil, the Real has gained 9.00% last month, with inflation still being two times higher than Government's target, which leaves no room for cutting borrowing costs.

Tata Steel Ltd, part of India's largest conglomerate, is considering to sell its U.K. business, representing a risk of thousands of job cuts putting pressure on David Cameron's government. Another atop the list of the domestic threats is the risk of a Brexit after the referendum in June, which is already reflected in the worst quarter for the pound since 2009.



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Companies

- Starwood H & R
- Hon Hai
- Banco BPI
- Apple
- LinkedIn
- Deutsche Bank
- British Petroleum (BP)
- Netflix
- Jerónimo Martins

This month's detailed company reviews:

- Marriott International
- Wells Fargo

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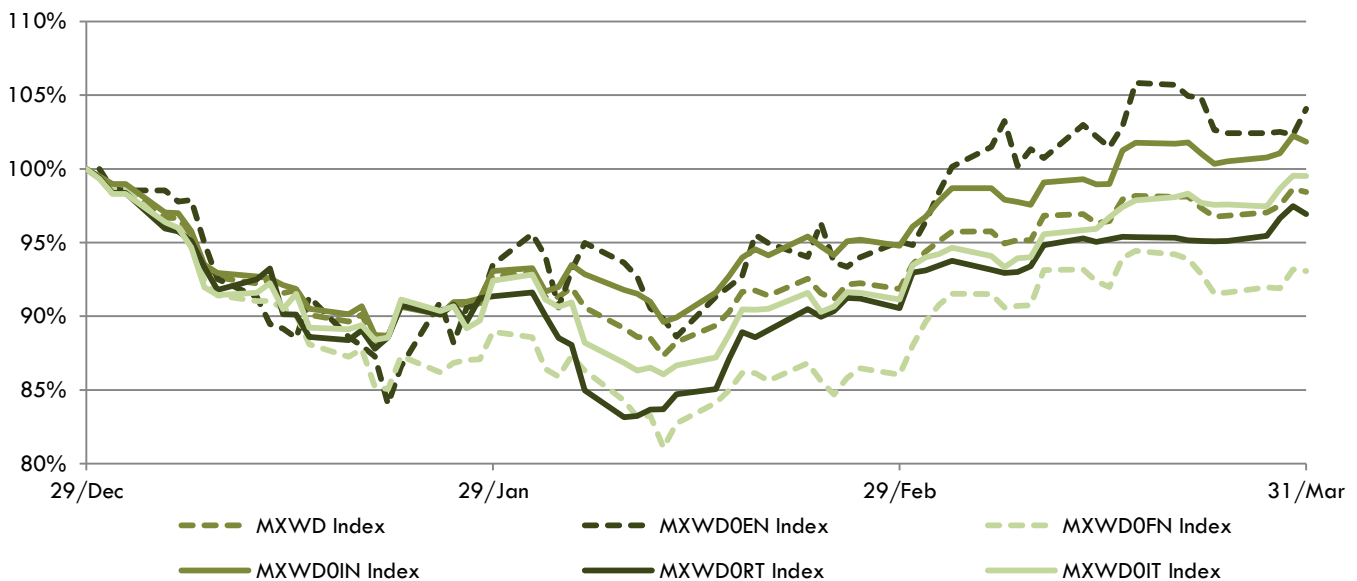
Countries' Economic Data

Analyst: Gongalo Cabral

Country	March Inflation (%)		Exchange Rate		Unemployment Rate		10 Year Yield	
	MoM	YoY	USD	Monthly Change (%)	(%)		Current (%)	Monthly Change (bp)
United States	-0.20	1.00	1.0000	-	4.93	Q4	1.82	-1
Eurozone	1.20	-0.10	1.1408	4.97	10.50	Q4	0.15	0
Portugal	-0.40	0.40	1.1408	4.97	12.20	Q3	2.93	-8
Japan	0.10	0.30	0.0089	1.82	3.27	Q4	-0.09	-3
Greece	-0.42	-0.52	1.1408	4.97	24.30	Q3	8.78	-140
Russia	0.60	8.10	0.0147	7.33	5.70	Q4	n/a	n/a
China	1.60	2.30	0.1546	1.32	4.05	Q3	2.89	0
Brazil	0.90	10.36	0.2774	8.96	7.40	Q4	n/a	n/a

- The Eurozone continues its struggle to fight deflation with positive signs this month, 1.20% MoM. However this month's highlight goes to the US which suffered from a major setback in their goal of maintaining the 1.50% inflation target for the year, as it registered a fall in CPI of -0.20% (1.00% YoY). Russia was able to set inflation this month to 0.60% MoM which translated into a 8.10% inflation YoY, a remarkable improvement since last month's 9.80 %.
- March was also marked by a new trend in the EUR/USD exchange rate. The Euro was able to claw back to a 1.1408 EUR/USD which translates into a 4.97 % appreciation this month. A word should be laid also to Russia that, supported by an increase in oil prices, was able to appreciate 7.33% against the dollar, maintaining last month's trend.
- In the table above you are likely to spot that almost all 10 Year Yields decreased during March. Greece is the country worth mentioning due to the 140bp decrease this month backed by an increase in investors confidence in the country's reforms. Nonetheless this value is still far from its European peers.

Sectors' Overview



- Last month proved to be a very important month for economic activity as it came to confirm the upward trend registered in the month of February. The MSCI World Energy Index (MXWD0EN) is the one that stands out the most between its peers. This movement is related with the long wanted increase in oil prices and a modest, but important, increase in China's economic activity.
- The Retail Index (MXWD0RT) continues the positive trend from last month although less steep due to the mentioned increase in prices of raw material and energy. The Financials Index (MXWD0FN) was an early month surprise. Even though the industry is showing positive signs of recovery, it is still one of the most volatile indexes due to the exposure of the business to economic cycles.

2. Followed Companies

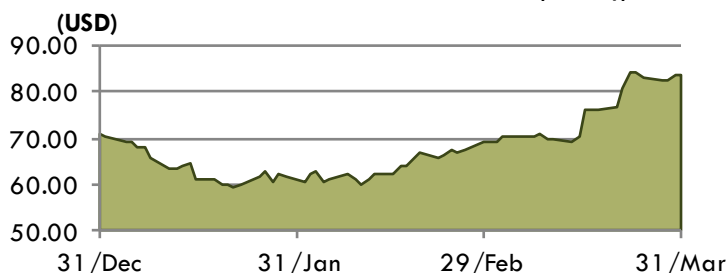
Analyst: Rita Castro Dias

Starwood H&R, Inc.

(Ticker: HOT US Equity)

Industry: Consumer discretionary

- On November 2015, Starwood Hotels & Resort and Marriot agreed on a merger to create the world's largest hotel company. However in March, the group received an offer from the Chinese insurance group Anbang, which created a hotly contested takeover play between Marriot and the Insurance group. The latter had raised its initial bid to roughly USD 13.2 bn before Marriott swooped in with its higher offer of USD 13.6 bn.
- In response to the raise in the bid, Starwood shares gained 4.50% on Monday, 28th of March
- Simultaneously with the final development of the takeover story, came the news that Starwood Hotels & Resorts Worldwide is pushing into an unlikely new market, Cuba.



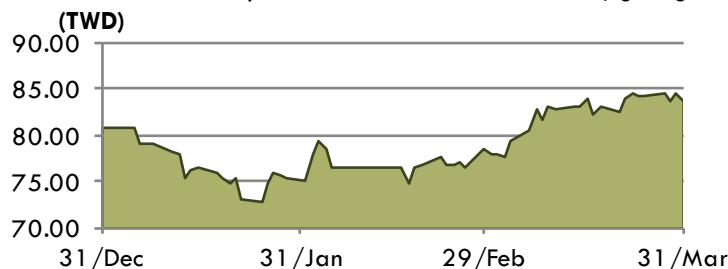
Price (USD):	→	83.66
Target Price (USD):		82.00
Up/downside:		-1.98%
Performance 3M:		20.76%
P/E Ratio:		26.4x
ROC/WACC:		1.4x

Hon Hai, Ltd

(Ticker: 2317 TT Equity)

Industry: Technology

- On the 30th of March, Hon Hai, the Taiwanese Iphone manufacturer, better known as Foxconn, has acquired Sharp, the struggling Japanese electronic assemble, which was once a pioneer of the Japanese electronics Industry.
- Sharp was acquired by USD 3.5 bn, which was a knockdown from the previous offer of around USD 6.0 bn in February, that was renegotiated after contingent liabilities were found during the due diligence process.
- The agreement gives Hon Hai a top-class electronics brand and the technological process that pioneered solar panels and liquid crystal displays.
- Hon Hai will acquire JPY 288 bn in new shares, giving it a 66.00% control stake.



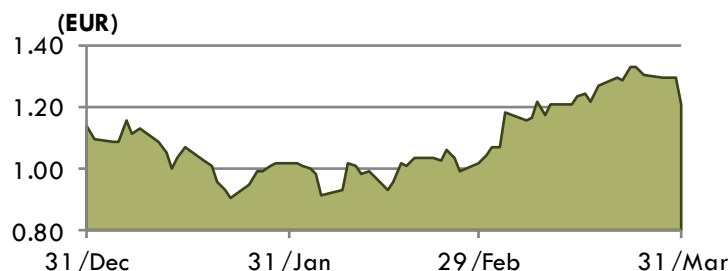
Price (TWD):	↑	84.80
Target Price (TWD):		90.00
Up/downside:		6.13%
Performance 3M:		4.95%
P/E Ratio:		9.0x
ROC/WACC:		1.0x

Banco BPI S.A.

(Ticker: BPI PL Equity)

Industry: Banking

- Banco BPI shares were suspended on the 3rd of March, due to the lack of development on the bid for Caixabank to take over the Portuguese bank.
- After the trading suspension was lifted, the Portuguese bank fell as much as 1.66% to EUR 1.303.
- The deal on the proposed takeover can be seen as a potential to unlock further consolidation in Portugal's struggling banking sector. Under Caixabank control, BPI would be seen as a potential bidder for Novo Banco, the "good" bank rescued from the collapse of Banco Espírito Santo, in a combination that would create Portugal's biggest bank.



Price (EUR):	↓	1.27
Target Price (EUR):		1.15
Up/downside:		-9.31%
Performance 3M:		16.22%
P/E Ratio:		11.4x
ROC/WACC:		1.5x

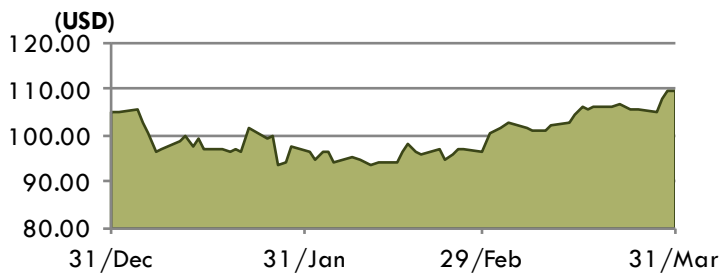
2. Followed Companies

Analyst: Francisco Dias Lopes

Apple Inc.

(Ticker: AAPL US Equity)
Industry: Consumer Goods

- On the 21st of March, Apple announced a series of new products in Cupertino, California. The company is trying to stimulate growth and that is why it cut the price of its Apple Watch Sport by USD 50, presented a new 4-inch iPhone at USD 399 which is USD 250 cheaper than its flagship 6S model and unveiled a smaller iPad Pro costing USD 599.
- According to analysts, the new iPhone SE is expected to provide only a modest boost to iPhone sales at a time in which investors are demanding faster growth. The consumer tech giant is also forecasted to report its first quarter of declining iPhone sales next month.
- The introduction of the new products had a modest impact in the share price as was expected. However, the company had a positive month in March, since it went up by 9.00%.

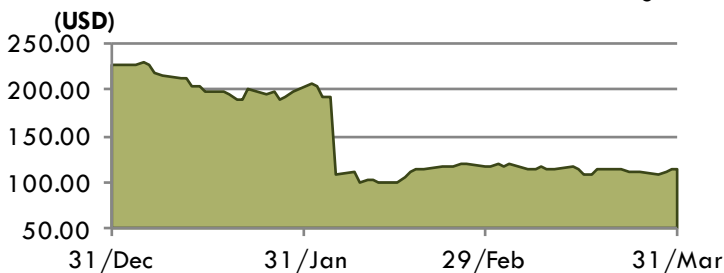


Price (USD):	↑	109.56
Target Price (USD):		135.00
Up/downside:		23.22%
Performance 3M:		4.09%
P/E Ratio:		11.7x
ROC/WACC:		2.7x

LinkedIn Corp.

(Ticker: LNKD US Equity)
Industry: Technology

- After the announcement of slowing growth at the so-called "talent solutions business", LinkedIn shares fell more than 40.00%. Nowadays, the majority of social media companies are facing difficult times. However, companies like Facebook and Twitter have already recovered much of their losses while LinkedIn has not.
- According to recent data reported by the company, online sales to smaller businesses are set to slow down, from 30.00% YoY in 2015 to values below 10.00% in 2016. The low outlook worked as a trigger to many analysts to rethink LinkedIn's dependence on global economic health and its longevity. After the earnings announcement, analysts downgraded the stock which caused a decrease of 23.00% of the average 12M target price, now at USD 175.

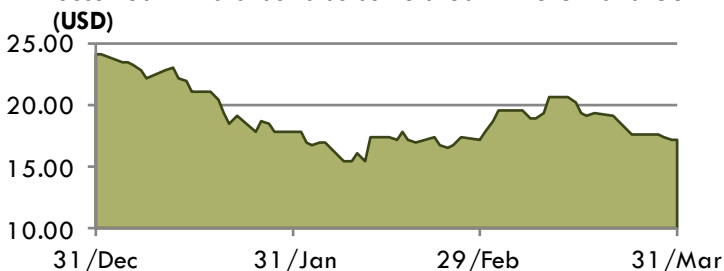


Price (USD):	↑	113.83
Target Price (USD):		175.00
Up/downside:		53.74%
Performance 3M:		-49.43%
P/E Ratio:		n/a
ROC/WACC:		-0.1x

Deutsche Bank AG

(Ticker: DBK US Equity)
Industry: Banking

- In February, the German bank offered to buy back bonds, after both debt and equity prices were hit in a huge market sell-off of global bank stocks. However, more than half of the investors who could have sold EUR 3.0 bn in euro-denominated bonds back to Deutsche Bank at a discount have passed on the offer, which proved that investors want to maintain their exposure to the bank.
- Deutsche Bank agreed to restructure some of its divisions aiming to reduce its operational costs. The first signs of progress are starting to be seen now, after the announcement of a cut of 450 jobs in the back office of its struggling global markets unit. The majority of these cuts occurred in India but also some shed in the UK and US.



Price (USD):	↑	17.12
Target Price (USD):		22.59
Up/downside:		31.97%
Performance 3M:		-29.11%
P/E Ratio:		n/a
ROC/WACC:		-1.3x

2. Followed Companies

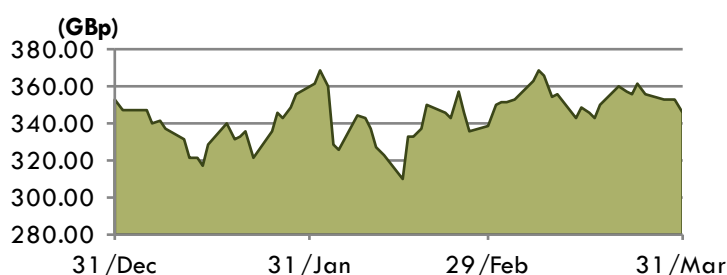
Analyst: João Raimundo

British Petroleum

(Ticker: BP LN Equity)

Industry: Oil, Gas and Coal

- BP is one of the world's largest energy companies. The stocks in the energy sector were highly on demand in the month of March with the UK oil and gas index rising 3.00%, being the rise in oil prices a major factor in that increase.
- Additionally, BP signed an agreement with Kuwait Petroleum Corp. to explore potential joint investments in oil and gas projects in Kuwait.
- The upside on the stock is around 5.67%, while the performance over the past 3 months is 1.06%, mainly, due to high volatility in the commodities sector.



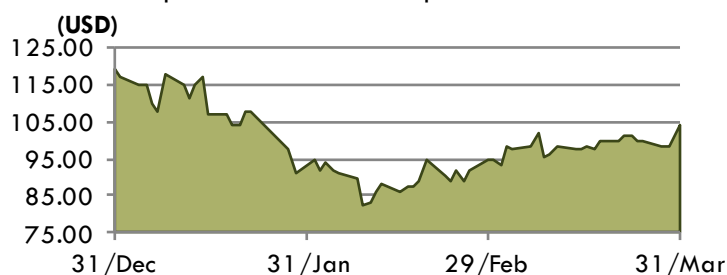
Price (GBP):	↑	350.15
Target Price (GBP):		370.00
Up/downside:		5.67%
Performance 3M:		1.06%
P/E Ratio:		n/a
ROC/WACC:		-0.6x

Netflix Inc.

(Ticker: NFLX US Equity)

Industry: Media

- Netflix was voted one of the top 50 most admired companies in the world. Operating in an innovative and creative way in a business where no other direct competitors are trading public, it is very hard to value the stock, thus the high volatility. It has more than 45 million subscribers, which allowed the company to invest USD 5.0 bn in 31 new series this year.
- The company's share rose 8.88% in the month of March to USD 102.19. The release of the much awaited TV Show "House of Cards" can be seen as the major driver of such increase. Other drivers of the company's stock are "Orange is the New Black" and "Fuller House", which keeps on attracting more subscribers.
- Netflix's performance over the past 3 months was extremely negative -10.66%.



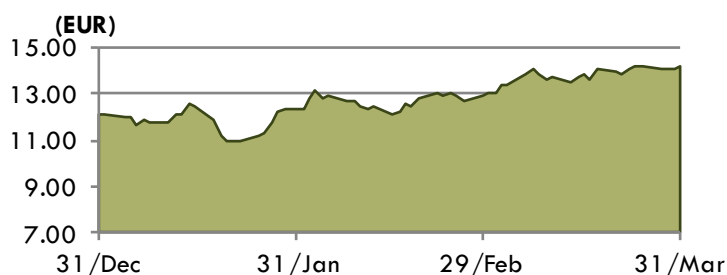
Price (USD):	↑	102.19
Target Price (USD):		130.00
Up/downside:		27.21%
Performance 3M:		-10.66%
P/E Ratio:		359.5x
ROC/WACC:		0.4x

Jerónimo Martins

(Ticker: JMT PL Equity)

Industry: Retail

- Jerónimo Martins, the retail group that has 2,800 stores in Portugal, Poland and Colombia has achieved its highest stock price since December 2013 at EUR 14.54. The estimated target price was EUR 14.35, thus analysts predictions were beaten.
- Jerónimo Martins announced that is planning to open 200 more stores in Colombia per year with the goal of achieving 1,000 stores in the South-American country until 2020.
- Furthermore, Jerónimo Martins' stock performance over the past 3 months has been superb, achieving a 21.18% increase.
- Analysts predict that Jerónimo Martins' stock will remain stable and that is why their recommendation is to hold the stock.



Price (EUR):	→	14.54
Target Price (EUR):		14.35
Up/downside:		-1.27%
Performance 3M:		21.18%
P/E Ratio:		27.3x
ROC/WACC:		1.8x

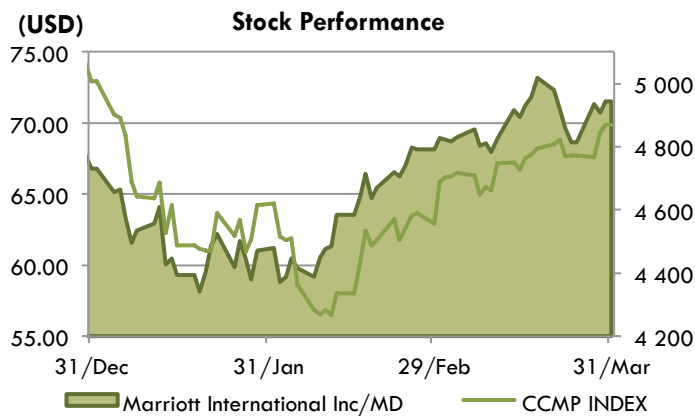
3. Detailed Review – Marriott International Analysts: Nick Roberts & Tomás Ribeiro

Company Overview

- Marriott International (MAR) is an American hospitality company with a variety of offerings from its signature Delta and Marriott brand hotels to more upscale luxury hotels and timeshare properties. Marriott International is present in over 80 countries with more than 4,000 properties.

Corporate News

- The Chinese conglomerate Anbang Insurance Group has lost the bidding war with Marriott, while it had failed to demonstrate it had the financing in place to back up its latest USD 14 bn offer in order to takeover Starwood Hotels (HOT), one of Marriott's largest competitors.
- Starwood also confirmed the cash and stock deal it had already agreed with Marriott International. The Marriott offer, worth USD 13.3 bn at the last day of March closing price, would create the world's largest hospitality company with 1.1 million rooms in more than 5,500 hotels.



Marriott International Inc./MD (USD)	
Current Price (31/03/2016)	71.55
52-week high % change	-15.15%
Median Target Price	75.65
Market Capitalisation (mm)	18 137
Return on Common Equity	n/a
Dividend Yield	1.40%
Beta (vs. CCMP INDEX)	1.2x
Total Debt/Equity	n/a

Comparable Analysis

Company Name	Country	Currency	Mcap (mm)	Enterprise Value (mm)	P/E	EV/EBITDA	EV/Sales	P/B
Marriott International Inc./MD	US	USD	18 137	22 148	23.4x	14.2x	1.5x	n/a
Starwood Hotels & Resorts Worldwide	US	USD	14 118	15 432	26.4x	12.8x	2.3x	10.9x
Hyatt Hotels Corp	US	USD	6 640	7 516	54.5x	10.9x	1.7x	1.7x
MGM Resorts International	US	USD	12 026	25 703	38.3x	39.9x	2.9x	2.3x
Hilton Worldwide Holdings Inc	US	USD	22 497	32 401	32.8x	11.2x	2.8x	3.8x
Wyndham Worldwide Corp	US	USD	8 597	11 507	14.9x	8.9x	2.0x	9.2x
75th Percentile	-	-	-	-	36.9x	13.9x	2.6x	9.2x
Median	-	-	-	-	29.6x	12.0x	2.1x	3.8x
25th Percentile	-	-	-	-	24.2x	11.0x	1.8x	2.3x

- For a comparative analysis several other American hospitality companies that compete directly with Marriott were selected. Starwood was also included to illustrate similarities between the two companies.
- Starwood and Marriott are very close in terms of market cap and are priced similarly when comparing their Price-to-Earnings ratio. Their P/E ratios are 23.4x and 26.4x respectively, which is not far from the industry median. Both companies are valued relatively cheaper than MGM and Hilton.
- It will be interesting to analyse how positive synergies should yield positive results and consequently higher valuations. This is backed by early evidence of positive stock price movement from news surrounding the deal.
- Throughout this bidding war the stocks of both Marriott and Starwood have benefited. News of Anbang's revised offer, on March 28th, produced gains of approximately of 2% for Starwood and 4% for Marriott. Growth by acquisition is a major component of the hospitality industry. Synergies can be generated by the hotels increasing global presence, leading to accelerated growth and market consolidation, and diversifying customer offerings, from luxury to more budget sensitive brands.

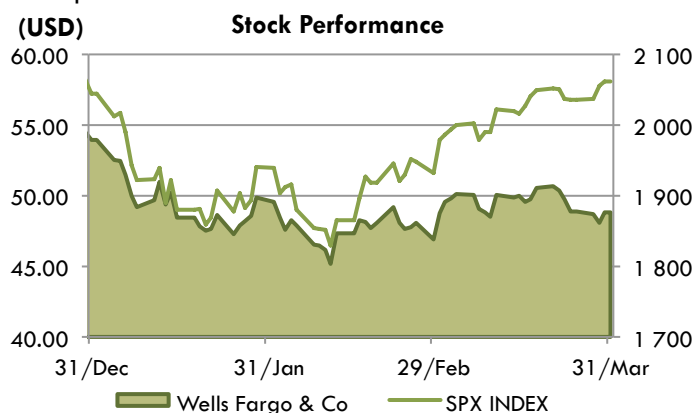
3. Detailed Review – Wells Fargo & Company *Analysts: Stefan Melzer & Vasco Moura*

Company Overview

- Wells Fargo & Company (NYSE:WFC) is a diversified, community-based financial services company providing banking, insurance, investments, mortgage, leasing, credit cards and consumer finance. The company operates through physical stores, Internet and other distribution channels mainly in North America.

Corporate News

- The Bank's stock has tumbled approximately 10.90% year to date, while the SPDR Financial Sector exchange-traded fund XLF has lost 5.20% and the S&P 500 gained 1.10% over the same period.
- Wells Fargo has one of the highest debt ratings among financial service companies and undertook extensive share buyback during the past year. The company spent USD 12.6 bn on repurchases in 2015 and bought back additional 9.2 mm shares for USD 500 mm in the first quarter of 2016.
- On March 29th it was announced that Warren Buffet's stake in the bank rose to 10.00%, requiring him to agree not to exercise a controlling influence according to regulations posed by the Fed and the Treasury Department.



Wells Fargo & Co (USD)	
Current Price (31/03/2016)	48.79
52-week high % change	-16.98%
Median Target Price	55.63
Market Capitalisation (mm)	245,984
Return on Common Equity	12.79%
Dividend Yield	3.08%
Beta (vs. SPX INDEX)	1.0x
Total Debt/Equity	153.21%

Comparable Analysis

Company Name	Country	Currency	Mcap (mm)	Enterprise Value (mm)	P/E	EV/EBITDA	EV/Sales	P/B
Wells Fargo & Co	US	USD	246 794	546 570	11.8x	14.7x	6.4x	1.5x
Citigroup Inc	US	USD	123 531	603 076	7.2x	15.7x	7.2x	0.6x
Bank of America Corp	US	USD	139 706	259 641	9.3x	10.2x	3.1x	0.6x
JPMorgan Chase & Co	US	USD	217 350	208 230	10.8x	5.8x	n/a	1.0x
HSBC Holdings PLC	GB	GBP	86 295	37 310	9.5x	2.8x	n/a	0.7x
Industrial & Commercial Bank of China	CN	CNY	1 481 753	2 312 856	5.6x	6.2x	n/a	0.9x
75th Percentile	-	-	-	-	11.0x	15.0x	7.2x	1.1x
Median	-	-	-	-	9.4x	15.7x	7.2x	0.8x
25th Percentile	-	-	-	-	6.8x	5.0x	3.1x	0.6x

- For the purpose of this analysis, a set of banks were chosen. It is possible to notice that Wells Fargo stands as the third out of six companies with the highest Enterprise Value, lower than those of Citigroup and of Industrial & Commercial Bank of China, which is the bank with the highest Enterprise Value.
- It is interesting to notice that even with the latest decline in its share price, reporting a 16.98% decline over the 52-week high change, both its price-to-book and price-to-earnings ratio are above all the others, which may mean that the company is overvalued, but may also indicate that investors have confidence about the future of the company.
- On the other hand, its EV/EBITDA value is the second highest within the chosen comparables, being Citigroup the only one that outweighs Wells Fargo in this ratio. This can indicate that the company has been efficient in its cost structure.

4. Mergers and Acquisitions

Analyst: Manuel Leal Coelho

- The decline in Chinese GDP growth and the shift to a consumption-driven economy is mirrored by a steep increase in M&A activity, both at domestic and cross-border levels. In 2016, Chinese companies have spent USD 65.8 bn in acquisitions overseas, being the majority of those transactions in Europe. However, there was a decline in the volume of outbound acquisitions made in the E&R and manufacturing sectors. In addition, there was an increase in both TMT and consumer business companies.
- Europe has been the center of cross-border deals, with European companies participating in 53.00% of all announced deals. The North America-Europe deal corridor has dominated, worthing USD 311.0 bn. US companies have led the way, having announced USD 114.0 bn worth of deals in Europe of which USD 44.0 bn were in the UK.
- Monetary policies among the major central banks are diverging. In the US, the market is widely expected to have already priced in the gradual increases to the Federal Reserve interest rate. While we do not expect major shocks in the debt market, increases in the cost of credit could lead to a slowdown in the issuance of acquisition related bonds which globally stands at USD 282.0 bn, a 15-year high.
- Greg Burkus, founder and managing partner at Shasta Partners, a boutique investment bank based in Waltham, suggests that the combination of low interest rates, strong share valuations, the globalization trend and resurgent business confidence will continue to enable M&A in 2016. Risks include a derailing of the global economy or sudden drop in equity markets, he says, discounting the potential impact of interest rate increases.

5. Selected deals of March

Announced Date	Target		Buyer		TV (mm)	TV/EBITDA	Announced Premium
	Company	Country	Company	Country			
07/03/16	Stancorp Financial Group Inc.	US	Meiji Yasuda Life Insurance	JPN	\$ 5 000	-	0.03%
09/03/16	Investa Office Fund	AUS	Dexus Property Group	AUS	\$ 2 613	17.6x	5.69%
17/03/16	Columbia Pipeline Group Inc.	UK	TransCanada Corp	CAN	\$ 12 000	18.0x	31.18%
21/03/16	Starwood Worldwide Inc.	US	Marriott International Inc.	US	\$ 13 453	12.7x	10.61%
21/03/16	IHS Inc.	US	Markit Ltd.	US	\$ 9 773	17.0x	-5.50%

- Meiji Yasuda Life Insurance has completed its public takeover of Stancorp Financial Group. It acquired the US life and medical insurance company, which is now delisted from the Nasdaq, for USD 5.0 bn. Stancorp will continue to operate under the same name and maintain its headquarters in Oregon.
- Dexus Property Group is a step closer to acquiring Investa Office Fund as a battle for the Australian real estate investment trust intensifies. Directors of Investa unanimously recommend the offer which values the office buildings manager at USD 2.6 bn.
- TransCanada has agreed to acquire Columbia Pipeline Group for USD 12.0 bn, including debt. TransCanada will pay USD 25.50 per share in cash, representing a premium of 11.00% over Columbia Pipeline Group's close price of USD 23.00 on the 16th of March, the last trading day prior to the announcement.
- Marriott International has agreed to acquire Starwood Hotels & Resorts for USD 13.5 bn. Under the terms of the agreement, Marriott will pay USD 10 bn in shares, plus USD 3.5 bn in cash, which represents an offer price of USD 79.53 per share. This constitutes a slight discount to Starwood's close price of USD 80.57 on the 20th of March, the last trading day prior to the announcement. The deal is subject to shareholder and regulatory approvals and shareholder meetings are expected to take place during the month of April.
- Markit has agreed to acquire IHS as part of a tax inversion transaction and reverse takeover. IHS shareholders will receive 3.56 ordinary shares in Markit for every one held in the target, representing an offer price of around USD 104.88. The transaction will create a company worth around USD 13.4 bn. The deal is expected to be closed in the second half of 2016 and it is still subject to shareholder and regulatory approvals. IHS will hold 57.00%, while Markit will own 43.00% of the merged group.

The NIC Fund

Student-run Virtual Fund - April

1. Fixed Income, FX and Commodities

Old Habits Die Hard

The portfolio has registered a small loss in the last month. Therefore, I will change its composition to the following:

I will go long on German 10 Year Bonds since, as instability regarding Europe's unity ceases, Europe's safety benchmark is increasing in demand. In fact, even with the unexpected drop in German retail sales in the last month, Bunds did not suffer with it.

On another note, I will go long on the US Dollar versus the Indian Rupee. This is due to India's Central Bank inflation target (6.00%) being further away, as inflation dropped 51 basis points in the latest month. Thus, an interest rate cut is expected as fiscal policy is regarded as being out of the table.

Furthermore, Gold, has been a top performer in the commodity category throughout March. I will keep my position open as demand continues to grow due to many institutions acquiring it as a measure for storing value.

Lastly, with some of the largest coal companies preparing for bankruptcy, as Peabody Energy and Arch Coal, the coal industry prospect seems grim. It comes natural as anti-coal policies foster and substitutes' competition grow stronger, such is the case with natural gas as its price continue to fall. Therefore, as divestments in the industry are expected to grow, I will take a short position on the respective commodity.



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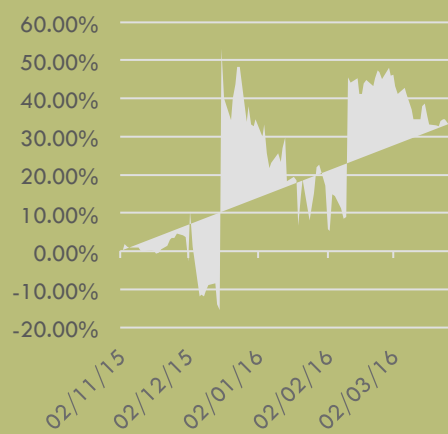
Analyst: Luís Miguel Aguiar

luis.aguiar@novainvestmentclub.com

Trade Summary:

Long 10% Gold
 Long 15% German 10y Bond
 Long 35% USD/INR
 Short 40% Coal

Asset Class: Currencies, Bond
 Region: Asia, North and Latin America



Exploring Commodities Momentum

Last month was particularly bad to my portfolio performance. The total loss was around 10.00% with a considerable volatility (around 6.00%), leading to a cumulative performance near the zero boundary.

Regarding my bond portfolio, I will increase the weight in Brazil's Government Bonds to 20.00% but with a long position, contrary to my previous trade of 10.00% short, as the market is now turning more favorable to Rousseff's impeachment. Moreover, my positions in Venezuela and Argentina will be closed as the price effect has severely undermined the portfolio cumulative performance. Finally, my position in the US Treasury Bill was revised to 30.00% in order to exploit potential returns in different asset classes.

In terms of commodities, I will increase the weight on gold to 40.00% as I believe it is still gaining momentum (it is the best performing commodity since the beginning of the year) with Russia and China as the top buyers in recent months despite some sells related to emerging markets struggles on volatile commodity markets, and I will keep my position of 20.00% short on cotton even though the price slightly increased this month because I am confident on the excess supply that is taking place in the market.

Regarding currencies, I will close the short position in the Renminbi and open a 30.00% long position in the USD against the British pound due to the recent debate surrounding the possibility of a Brexit.

Analyst: António Damásio

antonio.damasio@novainvestmentclub.com

Trade Summary:

Long 20% EI2240923

Long 40% CGCJ6

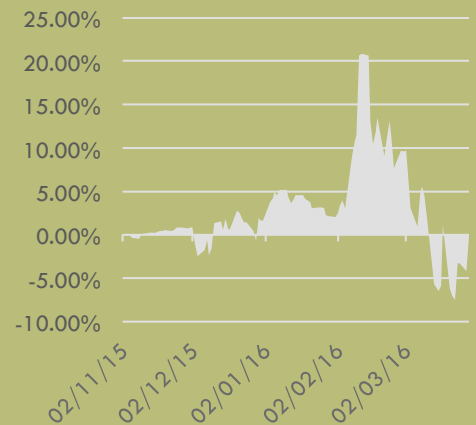
Long 30% 912828N63

Long 30% BP1

Short 20% CTK6

Asset Class: Currencies, Bonds

Region: Asia and Latin America



The Increase of Uncertainty Calls for “Safe” Measures

Last month yielded a very positive return of 19.11%, with a standard deviation of 5.00%. This return was achieved with a relatively low risk and contributed positively to the cumulative return (since the beginning of November) of 14.06%. Also importantly, since the beginning of the setup of the portfolio the volatility was 15.43% and Sharpe Ratio of 0.91.

In the Fed’s meeting last week it was determined that interest rates were to remain steady, given the current continuous risk of the global economic outlook. However, it is also important to recognize that the Fed has merely taken its foot off the accelerator rather than taken to some radical shift in its monetary policy, since economic data shows that the domestic economy remains quite strong. That is why I am taking a very short-term short position on gold of 20.00%, as interest rates should suffer hike sooner rather than later, and it is known that these hikes likely support dollar strength and gold weakness.

I have decided to open a long position of 30.00% on oil, since the weekly chart shows to a positive time trend (strong momentum), volatility has dropped from 60.00% to 46.00%, which indicated that some stability has returned to the market. I am opening this position this month in light of the big meeting that will take place on April 17th, which in the spirit of mutual interest, the majority of OPEC members and Russia will sit down in Doha, Qatar, in order to slowdown the oil production. Furthermore, the falling rig counts in the U.S and the increasing demand for oil products should contribute positively to increase in the oil price.

I have decided to maintain a long position on the USD/CAD of 20.00% for two reasons: firstly, the expecting upcoming interest rate hikes from the Fed should confirm the recovery of the USD and, secondly, for hedging purposes. Since the current correlation of the Canadian Loonie (CAD) stands at 0.69 (30-day rolling correlation) an increase in the price of oil entails a gain in my long futures contract on oil and implies a loss in this shot position in the Loonie. The recent downward spiral of energy prices has cost to the Canadian economy USD 25.0 bn. I will close the long position on the USD/CNY, as no significant returns were earned last month and I do not want to expose myself too much to the US economy.

Finally, I have decided to open a position a short position on the USD/BRL of 30.00% for two reasons: on the one hand, if the probability next month of the Fed’s interest rates hikes decreases this should depreciate the USD against other currencies and, on the other hand, I am following the positive trend and momentum on the BRL/USD (year-to-date the BRL has gained around 8.50% against the USD, outperforming most Latin American currencies). Political noise in the country has been well received by financial markets last month and its currency has suffered an exaggerated depreciation since mid-2015, overreacting to low commodity prices, China economic deceleration and to the domestic situation of the country itself.

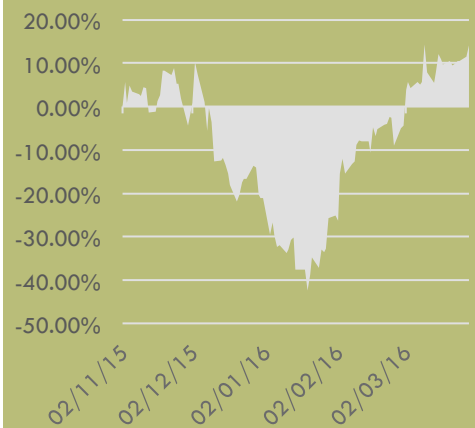
Analyst: João Ramos

joao.ramos@novainvestmentclub.com

Trade Summary:

Short 20% GCI6
 Long 20% USD/CAD
 Short 30% USD/BRL
 Long 30% CLM16

Asset Class: Currencies and Commodities
 Region: US and Latin America



2. Equities

Rebalancing and Adjustments

This month my portfolio yielded a positive return of 5.28%. Amidst the worst performers were Ryanair and the SPDR Gold Shares. Due to the economic turmoil in emerging markets, central banks of some countries (Venezuela, Colombia, El Salvador, Mexico) have been selling gold to obtain funding. Thus, and even though Gold has been among the best performing commodities in the first three months of 2016, I will reduce my exposure to 20% of my portfolio.

As for Ryanair, I still believe it is a good investment set to yield strong returns. Also, as I believe that the arbitrage opportunity of investing in London Stock Exchange Group (involved in a merger with Deutsche Boerse) has already been captured, I will exclude this investment from my portfolio.

Last Friday, Tesla Motors has unveiled its new mass-market Model 3. In the first 24 hours, the company reached 180,000 for the new model, beating analysts' forecasts which suggested 117,400 orders by the end of the year. For this reason, I will invest 20% of my portfolio in the company. After seeing its hardware sales weakened for the last quarter, Blackberry reported a loss of 3 cents per share. The firm's weak operating cash flow and the disappointing historical performance of the stock itself provides me enough confidence to short 10% of my portfolio in this stock.

Finally, FCC chairman Tom Wheeler disclosed that the entity had no plans to further investigate Netflix for "throttling" the picture quality of mobile operators. Its robust revenue growth, expanding profit margins and solid stock performance prompted me to invest 15% of my portfolio in this stock.

Analyst: Francisco Franco Nunes

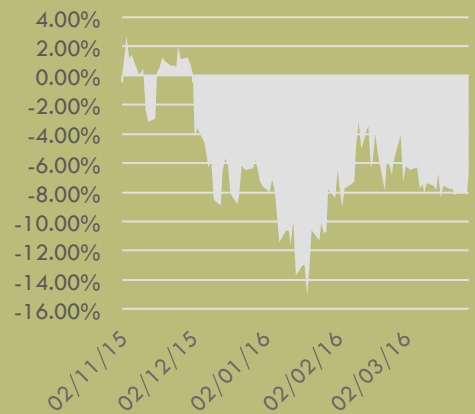
francisco.nunes@novainvestmentclub.com

Trade Summary:

Long 15% RYA ID Equity
 Long 25% DIA US Equity
 Long 20% GLD ES Equity
 Long 15% XRX US Equity
 Long 20% TSLA US Equity
 Short 10% BBRY US Equity
 Long 15% NFLX US Equity

Asset Class: Equities

Region: USA and Europe



It is Time to Bet on Europe

During the month of March, the performance of my portfolio were modest, with a negative return of 0.92%, leaving my portfolio with a 16% return since the inception. The main driver for that are Medtronic and JP Morgan Chase, with the first one loosing 0.72% and the latter loosing 0.70%.

However, the bad performance of the two stocks was balanced by the positions on Intuitive Surgical, Constellation Brands and on the EuroStoxx's ETF. However, I decided to rebalance the portfolio. First of all, I reduce my exposure to JP Morgan in favor of General Motors: I think that the current economic scenario is more favorable to the automotive industry than to the banking one. Janet Yellen's decision of maintaining low rates in the US, the fear of the Brexit, are all elements that might compromise the performance of JP Morgan.

Secondly, I decided to close my position in Medtronic. Even though the overall return on the position was positive, last month performance cut almost all the gains.

Thirdly, I have decided to increase back my exposure to the EuroStoxx: personally, I believe that Mario Draghi's move might push forwards the European economy, hence, I will try to catch this effect through the European index.

Analyst: Roberto Tedesco

roberto.tedesco@novainvestmentclub.com

Trade Summary:

Long 5% WMT US Equity

Long 5% EW US Equity

Long 25% SX5EEX GY

Long 10% RYA ID Equity

Long 10% STZ US Equity

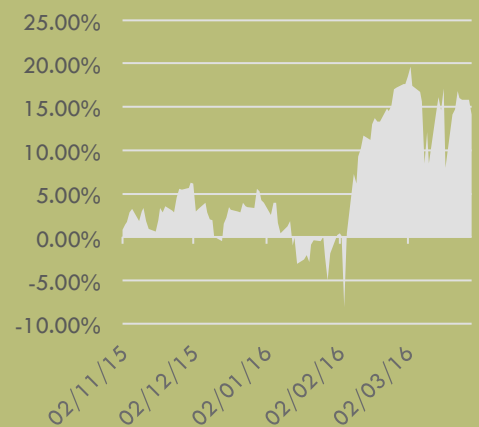
Long 10% ISRG US Equity

Long 20% GM US Equity

Long 15% BIDU US Equity

Asset Class: Equities

Region: Europe and US



Volatility Strikes Again

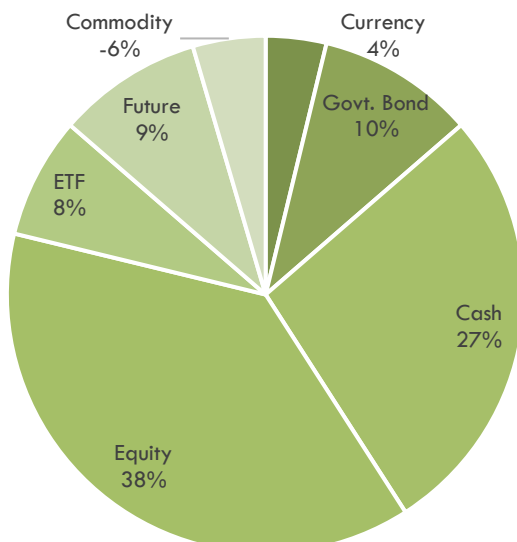
March brought my portfolio a negative return of -1.63%. The main driver of this performance was the energy industry ETF which this month contributed to the total return with a poor -3.28%. Since I believe that there aren't enough confidence signs regarding oil prices so as to sustain my long position, I will abandon it.

Regarding my 20% short position on PSI20's ETF, it has earned a return of 3.75% last month. Since the fundamental expectations on the performance of this index continue on being significantly low, I will maintain this trade. The second best performer was Netflix, accumulating returns of 3.52%. Moreover, with good prospers of the upcoming earnings releases later this month, my 30.00% position will not be changed. Airbus performance proved to be disappointing, contributing with -0.73% to the overall return of the month. Lacking further aircraft orders and facing the increasing likelihood of following the same path as Boeing (which is currently under a job cut programme), Airbus no longer delivers convincing reasons to continuing on pursuing a long position. I will therefore close this position. Looking to exploit new markets where consumer tastes are adjusting, McDonalds is planning to open around 250 new restaurants in China. Raising rents and labour costs alongside with a slower economic growth are key factors to enhance the success of cheap fast-food chains. Based on these fundamentals, I will enter a long 30.00% position on McDonalds.

Although CARZ ETF has also delivered a negative return of -0.85%, the stronger US economy keeps on positively feeding this trade and I will, thus, maintain it. While the market expects Tesla to present its new Model3, its stock has appreciated by about 22.00% during the past month.

3. NIC's Fund Composition

At the beginning of April, the composition of the NIC's fund is as follow:



Analyst: Ana Lambiza Pardal

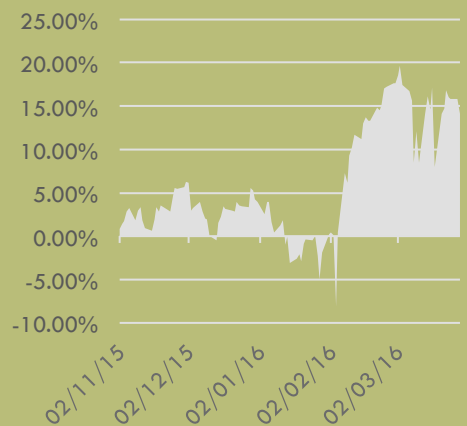
ana.pardal@novainvestmentclub.com

Trade Summary:

Long 30% TSLA US Equity
 Long 30% CARZ US Equity
 Long 30% NFLX US Equity
 Long 30% MCD US Equity
 Short 20% PPP PL Equity

Asset Class: Equities

Region: US and Europe



April Article

Shyp: Behind the Packaging of a New Reality

Recently named one of the world's 50 most innovative businesses by Fast Company Magazine, Shyp has been an influential force in completely revamping the entire process by which items are transported across the globe.

The startup was founded in 2013 in San Francisco by a trailblazing trio of tech-savvy entrepreneurs: Kevin Gibbon (CEO), Jack Smith and Joshua Scott. The dream is to become "the new global standard in shipping" by stamping out the drudgery of packing, queuing, and cross-checking carrier rates for the best deal. Shyp is fundamentally software-driven, relying heavily on its free IOS/Android application through which customers from San Francisco, New York, Chicago or Los Angeles may solicit its services on-demand. After snapping a photo, a courier is dispatched and guaranteed to arrive within 20 minutes. The objects are then taken to the nearest warehouse and packaged for travel in the most cost-effective way.

Shyp undoubtedly provides a frictionless alternative to shipping goods, but just how financially feasible is its pricing from the consumer's standpoint? Assuming transport rates are to be minimized for each echelon of delivery speeds, the total cost TC in USD will contemplate three components: $TC = 5P + I + \min(\text{carrier rates})$. The first one is the USD 5 pickup fee charged per package, the second component is applied depending on the irregularity of the size and fragility of the contents (ranges from USD 0-25) and finally the last portion is the lowest rate across

major carriers of the likes of FedEx, UPS and USPS. In essence, the surcharge for delegating the hassle of packing, standing in line or waiting for an order label is $5P + I$. Considering the prominence of e-commerce and the chaotically filled day many workers face on a daily basis, spending at most USD 30 per package is not only appealing as it saves an appreciable amount of time but also irresistibly tempting as it adds a very scarce resource to current quotidian life: simplicity. From Shyp's perspective, charging shipping retail rates is a win-win situation: clients do not need to pay a premium on top of the carrier prices they would independently face and Shyp can make some revenue off of bulk purchase discounts.

According to CEO Kevin Gibbon, Shyp is not in direct competition with local messenger services. The on-demand shipping company fosters what could be called symbiotic relationships with some of the longstanding carriers like FedEx and UPS. FedEx provides its expertise in both national and international last mile deliveries while Shyp places a steady stream of high-volume purchase orders.

In December, a partnership with eBay was announced. The idea is to enable sellers to effortlessly deliver their goods to buyers without the need to pay the USD 5 fee. Although Shyp currently does not compete with the aforementioned carriers, it is not the only app-based firm that offers facilitated shipping services. Two noteworthy competitors would be Roadie and Shipster. Roadie has the downside

of not being able to offer specialized couriers since it hires a willing and conveniently located individual within the vicinity of the order while Shipster is essentially Shyp's younger and smaller brother.

Like all startups, Shyp has seen its fair share of challenges but has been quite successful in overcoming most of them. The privately owned company's main difficulty arose in the Miami market where it was confronted with language barriers set by a large Spanish-speaking community. It has since then withdrawn itself from the city to reassess future viability.



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Recommended Articles

Shyp's Quest for Profitability
<http://www.fastcompany.com/3055496/in-a-quest-for-profitability-shyp-is-tweaking-its-service-and-leaving-miami>

How can Shyp Survive as a Startup
<http://www.citylab.com/tech/2014/10/heres-how-nycs-new-on-demand-shipping-app-could-actually-survive/381006/>

Painless Shipping in a Few Easy Steps
http://www.nytimes.com/2014/05/22/technology/personaltech/use-an-app-pay-a-fee-and-ship-almost-anything.html?_r=0

How Shyp is Shaking Up Shipping
<http://www.fastcompany.com/3055813/most-innovative-companies/how-shyp-is-shaking-up-shipping>

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