

Newsletter

May 2016



Foreword

It is a pleasure to introduce you the May 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 Sanofi and Mitsubishi Motors.

Our Financial Market division will also provide some trading ideas and present their most recent portfolio returns. Finally, in our monthly article, Stefan Melzer, will present his point of view on the German utilities sector.

Francisco Dias Lopes – Head of Investment Banking Division

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Investment Banking Report

May



www.novainvestmentclub.com

1. Macro Overview

Analyst: Jin Maruhashi

According to the IMF, the global economy has seen too little growth for way too long. Its recovery continues at a considerably sluggish pace. In particular, the US economy has been growing at its slowest pace in 2 years. Its GDP rose at an annual rate of 0.50%, which is less than half of the one seen in the final few months of 2015. An amalgam of decreasing corporate investment, less exports and a decelerating growth in consumer spending is to blame.

During the recent April 26-27 FOMC meeting, the Federal Reserve decided to maintain the current target range for the federal funds rate between 0.25% and 0.50% at least until its next meeting on June 14-15. The Committee is expecting to see expansion in economic activity with more solid labor market indicators. A rate hike may however take place in the next month.

Brazil has been faced with strong political unsettlement as President Dilma Rousseff faces impeachment charges for manipulating public accounts. The impeachment trial will officially open on May 11 to determine her possible suspension from the job. This political crisis has led to a serious dent in the Brazilian GDP from 7.50% in 2010 (prior to Dilma taking office) to a contraction of 3.80% in 2015. Growth is again expected to remain negative this year.

Emerging markets continued to feel considerable turbulence that has been generated with the crisis in the commodity markets. Despite recent oil price rebounds, the prolonged trend of slumping prices of not only oil to about USD 40/bbl but also of copper to record-low figures since the financial crisis has caused oil producers, miners, and agricultural companies to endure a miserable year. The IMF cut the sub-Saharan African growth forecast to 3.00%. The South African economy is set to grow by only 0.60% while Nigeria is predicted to grow 2.30%. The IMF's Africa director, Antoinette Sayeh, mentioned the need for supportive monetary and fiscal policies with the development of a less commodity-based source of revenue.

June 23 marks UK's EU referendum, where the British population will ultimately vote whether or not to remain in the European Union. Such a possibility has created significant investor uncertainty as Brexit can lead to irreversible global damage by interfering with already established trading relationships. The immediate effect of a British exit is believed to be a financial market frenzy along with a sharply depreciating Sterling as capital inflows greatly diminish.

Companies

- Valeant PI
- LinkedIn
- BHP Billiton
- Apple
- BP PLC
- Alphabet
- Facebook
- Amazon
- Tesla Motors

This month's detailed company reviews:

- Sanofi SA
- Mitsubishi Motors

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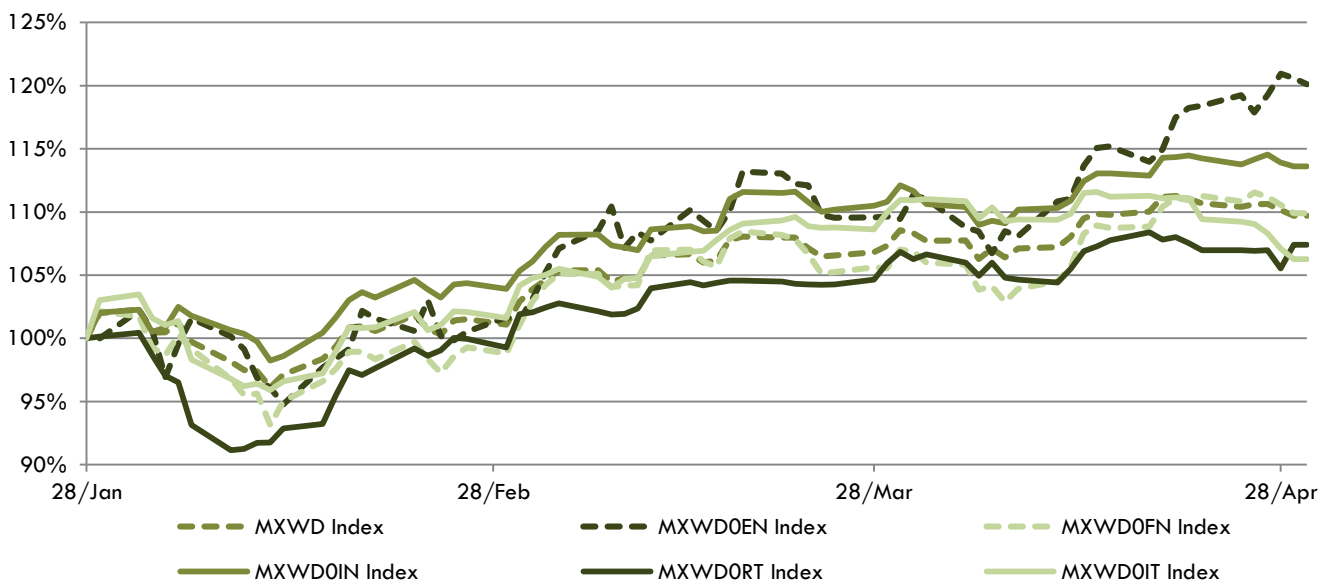
Countries' Economic Data

Analyst: João Lopes Raimundo

Country	April Inflation (%)		Exchange Rate		Unemployment Rate		10 Year Yield	
	MoM	YoY	USD	Monthly Change (%)	(%)		Current (%)	Monthly Change (bp)
United States	0.1	0.90	1,0000	-	4.93	Q1	1.82	10
Eurozone	0.00	-0.20	1.1423	0.34	10.33	Q1	0.15	5
Portugal	1.90	0.45	1.1423	0.34	12.2	Q4	2.93	-22
Japan	0.10	-0.10	0.0094	3.43	3.23	Q4	-0.09	-4
Greece	1.35	-1.50	1.1423	0.34	24.43	Q4	8.78	-27
Russia	0.40	7.30	0.0152	4.39	5.87	Q1	n/a	n/a
China	-0.40	2.30	0.1539	-0.34	4.04	Q1	2.89	0
Brazil	0.61	9.28	0.2835	4.27	7.4	Q4	n/a	n/a

- Concerning April's inflation levels, it is possible to perceive the difficulties that each of the world's main economies are going through. The United States decreased its inflation in relation to last month in 0.10%, which places it further away from the FED's desired target of keeping inflation between 1.70% and 2.00%, while the Eurozone worries the markets by showing a negative inflation rate of -0.20% YoY. China's inflation rate rose to 2.30% from the previously stated 1.80%. Brazil and Russia, countries that are highly influenced by the price of commodities, kept showing high levels of inflation with the YoY inflation rates at 9.38% and 7.30%, respectively.
- Regarding the Exchange Rate, it is possible to analyze that Japan, Russia and Brazil, experienced significant appreciations in value against the US Dollar of 3.43%, 4.39% and 4.27%, respectively. The Euro suffered small changes in value increasing 0.34%, while the Chinese Yuan decreased 0.34%.
- All of the analyzed countries were able to slightly decrease their unemployment rate when in comparison with the last quarter with the exception of Russia, which suffered a small increase of 0.14%.

Sectors' Overview



- In general, the sector indexes kept their upward trends since the second half of February. The energy index (MXWDOEN Index) clearly outperformed other indexes reaching a 20.00% growth since the 28th of January, an improvement from the negative performance in the last few months of 2015 due to energy prices. It should be noted that the majority of its growth came about in the month of April, following the trend in oil prices.
- The Industrials index (MXWDOIN Index) had a good performance as well, increasing approximately 15.00% since February, outperforming the Financials Index (MXWDOFN Index), which increased around 10.00% in the past three months.

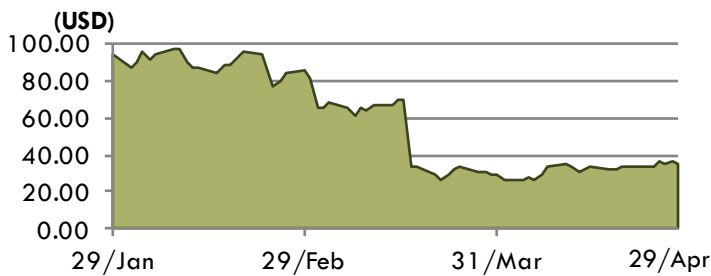
2. Followed Companies

Analyst: Tomás Gaivão Ribeiro

Valeant P.L., Inc.

(Ticker: VRX US Equity)
Industry: Pharmaceuticals

- Valeant finally released its annual report, just in time to avoid a potential default of some of its debts. The company is now facing investigations in four states in the US due to some "material weaknesses" in their financial statements.
- About the annual report, is worth mentioning that the company's patient assistance program is perhaps the most important disclosure in the report, since it enabled Valeant to market certain drugs to its customers and recoup the costs which is covered by the insurance.
- Following the appointment of Mr. Joseph Papa as CEO, who came to replace the former Chairman Mike Pearson, at the end of April, the stock initially rallied over 9.00%.

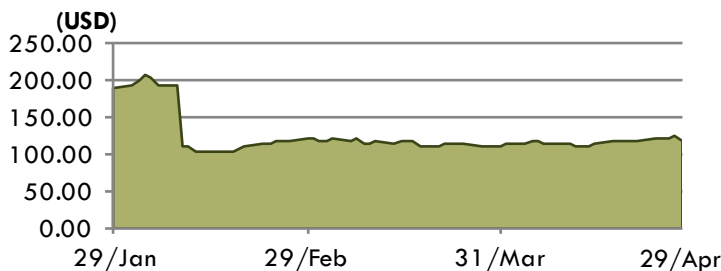


Price (USD):	↑	33.36
Target Price (USD):		43.00
Up/downside:		28.90%
Performance 3M:		-63.02%
P/E Ratio:		26.8x
ROC/WACC:		3.0x

LinkedIn Corp.

(Ticker: LNKD US Equity)
Industry: Internet Media

- LinkedIn announced first-quarter adjusted earnings of USD 0.74 a share, which easily beat the expectations of USD 0.60 earnings per share.
- The surprise was a result of a 35.00% revenues growth, from USD 860.7 mm a year ago, which was well above Wall Street analysts expectations of USD 828.0 mm.
- LinkedIn CFO, Steve Sordello, attributed the company's good performance to their aggressive strategy in investing in innovation and LinkedIn core products, while at the same time "driving focus and scale to enable growth and leverage across the business".

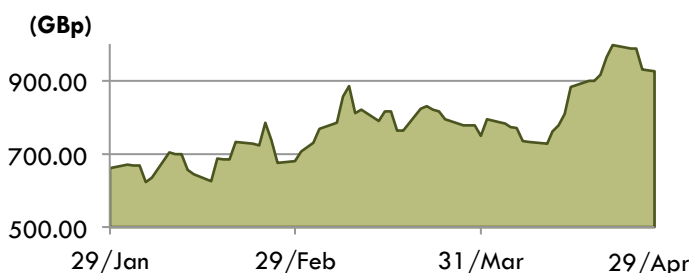


Price (USD):	↑	125.31
Target Price (USD):		162.00
Up/downside:		29.28%
Performance 3M:		-36.68%
P/E Ratio:		n/a
ROC/WACC:		-0.1x

BHP Billiton

(Ticker: BLT LN Equity)
Industry: Iron & Steel

- Brazilian prosecutors threw markets into red in the beginning of May after demanding USD 44.0 bn from mining companies Vale and BHP Billiton for the costs caused by the collapse of a dam at their Samarco joint venture last year.
- The incident in the state of Minas Gerais, was ranked as the country's worst ever environmental disaster killing at least 17 people.
- Overall BHP Billiton's iron ore production for the nine months ended March 31 was 171 million tons, which is broadly in line with last year's production.
- In the end of the 1st week May shares were trading at GBp 844.70.



Price (GBp):	↓	933.10
Target Price (GBp):		800.00
Up/downside:		-14.26%
Performance 3M:		39.84%
P/E Ratio:		n/a
ROC/WACC:		-0.5x

2. Followed Companies

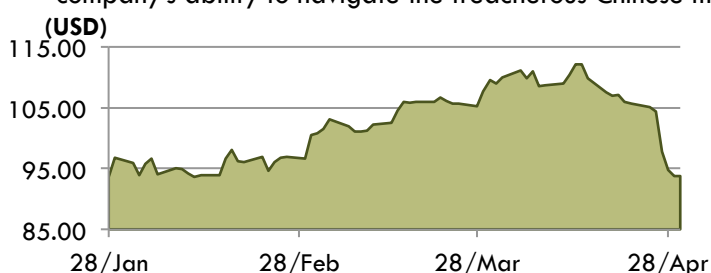
Analyst: Gonçalo Cabral

Apple Inc.

(Ticker: AAPL US Equity)

Industry: Hardware

- Apple announced its first quarterly decline in revenue since 2003 on Tuesday the 26th. For 13 years, Apple posted an amazing streak of record revenue every quarter. The final revenue figure was set at USD 50.6 bn, down 13.00% YoY.
- The company also said that 67.00% of its sales were international in the past quarter, which means that the strong dollar contributed for the "macroeconomic environment" that led to the company's disappointing earnings.
- To finalize one of the worst months for Apple came the news that billionaire investor Carl Icahn sold his position leading to a 2.00% drop in share price due to concerns about company's ability to navigate the treacherous Chinese market.



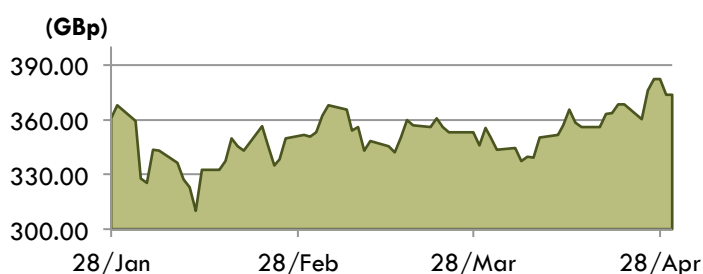
Price (USD):	↑	93.74
Target Price (USD):		121.00
Up/downside:		29.08%
Performance 3M:		-2.26%
P/E Ratio:		10.5x
ROC/WACC:		2.4x

BP PLC

(Ticker: BP/Ln Equity)

Industry: Oil, Gas & Coal

- The company reported a 79.00% slide in earnings, its share price spiked 4.50% higher on Tuesday the 26th to GBP 377 as the result was better than anticipated in markets.
- The company's earnings were driven by the so-called downstream business, primarily refining and marketing that helped to create a cushion for the losses reported in the upstream business, including exploration and production, which posted a loss of USD 747 mm after a profit of USD 604 mm in the first quarter of 2015.
- Dividends were set at 10 cents a share — a key factor as the stock is held by many pension funds.



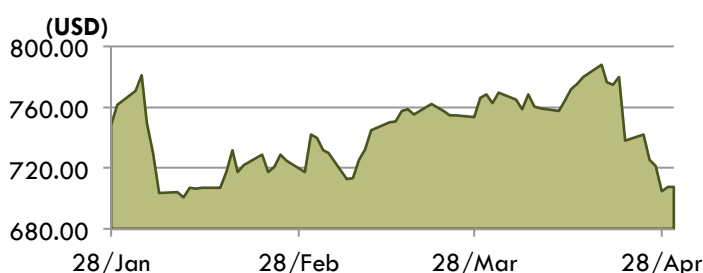
Price (GBP):	→	373.75
Target Price (GBP):		382.00
Up/downside:		2.21%
Performance 3M:		4.06%
P/E Ratio:		n/a
ROC/WACC:		-0.9x

Alphabet Inc.

(Ticker: GooG US Equity)

Industry: Media

- Alphabet released its first earnings for 2016 with revenue reaching USD 20.35 bn, up 17.00% YoY, vs. analyst expectations of USD 20.38 bn.
- The market was particularly sensible about the business outside Google which reported an operating loss of USD 802 mm. Divisions like GoogleX, Nest or Verily compose this part of the company.
- Revenues in other core areas such Google Play or the cloud business, were USD 2.07 bn, up 24.00% YoY. Google websites revenue, where YouTube is included, was USD 14.32 bn, up 20.00% YoY.



Price (USD):	↑	707.88
Target Price (USD):		907.00
Up/downside:		28.13%
Performance 3M:		-8.16%
P/E Ratio:		29.8x
ROC/WACC:		1.2x

2. Followed Companies

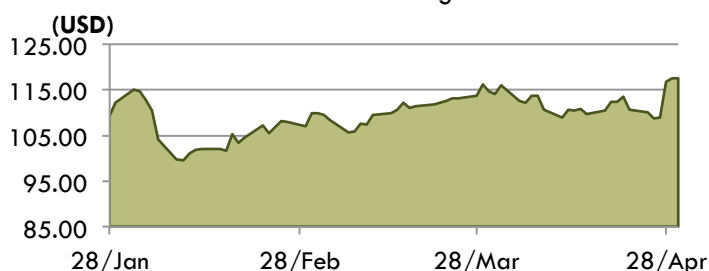
Analyst: Vasco Moura

Facebook Inc.

(Ticker: FB US Equity)

Industry: Internet Information Providers

- Facebook beat expectations for the first quarter pushed by its robust mobile advertising business and a growing number of users. It announced shockingly good results, with a 15.00% increase in active users and 57.00% increase in advertising revenues. Earnings reported were USD 1.51 bn, up USD 512 million from the same quarter of last year.
- The stronger than expected results drove the company's shares up 9.50% at release to USD 118.39, nearly triple its IPO price four years before.
- Mark Zuckerberg, Facebook's CEO, seized the opportunity to propose a new non-voting stock class to make sure that he retains the major control of his company. The new class of shares would have the same economic rights as other shares but wouldn't have voting rights.



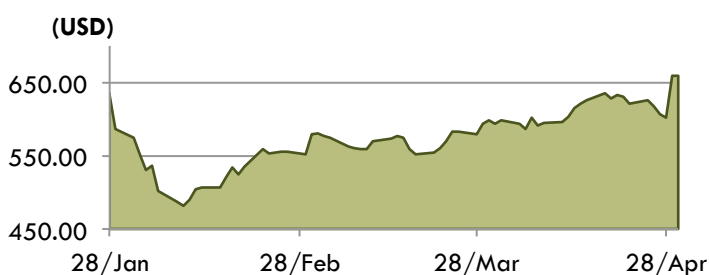
Price (USD):	↑	117.58
Target Price (USD):		145.00
Up/downside:		23.32%
Performance 3M:		-2.26%
P/E Ratio:		72.88
ROC/WACC:		1.1x

Amazon Inc.

(Ticker: AMZN US Equity)

Industry: Retail. E-commerce

- Amazon reported its most profitable quarter to date, as sales grew to USD 29.1 bn in the first quarter, up 28.00% from the same period a year ago, exceeding analysts' expectations and the company's own forecast. The positive results sent its share price up 12.00% to value the group at almost USD 280 bn.
- The fastest growing part of the company was Amazon Web Services, the company's cloud computing division, which reported USD 2.6 bn in sales, up 64.00% from the same period a year ago. However operating margins narrowed slightly for Amazon Web Services compared to the earlier quarter.



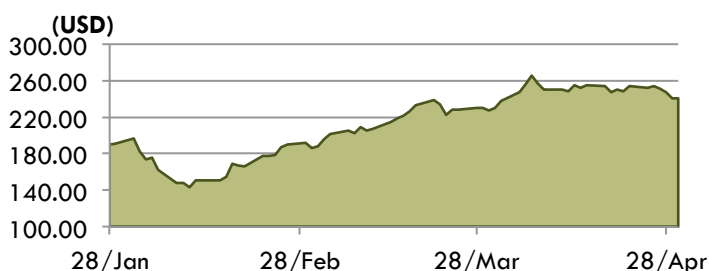
Price (USD):	↑	659.59
Target Price (USD):		800.00
Up/downside:		21.29%
Performance 3M:		4.06%
P/E Ratio:		275.30
ROC/WACC:		0.6x

Tesla Motors Inc.

(Ticker: TSLA US Equity)

Industry: Auto Manufacturers

- First quarter earnings release state that the company had delivered 14,820 vehicles in the first three months of 2016 — shy of guided expectations of 16,000 deliveries, which means that there is still a lot of room to improve the production plan. This came after Musk's new Model 3 was unveiled in Los Angeles last month and will go into production in 2017.
- Despite having exceeded its earning expectations for the quarter, Tesla's stock price still declined 4.00% in intraday declined after the announcement. This is happening because several investors doubt Tesla's profitability, saying that the car maker is really good at increasing expectations about its new cars, but it is not that good at manufacturing.



Price (USD):	↑	240.76
Target Price (USD):		290.00
Up/downside:		20.45%
Performance 3M:		-8.16%
P/E Ratio:		n/a
ROC/WACC:		-2.0x

3. Detailed Review – Sanofi SA

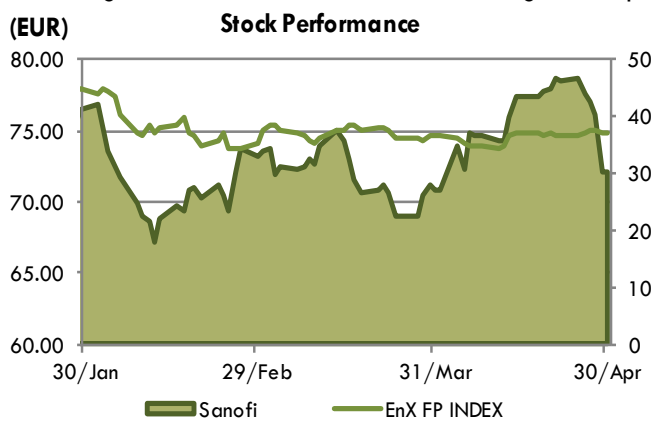
Analysts: Francisco Dias Lopes & Rita Castro Dias

Company Overview

- Healthcare company focused on patient needs and engaged in research, development, manufacture and marketing of healthcare products. The company is organized around three principal activities: Pharmaceuticals, Human Vaccines and Animal Health. The company is increasing significantly its activity in the Emerging Markets.

Corporate News

- The French healthcare company announced its intention to acquire Medivation, an American biopharmaceutical company, for USD 9.30 bn. Sanofi's non-binding proposal is to buy Medivation for USD 52.50 per share in cash, representing a roughly 36% premium over Medivation's stock price one month prior to the initial offer (28/04/2016).
- The decision to acquire Medivation may mark a return to the biotech takeover trail, since the company is looking for new cancer treatments to strengthen its portfolio and to help offset declining sales in some drugs.



Sanofi (EUR)	
Current Price (30/04/2016)	72.11
52-week high % change	-28.67%
Median Target Price	85.48
Market Capitalisation (mm)	94,421
Return on Common Equity	7.51%
Dividend Yield	3.95%
Beta (vs. EnX FP INDEX)	0.9x
Total Debt/Equity	28.50%

Comparable Analysis

Company Name	Country	Currency	Mcap (mm)	Enterprise Value (mm)	P/E	EV/EBITDA	EV/Sales	P/B
Sanofi	FR	EUR	93 164	99 144	21.1x	10.8x	3.1x	1.6x
AstraZeneca PLC	GB	GBP	48 173	83 885	24.0x	12.5x	3.4x	4.7x
Novo Nordisk A/S	DK	DKK	891 225	882 781	25.9x	13.9x	6.4x	18.9x
GlaxoSmithKline PLC	GB	GBP	70 613	86 841	114.1x	23.4x	3.5x	25.1x
Roche Holding AG	CH	CHF	204 898	221 299	22.7x	13.3x	5.2x	9.6x
Bayer AG	DE	EUR	81 181	99 088	19.4x	10.2x	2.2x	3.4x
75th Percentile	-	-	-	-	25.4x	13.7x	4.8x	16.6x
Median	-	-	-	-	23.4x	12.9x	3.4x	7.2x
25th Percentile	-	-	-	-	21.5x	11.3x	3.2x	3.8x

- For the purpose of this analysis, a set of companies within the Biotech and Pharma industry were chosen. Between them, some of the major players in this industry, such as the Danish pharmaceutical Novo Nordisk and the Suisse pharmaceutical Roche Holding.
- Regarding the EV/Sales and EV/EBITDA multiples, the pharmaceutical Sanofi seems to be below its peers 25th percentile. This can signal that the firm is undervalued compared to its peers. Although, a lower EV/Sales can also mean that the future sales prospects are not very attractive.
- Looking at the P/B and P/E ratios, we can conclude that the company is considerably below the industry 25th percentile, which could lead us to think that Sanofi might be undervalued compared with its peers. The P/B reflects the value that market participants attach to a company's equity relative to its book value of equity, while the P/E reflects how much investors are willing to pay per dollar of earnings

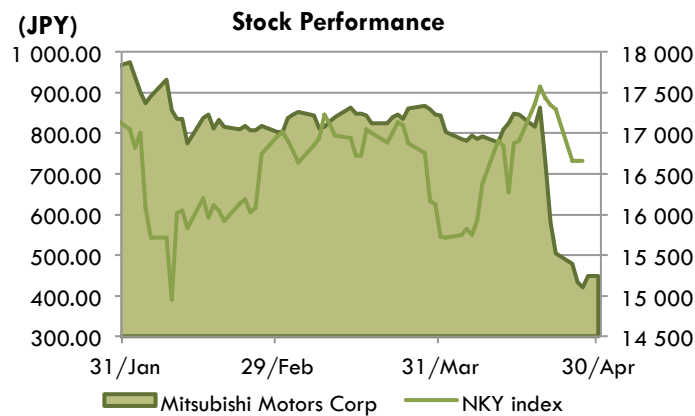
3. Detailed Review - Mitsubishi Motors *Analysts: Manuel Leal Coelho & Márcia Gomes*

Company Overview

- Mitsubishi Motors Corp is headquartered in Tokyo and is one of the largest Japanese carmakers worldwide, selling in more than 160 countries.
- The group develops, designs, manufactures, assembles, sales and purchases, imports and others.

Corporate News

- Mitsubishi Motors has failed to provide forecasts for this fiscal year as it assesses the potential fallout from its recent admission that fuel economy tests on its vehicles were flawed from the early 1990s.
- The company said “operating results forecasts will be put on hold at this time” as is now in the process of carefully assessing the future impact from the improper conduct in fuel consumption testing.
- Mitsubishi Motors has seen daily vehicle orders in Japan cut in half since the scandal.



Mitsubishi Motors Corp (JPY)	
Current Price (30/04/2016)	449.00
52-week high % change	-61.56%
Median Target Price	673.33
Market Capitalisation (mm)	477 076
Return on Common Equity	13.24%
Dividend Yield	3.30%
Beta (vs. CCMP INDEX)	0.8x
Total Debt/Equity	4.30%

Comparable Analysis

Company Name	Country	Currency	Mcap (mm)	Enterprise Value (mm)	P/E	EV/EBITDA	EV/Sales	P/B
Mitsubishi Motors Corp	JP	JPY	453 468	44 497	5.1x	2.1x	0.2x	0.7x
Nissan Motor Co Ltd	JP	JPY	4 272 227	3 279 918	7.0x	2.8x	0.4x	0.8x
Toyota Motor Corp	JP	JPY	18 165 382	33 873 918	7.3x	8.5x	1.4x	1.0x
Suzuki Motor Corp	JP	JPY	1 404 015	1 427 551	12.5x	4.8x	0.5x	1.2x
Yamaha Motor Corp Ltd	JP	JPY	620 720	964 558	10.3x	7.9x	0.8x	1.3x
Mazda Motor Corp	JP	JPY	987 995	1 028 979	7.3x	3.5x	0.3x	1.0x
75th Percentile	-	-	-	-	9.6x	7.1x	0.7x	1.2x
Median	-	-	-	-	7.3x	4.2x	0.4x	1.0x
25th Percentile	-	-	-	-	7.1x	3.0x	0.3x	0.8x

- For the purpose of this analysis, a set of companies operating in the same industry and sub-industry were chosen. As it can be depicted from the table, Mitsubishi is the one with the lowest market capitalization and enterprise value. The highest enterprise value and market capitalization belong to Toyota with truly impressive numbers comparing to the other four automobile companies.
- All of the Mitsubishi ratios presented in the table are below the median suggesting that it is undervalued and investors do not anticipate higher growth in the future. These figures are almost certainly related to the latest news about the company, namely the revelation that it committed fuel-economy testing fraud for the last century. The decrease of 61.56% over the 52-week high change reinforces these conclusions.
- Overall, according to company's P/E ratio Suzuki is the company which investors expect to grow the most. Suzuki's EV/EBITDA and EV/Sales are also over the median which indicates it could be overvalued. Both the 25th and 75th percentile analysis supports these two ideas.

4. Mergers and Acquisitions

Analysts: Nick Roberts

- M&A activity had a strong showing in the Asian markets for the 1st quarter of 2016 with China being a major factor. According to Thomson Reuters data, M&A activity increased 9% compared to the 1st quarter of 2015 and totaled USD 275 bn. China's domestic and foreign acquisitions totaled USD 95.1 bn, up 136% compared to the 1st quarter of 2015. Chinese companies continue to seek growth by acquisition opportunities outside their own slowing economy, primarily in the US market.
- The Bank of Japan announced a surprising decision not to increase its current level of stimulus on April 28th as it tries to stimulate a sluggish Japanese economy. This news coupled with current negative interest rates in Japan could mean that companies begin to look at growth opportunities through M&A deals.
- In Europe, the BREXIT referendum to be held in June of this year, doesn't appear to have much of a slowdown on the M&A market. EU acquisitions (excluding the UK) of UK companies was up USD 206 bn in 2015 from USD 12.3 bn in 2014. The USD 14.3 bn acquisition of the London Stock Exchange Group by Deutsche Borse ranks as the largest EU M&A deal so far in 2016.
- In the US, one of the major M&A stories getting attention is the imminent sale of Yahoo! The potential sale is gaining traction as Yahoo! posted a first quarter loss of USD 99.0 mm this month. Yahoo! has been losing major ground in the online advertising and search business to Google over the past few years. Verizon, the US telecom company, has expressed interest in acquiring Yahoo! Currently, as reported by Bloomberg, Yahoo! is considering more than 10 offers in the range of USD 4.0 bn to USD 8.0 bn. Yahoo!'s most attractive business segments are its finance and sports pages.

5. Deals

Announced Date	Target		Buyer		TV (mm)	TV/EBITDA	Announced Premium
	Company	Country	Company	Country			
04/04/16	Virgin America Inc	US	Alaska Air Group Inc	US	\$ 2 170	11.1x	75.92%
11/04/16	Gategroup Holding	SW	HNA Group Co Ltd	CH	\$ 1 660	16.8x	25.97%
13/04/16	Strategic Hotels & Resorts Inc	US	Anbang Insurance Group Co	CH	\$ 8 134	26.6x	-
19/04/16	Lexmark International Inc	US	Multiple Acquirers	HK/CH	\$ 3 444	12.4x	23.27%
28/04/16	DreamWorks Animation SKG Inc	US	Comcast Corp	US	\$ 3 797	54.1x	58.62%

- Alaska Air's acquisition of Virgin America Airlines positions the airline as the fifth largest in the United States, surpassing JetBlue who was also in the bidding war to acquire Virgin Airlines. The consolidation of these airlines presents the synergy of an increased flight footprint on the west coast, with Alaska Air based in Seattle and Virgin based in San Francisco.
- The Chinese conglomerate HNA Group continued its recent line of acquisitions with Gategroup, a Swiss based provider of catering, hospitality and logistic services to the travel industry. This deal meshes well with HNA's acquisition of Swissport International a provider of airline ground and cargo services which closed earlier this year on February 11th.
- Following Anbang's lost bid in the Marriott Starwood Hotels merger last month, the Chinese insurance company has managed to snag an alternative investment in the American hospitality industry. Strategic Hotels & Resorts is a real estate investment trust with 17 luxury hotels in the US and one in Germany.
- Lexmark an American manufacturer of laser printers and business software has been acquired by three separate companies, Apex Technology, PAG and Legend Capital, at USD 40.50 per share. Apex Technology is a Chinese company also in the business of inkjet/laser printers. PAG is one of Asia's largest investment management firms and Legend Capital is a Chinese Venture Capital firm. This deal is the third largest of foreign companies targeting US firms in April 2016.
- Comcast is acquiring DreamWorks for a price of USD 41.0 per share which gives shareholders approximately a 50% premium. Comcast announced DreamWorks will be integrated into its Universal Filmed Entertainment Group which includes Universal Pictures. This shares similarities with Disney's acquisition of Pixar. Comcast will now have a major Hollywood film studio and animation studio.

The NIC Fund

Student-run Virtual Fund - May

1. Fixed Income, FX and Commodities

Calling The Bluffs

The portfolio has registered a return of 5.43% heavily supported by the past month increase of gold price. However, German bunds yields have increased 6.3 basis points which harmed my long position on them. The India Rupee has had an almost neutral move last month, thus contributing little to zero in the portfolio's overall performance. As for coal, against my expectations, it slightly increased during the month reflecting a negative impact on the total performance.

As momentum seems to persist, I will seek to continue to take advantage of it, thus continuing and even increasing my position on gold. This is also due to it becoming even more attractive due to the increasing risk-averse environment related to the possibility of the UK ending its membership of the EU.

I will also maintain a position of 10% in the German 10Y Bond for the same reason as before and also due to its effect on providing diversification and a low volatility to my portfolio.

I will go long on Oil 10% as U.S production is decreasing significantly and Russia output is hitting its ceiling.

Due to the recent debt fear in the Asian market, specially due to some Chinese state backed corporations defaulted, I believe that the associated risk premium is excessively inflated. Thus, I will go long on the Emerging Markets high yield bond ETF, since I expect the respective yields to decrease during the next month as the risk premium is correctly taken into account.



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Analyst: Luís Miguel Aguiar

luis.aguiar@novainvestmentclub.com

Trade Summary:

Long 40% Gold

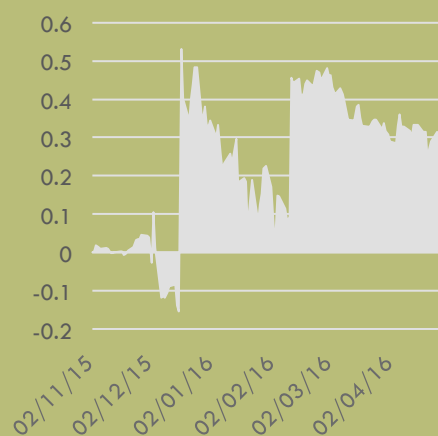
Long 20% German 10y Bond

Long 10% CL1

Long 30% iShares EMHYB ETF

Asset Class: Currencies, Bond, Commodities.

Region: Asia, Europe and North America.



Keep the Good Pace

Last month trades performed relatively well, especially after the first week of April, allowing a steady recovery and a 15% cumulative return as of the current date. The main gains were the investment in the Brazilian Government Bond, as interest rate raises will increase returns on bonds. The cotton futures is in fact decreasing in price, but a strong volatility is still in place, combined with some gains in the currency trading (slight depreciation of the USD).

Gold still looks attractive as a safe asset, combined with its spectacular performance of 20% increase since the beginning of the year. The Fed monetary policy is also favoring a low volatility for this particular asset class, by taking a more dovish stance aligned with a sluggish dollar depreciation in the last month. The gold metal has also benefited from other two factors: central bank desperate attempts to expand economic activity, and the fears of the Brexit are still in place. Therefore, my position will be kept for the following month as well. Furthermore, I will maintain the positions on the Brazilian Government bonds as well as my short position in cotton futures, as I believe that there has still room for a further price decrease. I will close the position on the currency (GBP/USD), as I expect the opposite behavior in the short run (Brexit uncertainty). The performance of the US treasuries is not spectacular, but it allows me to reduce the risk of the overall portfolio while it also contributes to diversification.

Finally, the only new position I will open this month is on a dollar composite currency against the major currencies, as I do not envision an appreciation of the USD against a particular currency, but I believe that in general, an appreciation will be observed, thus, I want to have exposure to that.

Analyst: António Damásio

antonio.damasio@novainvestmentclub.com

Trade Summary:

Long 20% EI2240923

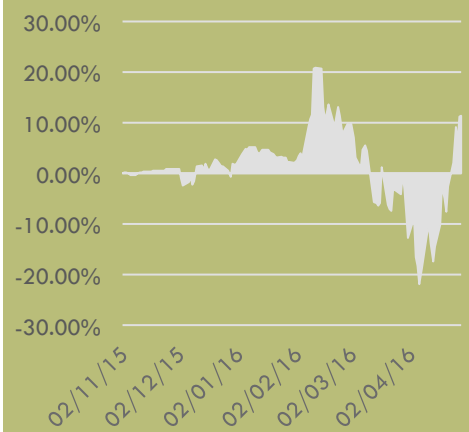
Long 40% CGCJ6

Long 30% DXM6

Short 20% CTK6

Asset Class: Bond and Commodities.

Region: Asia and Latin America.



Betting Again on the US Dollar

Last month yielded a very negative return of -14.4%, with a standard deviation of 15.3%. These results were mostly due to the continuous appreciation of the price of gold (futures) which I thought it was already too high, and the gradual USD depreciation this year.

Given the fact that European bonds are already very expensive (very low interest rates) and stocks have been very volatile and falling in this quarter I will go long on the 3 month US T-Bill. This safe-haven trade offer an attractive yield for this short time period of 0.29% and should remain stable towards interest rate changes as they have a low duration (the next interest rate hike from the FED should only take place in June).

As far as oil and gas is concerned, I will go long on the USO 30%, which is one of the oil ETFs with highest volume that provides exposure to future oil and gas contracts and also tracks the performance major oil and gas companies in the US, at a relatively low expense ratio of 45 basis points. I am confident on the surge of oil, on the short-term, since U.S. production continues to decline, crude stock rose 2.8 million barrels and gasoline demand remains strong. Both the fundamentals of oil are improving and the decline in foreign reserves of oil exporting countries is not sustainable.

For the first time in seven years, Australia is experiencing deflation and, out of nowhere, a rate cut next week is looking incredibly likely. The Australian dollar has dropped 2 percent today following the data release. I still see it dropping down below 70 US cents this year. Next week we feel a rate cut, especially if Governor Stevens tells the market it is prepared to ease further should it be required. I will short the Australian dollar through the Currency Shares Australian Dollar Trust ETF which has and have a price target of \$72.50 this year (current price is 77.44), representing a 6.4 percent return for investors.

Analyst: João Ramos

joao.ramos@novainvestmentclub.com

Trade Summary:

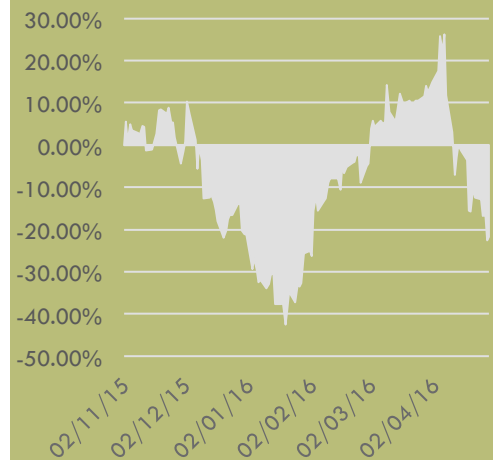
Long 30% USO US

Long 30% CB3 Govt

Long 40% FXA US

Asset Class: Commodities, Bond and Currencies.

Region: Australia, US



2. Equities

Is Any Money Out There?

This month my portfolio yielded a negative return of -0.50%. The main stocks that negatively contributed to this return were Netflix (-8.92%), Ryanair (-5.96%) and Xerox (-13.53%). From these I will exclude from my portfolio Netflix, due to domestic market saturation, and Xerox, since I do not trust the company will see its sales increase in the near future, something that its Q1 results showed.

Zynga, an American provider of social video game service, saw investors regaining interest in its stock. The title's steady progress on 2016, mainly due to larger user base and cost rationalization prompted me to include this stock in my portfolio (it is still launching 6 out of the 10 predicted games for 2016).

Arista Networks is a company which dedicates its activities to cloud networking solutions for data-centres and computer environments. Historically after the earning release, it has seen its price increase by an average of 6.49%, something I want to capture in this move (as its earnings are about to be published). Therefore, I will include it in my portfolio.

McDonald's Corporation has moved aggressively to change its capital structure after Steve Easterbrook was elected CEO in the past year. Now, and even though the company's shares have reached its all-time high, I still believe there is room for improvement as the chain aims to rebrand 4,000 stores by year-end 2018 and it is also increasing debt while using cash to boost buybacks and dividends. One must also take into account the aggressive discounts policy, same-store sales gains fuelled by all-day breakfast, simpler operations and menu enhancements.

Analyst: Francisco Franco Nunes

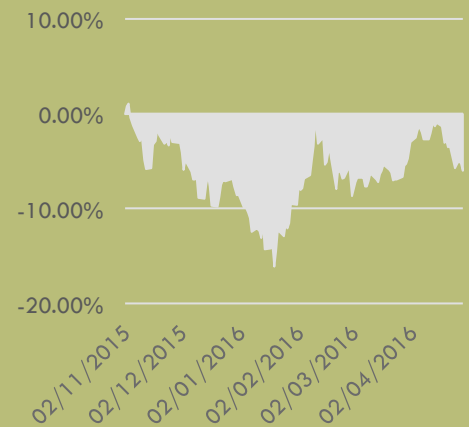
francisco.nunes@novainvestmentclub.com

Trade Summary:

Long 25% DIA US Equity
 Long 25% GLD US Equity
 Long 10% ZNGA US Equity
 Long 10% RYAA US Equity
 Long 15% TSLA US Equity
 Long 10% ANET US Equity
 Long 15% MCD US Equity
 Short 10% BBRY US Equity

Asset Class: Equities

Region: USA and Europe



Sell in May and Go Away

During the month of April, my portfolio returned a decent 3 percent, leaving the performance, since the inception to 20 percent up. I would like to point out that the overall performance declined in the last day of the month. I think that one of the main drivers, which actually hit the whole market, was the phenomenon known by the adage: "Sell in May and go away". This is used to warn investors to sell their stock holdings in May to avoid a seasonal decline in the equity market. However, a period of sell-offs is, at the same time, a good period to go shopping. Hence, I have decided to change the composition of my portfolio. First, I close my position in Wal-Mart: the stock loss more than 4% during last month and, looking at the ratios, they make the company look too expensive, especially in term of EV/ EBITDA and of sales growth. Second, I reduce my exposure to Ryanair to 5%. I think that, even though oil price is still low, knowing that front-run future contract have increased by 20% since the beginning of the year they might have a negative impact on the stock. However, I still trust Ryanair for its growth opportunity that is why I still keep it in the portfolio. Third, I have decided to close my position on the EuroStoxx 50 ETF. As the European Commission pointed out, the Eurozone is still lacking in terms of growth, even if the ECB has cut the rates, which are partially negative, and it is continuing in its asset purchases program. More news will be released during the month, but the fact that all the estimates were revised downwards do not let me think positively. Finally, I have decided to reduce my exposure to Constellation Brands, the main reason being that the company underperformed my expectations. However, as some stocks leave my portfolio, new are coming. First, I have decided to invest in a mining company. My choice is Integra Gold. Integra Gold is a Canadian company's main asset is its Quebec-based Lamaque South project, which has two primary targets: the Parallel zone and the Triangle zone. Furthermore, it had an astonishing 91% return since the beginning of the year. Furthermore, I invest the proceeds of the disinvestments in two companies that are never hold: McDonalds and IBM. I believe that the first one has interesting growth opportunities whereas the second one represents a solid value investment.

Analyst: Roberto Tedesco

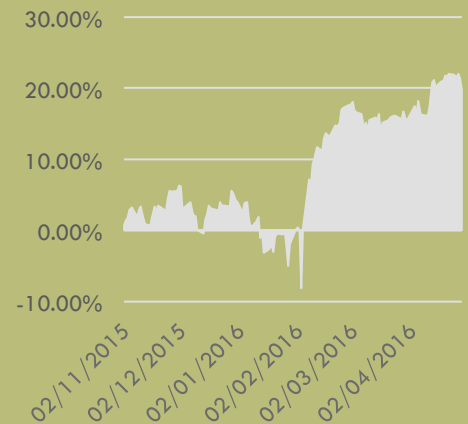
roberto.tedesco@novainvestmentclub.com

Trade Summary:

- Long 10% BIDU US Equity
- Long 10% EW US Equity
- Long 5% RYAAY US Equity
- Long 10% STZ US Equity
- Long 5% FVSG6 Index
- Long 10% MDT US Equity
- Long 10% GM US Equity
- Long 15% JPM US Equity
- Long 5% IGC CN Equity
- Long 7.5% IBM US Equity
- Long 7.5% MCD US Equity

Asset Class: Equities.

Region: Europe and North America.



New Ideas for Equity

This month my portfolio had a negative return of -6.00%. Tesla's stock increased until the 7th of April with the bigger than predicted success of the Model3 pre-orders. Despite the decrease in the stock price after the momentum, and considering the plan of production have just increased, I believe that there is enough potential to increase. I will, therefore, keep my Long 30.00% position.

The CARZ ETF also performed disappointingly this month, but the strong US economy keeps on feeding the possibility of great returns. Hence, this long 30.00% trade will also be kept.

Successfully adapting to the new environment of the industry – by innovating with breakfast menus and intensive discounts – McDonald's Corp opened the way to positive performance on the markets that is likely to continue. I maintain my Long 30.00% position on this company.

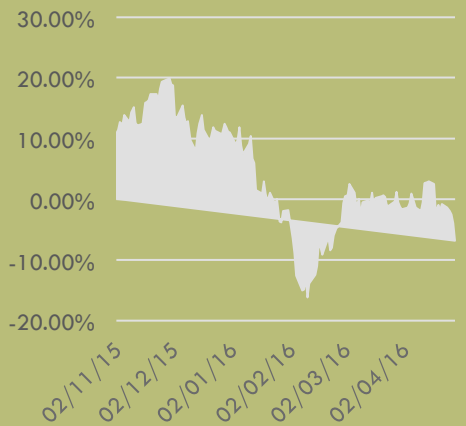
Considering the latest volatility around the Portuguese PSI 20, I believe it is better to abandon the short position given the uncertainty on the future performance.

Netflix significantly decreased its share price on the second half of the month. Although numbers may present the opposite, I still believe that it's not over for tech stocks. Therefore, although reduced to 10.00%, I will keep my position in Netflix.

Analyst: Ana Lambiza Pardal
 ana.pardal@novainvestmentclub.com

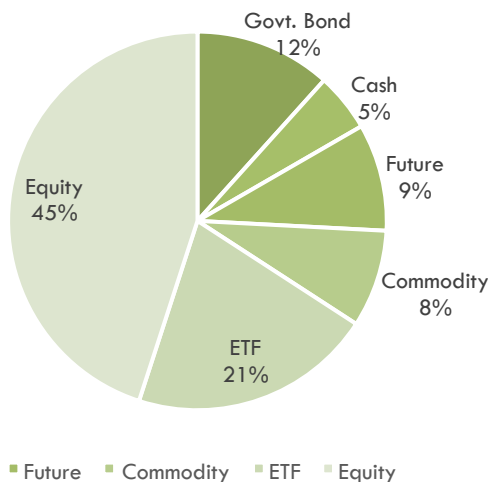
Trade Summary:
 Long 30% TSLA US Equity
 Long 30% CARZ US Equity
 Long 10% NFLX US Equity
 Long 30% MCD US Equity

Asset Class: Equities
 Region: US and Europe



3. NIC's Fund Composition

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



May Article

The opportunity to close up with the legacy

To currently be the CEO of one of the four largest German utilities companies must be a highly demanding role that brings about many sleepless nights. The “Big Four” utility companies E.ON, RWE, EnBW and Vattenfall that have dominated the German electricity market for decades – Europe’s largest – are now seeing a decline in their earnings from the production and supply of fossil fuels and nuclear power. RWE was the biggest loser last year according to Germany’s main index, the DAX, with a 54% drop. E.ON and EnBW slid 37% and 20% respectively. However, all companies already faced severe plunging stock movements over the past five years with one major trigger dating back to March 2011, when the German government vowed to move away from nuclear power by 2022.

The anti-nuclear power movement in Germany has been strong since the 80’s and has been led by the Green party. However, the decision to phase out nuclear power was ultimately made by conservative chancellor Merkel after the incident in Fukushima. This triggered the need to rely more heavily on the provisions of electrical and renewable energies. All companies in the sector had to adapt, the “Big Four” were hit particularly hard due to their large exposure to nuclear power. They also have a strong reliance on fossil fuels seeing as most of their residual energy emanated from lignite and hard coal.

In retrospect, they did a worse job during Germany’s ambitious transition process to green technology. The energy market is in turmoil as it attempts to switch away from a centralized production

and distribution of power of fossil fuels and nuclear energy to a low-carbon economy based on a much more decentralized power generation from renewables, a sector in which the “big four” continue to lag behind.

Their usual business model is called into question also with regard to the collapse in wholesale electricity prices below their break-even level. This means that even the newest lignite power plant would be condemned to unprofitability. These have been the mainstay forms of German power generation for almost a century, accounting for 24% in the nation’s energy last year. The increase in German wind generation by 47% last year and the associated low prices proved to be additional forces to ramp down utilities when the wind blows hard to prevent excess capacity. This gnaws on the longevity of fossil fuel power plants that were originally built to run continuously.

On April 27, 2016 a German government-appointed panel announced a proposal that obliged the big utilities to pay EUR 23 bn towards the cost of storing nuclear waste into a state-controlled fund. The companies are liable for the nuclear clean-up once they closed their reactors and therefore put aside provisions of about EUR 17 bn, which has been part of the group’s balance-sheet for quite some time. The 35% risk premium is intended to compensate tax-payers for bearing any future costs. While their stocks jumped up immediately, the power groups rejected the idea as they argued it was too much of a strain on their economic capacity. However, the proposal is a starting point for negotiations and an opportunity to close out their “old

times business model” legacy. Experts see new business opportunities for utilities arising, but the question is whether the “Big Four” can seize them in time. With fast approval the companies could secure the favour of politicians since they are dependent on state grants for the transition from fossil plants to green energies. E.ON, that just split during the beginning of the year after a radical restructuring, sold its conventional power to focus on renewables. This could be an example to follow. Nevertheless, the vision of the future is all about renewables. For now, natural gas still has its place. European gas price drops have helped margins from cleaner burning natural gas to improve making gas plants (also subject to meeting climate targets) almost profitable again. This is an opportunity for the distressed utility firms.



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