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CONSEQUENT INVESTING CONCEPT

Market views, Asset- and Style Allocation, Fund Selection.

This Newsletter is the continuation of my reports of the fund of equity funds **Patrimonium Diamond** that I managed according to my **CONSEQUENT INVESTING CONCEPT** and that has been rewarded with **5 stars by Morningstar on a 10 year period.**

February 12, 2016.

NEWSLETTER

Oh, what a week ! Thursday was capitulation-day ; everybody was throwing the bath water with the baby. Friday was a celebration ; stocks soared. Europe (Stoxx600) rose 1.89% and Wall Street (S & P500) rose 1.95%. Because an Arab prince said that OPEC might maybe decrease oil production, and because Deutsche Bank said it has no problems. If they tell me that oil producers can agree, I could believe it, because the current price of oil is unsustainable. I had already started since January to build a small position in oil (1.11% via the US Oil Fund) each time the price fell below 30 USD. But when a banker tells me that we should not worry, I think that there must be a big problem. How can you trust a bank that issues bonds on January 8 and announces a loss on January 21, and now offers to buy these bonds back at 97.30% ? There was another "good" news on Friday. It seems that the ECB could buy bad loans of Italian banks (on condition of a few technical manipulations that would make Bernie Madoff dream). The Milan stock exchange rose 4.70% on Friday.

Of course, the soaring stocks on Friday gave hope to those who say that this is the time to buy ... Let us first see what will happen next week.



Consequent Investing Concept Portfolio : Performance

This is a flexible asset allocation concept portfolio with an « absolute return » approach. Therefore the portfolio can have a net equity exposure between 100% and 0%.

The Consequent Investing Concept Portfolio has a negative performance of -1.55% in February and -3.51% since the beginning of the year.

This is not too bad compared with the MSCI World Index in Euro which is at -15.40%, the Stoxx Europe 600 which is at -15.68% and the S&P500 at -10.51% (*based on Bloomberg prices on Friday 11.58 AM*).

We achieved this performance thanks to following movements in February :

- Decrease of the long-only positions
- Increase of the short positions, particularly on European banks
- Increase of the US Oil Fund that follows +/- the oil price
- Increase of the VIX future (VXX)
- Increase of the Marketvectors Gold Miners ETF (= a bet on gold with some leverage)

Thus the "net" equity exposure has been reduced from 29% to 21%.

The Stoxx 600 has to rise 19% to recover the 2016-loss. Our portfolio has to rise only 4% to recover. That's a lot more comfortable, isn't it ?

Jacques Bossuyt

WARNING: This letter contains no investment advice.

This letter is the continuation of my management reports of the Patrimonium Diamond equity funds of funds that I managed, and that has been awarded 5 stars by Morningstar over 10 years. I managed the fund until 31/08/2012, when I took my retirement. Patrimonium Diamond was a compartment of the Patrimonium Sicav owned by Foyer Patrimonium SA, the asset management branch of the Luxembourg insurance company Le Foyer. Following my departure, the fund was liquidated, but the history is still visible on Bloomberg under the ticker FOADIMD LX. Now I am an active member in various investment committees and assist professional wealth managers in terms of asset allocation, management style and fund selection. I also publish this Newsletter in which I develop my ideas on financial markets and asset management through managing a virtual portfolio called **CONSEQUENT INVESTING CONCEPT PORTFOLIO**, formerly known as New Diamond Flexible Portfolio.

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