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CONSEQUENT INVESTING CONCEPT

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

This letter doesn't give you any investment advice, but makes you think. The herein discussed CONSEQUENT INVESTING CONCEPT PORTFOLIO is the emanation of the flexible fund of equity funds (100 to 0% equity exposure) Patrimonium Diamond Sicav that I have managed and that has been rewarded with 5 stars by Morningstar on a 10 year period.

17 May, 2016.

Factsheet April 2016

Dear reader,

The April performance of the [CONSEQUENT INVESTING CONCEPT PORTFOLIO](#) was not something to write a letter about to my grandmother.

Let's start with the biggest contributors and detractors to the performance of the portfolio (table below). The blue boxes are the 7 biggest contributors of every month. The orange boxes are the 7 biggest detractors.

Warning : Being mentioned in this table, does not constitute an advice of purchase or sale of the mentioned funds)

Contributors & detractors of the performance	January	February	March	April	Previous Ranking	Ranking Cumulative Contribution	What we did this month
The month's 7 biggest contributors =	x,xxx%	x,xxx%	x,xxx%	x,xxx%			
Marketvectors Gold Miners ETF	0,084%	0,459%	0,063%	0,602%	2	1,208%	
DBx DJ Euro Stoxx 50 Short	0,511%	0,624%	-0,228%	-0,250%	1	0,657%	sold
United States Oil Funf ETF	0,051%	-0,015%	0,100%	0,221%	6	0,357%	
Fidelity SharpeR Europe Fund (long/short)	-0,028%	0,340%	0,006%	-0,031%	3	0,287%	
Home Invest Belgium	0,000%	0,066%	0,107%	0,073%	5	0,246%	
Vontobel US Opportunity	-0,145%	0,117%	0,206%	0,018%	4	0,196%	
Amiral Gest. Sextant Grand Large	-0,048%	0,033%	0,036%	0,096%		0,117%	
Findlay Park American Fund	-0,076%	0,055%	0,098%	0,018%	8	0,095%	
Schroder Asian Total Return	-0,086%	0,033%	0,140%	-0,019%	7	0,068%	increased
Cassiopeia Fund (Ucit)				0,043%		0,043%	new
Flossbach von Storch - Multiple Oppt	-0,263%	0,204%	0,089%	0,008%	9	0,038%	
MV Morningstar Wide Moat Focus				0,032%		0,032%	new
The month's 7 biggest detractors =	x,xxx%	x,xxx%	x,xxx%	x,xxx%			
Varenne Global Selection FCP (part A)	-0,063%	0,009%	0,026%	0,027%		-0,001%	
Barclays IPATH S&P500 VIX Fut 300119	0,260%	-0,059%	-0,178%	-0,047%	10	-0,024%	increased
DBx Stoxx Europe 600 Banks Short ETF		-0,129%	0,027%		-12	-0,102%	
Threadneedle European Small Companies	-0,150%	-0,012%	0,056%	0,005%	-10	-0,101%	
ProShares Short S&P500	0,081%	-0,101%	-0,122%		-9	-0,142%	
R-CFM Diversified		-0,006%	-0,013%	-0,139%		-0,158%	reduced
Vanguard US Opportunity	-0,193%	-0,055%	0,070%	-0,010%	-7	-0,188%	
Pictet Security Fund	-0,181%	-0,106%	0,060%	-0,006%	-6	-0,233%	
R-Parus USD	0,007%	-0,102%	-0,071%	-0,090%	-8	-0,256%	reduced
Comgest Growth Greater Europe Oppt	-0,245%	-0,022%	0,005%	0,003%	-5	-0,259%	
R-Parus Euro Hedged	0,119%	-0,143%	-0,103%	-0,140%	-11	-0,267%	reduced
Alken European Opportunities	-0,190%	-0,153%			-4	-0,343%	
Ultra Short MSCI Emerging Markets ProShares	-0,315%	-0,004%	-0,138%		-2	-0,457%	
Argonaut European Absolute Return Fund	-0,082%	-0,178%	-0,107%	-0,098%	-3	-0,465%	reduced
USD Exposure	0,143%	-0,134%	-1,638%	-0,178%	-1	-1,807%	reduced
The good (7 best)	1,249%	1,865%	0,810%	1,094%		5,018%	
the bad and the ugly (7 worse)	-1,537%	-0,945%	-2,514%	-0,942%		-5,938%	
MSCI World index in EUR	-5,68%	-1,37%	1,57%	0,86%		-4,70%	
Concequent Investing Concept Portfolio	-2,00%	-0,56%	-1,14%	-0,29%		-3,93%	

The major stock indices ended the month higher (MSCI World in Eur +0.88%). But the [CONSEQUENT INVESTING CONCEPT PORTFOLIO](#) couldn't catch up with this trend (-0.29%). Partly due to the declining Dollar (cost 0.178% performance), but mainly due to the bad performance of some very experienced and rewarded long/short and flexible managers (Argonaut, Parus, CFM) who seem to navigate without compass since January (cost 0.467% performance).

You know me, I hate snooty fund managers. So I thought it was a sign of modesty to delegate a part of my managers' responsibility to some well-known long/short and flexible managers who I thought would be smarter than me... but they were not ! Modesty was not the right attitude in 2016. So don't blame me if I become a little bit more vainglorious.

I reduced the positions of these underperforming funds, but didn't sell them completely (not yet) because of their long and extraordinary track record, and because some of them (Parus) are hard-closed. But if they don't improve in June, I will have to sell them.

The best ideas in the portfolio (gold miners and oil) couldn't compensate the loss.

The EuroStoxx50 SHORT had a negative contribution in April, but remains the second biggest contributor to the year-to-date performance of the portfolio. In the meantime the position has been sold.

Home Invest Belgium (real estate) had 4 positive months in a row, and is the fifth biggest YTD contributor.

The Barclays VIX Future, who was in the top10 contributors end of March, became now a detractor. As the VIX fell to historical low levels, we continued to increase the position to 4% of the portfolio today. It cost us 0.024% performance, but when markets will collapse, the VIX will sky-rocket.

We introduced 2 new funds : The first one is the Cassiopeia Fund (I hope the founder didn't name his fund after the Greek mythological queen Cassiopeia, because that woman didn't end so well). The fund has an 11 year track record and plays the volatility of different indices and asset classes. The second one is the Morningstar Wide Moat Focus ETF. The fund holds 20 companies within the Morningstar Wide Moat universe that have the highest ratio of fair value to stock price. The fund is rebalanced (equal weighted) every quarter. A wide-moat company is one that has a maintainable return on invested capital exceeding cost of capital and a sustainable competitive advantage. The fund should do a bit better than the S&P500.

Our net Dollar exposure was 33% end of March. A drop in the Dollar could be very painful for our portfolio. As we still have a negative return since the year started, we could not take that much risk. We reduced the net USD position to 29% (*) when the greenback reached the first stop-loss level. Maybe we have been a little bit too bullish on the Dollar (bearish on the Euro) and we certainly underestimated the power of America to influence the price of their currency when needed. With US companies' earnings slowing, with Brexit coming and the presidential election approaching, it's unlikely that Mrs. Yellen will take the risk of a rate hike.

(*) today (17/5), the Dollar exposure is 26%.



CONSEQUENT INVESTING CONCEPT PORTFOLIO : Performance

This is a flexible asset allocation concept portfolio with an « absolute return » target. The portfolio can have a “net” equity exposure from 0% to 100%.

The portfolio has a Year-To-Date performance of -3.93% (net of fees). The « net » equity exposure is 52%. Included in this 52% are 2.60% gold miners, 1.60% US Oil Fund and 2.40% Belgian real estate.

Performance & Equity Exposure (the portfolio has no benchmark, and has an absolute return approach)								
Month	Net Equity Exposure at Month END	Performance Consequent Investing Concept Portfolio	Performance MSCI World in Euro (MSERWI)	Performance World Index in Local Currency (MSELACWF)	Performance Stoxx Europe 600	Performance S&P500	Evolution USD/EUR (3)	Emerging Markets (MXEF)
12 months rolling performance		-3,42%	-8,08%	-7,50%	-13,72%	-0,97%	-2,07%	-19,81%
May 2015	40%	1,10%	0,58%	2,26%	1,03%	1,05%	2,02%	-4,16%
June 2015	28%	-2,46%	-4,02%	-3,05%	-4,64%	-2,10%	-1,44%	-3,18%
July 2015	32%	1,70%	2,59%	1,67%	3,95%	1,97%	1,53%	-7,26%
August 2015	30%	-0,91%	-8,11%	-6,83%	-8,47%	-6,26%	-1,97%	-9,20%
September 2015	16%	-0,21%	-3,49%	-3,55%	-4,14%	-2,64%	0,21%	-3,26%
October 2015	45%	0,91%	8,96%	7,54%	7,97%	8,30%	1,59%	7,04%
November 2015	49%	1,93%	3,89%	0,16%	2,65%	0,05%	4,23%	-3,96%
December 2015	46%	-1,45%	-4,59%	-2,17%	-5,09%	-1,75%	-2,82%	-2,48%
2016 January	29%	-2,00%	-5,68%	-5,46%	-6,44%	-5,07%	0,33%	-6,52%
2016 February	35%	-0,56%	-1,37%	-1,58%	-2,44%	-0,41%	-0,40%	-0,27%
2016 March	45%	-1,14%	1,57%	5,31%	1,08%	6,60%	-4,45%	13,03%
2016 April	52%	-0,29%	0,86%	0,56%	1,17%	0,27%	-0,61%	0,41%
Average net exposure	37%							
12 month performance		-3,42%	-8,08%	-7,50%	-13,72%	-0,97%	-2,07%	-19,81%
2016 Year to Date		-3,93%	-4,70%	-1,46%	-6,65%	1,05%	-5,11%	5,80%
Calendar Year 2015		11,26%	8,34%	-0,70%	6,79%	-0,73%	11,39%	-16,96%
Calendar Year 2014		8,67%	17,21%	7,15%	4,35%	11,39%	13,90%	-4,63%
Calendar Year 2013		11,15%	18,74%	22,91%	17,37%	29,60%	-4,28%	-4,98%
= exceptional months				= months of outperformance				



CONSEQUENT INVESTING CONCEPT PORTFOLIO : Structure of the portfolio

This is a flexible asset allocation concept portfolio with an « absolute return » target. The portfolio can have a “net” equity exposure from 0% to 100%.

This table shows the “net” equity exposure at the end of March and April.

Net Equity Exposure PREVIOUS MONTH	ASSET ALLOCATION 30 April, 2016			Gross Equity Exposure	(*)	NET EQUITY EXPOSURE
21,44%	Dynamic Part of the portfolio	GLOBAL Equity Funds				21,97%
5,65%		Long only (full invested)		5,62%		5,62%
10,22%		Flexible		19,46%	/ 2 =	9,73%
5,33%		Long/Short		9,75%	/ 2 =	4,88%
0,25%		Uncorrelated Strategies		3,48%	/ 2 =	1,74%
8,01%		EUROPEAN Equities				13,12%
5,90%		Long only (full invested)		5,94%		5,94%
1,02%		Flexible		2,03%	/ 2 =	1,02%
6,96%		Long/Short		12,33%	/ 2 =	6,17%
-5,87%		Short Equities ETF		0,00%	(-)	0,00%
7,02%		NORTH-AMERICAN Equities				6,39%
7,11%		Long only (full invested)		8,63%		8,63%
2,32%		Long/Short		3,65%		1,83%
-2,41%		Long VIX		4,07%	(-)	-4,07%
2,85%		EMERGING MKTS Equities				3,97%
2,85%		Long only (full invested)		3,97%		3,97%
0,00%	Short Equities ETF		0,00%	(-)	0,00%	
5,72%	OTHER ASSETS (equity related)				6,61%	
2,33%	Real Estate Funds		2,41%		2,41%	
3,39%	Commodities		4,20%		4,20%	
	Defensive part	Fixed Income				
		Bonds Total Return		2,52%		
		Inflation linked		1,59%		
		Cash			10,35%	
45,03%				100,00%		52,05%
33,32%		US Dollar Exposure (**)			28,73%	

(*) Net Equity Exposure = Gross exposure (all equity & equity related funds) minus short equity & long VIX positions and minus 50% of flexible & long/short funds.

(**) Direct exposure = funds expressed in USD + forward contracts

PREVIOUS MONTH	STYLE ALLOCATION		
Gross expo		Gross expo	Net exposure
21,51%	Long only Equity (full invested)	24,16%	24,16%
22,47%	Flexible	21,49%	10,75%
29,19%	Long/Short	25,73%	12,87%
0,49%	Uncorrelated Strategies	3,48%	1,74%
8,28%	Short Equities & Long VIX	4,07%	-4,07%
2,33%	Real Estate Funds	2,41%	2,41%
3,39%	Commodities	4,20%	4,20%
4,07%	Fixed Income	4,11%	
8,27%	Cash	10,35%	
100,00%		100,00%	52,05%



CONSEQUENT INVESTING CONCEPT PORTFOLIO : Evolution of the Asset Allocation (12 months)

This is a flexible asset allocation concept portfolio with an « absolute return » target. The portfolio can have a “net” equity exposure from 0% to 100%.

ASSET ALLOCATION & NET EQUITY EXPOSURE	NET EQUITY EXPOSURE 30 April	NET EQUITY EXPOSURE 31 May	NET EQUITY EXPOSURE 30 June	NET EQUITY EXPOSURE 31 July	NET EQUITY EXPOSURE 31 August	NET EQUITY EXPOSURE 30 Sept,	NET EQUITY EXPOSURE 31 October	NET EQUITY EXPOSURE 30 November	NET EQUITY EXPOSURE 30 December	NET EQUITY EXPOSURE 31 January	NET EQUITY EXPOSURE 29 February	NET EQUITY EXPOSURE 31 March	NET EQUITY EXPOSURE 30 April
GLOBAL Equity Funds	23,25%	21,17%	17,58%	22,25%	17,86%	15,40%	20,28%	21,10%	21,12%	19,33%	20,01%	21,44%	21,97%
Long only (full invested)	8,93%	6,94%	4,13%	7,2%	5,87%	5,84%	6,21%	6,40%	6,28%	6,20%	5,58%	5,65%	5,62%
Flexible	12,22%	12,14%	11,34%	12,84%	10,42%	5,95%	7,25%	8,00%	8,47%	6,70%	8,90%	10,22%	9,73%
Long/Short	2,10%	2,09%	2,12%	2,13%	1,57%	3,59%	3,60%	3,54%	5,06%	5,12%	5,29%	5,33%	4,88%
Uncorrelated Strategies							3,23%	3,16%	1,31%	1,32%	0,25%	0,25%	1,74%
EUROPEAN Equities	4,28%	0,52%	3,47%	5,81%	4,04%	-3,39%	14,02%	13,64%	12,69%	1,98%	3,90%	8,01%	13,12%
Long only (full invested)	6,33%	4,48%	2,27%	11,37%	8,18%	7,97%	8,44%	11,82%	8,49%	7,99%	5,74%	5,90%	5,94%
Flexible										1,02%	1,01%	1,02%	1,02%
Long/Short	4,48%	4,51%	4,59%	4,54%	4,04%	4,04%	5,58%	5,54%	7,17%	7,16%	7,06%	6,96%	6,17%
Short Equities ETF (-)	-6,53%	-8,47%	-3,39%	-10,10%	-8,18%	-15,40%		-3,72%	-2,97%	-14,19%	-9,91%	-5,87%	
NORTH-AMERICAN Equities	2,84%	4,04%	4,18%	1,36%	5,79%	0,46%	6,07%	7,51%	5,82%	3,63%	3,69%	7,02%	6,39%
Long only (full invested)	8,82%	9,00%	6,93%	6,17%	5,79%	5,60%	6,07%	8,97%	8,82%	6,87%	6,94%	7,11%	8,63%
Long/Short								0,49%	0,49%	1,56%	2,41%	2,32%	1,83%
Short Equities & Long VIX (-)	-5,98%	-4,96%	-2,75%	-4,81%		-5,14%		-1,95%	-3,49%	-4,80%	-5,66%	-2,41%	-4,07%
EMERGING MKTS Equities	4,50%	4,52%	2,92%	2,88%	2,71%	1,69%	2,81%	4,39%	2,79%	0,22%	1,53%	2,85%	3,97%
Long only (full invested)	4,50%	4,52%	2,92%	2,88%	2,71%	2,69%	2,81%	4,39%	2,79%	2,77%	2,80%	2,85%	3,97%
Short Equities ETF (-)						-1,00%				-2,55%	-1,27%	0,00%	
OTHER ASSETS	10,12%	9,58%				1,97%	2,04%	2,06%	2,08%	4,10%	5,54%	5,72%	6,61%
Real Estate	10,12%	9,58%				1,97%	2,04%	2,06%	2,08%	2,12%	2,20%	2,33%	2,41%
Commodities										1,98%	3,34%	3,39%	4,20%
NET EQUITY EXPOSURE	44,98%	39,83%	28,15%	32,30%	30,40%	16,13%	45,22%	48,72%	44,50%	29,25%	34,66%	45,03%	52,05%
FIXED INCOME	6,52%	6,41%	6,47%	6,42%	6,45%	6,41%						4,07%	4,11%
Cash	4,69%	8,17%	35,06%	11,96%	30,69%	20,79%	35,12%	19,20%	18,02%	4,81%	6,77%	8,27%	10,35%
Direct USD Exposure (**)	25,63%	36,04%	23,19%	32,94%	27,17%	27,32%	30,34%	26,79%	27,23%	30,40%	33,77%	27,32%	28,73%
DKK Exposure (Forward)	10,09%	9,98%	10,23%	10,06%	10,16%	10,17%	10,08%	9,89%					

(*) Net Equity Exposure = Gross exposure (all equity & equity related funds) minus short equity & long VIX positions and minus 50% of flexible & long/short funds.

(**) USD Exposure = funds expressed in USD + forward contracts

PERFORMANCE	-1,62%	1,10%	-2,46%	1,70%	-0,91%	-0,21%	0,91%	1,93%	-1,45%	-2,00%	-0,56%	-1,14%	-0,29%
MSCI World in EUR	-2,09%	0,58%	-4,02%	2,59%	-8,11%	-3,49%	8,96%	3,89%	-4,59%	-5,68%	-1,37%	1,57%	0,86%
	April	May	June	July	August	Spetemb	Octob	Novem	Decem	January	February	March	April



CONSEQUENT INVESTING CONCEPT PORTFOLIO : Transactions of the month

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NEW POSITIONS		SOLD POSITIONS	
Cassiopeia Fund	2,98%	DBx DJ EURO STOXX 50 Short	
MV Morningstar Wide Moat Focus ETF	2,03%		
INCREASED POSITIONS		TRIMMED POSITIONS	
Barclays IPATH S&P VIX Fut 300119	4,07%	Argonaut European Absolute Return Fd	0,97%
Schroder Asian Total Return Fund	3,97%	R-Parus Euro Hedged	2,00%
		R-Parus USD	1,03%
		R-CFM Diversified	2,97%
		Net USD Exposure	28,73%

Being mentioned in this table does not constitute an advice of purchase or sale of the mentioned funds.



Abnormal reaction to an abnormal situation becomes normal behavior...

Markets are very volatile, without clear direction, and without any logic. Rallies are stoked by swings in the oil price, by numbers coming from China with its *irrefutable credibility*, by words and thoughts of central bankers... The rallies are short-lived. Computers decide on timing. Investing becomes a guessing game and a game of musical chairs.

In this environment of great uncertainty (Brexit, China, Fed, Trump...), we have to stay calm, try to make some percentage points here and there (which was extremely difficult in April), and nevertheless keep in mind that one day whole this artificial system could implode.

Proud to count you amongst my readers,

Jacques Bossuyt.

HISTORY and JUSTIFICATION

This letter is the continuation of my management reports of the Patrimonium Diamond equity fund of funds that I managed, and that has been awarded 5 stars by Morningstar over 10 years. Patrimonium Diamond Sicav belonged to Foyer Patrimonium SA, the asset management branch of the Luxembourg insurance company Le Foyer. I managed the fund according my **CONSEQUENT INVESTING CONCEPT** (= 100 to 0% equity exposure) until 31/12/2011. In 2012, following my retirement, 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 I assist medium sized independent wealth managers in terms of asset- & style allocation, fund selection and transparent communication. I also publish this Newsletter in which I develop my ideas on financial markets and asset management through the communication about a model portfolio called **CONSEQUENT INVESTING CONCEPT PORTFOLIO**.

WARNING: This letter contains no investment advice.

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