

PETERCAM L PATRIMONIAL - V

Monthly Institutional Factsheet | November 30, 2014

Morningstar ★★☆☆ (*)

MANAGER COMMENT

Market comment

The (promised) liquidity tide lifted all boats in November; both bonds and equities rose in price this month. The expectations of more action from the ECB drove investors back into both asset classes since historically, the biggest returns can be had (just) before an announcement of more monetary stimulus. Now the burden will be on the ECB to deliver. But the bigger picture is quite clear: the Fed has stopped its monetary expansion program and is cautiously looking at a first interest rate hike. The ECB and Bank of Japan (BOJ) are taking over the baton and increasing their monetary stimulus to fill the void left by the FED. The consequence is a stronger USD versus the rest of the world and especially versus the EUR and the JPY. These big currency gyrations have an impact on the real economy. In this case, the hope for Europe and Japan is that the economy will get a boost from additional exports as the competitive position improves due to a weaker currency. This is also reflected in performances of the different equity regions: European and Japanese equities outperforming US equities (all in local currency).

Performance

The fund (F share) delivered a positive performance in November of +1.12%, driven by both the equity and bond parts of the portfolio. The overall Modified Value at Risk remained at -1.78%.

Performance November 2014	Perf % (in EUR)
Short term Bills & Cash	0.00%
Bonds	0.42%
Convertibles	0.01%
Equity (including other)	0.34%
Commodities	0.02%
Derivatives (options, futures & forwards)	0.32%
Total Return	1.12%

Short term bills / Bonds / Convertibles

The continuous pressure on rates due to the anticipation of more ECB monetary stimulus and of low inflation drives the performance of our bond allocation. Particularly our long-dated bonds have delivered a strong performance. The only performance detractor in the bond space were our two positions in emerging market bonds (a Brazilian inflation linked bond and a Chilean government bond).

Equity

Our equity allocation had a strong month as well and delivered solid returns across the board with the exception of oil-related stocks. The sector suffered from a significant fall in oil prices, which reacted to stronger-than-expected growth in supply and the inability of OPEC to reach an agreement on cutting production.

Commodities

Gold delivered a small positive return. The gold price recovered a bit from its lows during the month but ended slightly lower. The main positive effect came from the USD in which the gold price is quoted.

Derivatives

The strong performance of the derivatives allocation was mainly a function of hedges on JPY, which weakened significantly in November and the long exposure to equity futures, which rose in November. Since we have reduced our short on the Bund future, the negative impact of that duration hedge was marginal this month.

Last month's strategy

The fund reduced its equity exposure somewhat further in order to prepare for the expected increase in volatility in the next period on the back of the first Fed rate increase. We have also lowered the fund's duration somewhat since we want to keep the portfolio balanced.

Best contributors

The highest contributor was our **hedge on JPY**, benefitting from a further weakening of the currency. The fund will remain hedged. On the back of the weaker JPY, Japanese equities delivered a strong return (even in Euro terms). **Mazda** benefited from the weaker JPY and delivered a strong performance to the portfolio. As mentioned before, our long-dated bonds also had a strong performance. The **EIB** position was the third highest contributor. Our position in **Bed Bath & Beyond** contributed positively on the back of an improving trading environment in the US with the consumer getting in an increasingly better shape. Finally, our **floating rate** position contributed positively as expectations for a first rate increase in the US are rising and floating rate notes benefit from that.

Worst contributors

The worst contributor was our position in **distressed debt**. This position is held through a closed-end fund. The position suffered from liquidations in the distressed space by hedge funds. Hedge funds tend to trade the distressed paper, whereas our closed-end fund takes up a position in distressed paper, restructures the asset (and often becomes the owner of the asset) before it exits its position. This is fundamentally different since value creation happens in the restructuring part of the process. However, the fund is subject to daily market-to-market and therefore has seen its valuation go down. The fund remains a shareholder in distressed debt since it believes it generates uncorrelated positive returns. **BG Group** and **John Wood group** both suffered from a much lower oil price. But we believe both companies are of good quality and we remain shareholders. **ABC-Mart** fell on profit-taking after a very strong year-to-date performance. Finally, **John Laing Infrastructure** ended up lower for the month on the back of a large acquisition announcement which would require a capital increase.

Outlook & strategy going forward

Even though the ECB and the BOJ are stepping in to fill the void left by the Fed, our outlook hasn't changed that much. We kept reducing our exposure to equities on the back of Fed's exit from quantitative easing (QE) and the first appearance of a rate hike on the horizon. As we believe the market will need to digest this change (after a prolonged period of QE and near zero rates), it might become somewhat more volatile. Valuations are no longer cheap, therefore the risk on negative returns over the intermediate period have gone up. As it is our main responsibility to protect our investors' capital, we prefer to start moving somewhat to the side line in order to deal with the coming volatility.

(*) Morningstar 3 Year Rating.

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OVERVIEW

Asset Class	Balanced
Category	Flexible
Strategy	Active Strategy
Fund Of	Petercam L Fund
Legal Structure	SICAV
Domicile	Luxembourg
Reference Currency	EUR
Liquidity	Daily
Sub-fund launch	31.12.2010
First NAV date	23.09.2013
Countries notified for public sale	

CH, GB, LU, NL

ISIN	Class V (Distribution)	LU0966595554
Telekurs	Class V (Distribution)	22181898

Entry Fee	Max 3 % negotiable
Exit Fee	0.00%
Management Fee	0.50%
Performance fee	10.00%
TER (31.12.2013)	0.45%
Minimum investment	0.001 share
NAV	Class V (Distribution) 112.72
Assets (all classes)	mn EUR 223.73
Number of positions	146

PERFORMANCES (%)

1 month	1.09
YTD	7.34
1 year	7.32
3 years annualised	-
5 years annualised	-
10 years annualised	-

PORTFOLIO CHARACTERISTICS

<i>Bond Part</i>	
Modified Duration (%)	4.64
Yield to Worst (%)	0.79

INVESTMENT UNIVERSE

The fund invests directly, or indirectly through UCI, in equity securities, debt securities, money market instruments, UCITS and/or other UCI (listed and unlisted) equivalent to UCITS which are subject to supervision considered by the CSSF as equivalent to the supervision of UCITS. Investments are made in varying proportions (without any limits other than the applicable legal and/or regulatory limits).

BREAKDOWNS (%)

Asset Allocation

Cash & Short Term Bills	14.0
Bonds	55.8
Bond Derivatives	-1.6
Other	6.4
Equity	24.0
Equity Derivatives	1.4

Currencies

Euro	75.0
US Dollar	9.8
Pound sterling	5.4
Canadian dollar	1.4
Swiss franc	0.8
Japanese yen	0.6
Other	7.0

Sectors of the Equity Part

Industrials	6.1
Financials	4.8
Materials	3.4
Consumer Discretionary	2.6
Technology	2.2
Energy	1.8
Health Care	1.5
Consumer Staples	1.3
Telecommunication	0.0
Utilities	0.0
Other	2.8

Ratings of the Bond Part

AAA	22.2
AA+	4.2
AA	0.0
AA-	5.8
A+	0.8
A	2.0
A-	1.6
BBB+	3.9
BBB	11.8
BBB-	1.1
High Yield	0.9
Not rated	1.5

TOP 5 BEST CONTRIBUTORS & WORST CONTRIBUTORS

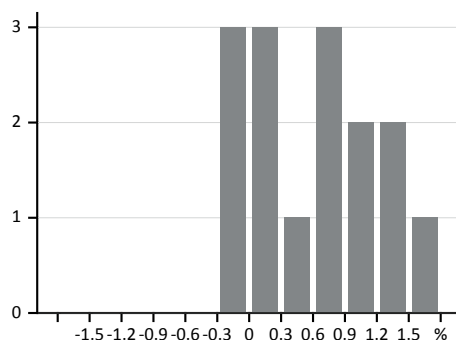
Top 5 Best Contributors	Contribution	Top 5 Worst Contributors	Contribution
Oact 141202 Eurjpy	+0.24	Nb Dis Deb Inv	-0.07
Mazda Motor	+0.07	BG Group	-0.06
EIB	+0.06	John Wood Group	-0.05
Bed Bath	+0.05	Abc-Mart Inc. Tokyo	-0.05
Nb Global Float Rte	+0.04	John Laing Infrastr	-0.04

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Reference Currency EUR | Since Inception (23.09.2013)

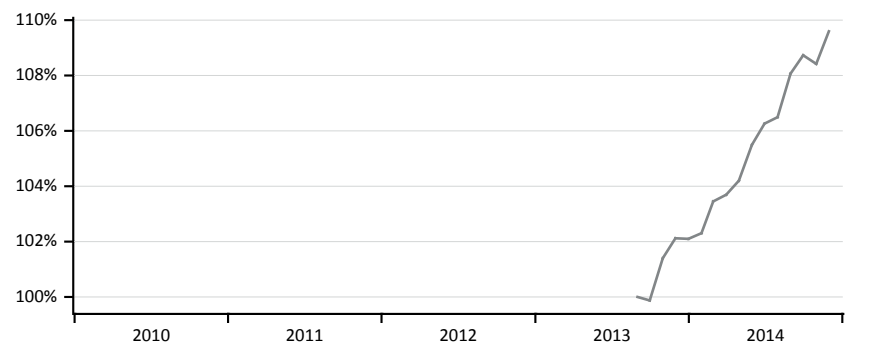
DISTRIBUTION OF MONTHLY RETURNS



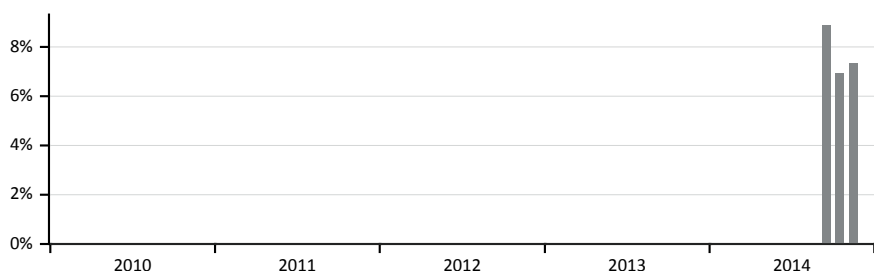
STATISTICS

Volatility	%	-
Sharpe Ratio		-
Downside Deviation	%	0.29
Sortino Ratio		27.01
Positive Months	%	80.00
Maximum Drawdown	%	-0.29
Risk-Free Rate 0.11%		

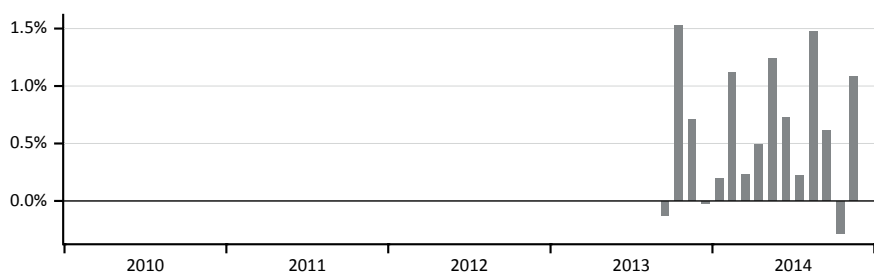
CUMULATIVE PERFORMANCE



12-MONTH ROLLING RETURNS



MONTHLY RETURNS



MONTHLY RETURNS IN %

	2010	2011	2012	2013	2014
	Fund	Fund	Fund	Fund	Fund
January					0.20
February					1.12
March					0.23
April					0.49
May					1.24
June					0.73
July					0.22
August					1.48
September				-0.13	0.61
October				1.53	-0.29
November				0.71	1.09
December				-0.02	
Year				2.10	7.34

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