Key Points

- A rate hike in the coming months is becoming appropriate, according to Federal Reserve Chair Janet Yellen.
- Continued momentum in the U.S. housing market is contributing to steady economic improvement.
- Following reassuring first quarter earnings, health care holdings positively contributed to performance.
- Near-term uncertainties could impact global market volatility this summer, so we will cautiously monitor any developments.

(Read more on page 3)

Management Team

Louiza Ferrara
Portfolio Manager

Béatrice Philippe
President of FOURPOINTS
Co-Portfolio Manager

Portrait

FOURPOINTS America is an all-cap U.S. equity fund with a mid cap bias.
The fund has been managed by the FOURPOINTS team in New York and Paris since 1999.
The fund manager makes conviction-based investments based on thorough fundamental analysis of companies. It is an actively-managed, non-benchmarked investment strategy.
The portfolio, structured around strong investment themes, consists of approximately 40 positions.
These positions have a common thread: they are the strongest companies in their industry. They enjoy competitive advantages in terms of products and strategies and operate in markets with high barriers to entry.
The manager seeks long-term capital appreciation at reasonable valuations.

Performance

<table>
<thead>
<tr>
<th>Period</th>
<th>Portfolio Volatility</th>
<th>Index Volatility</th>
<th>Beta</th>
<th>Alpha</th>
<th>Tracking Error</th>
<th>Information Ratio</th>
<th>Turnover*</th>
<th>Active Share **</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 year</td>
<td>15.82 %</td>
<td>15.04 %</td>
<td>0.97</td>
<td>-9.33 %</td>
<td>6.22 %</td>
<td>-1.50</td>
<td>29.9 %</td>
<td>91.3 %</td>
</tr>
<tr>
<td>3 years</td>
<td>13.24 %</td>
<td>12.44 %</td>
<td>0.96</td>
<td>-10.54 %</td>
<td>5.74 %</td>
<td>-1.90</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

S&P 500 NTR in EUR hedged since 31/07/2008, before S&P 500 TR in EUR

*SeaBridge Investment Advisors became Fund Advisor on August 31, 2006

Risk Indicators

Calculated with the IC USD share class FR0010612770, on a weekly basis
*Over the last 12 months, minimum between the total amount of sales and the total amount of purchases divided by the average total assets of the fund.
** Please find the definition of the active share ratio and all other calculation methods on the following link:

Past performance is not a reliable indicator of future performance. Performance is calculated net of fees. The capital in these funds is not guaranteed. Additional information, prospectuses, KIID, articles of association, and annual and interim reports are available on our website at www.fourpointsim.com. FOURPOINTS IM - simplified limited liability company with a capital of 1 050 000 euros – RCS Paris B 398027151 – 13/15 rue de La Baume, 75008 Paris – Tel: +33(0) 1 40 28 16 50 – Fax: +33(0) 1 40 28 00 55 – The management company is regulated by AMF n° GP 94004

Total Net Assets : EUR 67.08 M
**Top 10 Holdings**

<table>
<thead>
<tr>
<th>Companies</th>
<th>Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thermo Fisher Scientific</td>
<td>3.2%</td>
</tr>
<tr>
<td>Weyerhaeuser Co</td>
<td>3.1%</td>
</tr>
<tr>
<td>Compass Minerals</td>
<td>3.1%</td>
</tr>
<tr>
<td>Biogen Inc.</td>
<td>3.1%</td>
</tr>
<tr>
<td>Regions Financial</td>
<td>3.1%</td>
</tr>
<tr>
<td>Corelogic Inc</td>
<td>3.0%</td>
</tr>
<tr>
<td>Citigroup</td>
<td>3.0%</td>
</tr>
<tr>
<td>Howard Hughes</td>
<td>3.0%</td>
</tr>
<tr>
<td>RPM International</td>
<td>3.0%</td>
</tr>
<tr>
<td>Thor Industries Inc</td>
<td>3.0%</td>
</tr>
</tbody>
</table>

**Market Capitalisation Breakdown**

- > USD 50,000 M: 25.8%
- USD 10,000 - 50,000 M: 23.4%
- USD 1,000 - 10,000 M: 41.7%
- Cash & Monetary Investments: 9.2%

**Contribution to Return**

**Best Performing**

- PATTERSON: 0.35%
- XYLEM: 0.25%
- THERMO FISHER SCIENTIFIC: 0.25%
- BIOGEN: 0.24%
- COMPASS MINERALS: 0.24%

**Worst Performing**

- CF INDUSTRIES: -0.16%
- ITT: -0.14%
- URBAN OUTFITTERS: -0.08%
- BED BATH & BEYOND: -0.07%
- CARTER'S: -0.04%

**Geographic Breakdown**

United States: 90.8%
Cash & Monetary Investments: 9.2%

**Sector Breakdown**

- Financials: 25.2%
- Industrials: 14.1%
- Consumer Discretionary: 11.3%
- Health Care: 11.3%
- Energy: 7.3%
- Materials: 7.3%
- Information Technology: 5.3%
- Consumer Staples: 5.3%
- Utilities: 2.5%
- Telecommunication Services: 2.5%
- Cash & Monetary Investments: 9.2%

**General Information**

SeaBridge Investment Advisors, NJ, USA, has been advising FOURPOINTS America since August 2006.

- **Net Asset Value as of 30/11/2015**
  - **Share IC**: 242,661.04
  - **Share ID**: 240.98
  - **Share IC (as of Jan 19, 2016)**
  - **Share RH**: 82,601.50
  - **Share R**: 169.61
  - **Share R**: 229.39

- **Currency**: USD
- **Hedge**: yes
- **Fixed annual management fee**: 1.2%
- **ISIN**: FR0010612770
- **Governing Law**: FR0010612747
- **Minimum Initial Subscription**: 3 shares
- **Minimum Initial Charge**: 2.5%
- **Category**: International Equity
- **Legal Structure**: FCP/UCITS IV
- **Inception Date**: January 8, 1999
- **Valuation**: Daily
- **Decimalisation**: 4 decimals
- **Cut Off**: Each day before 10:30 am Paris
- **Settlement**: D+3
- **Invt. Mgmt. Cy**: FOURPOINTS IM
- **Adviser**: SeaBridge Investment Advisors
- **Custodian**: CACEIS Bank France

**Contact**

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Fund Managers’ Comments

After the Federal Reserve dialed back the pace of rate hikes in March 2016, more in-line with the market expectations of no or only one rate increase this year, the April FOMC minutes revealed that U.S. economic activity is steady. Indeed the Beige book showed that consumer spending is rising modestly and pointed to strength in many areas, particularly housing, health care, professional services, and technology. Janet Yellen indicated her greater willingness to raise rates “probably in the coming months”, as stated during the Harvard panel discussion in May. Immediately, market expectations for a summer 2016 rate hike jumped to a probability of above 60% from below 10% earlier this year.

Housing is definitely an area of strength despite regular doubts relative to Millennials’ financial strength and the interest in settling down on their own, away from their parents’ nest. Recent housing data has been extremely encouraging. New home sales rose by 16.8% in April to a seasonally adjusted annual rate of 619,000, above expectations of 524,000. Sales rose at the fastest pace since January 1992 and reached levels last seen in January 2008. Median price for a new home was $321,100, up 9.7%. Existing home sales rose 1.7% to a seasonally adjusted annual rate of 5.45 million in April from an upwardly revised 5.36 million in March. Median existing-home price for all housing types in April was $232,500, up 6.3% from April 2015 ($218,700). April’s price increase marks the 50th consecutive month of year-over-year gains. Pending home sales, which track home contract signings, jumped 5.1% in April, rising to the highest level since February 2006. Finally, U.S. housing starts rose 6.6% in April to a seasonally adjusted annual pace of 1.17 million units. These four housing data series for the 2010 – 2016 period are illustrated in the chart below.

Very low mortgage rates and modest seasonal inventory gains encouraged more households to search for and close on a home. U.S. housing demand is slowly rising, but supply remains constrained, particularly for entry-level and mid-priced homes.

Another notable development in May was the continued recovery in the price of WTI oil. On May 25, the price of WTI oil climbed to a seven-month high of nearly $50 per barrel, with U.S. daily crude production being at its lowest levels since 2014. Short-term supply disruptions in Canada and Africa definitely contributed to this price increase. The S&P energy sector was down 1.1% during the month though. That said, since the February 11 low of $26.2 for WTI oil, the energy sector was up 22.2%, lifting it the industrial (+20.6%), financial (+15.7%), and materials (+15.1%) sectors.

The fund was up 0.8% in May versus an increase of 1.7% for the S&P 500. Information technology, health care, and financials were the best performing sectors, while energy, industrials, and materials lost momentum gained in the prior months. The fund’s health care holdings (Patterson Companies, Biogen, and Thermo Fisher Scientific) performed very well following reassuring first quarter earnings. Our best performing holding, Patterson (+12.6%), which beat analysts’ expectations, confirmed stable to improving demand for its dental and companion animal businesses, and provided a constructive outlook for 2016.

Source: FactSet
Fund Managers’ Comments

The fund’s limited exposure to the information technology sector, which was up 5.3%, detracted from relative performance. Our consumer holdings (Urban Outfitters, Carter’s, and Bed Bath & Beyond) were also weak in May in the context of renewed worries around retail trends following negative comments from some U.S. department stores. Finally, the materials sector also detracted from the fund’s performance as CF Industries, a manufacturer and distributor of nitrogen fertilizer, ended the month down 15.5%. The company had to terminate its merger agreement with OCI as proposed tax policy changes on inversions and a weaker nitrogen market made the previously-agreed upon deal unfeasible. Management highlighted its priority on organic growth opportunities with ongoing capacity expansions and capital allocation. Once investors readjust their thinking to the stand-alone company, we believe that its compelling valuation, improving free cash flow, and share buyback program will provide support to the stock going forward.

The Federal Reserve remains data dependent; its future actions will certainly be influenced by key U.S. economic data prior to the June 14-15 policy meeting. Employment and inflation are the most important metrics to watch. For now, the market appears to be behaving rationally, rising on strong data compared with prior market upswings, which were driven by monetary policy easing following weak data. Near-term uncertainties could impact global market volatility this summer, which is busier than usual (an OPEC meeting and the Brexit referendum vote in June, a potential U.S. rate hike, the U.S. presidential race and, of course, China), so we will cautiously monitor any developments.

June 3, 2016

- All performance is in local currency unless otherwise specified; index performance includes net dividends
- Stocks held by the fund as of May 31, 2016 are bold and

Past performance of the investment fund is not a guarantee for future results. The performance and the asset value of a mutual funds change according to market fluctuation, thus the redemption price of any share may be worth more or less than its purchase price.

Management company regulated by AMF No. GP94004-