The NIC Fund
Performance Commentary

February 2012

Nova Investment Club

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Fund's Strategy

Renewed Strategy

The Nova Investment Club has decided to reshape the setting of investment objectives regarding its fund. With this measure the Club intends to guarantee that all the investment instruments selected to fund are aligned and consistent with its ultimate goals.

Investment Strategy

The fund continues to divide 80% of its operations to cover areas such as Currencies, Emerging Markets Equities, Energy & Commodities, Fixed Income, Global Equities, and Real Estate. In order to enhance the diversification of this section of the fund, it was decided that all these areas were to be cover through the selection of Exchanged Traded Funds. The remaining 20% are reserved to make some speculative moves whenever opportunities to so are spotted in the market. There are no constraints to the type of investment instruments that may be used in the speculative allocation of the fund.

Investment Objectives

Since there is no special requirement for the fund to generate income to its beneficiaries, it was decided the main goal of the fund to be capital appreciation. This will allow the fund to enjoy some important tax benefits, since most of the ETF's that share this objective do not pay dividends and unrealized capital gains are not taxed but reinvested. This will provide the opportunity for the fund to achieve its maximum growth potential.

Another important issue is the investment time horizon. The idea of the Nova Investment Club is to implement this strategy with a one year time horizon to guarantee that the strategy can be either reviewed or altered when the new generation of members entry the club.

Given the elevated risk-return profile of the presented strategy, the fund expects to achieve a Sharpe ratio which is to be at least higher than the one of its benchmark, the S&P500.

There are no special ethical restrictions to the type of investment vehicles chosen for the fund. Nevertheless, the Club will not engage with investment that may appear to have a negative impact towards the welfare of our global society.

Market Review

In Europe, this month's performance was fairly good (around 5% return), with gains throughout the major stock markets (UK, France and Germany), after Greece's second bail-out package issue has been resolved, as well as the liquidity-induced euphoria, due to the Long-Term Refinancing Operation (LTRO) by the BCE which lead portfolio managers to jump in on equities.

Regarding the US' stock market, February has been the month of the confirmation that the stock market could be in for a much better year, with the Dow Jones increasing 2,5% this month (6%YtD), S&P rising 4,1% (8,6% YtD) and finally NASDAQ up 5,4% (nearly 14% YtD). It seems like the overall good economic data released has helped to push the investors' sentiment higher and a pursuit for more risk-taking.

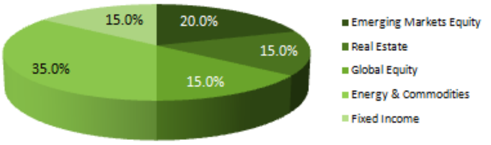
In Fixed Income markets it was possible to observe the start of a new trend that will probably last until the end of 2012. With US economic data starting to recover and jobless rates dropping to a three-year low, investors are starting to move away from ten-year and longer maturities bonds, in order to avoid losses caused by an increase in the yield. On the other hand, they are increasing their position in local currency emerging market bonds, as a way to diversify the exchange rate risk associated with emerging bonds denominated in US dollars.

Regarding Eastern Europe, the Russian benchmark RTS stock index slid 12% in the month following a wave of street protests sparked by December's disputed parliamentary elections. Putin has been elected President of Russia with more than 64% of the vote on March 4th. As a consequence, some tensions arose after the election from the opposition, proclaiming the elections illegitimate. Nevertheless, in the long-run, we expect Russian stock to rise due to current low stock valuations in Russia. The other highlight concerning emerging markets was MSCI Asia-Pacific heading towards bull market, rising at least 20 percent from its low on October 5th 2011.

As regards Foreign Exchange, the most relevant mover was the JPY in terms of USD. After touching a 3-month high in early February 2012, the yen is now facing a substantial fall that was initiated after the Bank of Japan (BOJ) announced it would increase the size of its asset-purchase fund, damping demand for the Asian nation's currency. This announcement caught the markets by surprise, which were operating under the assumption there would not be a move forward by BOJ. This fact added to the increasing perceived stability of the dollar, influenced by the uncertainty related with future structure of the Eurozone were determinant factors contributing to the beginning of the Japanese currency decline. We expect this tendency to persist in the future as the Japanese economy is showing decreasing consumer prices and a consequent market expectation for further expansion of monetary easing practices. On the other hand, based on speculation the Federal Reserve may refrain from a third round of asset purchases, the US Dollar can present some demand in the future, moving in JPY opposite direction. Ben Bernanke's declaration about the likelihood of continuing low interest rates in the face of the still high elevated unemployment can lead to further demand of the American Currency.

The main event in the commodities market has been the previously mentioned Bernanke's statements. The increase in the dollar caused a major drop in the price of gold (SPDR Gold dropped 5.3% on Wednesday, February 29th) and other precious metals. Meanwhile agricultural commodities saw a consistent increase in their prices throughout the week. Concerning the fund, the results were mixed given the rise in the price of copper (JJC) and the drop in the stock prices of energy companies (PXI).

Performance Monitor



Overall Portfolio

Our overall portfolio behaved well this month, following the market trend, in a period marked mainly by the approval of the second bailout package to Greece and the Long Term Refinancing Operation (LTRO) by the ECB, to help finance European banks through three year loans with low yields.

Although the situation in Greece seems to have stabilized, having its financing needs covered by the bailout package approved by European Union finance ministers, uncertainty in some degree continues to persist in the markets. As we don't know what is going to happen in the end from this new refinancing program, there are already concerns about the need of a third bailout package to the country. We believe that this situation will still cause volatility on the markets, and uncertainty will still remain as the main keyword through the year.

Benchmarks

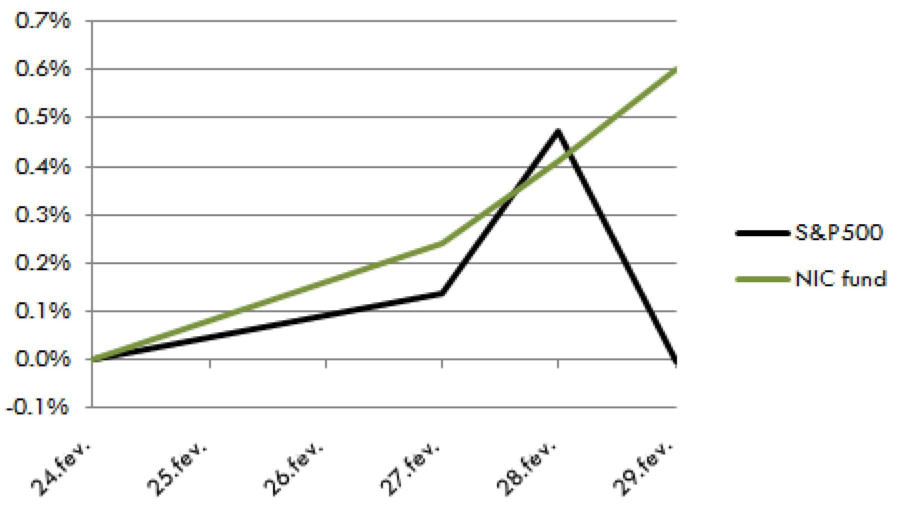
Our benchmark has seen an increase in this last month, mainly due to the reasons described above, and also due to some favorable economic data from the US, namely the unemployment rate dropping to a three-year low.

Key Drivers of Performance

The performance during the 3 final days of February, since the fund's inception, was positive reflecting a sucessful asset alocation; obviously the extremelly short time-frame prevents any judgement concerning the fund's policies. The major factor contributing to the 0.6% return was a pronounced rise (2.69%) in the iShares FTSE EPRA/NAREIT Asia I (IFAS), an Asian real estate ETF which represents 15% of the fund.

	NIC Fund	S&P500
Total Return	0,60%	0,00%
Average Return (Annualized)	65,23%	-0,37%
Volatility (Annualized)	17,00%	19,00%
Sharpe Ratio	3,83	-0,02
% Positive Days	100%	67%

From February 24th to February 29th 2012



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