c o b a s

asset management

Comment
Third Quarter 2020

Dear co-investor,

We need to start this letter by reviewing the impact of COVID-19 on our portfolios. Without going into the level of detail of our previous letters from this year, we confirm that the impact on our companies' operations has been small, while the cut in valuations (13/14%) that we explained in those letters has been maintained. Fortunately, in this quarter there have been no additional negative surprises in our companies.

Despite this, share prices have not recovered at the pace we expected, with situations as paradoxical as the fact that **Teekay LNG** is going to have all-time record earnings in 2020, as was envisaged, while its share price fell by 30% in the first nine months of the year, standing at a P/E ratio of 4x.

These case and similar ones force us to review some investment philosophy issues that may continue to help unitholders on this desert crossing.

PHILOSOPHY

The first thing is to remember that we are Value Investors because we understand that it is the only way to protect our savings in the long term and, even more so, in the face of crisis scenarios like those we are currently experiencing.

But what does it mean to be a Value Investor? Do we only invest in boring or non-growing sectors?

Value Investment is basically investing in companies that are worth more than the market says. It's that simple.

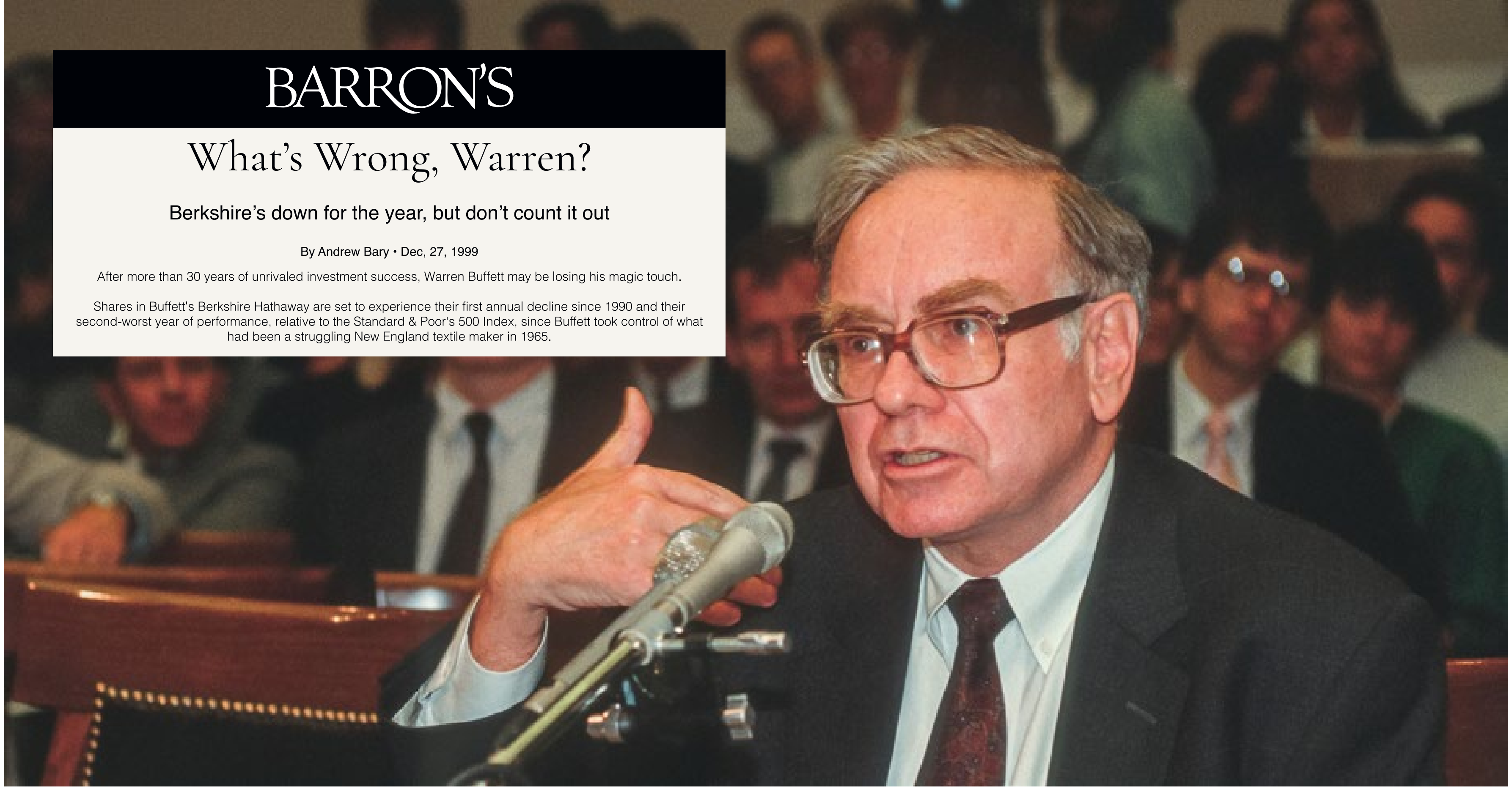
This may seem very basic, but some confuse the concepts and think that Value Investment is something it is not. Remember that Value Investors do not only look for cheap companies based on low multiples ("classic value"). Their main objective is to look for market inefficiencies. As we already know, the market always tends to efficiency, but on that path there are times when certain assets are incorrectly valued. We are trying to make the most of those times. And in order to take advantage of these inefficiencies, we need to be able to have a long-term vision for the investment to mature.

These inefficiencies can also be found in growth companies and in fashionable sectors in the markets, but our goal is not to take advantage of growth or fashion per se, as they tend to be listed at a premium, but to take advantage of the fact that the asset is not being valued well.

If we review our current portfolio, we notice that only 25% can be considered “classic value”: automobiles, oil, fertilisers and oil tankers, essentially. In these investments some may argue whether there will be a mean reversion of profits with the consequent appreciation of securities, and to minimise this risk, we prefer companies that have little debt or are backed by assets or have a barrier to entry or competitive advantage.

In the remaining 75% there is good growth and a promising future, with the essential feature being the existence of companies in similar businesses that are very well

Ilustration: **Wan Wei, Shutterstock**



valued by the market. That is the key: not to look for companies or dark businesses, but brilliant businesses in interesting sectors at attractive prices.

We are looking for companies that, for some reason, are not well valued by the market in their respective niches (whether because of their size, liquidity, or because the company is going through a temporary problem and the market extrapolates it forever, etc.) We try to make sure that these problems and that poor valuation is temporary, and that cash generation always prevails. This premise remains absolutely in force, as the ability to generate pro-

Above, on the photograph of Warren Buffett, detail of the article of December 27, 1999 in Barron's magazine. In it, Andrew Bary, associate editor and reporter for more than three decades in the weekly, casts doubt on the investment strategy of the Berkshire Hathaway president. Photo: **Rob Crandall, Shutterstock** fits is the only determinant of the long-term share price. In this process, we have found natural gas infrastructure companies, care homes for the elderly, defence companies, leading companies in multichannel commerce, engineering companies with technological leadership to name but a few. The list goes on, it's long, and you don't see declining businesses in it. Some segment of a company may be, but it will be the exception.

It should also be remembered that it is hard to be a Value Investor (many hours must be spent on it), but relatively simple. Only by doing this work can we be contrarian and take advantage of market inefficiencies in the short term, with patience being the main requirement to succeed.

Therefore, it should be noted that for Value Investors the last three and a half years have been the worst in the last 60 years, value has never been so cheap relative to growth companies, see "Reports of value's death may be greatly exaggerated", by Robert Arnott and his colleagues at Research Affiliates. We think this will change.

Dixons Carphone

~5% of the International Portfolio

We are not looking for dark businesses, we are looking for businesses that the market incorrectly values:

We have just commented that some people think that being a value investor involves investing in companies in dying sectors, or at the very least in sectors with little growth. Nothing further from the truth, investing in value involves investing in good assets forgotten by the market, and if they are in growth, so much the better. Let's take **Dixons** as an example, which is the leader in electronics and home appliance retail in six European countries, and among the top five positions in our international portfolio.

The company results from the combination of **Dixons** itself with **Carphone Warehouse (CW)**, which is the leader in mobile phone retail in the UK. This merger proved disastrous for shareholders of **Dixons**, as **CW** has contractual obligations to sell mobiles with British telecommunications companies. These obligations have resulted in annual losses of £100mn in the last two years, impacting the company's share price. The contracts have already been renegotiated and from the next tax year, 2021/22, they will have a neutral result and hope to have a profitable business thereafter.

Meanwhile, the main business, the sale of electronics, goes from strength to strength, being a leader in both online and physical stores, with market shares of 25/30% in all countries. These shares have been increasing year after year.

It has been shown that the customer needs to touch the product, and 80% visit the website and the store. It is confirmed that the multichannel model is suitable for these products, and that the leader of this model in each country has a competitive advantage that is difficult to surpass. Such is how the American leader, **Best Buy**, of which we were shareholders a few years ago in our previous stage, is close to historical highs, having multiplied its price by 10 in the last 8 years. It is trading at 15x market consensus estimated profits for 2021.

Photo: **Pavel Kapysh, Shutterstock**

Dixons meanwhile languishes by trading at approximately 5x its estimated profits for 2021/22, with exactly the same business model as **Best Buy**. Brexit and the fiasco of its merger with **CW** probably weigh on the investment mood.

Prices per share, base 100

We do not avoid growth businesses

Dixons is the leader in online sales in the six countries in which it operates. In the last seven weeks up to August 29, online sales account for 42% of total sales (albeit inflated by the closure of stores in the UK for a few weeks).

We estimate that in a standardised environment these online sales can already account for 30% of total sales, which would mean £3 billion. **AO World**, the largest pure online competitor in the UK expects to have sales of £1.5bn in the UK and Germany this year. Interestingly **AO World** capitalises today at £1.7bn versus £1.25bn for **Dixons**, and clarifying that, in addition to an online business twice the size and higher profitability, **Dixons** is the leader in stores in six countries. Market efficiency? Obviously not, if we compare **Dixons** with **Best Buy** and **AO World**.

In conclusion, we are not looking for dark businesses, we don't avoid businesses that grow; we are trying to search the market to pay as little as possible for a business that is difficult to replicate and with future growth. And we are patiently waiting for good things to happen.

In the case of Dixons, it will soon be clear that the telephony business will cease to be a liability, with the company surpassing £200mn in net profit; however, we are also starting to see the executives make decisions to bring out value. They recently announced the possible IPO of their Scandinavian business, which has extraordinary quality and is overlooked by the market. These and other decisions will cause our valuation of the company to be endorsed soon by its share price.
Dixons is a new example of the type of investment we have in our portfolio today: competitive advantages, depressed listings for easily explainable reasons and temporary market myopia.

VALUE BEGINS TO EMERGE

In the portfolio as a whole, we see how companies are gradually taking steps that make us optimistic about their future behaviour.

This is important, since in the letter of exactly a year ago (you can view it here), we discussed in more detail the ways in which the gap between valuation and price closed and how the market always ended up recognising the value of companies. Today we can say that we started to see some of what we were saying a year ago.

International Portfolio

Danieli ~4%, a case of corporate simplification..

The market did not have **Danieli**, on the "radar" because corporate governance "could be improved". That's why we had no further exposure to **Danieli** despite its extraordinary net cash position. **Danieli** has 2 types of shares (with and without voting rights) and is controlled by the Benedetti family, which until recently had its back turned to the market.

This situation is expected to change radically, as the Benedetti family has just proposed shareholding simplification. Even if the conversion rate is not as expected, we think the net effect of the transaction is positive. This makes **Danieli** another investment alternative for many more institutional investors, which we think will end up being reflected in the share price.

Remember that **Danieli** has almost as much cash as it is worth on the stock exchange, and obviously you would have to add the value of its businesses to this cash, mainly that of manufacturing plants to produce steel. This business has a promising future because the steel manufacturing industry is one of the most polluting and Danieli has the technology to reduce its environmental impact.

Golar ~5%, the possibility of value emerging may be delayed, but the value is there.

During the summer **Golar** and its partner (**Stonepeak**) announced that their **Golar Power** division, renamed **Hygo**,

would go public in the US stock market (IPO). **Hygo** is its platform for selling LNG for power plants, industrial processes and even for transport/trucks. The market positively valued the decision and shares of **Golar** went up. We took advantage of the situation to sell ~20% of our position.

The IPO was 100% covered, valuing **Golar's** share in the business at ~$1000mn. On the one hand, this figure was very much in line with our valuation of **Hygo** and on the other hand, it was very similar to the market capitalisation of all **Golar**, giving a minimum value to the rest of **Golar** assets.

Unpredictably, the day before the final IPO price closed, there was news that the CEO of **Hygo** was being investigated for a possible case of corruption in his previous job.

This situation has made Golar delay the IPO of **Hygo** and change the CEO. In addition, to try to streamline the process, it ordered an external audit of all contracts. This audit that has not found any evidence of incorrect conduct by **Hygo**. This audit has been in addition to that which Hygo was already subject to by both the SEC (the US supervisor) and the invest-

Golar Seal, liquefied natural gas tanker, owned by Golar LNG, in the port of Klaipeda, Lithuania in March 2015. Photo: **Vytautas Kielaitis, Shutterstock** ment banks responsible for placing the shares during the IPO process.

We believe that when the situation is clarified and the IPO of **Hygo**, can finally be done, this will help crystallise value for **Golar**.

ARYZTA

Aryzta ~6%, times of change

In September, a group of investors requested to change the Chairman and some members of the Board of Directors because we thought that no value was being generated for the shareholder. Most shareholders accepted our proposal. The new management team's main mandate is to analyse the alternatives it has on the table to maximise the value for shareholders, either accepting an offer for the whole company or for a part of it. We think this change is a turning point in the history of **Aryzta**.

Iberian Portfolio

In the **Iberian Portfolio** there have been no measures in companies similar to those that there has been in companies of the **International Portfolio** during the quarter, but some transactions in competitors that confirm our valuations of the assets of several companies in portfolio are interesting.

elecnor

Elecnor ~10%, the sale of Cobra by ACS may help crystallise value.

Elecnor is our main position in the **Iberian Portfolio** as it is a company that we have known for more than 20 years and because it has excellent businesses: Engineering, **Enerfin** (wind division) and **Celeo** (electric transmission networks). Two of them (electrical and renewable infrastructures), sectors in fashion; however, in this case we can buy them at more than reasonable prices.

Only by applying the multiple at which **ACS** will sell **Cobra**, its Engineering division, to the Engineering divi-

Cambabe 2 hydroelectric plant, Kwanza Norte in Angola, a project whose construction, supply and assembly was carried out by Elecnor. Photo: **Elecnor**

sion of **Elecnor** (both businesses are very similar), we have a value close to €1bn versus the €800mn of market capitalisation of **Elecnor**. To this we should add, both the value of its more than 900MW wind farms, and the value of its business of Celeo, which was valued by its partner APG, one of the largest funds in the world, at more than €500mn at the end of last year.

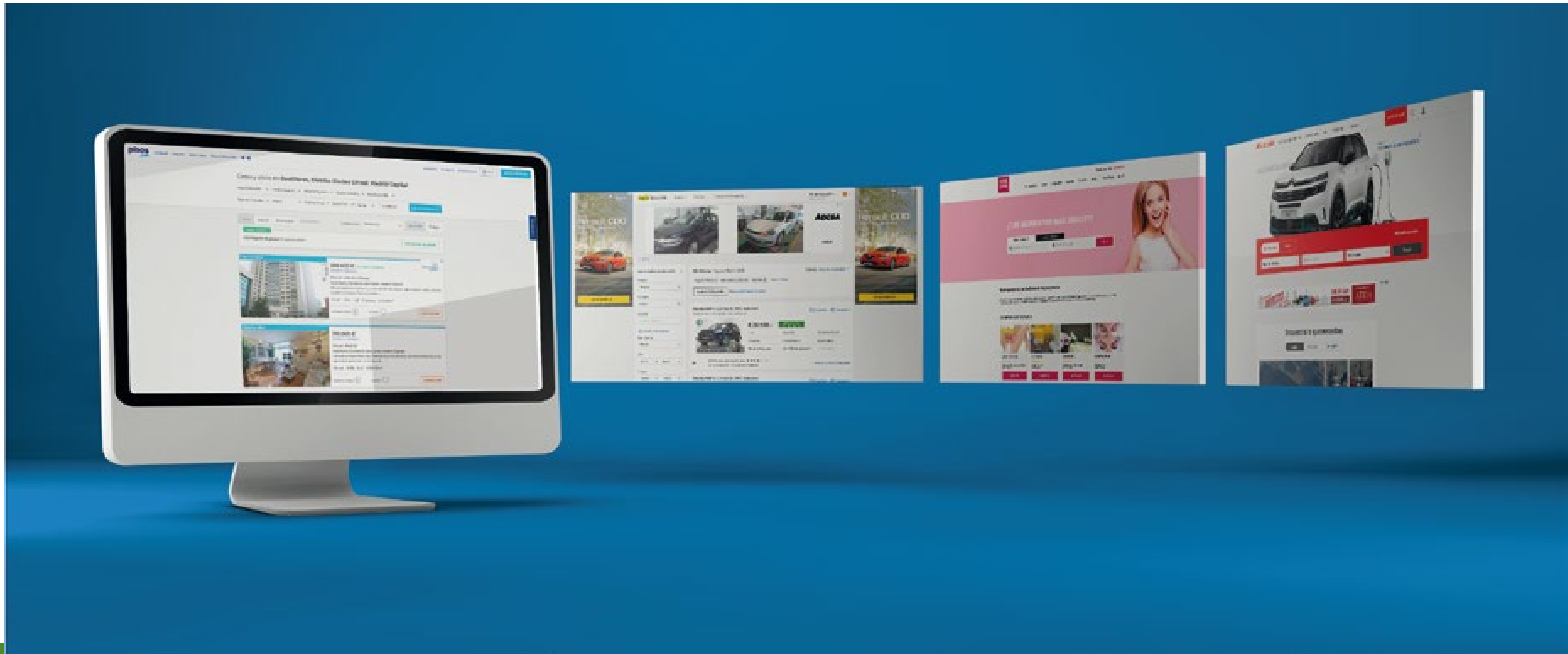
These are easy numbers to do, but the market pays no attention to it, partly because no research company covers **Elecnor**. The **Cobra** deal may open investors' eyes.

vocento

Vocento ~8%, a controversial company or a company little followed by the market?

Many investors discard **Vocento** directly without at least analysing it because they think that it is a newspaper company, "a business in decline". However, **Vocento** is much more than newspapers. It has real estate, a (fairly stable) audio-visual business, among others, but, mainly, it has an online Classifieds business. A significant part of its market capitalisation is made up of the valuation of its Classifieds division alone, to which the other businesses must be added as well as the press business, which is better than what the market thinks because the digital transformation is very advanced.

To give us an idea of the potential of Classifieds, you have to remember that: i) at the end of 2018, **Vocento** merged its business of car classifieds with **AutoScout24**, remarkably improving its competitive position, which will allow it to substantially improve its results, ii) **Idealista**, the main portal of real estate classifieds in Spain, has just been bought by **EQT** for more than 30x EBITDA, and iii) the sector of online classifieds is a sector with listings with very high multiples, **Adevinta** (European leader of classified) is listed at 17x EBITDA.



Without the need to use those so high multiples, we can all consider that there is a lot of value in that division that very few are considering.

SONAE CAPITAL

Sonae Capital ~2%

The risk of having companies listed at such low prices as the present ones is that they end up being taken over at prices below the real valuations of the companies. It already happened in our previous stage along the 2008 crisis (**Ciba**, Cortefiel, etc.) and it has now happened with Sonae Capital.

The Azevedo family has not missed the opportunity to try to buy the ~30% that it does not have at a price that they themselves say is below its value. The Azevedo family says that it valued the company at €1.1/share pre-COVID-19, but considering the impact of COVID-19, its valuation lowered to €0.6/share, which is the reason why they are launching a takeover bid at €0.7. Justifying that price in which they would be paying a premium of ~45% of the price the day prior to launching the takeover bid.

Some days prior to the closing of the period of acceptance of the take-over bid , the Azevedo family ended up raising the price of it by 10% because they don't want to miss this opportunity to buy back the entire company since they know that the company is worth much more than what they are paying. After this improvement in the price of the take-over, we have sold all our positions because at these levels the upside potential of Sonae Capital is less than the portfolio's average.

The positive reading of these takeover bids is that they confirm that current prices do not reflect the value of the assets and are unsustainable in the long term.

Finally, we wanted to reiterate the confidence we have in our portfolios. This confidence is based on the fact that the value of our portfolios is real and is increasingly more evident: either a competitor is listed at higher multiples, or deals are made at multiples that confirm our valuations, or the companies are looking for ways to

Previous page, classified portals of the Vocento group. Photo: **www.sinpalabras.es**

raise the value of their assets (IPO, corporate simplification, etc.)

In any case, as we have always insisted, time is in our favour. We believe that the longer the price recovery takes, the starker this upside will be. The profits are stored in the companies.

Finally, we would like to express our appreciation to all unitholders who have invested with us. It is important to emphasise that we have hardly had any redemptions and the retention rate has been 97% throughout the year. Like numerous unitholders, employees continue making contributions to the funds, with it being the second unitholder (excluding mandates) in **Cobas funds**.

We believe that the patience of unitholders, so necessary for an effective value investment, will be compensated with good yields in the long term.

Ilustration: **Wan Wei, Shuterstock and www.sinpalabras.es**

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PORTFOLIOS

Comment **Third Quarter 2020**

Our portfolios

Data 31/09/2020

Spanish domiciled funds		Luxembourg domiciled funds						
Name	Capitalisation	Name	Capitalisation	Assets Under Management	Market Capitalisation	Strategies International	Strategies Iberian	Number of holdings
Internacional FI	282.5 Mn€	**International** Fund	11.9 Mn€	294.4 Mn€	Multi Cap	●		47
Iberia FI	27.3 Mn€	**Iberian** Fund	3.4 Mn€	30.7 Mn€	Multi Cap		●	30
Grandes Compañías FI	11.7 Mn€	**Large Cap** Fund	3.0 Mn€	14.7 Mn€	70% ≥ 4Bn€	●	●	34
Selección FI	437.2 Mn€	**Selection** Fund	39.8 Mn€	477.0 Mn€	Multi Cap	●	●	54

As you are probably aware, at **Cobas AM**, we manage three portfolios: the International Portfolio, which invests in companies worldwide, excluding those listed in Spain and Portugal; the **Iberian Portfolio**, which invests in companies listed in Spain and Portugal, or that have their operational hub on the Iberian Peninsula; and, last but not least, the **Large Company Portfolio**, which invests in global companies, of which at least 70% have over 4 billion euros in stock market capitalisation. From these three portfolios, we build the various equity funds that we manage at 30 September.

We would recall that the target price of our funds is based on internal estimates and **Cobas AM** does not guarantee that its calculation is correct or that they will be reached. We invest in assets that the managers deem to be undervalued. However, there is no guarantee that these assets are actually undervalued or that, even if they are, their price will move in the direction expected by the managers.

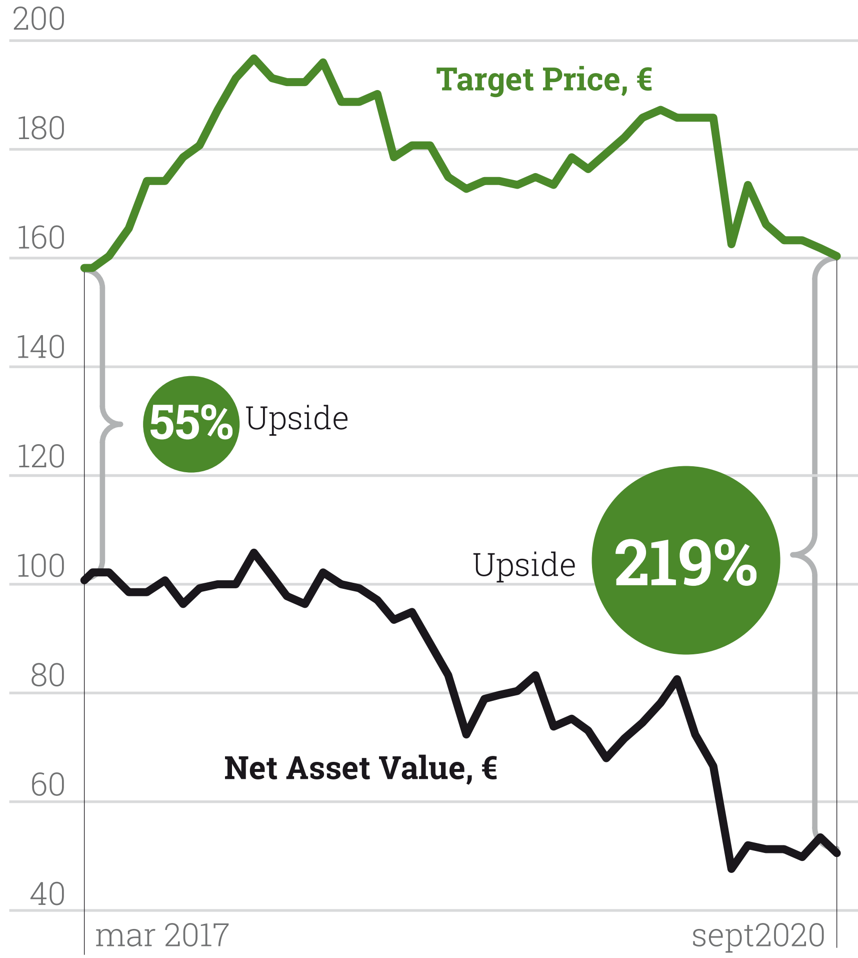
Total assets under management

1,197 Mn€

International Portfolio

Over the third quarter of 2020, our **International Portfolio** posted a return of -1.2% versus the +0.1% profitability posted by its benchmark index, the **MSCI Europe Net Total Return** index. Since the **Cobas Internacional FI** fund began investing in equities in mid-March 2017, it has obtained a return of -49.9%, while its benchmark index has obtained a return of +4.2% for the same period.

During the third quarter we made few changes in the **International Portfolio** in terms of purchases and sales. We have completely left **NS Shopping** that had a weight close to 0.5% in June and we have not added any other security to the portfolio. But we did rotate the weightings of the companies in the rest of the portfolio. On the one hand, we have increased our exposure to **Aryzta** (by +1.7%) and **Danieli** (+1.4%), in both cases solely because the share price appreciated. On the other hand, our exposure to **Golar LNG** has fallen by 2.8%, partly due to the fall in the share price and partly because we reduced our exposure by around 20% during the summer, taking



advantage of the strong appreciation.

During the quarter we reduced the target value of the **International Portfolio** by 2%, to **€160/unit**, compared to a fall of 1.2% in the net asset value, as a result of which the upside potential is **219%**.

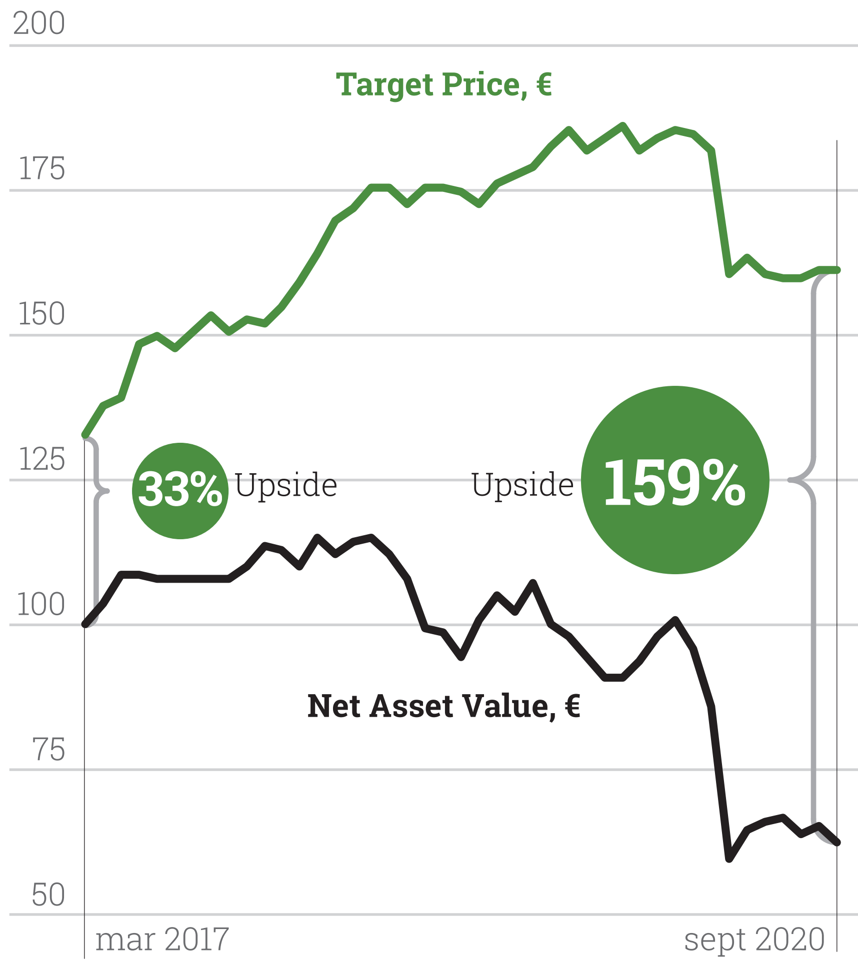
Obviously, as a result of all this potential and our confidence in the portfolio, we are invested at 98%, close to the legal maximum. Overall, the portfolio trades at an estimated 2021 P/E ratio of 5.0x, versus 16.7x for its benchmark index, and with a ROCE of 27%. If we focus on the ROCE and exclude maritime transport and commodities companies, it would be near to 37%.

Iberian Portfolio

The evolution of the net asset value of our **Iberian Portfolio** in the third quarter of 2020 was -6.7%, compared with -6.2% for its benchmark index. If we extend the comparison period since we started investing in equities until the end of 2019, it has obtained a return of -37.5%, while its benchmark index has obtained a return of -17.2% for the same period.

As in the **International Portfolio,** during the third quarter we made few changes in the **Iberian Portfolio.** One new company (**Almirall**) has entered our portfolio with a weighting close to 1%. On the other hand, we have only completely sold **Altri** which at the end of June had a weighting close to 0.4%. In addition, we have reduced our exposure to **Técnicas Reunidas (by -1.6%)** because of the fall in the share price and **Sacyr (-1.4%)** partly because of the fall in the share price and partly because of the reduction in the position prior to that fall.

During the quarter we slightly increased (+0.9%) the



target value of the **Iberian Portfolio,** up to **€162/unit,** compared to a fall of 6.7% in the net asset value, as a result of which the upside **potential** has risen to **159%.**

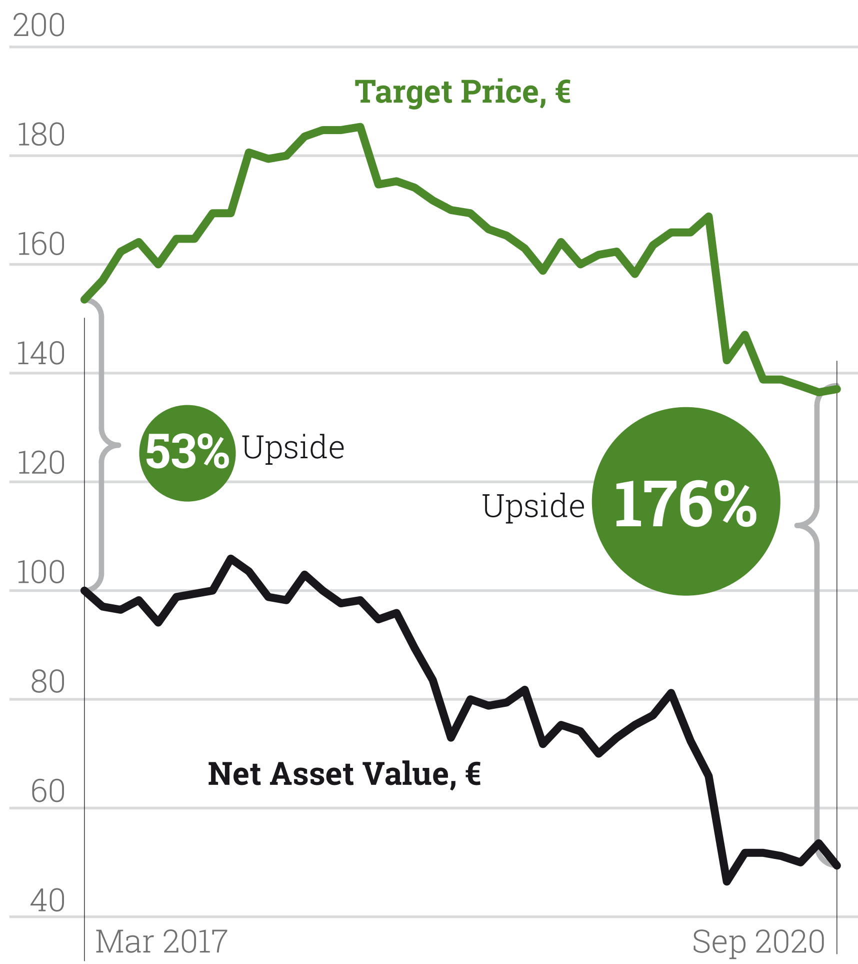
In the **Iberian Portfolio,** we are invested at 98% and, as a whole, the portfolio trades with an estimated 2021 P/E ratio of 5.8x, compared to the 14x of its benchmark index, and with a ROCE of 25%.

Large Cap Portfolio

During the third quarter of 2020, our **Large Cap Portfolio** had a return of -3.6% versus +3.4% in the benchmark index, **MSCI World Net**. Since the **Cobas Grandes Compañías FI** fund began investing in equities in early April 2017, the return has been -50.3%. In that period, the benchmark index rose by 23.4%.

In the **Large Cap Portfolio** we left **LG Corp** outright and went into **LG Electronics** and **Hyundai Motor** with a joint weight at the September closing date of ~4%. We also increased our position in **Aryzta** (+1%) and **OCI** (+0.8%) as the share price appreciated and **ICL** (by +2%).

During the quarter we slightly adjusted the **target value** of the **Large Company Portfolio** by 1%, up to **€137/unit**, compared to a fall of 3.6% in the net asset value, as a result of which the upside **potential** is **176%**.



In the **Large Cap Portfolio** we are 99% invested. Overall, the portfolio trades at an estimated 2020 P/E ratio of 6.9x, versus 20.1x for its benchmark index, and with a ROCE of 24%.

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NEWS

Comment **Third Quarter 2020**

Our **Cobas AM news section** aims to give you a preview of the asset management projects and initiatives, while sharing some of the most important milestones to have been reached in the last quarter.

Contact with our shareholders

Despite the anomalous situation caused by the COVID-19 pandemic, the Investor Relations team has continued working normally by maintaining our availability and close contact with our shareholders, through conference calls and video calls.

It should be noted that we have had more than 8000 contacts with our co-investors throughout the third quarter of 2020.

Juan Huerta de Soto in MOI Global

On October 6 and 7, the European Investing Summit 2020, organised by MOI Global, took place, with the participation of Juan Huerta de Soto, Cobas AM analyst.

Juan presented the investment thesis of one of our positions in the International Portfolio, the Italian company Maire Tecnimont, a world technology leader in the hydrocarbon chemical engineering industry.

You can access the video of this presentation, through the following link.

Participation in the radio programme "Tu Dinero Nunca Duerme" (Your Money Never Sleeps)

During this quarter, Juan Huerta de Soto, analyst of Cobas AM, and Carlos González, Head of Investor Relations for Retail Investors, have participated in the radio programme Tu Dinero Nunca Duerme, the leading financial literacy programme of the Spanish generalist radio esRadio in collaboration with Value School.

Juan Huerta de Soto explained to the listeners what is understood by risk in investment, in the edition of the programme that was aired on August 23. The audio of the podcast is available at the following link.

In addition, Carlos González spoke about Cobas Luxembourg funds and how they operate, in the edition of the programme that was aired on August 2. The audio of the podcast is available at the following link.

Integration of individual pension plans in Inversis

In order to facilitate access to our co-investors who operate from other financial entities, we have integrated our individual pension plans into Inversis for this purpose.

Other initiatives

SANTA COMBA

valueschool

Cobas AM collaborates with Value School to promote financial literacy from an independent perspective and help savers make conscientious investment decisions. At the end of the day, being a value investor is more than just buying cheap and then being patient. It is a philosophy of life.

Value School Summer Summit, now available at Value Academy

All sessions of the Value School Summer Summit 2020, the first international Value School congress devoted to saving, investing and personal improvement, ise now available at Value Academy, Value School's e-learning platform. Access to all videos, audios and slide shows is free forever and for everyone.

Publication of Capital Returns by Edward Chancellor

Value School adds a new title to its collection of modern investment classics published with Deusto. Capital Returns: Investing Through the Capital Cycle: A Money Manager's Reports (2002-2015) brings together Marathon Asset Management's market analysis that has enabled it to achieve great returns. In bookstores from October 27.

The Asymmetric Financial War: indexed investment strategies course

In collaboration with Quiet Investment, Value School has created The Asymmetric Financial War, the first indexed investment strategy course based on the namesake best-seller. New course available in Value Academy to create your own portfolio of low cost index funds.

New season of VS Webinars

Value School resumes its weekly conference schedule. Books of the month, master classes, meetings with managers, and the popular documentaries of the Mundo Value series. All available, as always, on the YouTube channel, which now has more than 150,000 subscribers.

GSI GLOBAL SOCIAL IMPACT

In July, Global Social **Impact Investments SGIIC** and **Mapfre AM**, the insurance group's manager, announced their alliance to provide financing to companies with high social impact in both border and emerging markets. They will do so through an open private debt fund, called the **Global Social Impact Fund (GSIF)**, which will initially focus on consolidated business models in Sub-Saharan Africa and potentially expand to Latin America.

The vehicle, which aims to reach €50 million as its first objective, will be managed by GSI and was created with **Santa Comba** and **Mapfre** as the main investors. **Mapfre AM** will assume the role of investment advisor.

open value foundation

The quarter at **Open Value Foundation** has been marked by the launch of the second edition of the **Acumen Fellows Program**, a training programme that aims to encourage people who have set out to tackle the most pressing challenges that we face in Spain. In parallel, the selection process for the first **Master in Impact Investing in Spain** has taken place, which starts at the end of October at the **Autonomous University of Madrid** to train people who want to join this booming sector.

In mid-September, the Camino al Impacto **(Road to Impact)** event, organised by **SpainNAB**, the **National Advisory Council for Impact Investing**, took place to celebrate the fact that Spain joined the GSG a year ago. This platform was created to promote impact investment at an international level.

The meeting had more than 250 participants and it was announced that impact investment has grown in Spain in the last year from the estimated €90 million in 2018 to €229 million last year.

For more information you can visit the Open Value Foundation website, where you can register to receive its monthly newsletter with the latest news and events from the impact ecosystem.

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ANNEXES

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Spanish Funds

				Q3 Performance		Performance YTD		Perf. since inception					
Fund	Net Asset Value	Target Value	Upside potential	Cobas	Benchmarck	Cobas	Benchmarck	Cobas	Benchmarck	PER	ROCE	AUM mn€	Equity exposure
Selección FI	52.7 €	168 €	219%	-2.1%	0.1%	-39.5%	-12.7%	-47.3%	15.9%	5.0x	27%	437.2	99%
Internacional FI	50.1 €	160 €	219%	-1.2%	0.1%	-39.1%	-12.7%	-49.9%	4.2%	5.0x	27%	282.5	98%
Iberia FI	62.5 €	162 €	159%	-6.7%	-6.2%	-38.0%	-26.2%	-37.5%	-17.2%	5.8x	25%	27.3	98%
Grandes Compañías FI	49.7 €	137 €	176%	-3.6%	3.4%	-38.8%	-2.6%	-50.3%	23.4%	6.9x	24%	11.7	99%
Renta FI	87.7 €			-1.0%	-0.1%	-9.2%	-0.3%	-12.3%	-1.4%			14.0	13%

Pension Funds

				Q3 Performance		Performance YTD		Perf. since inception					
Fund	Net Asset Value	Target Value	Upside potential	Cobas	Benchmarck	Cobas	Benchmarck	Cobas	Benchmarck	PER	ROCE	AUM mn€	Equity exposure
Global PP	49.0 €	155 €	217%	-1.9%	0.1%	-39.2%	-12.7%	-51.0%	0.8%	5.0x	27%	34.1	98%
Mixto Global PP	58.5 €	155 €	164%	-1.2%	0.1%	-31.5%	-5.9%	-41.5%	1.1%	4.9x	20%	3.1	74%

Luxembourg Funds

				Q3 Performance		Performance YTD		Perf. since inception					
Fund	Net Asset Value	Target Value	Upside potential	Cobas	Benchmarck	Cobas	Benchmarck	Cobas	Benchmarck	PER	ROCE	AUM mn€	Equity exposure
International EUR	47.0 €	151 €	221%	-1.3%	0.1%	-41.9%	-12.7%	-53.0%	-1.3%	5.0x	27%	11.7	99%
International USD	$57.8	$185	221%	-0.9%	0.1%	-40.6%	-12.7%	-48.8%	-0.8%	5.0x	27%	0.2	99%
Selection EUR	10,062.0 €	31,825 €	216%	-1.8%	0.1%	-40.2%	-12.7%	-45.7%	19.1%	5.0x	26%	33.8	98%
Selection USD	$17,725.1	$56,062	216%	-1.4%	0.1%	-38.9%	-12.7%	-39.8%	19.1%	5.0x	26%	6.9	98%
Iberian EUR	67.8 €	174 €	157%	-6.6%	-6.2%	-37.6%	-26.2%	-32.2%	-22.9%	5.8x	24%	3.4	97%
Large Cap EUR	65.2 €	180 €	176%	-3.5%	3.4%	-38.8%	-2.6%	-34.8%	4.0%	6.9x	24%	3.0	99%

- The **target value** of our funds is based on internal calculations and estimates and Cobas AM does not guarantee that its calculation is correct or that they will be reached.
- **Inception of the funds**. Cobas International Fund EUR: 1-jun-17; Cobas International Fund USD: 6-jun-17; Cobas Selection Fund EUR and USD: 1-jul-17; Cobas Concentrated Fund EUR and USD: 31-dec-17; Cobas Iberian EUR and Cobas Large Cap EUR: 14-oct-19.
- **Benchmark.** MSCI Europe Total Return Net for Cobas Selección FI, Cobas Internacional FI, Cobas Concentrados FI and Cobas Global PP; MSCI World Net EUR for Cobas Grandes Compañías FI; IGBM Total 80% and PSI 20 Total Return 20% for Cobas Iberia FI.

Radiography of our funds

cobas asset management

Third Quarter 2020

Cobas Internacional FI
ES0119199000

Top 10

Company	Current quarter weight	Previous quarter weight
CIR	7.6%	8.0%
Aryzta	6.0%	4.3%
Teekay LNG	4.9%	5.6%
Golar LNG	4.8%	7.6%
Dixons Carphone	4.6%	4.0%
Babcock	4.4%	3.9%
Danieli	4.1%	3.4%
Maire Tecnimont	4.1%	4.1%
Wilhelmsen	3.7%	3.5%
International Seaways	3.4%	4.0%

Geographical breakdown (Current Quarter Weight %)

Eurozone	32.6%
Resf of Europe	30.4%
USA	25.7%
Asia	11.3%

Currency breakdown (% Gross)

Euro	32.6%
US Dollar*	25.7%
Pound Sterling	14.7%
South Korean Won	7.8%
Norwegian Krone	6.9%
Swiss Franc	6.0%
Yen	1.9%
New Israeli Shekel	1.6%
Other	2.8%

(*) EUR/ USD 65% hedged

Performance contributors (Contribution to return %)

Contributors	
Aryzta	1.8%
Danieli	1.0%
Hyundai Motor Pref.	0.7%
Cairn Energy	0.5%
LG Electronics Pref.	0.4%

Detractors	
Golar LNG	-0.6%
Teekay LNG	-0.7%
Petrofac	-0.7%
Babcock	-0.7%
Kosmos Energy	-1.2%

In & out of the portfolio

In the portfolio

Out of the portfolio
- Samsung Electronics Pref.
- NS Shopping Co.

Cobas Iberia FI
ES0119184002

Top 10

Company	Current quarter weight	Previous quarter weight
Elecnor	10.3%	10.1%
Semapa	8.9%	8.6%
Vocento	7.7%	8.2%
Técnicas Reunidas	7.0%	8.5%
Atalaya Mining	4.4%	5.0%
Corp. Fin. Alba	4.2%	3.9%
Metrovacesa	4.1%	4.1%
Meliá	4.0%	4.0%
Prosegur Comp. Seguridad	3.0%	2.9%
Grupo Catalana Occ.	2.9%	2.5%

Geographical breakdown (Current Quarter Weight %)

Spain	75.5%
Portugal	17.9%
Other	6.6%

Currency breakdown (% Gross)

Euro	95.6%
Other	4.4%

Performance contributors (Contribution to return %)

Contributors	
Atalaya Mining	0.7%
Sonae Capital	0.7%
CTT Correios de Portugal	0.6%
Arcelormittal	0.3%
Global Dominion	0.2%

Detractors	
Semapa	-0.5%
Meliá	-0.7%
Elecnor	-0.8%
Vocento	-1.2%
Técnicas Reunidas	-2.9%

In & out of the portfolio

In the portfolio
- Almiral

Out of the portfolio
- Altri

Cobas Grandes Compañías FI
ES0113728002

Top 10

Company	Current quarter weight	Previous quarter weight
Israel Chemicals	8.3%	6.4%
Mylan	6.0%	6.4%
Dassault Aviation	4.9%	5.1%
Porsche	4.7%	4.5%
Golar LNG	4.6%	5.9%
Samsung C&T	4.4%	4.7%
Renault	4.2%	4.0%
Thyssenkrupp	4.1%	5.7%
OCI	4.1%	3.2%
Samsung Electronics Pref.	3.3%	3.0%

Geographical breakdown (Current Quarter Weight %)

Eurozone	41.2%
Asia	26.6%
USA	24.4%
Rest of Europe	7.0%
Other	0.9%

Currency breakdown (% Gross)

Euro	41.2%
US Dollar*	24.4%
South Korean Won	11.6%
New Israeli Shekel	8.3%
Pound Sterling	4.0%
Swiss Franc	2.9%
Yen	2.5%
Taiwan Dollar	2.2%
Other	2.8%

(*) EUR/ USD 65% hedged

Performance contributors (Contribution to return %)

Contributors	
Israel Chemicals	1.0%
Aryzta	0.8%
OCI	0.6%
Hyundai Motor Pref.	0.6%
Arcelormittal	0.4%

Detractors	
Dassault Aviation	-0.6%
National Oilwell Varco	-0.7%
Mylan	-0.7%
Golar LNG	-1.3%
Thyssenkrupp	-1.7%

In & out of the portfolio

In the portfolio
- Hyundai Motor Pref.
- LG Electronics Pref.

Out of the portfolio
- LG Corp.

Cobas Selección FI
ES0124037005

Top 10

Company	Current quarter weight	Previous quarter weight
CIR	6.8%	7.1%
Aryzta	5.5%	3.9%
Teekay LNG	4.4%	5.0%
Golar LNG	4.3%	6.8%
Dixons Carphone	4.2%	3.6%
Babcock	3.9%	3.5%
Danieli	3.7%	3.1%
Maire Tecnimont	3.6%	3.7%
Wilhelmsen	3.4%	3.1%
International Seaways	3.0%	3.5%

Geographical breakdown (Current Quarter Weight %)

Eurozone	36.7%
Rest of Europe	29.6%
USA	23.3%
Asia	10.5%

Currency breakdown (% Gross)

Euro	36.7%
US Dollar*	23.3%
Pound Sterling	15.2%
South Korean Won	7.2%
Norwegian Krone	6.3%
Swiss Franc	5.5%
Yen	1.8%
New Israeli Shekel	1.4%
Other	2.5%

(*) EUR/ USD 65% hedged

Performance contributors (Contribution to return %)

Contributors	
Aryzta	1.6%
Danieli	0.9%
Hyundai Motor Pref.	0.7%
Cairn Energy	0.4%
LG Electronics Pref.	0.4%

Detractors	
Golar LNG	-0.6%
Teekay LNG	-0.6%
Petrofac	-0.6%
Babcock International	-0.6%
Kosmos Energy	-1.1%

In & out of the portfolio

In the portfolio
- Metrovacesa

Out of the portfolio
- NS Shopping Co.
- Sacyr
- Samsung Electronics Pref.

Cobas Renta FI
ES0119207001

Top 10

Company	Current quarter weight	Previous quarter weight
Golar LNG	2.0%	2.9%
Teekay Corp.	1.6%	1.9%
Teekay LNG	1.5%	1.9%
CIR	1.2%	1.2%
Babcock	1.0%	1.0%
International Seaways	0.9%	0.7%
Dixons Carphone	0.8%	0.8%
Renault	0.8%	0.6%
Semapa	0.7%	0.7%
Elecnor	0.6%	0.6%

Geographical breakdown (Current Quarter Weight %)

Eurozone	81.5%
USA	12.8%
Rest of Europe	5.7%

Currency breakdown (% Gross)

Euro	81.5%
US Dollar*	12.8%
Swiss Franc	2.5%
Pound Sterling	1.8%
Norwegian Krone	1.4%

(*) EUR/ USD 65% hedged

Cobas LUX SICAV Cobas Selection Fund
LU1372006947 EUR and LU1372007168 USD

Top 10

Company	Current quarter weight	Previous quarter weight
Aryzta	6.7%	4.6%
CIR	6.6%	7.2%
Teekay LNG	4.5%	5.1%
Golar LNG	4.4%	6.9%
Dixons Carphone	4.2%	3.6%
Babacock	3.9%	3.5%
Danieli	3.7%	3.1%
Maire Tecnimont	3.7%	3.7%
Wilhelmsen	3.4%	3.1%
International Seaways	3.0%	3.6%

Geographical breakdown (Current Quarter Weight %)

Eurozone	36.4%
Rest of Eurpe	30.7%
USA	22.7%
Asia	10.2%

Currency breakdown (% Gross)

Euro	36.4%
USD*	22.7%
Sterling Pound	15.2%
Korean Won	7.0%
Swiss Franc	6.7%
Norwegian Krone	6.3%
Japanese Yen	1.8%
Other	4.0%

(*) EUR/ USD 65% hedged

Performance contributors (Contribution to return %)

Contributors	
Aryzta	1.9%
Danieli	0.9%
Hyundai Motor	0.7%
Cairn Energy	0.4%
LG Electronics	0.4%

Detractors	
International Seaways	-0.5%
Teekay LNG	-0.6%
Petrofac	-0.6%
Babcock	-0.7%
Kosmos Energy	-1.1%

In & out of the portfolio

In the portfolio
- Metrovacesa

Out of the portfolio
- NS Shopping Co.
- Sacyr
- Samsung Electronics Pref.

Cobas LUX SICAV Cobas International Fund
LU1598719752 EUR and LU1598719919 USD

Top 10

Company	Current quarter weight	Previous quarter weight
CIR	7.1%	7.7%
Aryzta	6.1%	4.1%
Teekay LNG	5.0%	5.6%
Golar LNG	4.9%	7.7%
Dixons Carphone	4.7%	4.1%
Babacock	4.4%	3.9%
Danieli	4.1%	3.5%
Maire Tecnimont	4.1%	4.0%
Wilhelmsen	3.8%	3.5%
International Seaways	3.4%	4.2%

Geographical breakdown (Current Quarter Weight %)

Eurozone	32.1%
Rest of Europe	30.9%
USA	25.4%
Asia	11.6%

Currency breakdown (% Gross)

Euro	32.1%
USD*	25.4%
Sterling Pound	14.9%
Korean Won	8.1%
Norwegian Krone	7.1%
Swiss Franc	6.1%
Japanese Yen	2.0%
Other	4.3%

(*) EUR/ USD 65% hedged

Performance contributors (Contribution to return %)

Contributors	
Aryzta	1.7%
Danieli	1.0%
Hyundai Motor	0.7%
Cairn Energy	0.4%
LG Electronics	0.4%

Detractors	
International Seaways	-0.6%
Teekay LNG	-0.7%
Petrofac	-0.7%
Babcock	-0.8%
Kosmos Energy	-1.2%

In & out of the portfolio

In the portfolio

Out of the portfolio
- NS Shopping Co.
- Samsung Electronics Pref.

Cobas LUX SICAV Cobas Iberian Fund
LU1598721493 EUR

Top 10

Company	Current quarter weight	Previous quarter weight
Elecnor	10.1%	10.2%
Semapa	9.0%	8.6%
Vocento	7.7%	8.2%
Técnicas Reunidas	7.0%	8.7%
Atalaya Mining	4.4%	5.0%
Corp. Fin. Alba	4.2%	3.9%
Metrovacesa	4.1%	4.2%
Melia	4.0%	4.1%
Prosegur Comp. Seguridad	3.0%	2.9%
Catalana Occidente	2.9%	2.5%

Geographical breakdown (Current Quarter Weight %)

Spain	75.5%
Portugal	17.9%
Other	6.6%

Currency breakdown (% Gross)

Euro	95.6%
Other	4.4%

Performance contributors (Contribution to return %)

Contributors	
Atalaya Mining	0.7%
Sonae Capital	0.7%
CTT Correios De Portugal	0.6%
Arcelormittal	0.3%
Global Dominion	0.2%

Detractors	
Semapa	-0.5%
Melia	-0.7%
Elecnor	-0.8%
Vocento	-1.2%
Tecnicas Reunidas	-2.9%

In & out of the portfolio

In the portfolio
- Almiral

Out of the portfolio
- Altri

Cobas LUX SICAV Cobas Large Cap
LU1598720172 EUR

Top 10

Company	Current quarter weight	Previous quarter weight
ICL	8.4%	6.4%
Mylan	6.0%	6.4%
Dassault Aviation	4.9%	5.1%
Porsche	4.7%	4.5%
Golar LNG	4.6%	5.9%
Samsung C&T	4.4%	4.8%
BMW	4.3%	3.8%
Renault	4.2%	4.1%
Thyssenkrupp	4.1%	5.7%
OCI	4.1%	3.3%

Geographical breakdown (Current Quarter Weight %)

Eurozone	41.5%
Asia	26.7%
USA	24.1%
Rest of Europe	6.9%
Other	0.8%

Currency breakdown (% Gross)

Euro	41.5%
USD*	24.1%
Korean Won	11.7%
Israel Shekel	8.4%
Sterling Pound	4.0%
Japanese Yen	2.8%
Swiss Franc	2.5%
Taiwanese Dollar	2.1%
Other	2.9%

(*) EUR/ USD 65% hedged

Performance contributors (Contribution to return %)

Contributors	
ICL	1.0%
Aryzta	0.8%
OCI	0.6%
Hyundai Motor	0.6%
Arcelormittal	0.4%

Detractors	
Dassault Aviation	-0.6%
National-oilwell Varco	-0.7%
Mylan	-0.8%
Golar LNG	-1.0%
Thyssenkrupp	-1.9%

In & out of the portfolio

In the portfolio
- Hyundai Motor Pref.
- LG Electronics Pref.

Out of the portfolio
- LG Corp.

The **positions** of Maire Tecnimont, CIR and Wilhelmsen bring together the joint exposure to the different types of portfolio shares of these companies, whose ISINs are shown below.:
Maire Tecnimont: IT0004931058 and XXITV0000107; CIR: XXITV0000180 and IT0000070786; Wilhelmsen: NO0010571698 and NO0010576010. Information broken down by ISIN code is available in the report available on the CNMV wbesite.

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c o b a s

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