

Cobas Asset Management Newsletter

- December 2018 -

Dear investor,

Our December Newsletter recaps all the latest news at the asset management firm, key figures regarding our funds, details on the characteristics of our portfolios and other matters of interest.

We would also like to remind you of the operating procedure to follow and deadline for processing **pension plan contributions** within the current fiscal year 2018, which will depend on your chosen method:

- **Cheque contribution:** cheques must reach Cobas Asset Management by Friday, **21 December 2018**.
- **Standard transfer contribution:** transfers must be executed by 2 p.m. on Thursday, **27 December 2018**.

The following topics can be viewed below:



Statements of position



Interview
FGP



Our product range



Company of the



Blog



Investor Q&A



Cobas AM on
social media

Statements of position

Your statement of position for November is now available. You can access and download it from the investor portal. If you have requested a copy by post, you will receive it in the next few days.

Interview with Francisco García Paramés

We'd like to share an interview with Francisco García Paramés at the First Active Management Seminar (I Jornada de la Gestión Activa) hosted by Spanish newspaper El Economista.

Click on the image to access the content.

I JORNADA DE LA GESTIÓN ACTIVA DE elEconomista.es

Entrevista a Francisco García Paramés

Our product range

Ratios and Returns

This section contains the returns, P/E ratios and upside for all Cobas Asset Management investment funds and pension plans.

Fund/Plan	NAV 31/12/18	Upside	P/E	Performance in November		Upside in 2,018		Upside from the Beginning	
				Cobas	Benchmark (2)	Cobas	Benchmark (2)	Cobas	Benchmark (2)
Cobas Selección FI	87.55 €	108%	7.2x	-6.39%	-0.86%	-20.44%	-5.34%	-12.45%	4.36%
Cobas Internacional FI	82.64 €	112%	7.0x	-7.01%	-0.86%	-21.85%	-5.34%	-17.36%	0.79%
Cobas Iberia FI	98.89 €	78%	9.0x	-1.02%	0.87%	-10.25%	-6.54%	-1.11%	-4.12%
Cobas Grandes Compañías FI	83.71 €	105%	6.8x	-6.61%	1.21%	-20.89%	4.78%	-16.29%	7.39%
Cobas Renta FI	94.12 €			-1.90%		-6.41%		-5.88%	
Cobas Global PP	80.82 €			-6.31%	-0.86%	-20.23%	-5.34%	-19.18%	-2.43%
Cobas Mixto Global PP	85.10 €			-4.81%		-16.33%		-14.90%	
Cobas Concentrados FIL	65.97 €			-13.63%	-0.86%	-34.03%	-5.34%	-34.03%	-5.34%
(1) Start of the Funds	Cobas Selección FI: 31-dic-16 Cobas Internacional FI: 15-mar-17 Cobas Global PP: 23-jul-17 Cobas Mixto Global PP: 25-jul-17								
(2) Benchmark	MSCI Europe Total Return Net for Cobas Selección FI, Cobas Internacional FI, Cobas Concentrados FIL, and Cobas Global PP MSCI World Net EUR for Cobas Grandes Compañías FI IGBM Total and PSI 20 Total Return (75%-25% until 31-12-17; 80%-20% from 01-01-18) for Cobas Iberia FI								

Fund factsheets

The monthly factsheets for all Cobas Asset Management investment funds in November are given below. To access them, click on the following links:

[Cobas Selección FI](#)

[Cobas Internacional FI](#)

[Cobas Iberia FI](#)

[Cobas Grandes Compañías FI](#)

[Cobas Renta FI](#)

c o b a s
asset management

INFORMACIÓN GENERAL

Gestora del fondo:
Cobas AM

Depositar:
Banco Inversis SA

Estructura legal:
UCI-FI

País de registro:
España

Fecha de creación: 14/10/2016

Cierre de año fiscal: Diciembre

Hora de corte: 14:00 Hora Española

Valoración VL: Diaria

Comisión gestión: 1,70%

Otros Gastos Corrientes: 0,04%

ISIN: ES01400005

Bloomberg: COBASFI

DATOS TÉCNICOS

VL: 87,55

Tamaño (mill. €): EUR 958,74

Ret. 1 mes: -6,39%

Ret. año: 20,43%

Número de posiciones*: 68

(*) Datos ajustados a septiembre 2018

INDICADOR RIESGO

1 2 3 4 5 6 7

5 POSICIONES PRINCIP.

Ayris AG	5,80%
Teckay LNG Partners LP	4,36%
Teckay Corp	4,31%
International Seaways Inc	3,91%
Babcock International Group	3,67%

Datos a septiembre 2018

DIST. GEOGRÁFICA

Europa	30,29%
Otros Europa	24,38%
EEUU	23,92%
Asia	15,44%
Liquidez	3,49%
Otros	3,57%

Datos a septiembre 2018

Cobas Selección FI
Noviembre 2018

OBJETIVO INVERSIÓN

El fondo busca preservar y generar crecimiento sobre el capital invertido con una visión de largo plazo.

ESTRATEGIA DE INVERSIÓN

El objetivo del equipo de inversión es construir una cartera "long-only" diversificada sin apalancamiento ni derivados, que ofrezca oportunidades de inversión con una ratio de rentabilidad/riesgo atractiva.

La filosofía de inversión se basa en los principios del value investing: compra de buenos negocios con ventajas competitivas duraderas, gestionados por un buen equipo profesional y que la acción esté cotizada con gran descuento respecto a su valor intrínseco.

GESTOR

Cobas AM fue fundada en el año 2007 por Francisco García Paramés, un gestor de cartera altamente reputado con más de 25 años de extraordinario historial. El Sr. García Paramés lidera un equipo de inversión de diez analistas totalmente dedicado a un único estilo de inversión: Value Investing.

CONTACTO INVERSOR

Madrid
Relación con Inversores
José Alsosol, 45, 9ª planta
28003 Madrid (España)
+34 91 755 60 00
info@cobasem.com

RENTABILIDAD FONDO vs BENCHMARK

Crecimiento de EUR 100 — Cobas Selección FI — MSCI Europe Total Net Return

Noviembre 2018

Company of the month: Babcock International



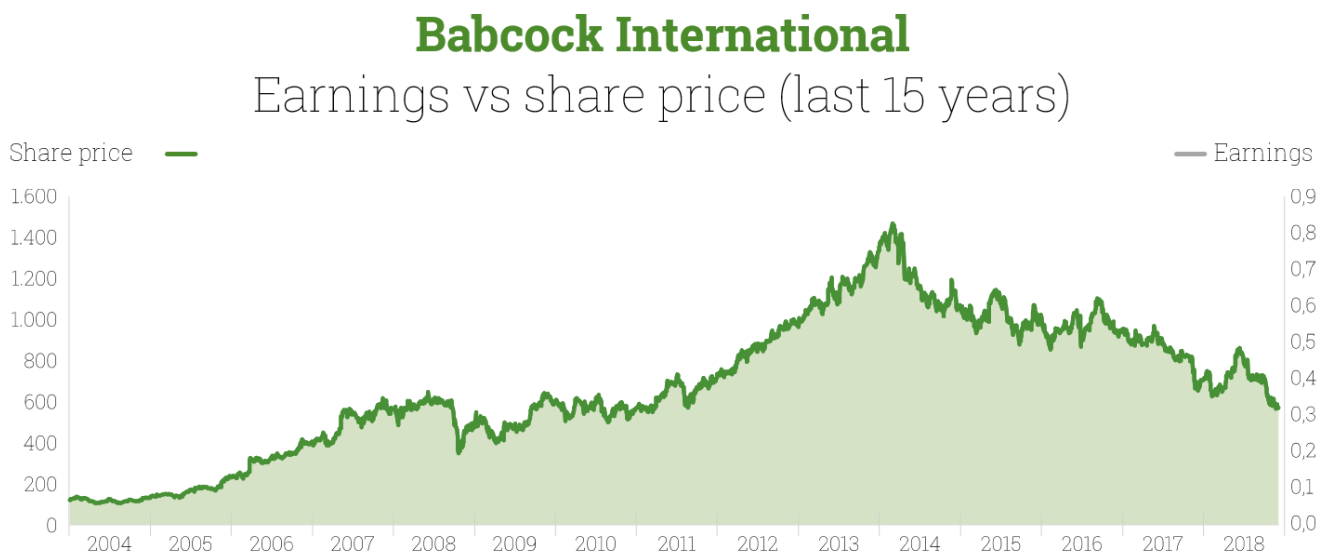
This month's spotlight will shine on **Babcock International**, a UK company that focuses its business on three core markets: Defence, Emergency Services and Nuclear.

Babcock possesses substantial competitive advantages:

- Large market shares
- Account with unique assets
- Extensive experience with the Ministry of Defence and accumulated expertise
- Good standing and reliable in critical activities

Thanks to these advantages, Babcock is capable of yielding elevated returns on capital with greater visibility in the future. Their largest contracts usually span for a period of between seven and ten years, and they win over 90% of their tender renewal bids. This clearly mitigates the risk of negative surprises.

The following chart shows Babcock's share performance (green) and adjusted earnings per share (grey) over the past 15 years:



Source: Bloomberg

Babcock's listing figures have not kept pace with its earnings since 2014. We believe that the market is not properly assessing the company for a number of reasons, namely:

- The market believes that the management team is undermining value by buying companies. In 2014, Babcock purchased Avincis, a growing market leader in high-quality helicopter emergency services in Eastern Europe. However, even though the purchase price was reasonable, a third of the business, linked to the oil and gas industry, ceased generating profits after the crude oil barrel price plummeted.

- Brexit. Even though the company's main client is the British Government, most of its revenue comes from the Ministry of Defence, which has one of the most transparent long-term budgets. Babcock is also well positioned for budgetary allocations, since Babcock's main activities entail managing, maintaining and extending the useful service life of assets (ports, submarines, frigates, vehicles, etc.) and achieving savings for the Government.

- Inappropriate comparisons. Instead of covering Defence companies, the analysts who cover Babcock usually cover civil subcontractors with no competitive advantages that normally have greater problems (bidding to provide lower prices in long-term contracts) and are listed at lower prices. Babcock shouldn't be compared with them, since the company's businesses differ significantly.

In light of all this, we were able to buy shares in the well managed and quality-anchored Babcock at very attractive prices. At the close of September, the company accounted for 3.7% in Cobas Selección FI, 4.0% in Cobas Internacional FI and 7.1% in Cobas Grandes Compañías FI.

Blog

Click on the links below to read blog entries posted in the past month.

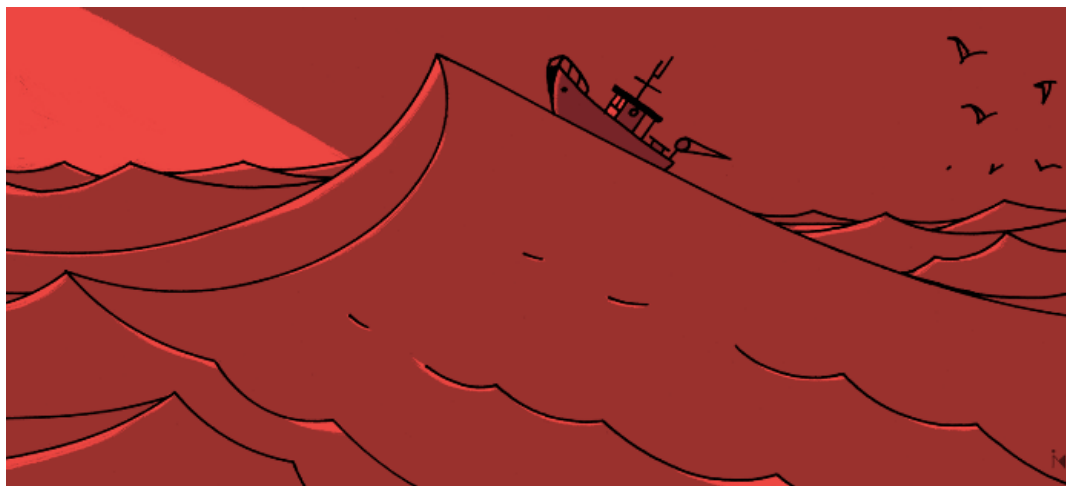
Experience is the universal mother of sciences

Andrés Allende talks about the importance of learning from mistakes and the need for years of experience to truly understand the robustness of an investor's investment process and risk management.



Five years

A Cobas investor muses about the long term, sustaining that investors cannot call themselves value investors until they have weathered a trying investment situation, i.e. until they have gone against the grain. As a reflection, he believes in assessing our balance as stakeholders once every five years.



Investor Q&A

This month, we would like to share a few important features of our day-to-day, which most investors may find interesting.

What's the difference between investing in an investment fund and in a pension plan?

Understanding the similarities and differences between pension plans and investment funds is essential for optimising our savings so that we can choose what best matches the particular needs of each investor.

They are similar in that they are long-term investments. While pension plans focus exclusively on retirement savings with a cap on contributions, investment funds set no limits on contribution amounts and could be used for other purposes.

Liquidity is another relevant factor. Unlike investment funds, where investors can get their money at any time, the pension plan structure locks investors in for at least ten years of contributions with the exception of specific contingencies such as serious illness or long-term unemployment.

Finally, in terms of taxation, both vehicles provide attractive advantages such as the possibility of transferring without any tax liability. However, unlike investment funds, the contributions in pension plans up to €8,000/year deduct income tax. Upon withdrawal, funds will be reflected as savings income while pension plans are viewed as earned income and the applied rate will depend on the level of income.

What is the taxation on pension plan contributions and withdrawal?

Investors may have concerns regarding the tax aspect regarding contributions and, in particular, withdrawal from their pension plans.

The general income tax base for the contributor is actually much lower, though the maximum limit on contributions with a right to this reduction is generally set at €8,000 per year.

Turning to withdrawal or "rescue", the income from the withdrawal is deemed to be earned income and therefore taxed in the period when it is received. This rescue can be made upon an event or contingency expressly contemplated in the plan's constitution, most commonly retirement-related.

There are three alternative ways to carry out a rescue: as pension income (temporary or annuity), capital (the funds are recovered all together) or mixed (the pension is drawn as income or another form of capital).

There is also a 40% reduction applicable only on capital and mixed rescue formula (only on the capital part) in the following scenarios:

1. Retirement before 31 December 2006: a 40% reduction can be applied on the entire income received as capital so long as at least two years have elapsed since the first contribution until the time of retirement (requirement met in most cases)
2. Retirement after 31 December 2006: a 40% reduction can be applied on the part corresponding to contributions made before 31 December 2006 and so long as at least 2 years have elapsed since the first contribution until the time of retirement.

In both cases, a transitional scheme was set up that requires compliance with an additional requirement as of 1 January 2015.

- For retirements in or before 2010, the 40% reduction can only be applied on the payout obtained as capital until 31 December 2018.
- For retirements between 2011 and 2014 (both years included), the 40% reduction can only be applied on the payout obtained as capital until the end of the eighth period following the year of retirement. For example, if a person retires on 1 January 2012, the capital rescue deadline and applying the 40% reduction is 31 December 2020. Partial withdrawals as income can be made before that deadline, in which case there will be no right to any reduction.
- For retirements after 1 January 2015, the 40% reduction can only be applied on the payout obtained as capital until the end of the second period following the year of retirement.



"Patience is the single most important attribute for investing effectively. A patient and reasonably well-informed investor has the philosopher's stone in their hands: the holy grail."

We're here to address any questions or concerns you may have. Just call +34 900151530 or e-mail us at international@cobasam.com.

Best regards,

Cobas Asset Management Investor Relations Team