

Cobas Asset Management Newsletter

- April 2018 -

Dear investor,

In our April Newsletter, we provide an update on our latest news as well as key data relating to our funds, going into greater detail regarding the characteristics of our portfolios and other matters of interest.

Cobas Asset Management held its Second Annual Investor Conference in Madrid on 10 April, and on Tuesday, 17 April, it will go to Barcelona. The video from the conference is already available through the usual channels.

The following topics can be viewed below:



Statements of position



Our product range



**Company of the
Month**



Blog



Investor Q&A



**Cobas AM on
social media**

Statements of position

Your statement of position for March 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.

Our product range

Ratios and returns

Details of the returns, P/E ratios and upside for each of Cobas Asset Management's investment funds and pension plans are provided in the next section.

Fund/Plan	NAV 31/03/18	Upside Potential	PER	Upside in March		Upside in 2018		Upside from the Start(1)	
				Cobas	Benchmark (2)	Cobas	Benchmark (2)	Cobas	Benchmark (2)
Cobas Selección FI	100,72 €	95%	8,3x	-1,46%	-2,02%	-8,47%	-4,30%	0,72%	5,50%
Cobas Internacional FI	96,23 €	100%	8,2x	-1,19%	-2,02%	-9,01%	-4,30%	-3,77%	1,89%
Cobas Iberia FI	110,35 €	44%	10,8x	-2,18%	-2,15%	0,14%	-2,59%	10,35%	-0,07%
Cobas Grandes Compañías FI	98,47 €	83%	8,7x	-0,52%	-2,99%	-6,94%	-3,61%	-1,53%	-1,22%
Cobas Renta FI	98,58 €			-0,24%		-1,98%		-1,42%	
Cobas Global PP	92,92 €			-1,24%	-2,02%	-8,28%	-4,30%	-7,08%	-1,36%
Cobas Mixto Global PP	94,79 €			-1,02%		-6,81%		-5,21%	
Cobas Concentrados FIL	88,61 €			-1,10%	-1,46%	-11,39%	-8,47%	-11,39%	-8,47%

(1) Start of the funds
 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 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

Following are the March factsheets for each of Cobas Asset Management investment funds. To access them, click on the links:

[Cobas Selección FI](#)

[Cobas Internacional FI](#)

[Cobas Iberia FI](#)

[Cobas Grandes Compañías FI](#)

[Cobas Renta FI](#)



Our TOP 10

The table below lists our top 10 companies at the close of December in the following Cobas Asset Management portfolios: Internacional, Iberia and Grandes Compañías. The full quarterly report will be published at the end of the month.

International Portfolio

Our Top 10

Sector	Company	Country	Weight	A	B	C	D
Food	Aryzta	Switzerland	8.68%	.	.		
Chemicals	ICL	Israel	6.19%		.		.
Shipping	Teekay Corp	USA	4.96%		.		.
Shipping	Teekay LNG	USA	4,94%		.		.
Consumer	Dixons Carphone	UK	4,01%	.	.	.	
Aerospace and Defence	Babcock International	UK	3.95%	.	.		
Automotive	Renault	France	3.87%	.	.	.	.
Electronics	Samsung Electr Pref	South Korea	3.57%	.	.	.	.
Automotive	Hyundai Motor Pref	South Korea	3.23%		.	.	.
Maritime Transport	International Seaways	USA	3.04%		.		

A: High ROCE; B: Attractive ratios C: Net Cash; D: Controlling Shareholder

Iberian Portfolio

Our Top 10

Sector	Company	Country	Weight	A	B	C	D
Engineering	Técnicas Reunidas	Spain	9.14%	.	.	.	.
Telecommunications	Telefónica	Spain	7.83%		.		
Engineering	Elecnor	Spain	7,66%		.		.
Telecommunications	Euskaltel	Spain	5.86%		.		.
Engineering & Construction	Ferrovial	Spain	4.60%		.		.
Real Estate	Quabit	Spain	4,56%		.		.
Engineering & Construction	Sacyr	Spain	4.35%		.		.
Media	Vocento	Spain	4.27%		.		.
Services	CTT- Correios de Portugal	Portugal	3.82%	.	.	.	.
Industry	EDP	Portugal	3,02%		.		
A: High ROCE; B: Attractive ratios C: Net Cash; D: Controlling Shareholder							

Large Cap Portfolio

Our Top 10

Sector	Company	Country	Weight	A	B	C	D
Pharmaceutical	Teva Pharma	USA	7.24%		.		
Food	Aryzta	Switzerland	6.93%	.	.		
Chemicals	ICL	Israel	6.06%		.		.
Aerospace and Defence	Babcock International	UK	5.72%	.	.		
Pharmaceutical	Mylan	USA	4.74%		.		
Telecommunications	KT Corp	South Korea	4.69%		.		.
Electronics	Samsung Electr Pref	South Korea	4.63%	.	.	.	.
Automotive	Renault	France	4.62%	.	.	.	.
Automotive	Porsche	France	4.17%		.	.	.
Shipping	Teekay LNG	USA	3.98%		.		.
A: High ROCE; B: Attractive ratios C: Net Cash; D: Controlling Shareholder							

Company of the Month

The logo for Shire, featuring the word "Shire" in a blue, sans-serif font with a stylized blue swoosh above the letter 'S'.

Headquarters	Dublin, Ireland
CEO	Flemming Ornskov
Website	www.shire.com
Sector	Pharmaceutical
Stock Exchange	United Kingdom

Market Cap	33,8 Bn
Ticker Bloomberg	SHP:LN
Closing Price 05/04	3.707 GBp
Max L52w	5.021 GBp
Min L52w	2.940 GBp

This month, we take a closer look at **Shire**, a pharmaceutical company from the UK, where it is listed.

Historically, Shire has specialised in producing medicines for conditions related to neuroscience, haematology and immunology as well as a rare condition characterised by recurring oedema affecting the skin, mucous membranes and internal organs.

Nowadays, Shire is focused heavily on **investing in R&D** and becoming even more competitive. Some of its drug patents expire in a few years and other companies in the sector could release highly competitive new drugs, which could undermine the British pharmaceutical company's revenue.

This is precisely why Shire is undervalued on the stock market. Its shares dropped by around 20% in 2017 after Roche announced the launch of a good competing product in haematology.



However, we believe the market overreacted to this news. Its **management team** is focused on making major investments. It has also announced that the company will soon launch a drug related to the rare oedema disease, which will help to make up for the fall in sales of products with a patent about to expire. The company is also planning on investing in plasma derivatives for immunology, which would make it stronger competitor for Grifols and CSL.

Despite assuming a sharp fall in sales in haematology and other products with a patent about to expire, Shire's **upside is over 20%**. Consequently, we believe it represents a good investment opportunity, accounting for around 3% of the portfolio Cobas Grandes Compañías FI at the close of December.

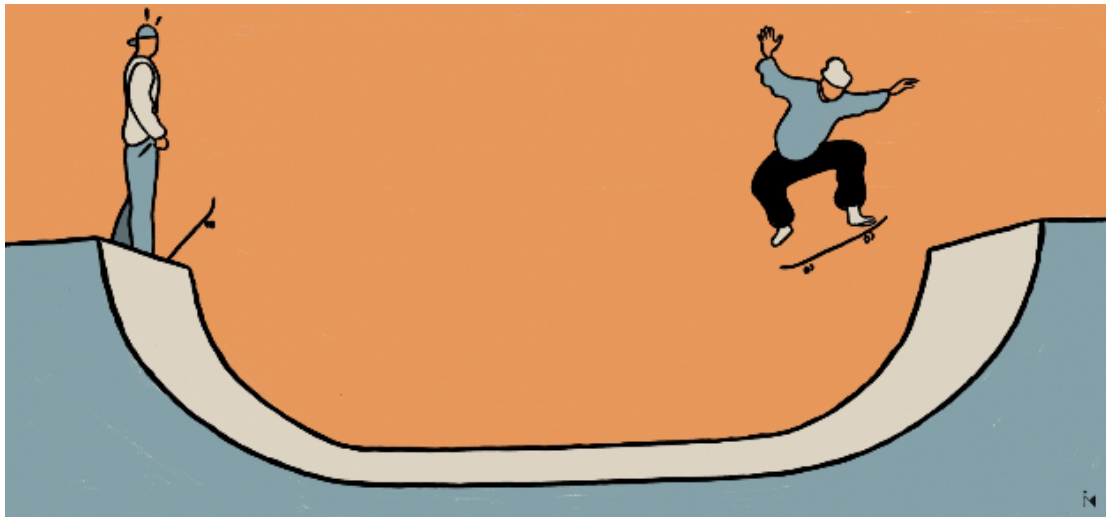
Blog

[“The art of knowing how to wait”, but with a positive attitude](#)

Bruno Ruiz de Velasco, member of the Cobas AM investor relations team, talks about the importance of being patient at times of volatility for value investors.

Click on the link below to read the blog entry:

<https://www.cobasam.com/en/the-art-of-knowing-how-to-wait-but-with-a-positive-attitude/>

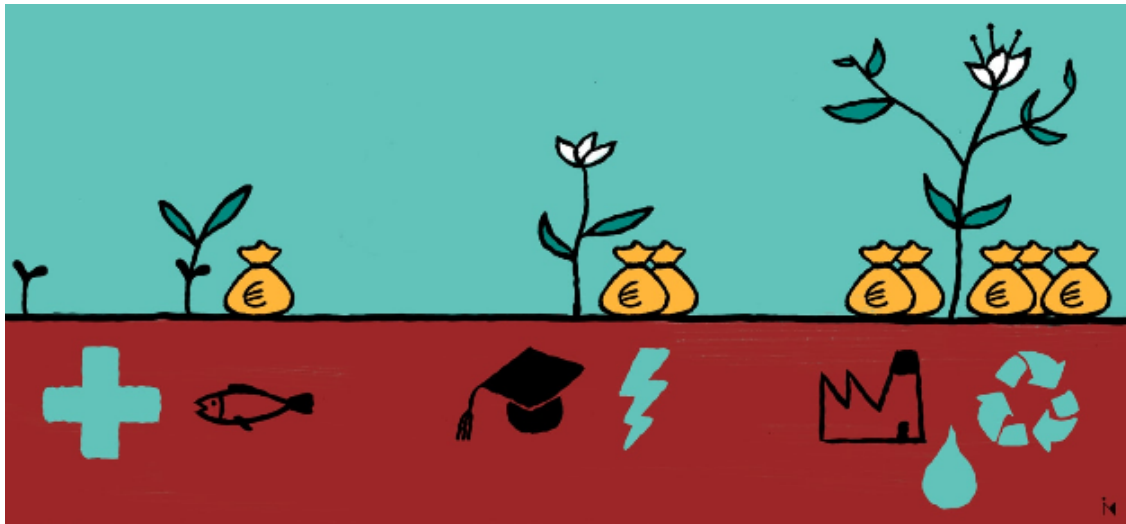


[Selection, diversification, prudence, patience and perseverance](#)

In this new blog post, Carlos Abuin from the Fundación Carmen Gandarias, explains why a private, family-run foundation has decided to invest in Cobas' equity funds.

Click on the link below to read the blog entry:

<https://www.cobasam.com/en/selection-diversification-prudence-patience-and-perseverance/>



Investor Q&A

This month, we would like to share three important features of our day-to-day, which most investors may find interesting, and well as the questions asked at the Annual Conference.

What is a long-term investment?

It means having the patience to wait for a long time for an investment to reach its expected value. Companies which are cheap now, won't be someday in the future. By being patient, we grow our wealth.

What is speculation?

Speculation is defined as a set of commercial or financial transactions aimed at obtaining economic benefit based exclusively on price variations over time.

What is the difference between long-term investments and short-term speculation?

Long-term investments could be summarised as savings which, based on careful and in-depth analysis, carry a very low likelihood of losing money and where an attractive return can probably be generated. On the other hand, speculative short-term investment involves greater risk since you buy assets subject to the volatility and uncertainty inherent to financial markets; there is minimum certainty that you will obtain a return on the asset you buy.

Why was the investment policy in Cobas Iberia FI changed?

The change to the Cobas Iberia FI fund consists in the possibility of investing up to 10% in equities in the markets of other OECD countries. This enables us to invest in companies that are listed in any market outside Spain but engage in some of their operations in Spanish territory.

Additionally, it is now possible to invest up to 10% of the total exposure in fixed-income assets with low credit rating (less than BBB-) or no rating. This type of investment will be very occasional, when we detect investment opportunities in corporate bonds of companies that we have previously analysed for equity portfolios. An example of this kind of investment is the position in Teekay Corp. bonds in the Cobas Renta portfolio.



"When we invest in equities we take on more short-term volatility but less risk over all time horizons."

– Francisco García Paramés –

We're here to answer any questions you may have. Just call 900151530 or email info@cobasam.com.

Best regards,

Cobas Asset Management Investor Relations Team