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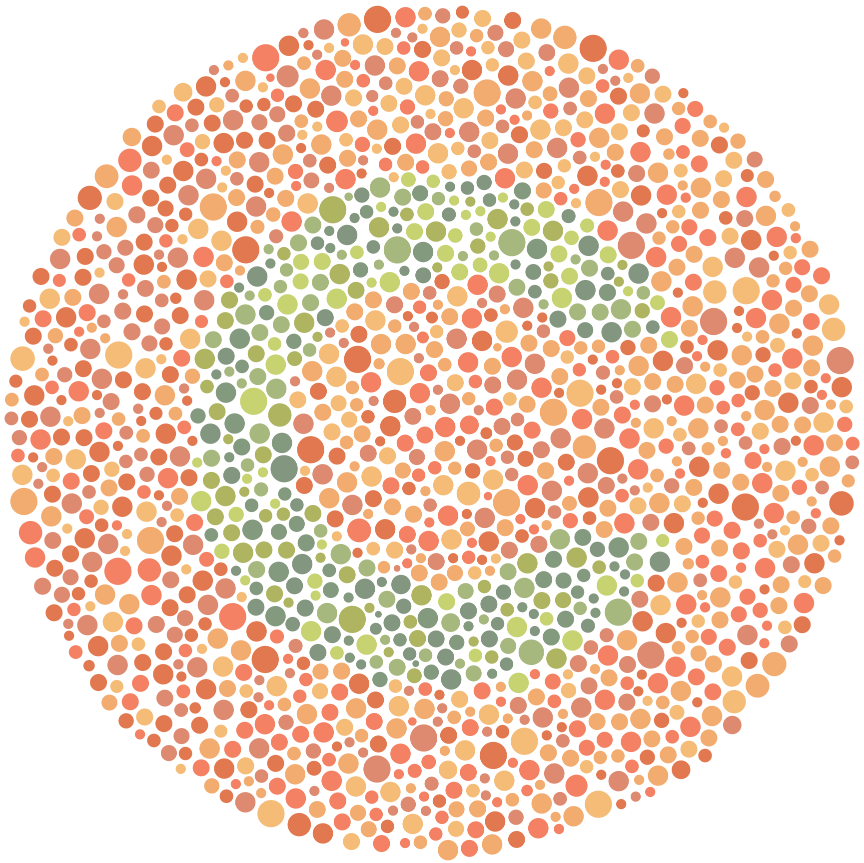


# Comment

# Third Quarter 2019

# Patience is always rewarded

**Dear co-investor,**

In our second quarter letter, we mentioned that the current situation reminded us of the one during the 1998/2000 period, when there was then a preference for 'growth' companies to the detriment of 'value' companies, as there is now. In this letter, we want to use our experience to answer some questions that some co-investors are asking us and, also, explain why we have such strong conviction in the quality and potential of our portfolios.

As we commented in previous quarterly letters, the companies in our portfolios have very high upside potentials. The question that any investor might ask would be:

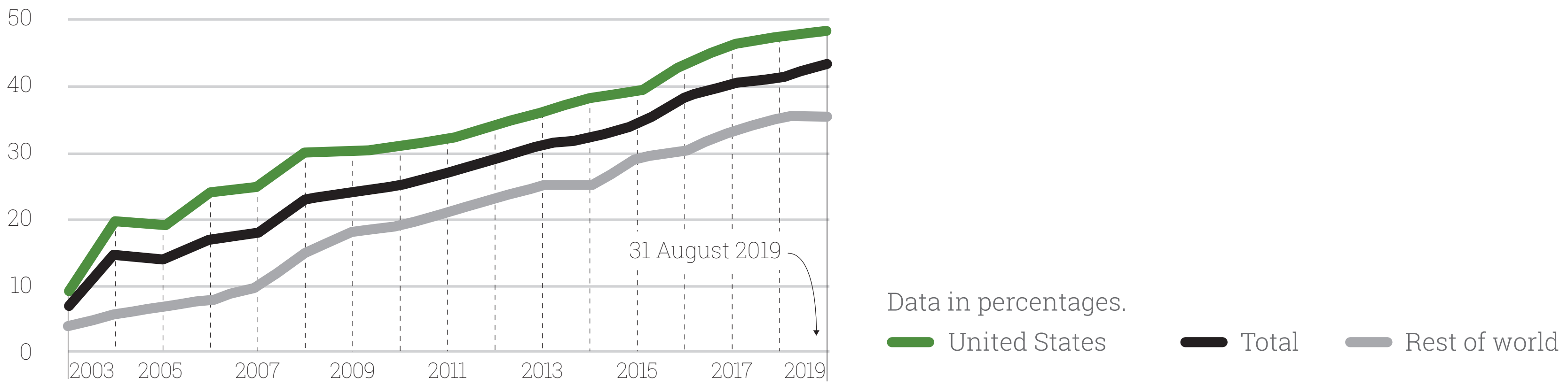
**What has been happening in recent years? Why are funds not reaching their target prices in 2–3 years? Why are we obtaining worse returns than the stock market indexes?**

Over short periods of time, our investments may be affected by a range of circumstances. These may be circumstances specific to the portfolios -like if we make a mistake or ideas taking some more time to 'mature'- or they may be market circumstances -the time in the financial cycle, market trends/preference for a certain type of company (such as growth companies) or due to the increase in passive or momentum investing (buying what is going up), among others-.

It is worth remembering that there are two sides to passive investing: on the one hand, it is cheaper for the investor; but, on the other, it distorts the market, as it increases demand for companies that are in the indexes and leaves aside companies that are not. In other words, securities are not selected based on fundamentals.

The impact of passive investing is very significant today. To get an idea of the size of this type of investment, we should remember that passive investing in the USA is now approximately 50% of the total invested in equity funds, whereas it did not reach 10% 15 years ago. That is why the distortion is greater than usual today and a little more patience is needed.

## % of stock market assets managed under passive investing




**Source:** JP Morgan, Chase US Equity Strategy & Global Quant Research y EPFR

These phenomena is temporary. The only thing that determines a change in stock pricing in the long term, is the ability of companies to generate profits. This is always the way.

We have made mistakes in the past and we have been affected by certain market trends/preferences (dotcom bubble, real state bubble before the recession, etc.) in which we did not take part, as we don't participate now. So, it is worth remembering that, like now, we have had periods of 2–3 years in the past with negative returns.

To show this, we have drawn up a study of our returns from 1997 to 2014, which analyses profits obtained in all 1-year, 3-year, 5-year and 10-year periods. Due to the lifetime we have been with Cobas (two years and nine months), we will summarise conclusions for 3-year periods here.

This study for 3-year periods involves analysing the return of each of the periods, with the first starting on 20 November 1997 and ending on 20 November 2000, and

Foto: **Banter Snaps, Unsplash**

the second starting on 21 November 1997 and ending on 21 November 2000, and so on.

There were 5056 3-year periods from 1997 to 2014, during which we obtained average return of 41%. Of these 5056 periods, we had negative returns on 1080 (21%), with an average return of -15.8%, losing 49% in the worst cases.

The full result of the study is shown below:

## Rolling return 1997–2014*

| | BESTINVER INTERNACIONAL 1 year | BESTINVER INTERNACIONAL 3 years | BESTINVER INTERNACIONAL 5 years | BESTINVER INTERNACIONAL 10 years |
|---|---|---|---|---|
| Number of periods | 5,787 | 5,056 | 4,326 | 2,499 |
| Average periods | 14.6% | 40.7% | 65.7% | 150.1% |
| Average negative periods | -20.0% | -15.8% | -7.7% | |
| Best period | 103.4% | 192.5% | 259.0% | 321.8% |
| Worst period | -50.9% | -49.4% | -22.4% | 54.0% |
| Number of negative periods | 1,554 | 1,080 | 234 | |
| Negative periods | 26.9% | 21.4% | 5.4% | |

* Profitability of Bestinver Internacional * 1. Francisco García Paramés stepped down as Head of Investments at Bestinver Gestión, SGIIC, S.A. (fund manager) on 23 September 2014, having been involved in the management of the fund since its inception. 2. Past performance is not a guarantee of future returns. Source: Bloomberg. Fondo Bestinver Internacional. ES0114638036
**Fuente:** Bloomberg. Fondo Bestinver Internacional. ES0114638036

In other words, in spite of obtaining average annual return of 14.6%, there were significant losses in 21% of the 3-year periods.

It is also important to highlight that, in spite of these extensive periods of negative returns, this study shows that we never obtained negative returns for 10-year periods. In the worst case, we obtained +54% return and the average profitability for all 10-year periods was approximately 150%, having obtained returns of 322% in the best cases.

To obtain these returns in the long term, the prices of companies in our portfolios, in general, reached our target values (as shown at our annual conference). So, a very legitimate and interesting question is: **How does the gap between our target prices and current prices closes?**

It is first worth remembering some basic concepts.

• Companies generate profits over time and, if this does not feed through to the share price, then the company accumulates a sort of hidden value that pushes up its upside potential with each day that passes. For example, if we have a portfolio priced at 10x P/E ratio, the portfolio value goes up 10% with every year that passes.

• The longer and more pronounced the lack of recognition of the value, the stronger the recovery later.

In other words, when investing properly, time plays out to our advantage.

There are different ways in which value is recognised:

• The market is efficient in the long term. It might be swayed by trends in the short term but it ends up recognising the value of assets in the long term. Always. There are no exceptions.

• The greater the upside potential, the more likely it is that somebody might recognise its value and end up buying the company. For example, we have received takeover bids for Parques Reunidos, Greene King and Nevsun. And at valuations mostly similar to our own.

• Low prices mean that company owners buy back shares. For example, Teekay Corp, CIR, Golar LNG, Subsea7, Prosegur, Repsol, Meliá, Vocento, etc. And, in addition to generating value, this attracts the attention of investors and, therefore, the stock price tends to rise.

• The simplification of company structure helps the real value of assets to be recognised. For example, Teekay Corp, Golar LNG, Renault, Porsche, CIR.

• Investment thesis often have to 'mature'. Whether it is because companies are in the middle of a restructuring process or because they have invested in assets, but the asset is not yet generating cash, time is the key factor.

• In cyclical companies, during the lower part of the cycle, we have to wait for this to change. When the cycle changes, not only will the profit improve, but the multiple that the market assigns to these companies will too.

So far, we have tried to explain that what happened in the first 2–3 years of Cobas' life is normal and what we can expect in the long term. But, in the face of doubts about the macroeconomy in the short term, the trade war between China and the USA, Brexit, currency manipulation, etc., we consider it appropriate to answer the following: **Is it not better to forget about equity funds and invest when the stock market drops?**

As we can never know what is going to happen in the short term, in the face of situations like this, we prefer to be invested in **equity funds** for 2 reasons:

The first reason is that, in the face of a hypothetical catastrophic scenario, **it is best to have investments in real assets and not in fixed income,** which is no more than a promise to pay, which may be fulfilled or not. For example, let us look at the well-known case of what happened in Argentina during the 2000–2002 crisis and subsequent years:

# Argentina 2000-2008

## Fixed income

Argentinian bond


## Equities

Argentinian stock market (Merval Index)


**Source:** Bloomberg

This would, at first, seem to be a very basic concept that we are all familiar with and that we have often repeated. However, we want to remember it because of the unprecedented overpricing we have today in fixed income. A clear example is that Greece has just issued negative-yielding bonds.

In addition, our portfolio is reasonably defensive: long-term contracts, defence, stable consumption, or companies that, in spite of being cyclical, have their own supply and demand dynamics that are not necessarily correlated with the general economic cycle. Only about 20% of the portfolio has a certain cyclical risk, a lower percentage than we had as of 30 June, 2019.

The second reason is because we consider **market timing, i.e. trying to guess what the market is going to do in the short term, to be very dangerous.** To see just how dangerous it is, look at the study that Fidelity International drew up in August 2019 in conjunction with S&P500, covering from 1993 to June 2019, which concluded that simply by missing the 5 best sessions, accumulated return for the period would drop from 1045% to 659%. If we miss the 30 best sessions, profitability drops to 133%.

## The Danger of 'market-timing'

S&P500 (1993–Q2 2019, USD)


**Source:** Refinity, Fidelity International, August 2019

We would like to finish up by insisting that we have already seen in the past everything that has happened in these almost 3 years at **Cobas Asset Management,** that we are working as we have always done (going against the tide of trends) and that, when the work is done conscientiously, the value of the assets is recognised in the end.

Lastly, we would like to show our gratitude to all the co-investors that have shown us trust and patience during this time, key attributes that are essential to obtaining good long-term returns.

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# PORTFOLIOS

Comment **Third Quarter 2019**

# Our portfolios

| Spanish domiciled funds | | Luxembourg domiciled funds | | Assets Under Management | Market Capitalisation | Strategies | | Number of holdings |
|---|---|---|---|---|---|---|---|---|
| Name | Capitalisation | Name | Capitalisation | | | International | Iberian | |
| **Internacional** FI | 388,6 Mn€ | **International** Fund | 16,3 Mn€ | 404,9 Mn€ | Multi Cap | ● | | 56 |
| **Iberia** FI | 51,0 Mn€ | | | 51,0 Mn€ | Multi Cap | | ● | 36 |
| **Grandes Compañías** FI | 18,9 Mn€ | | | 18,9 Mn€ | 70% ≥ 4Bn€ | ● | ● | 31 |
| **Selección** FI | 679,8 Mn€ | **Selection** Fund | 82,9 Mn€ | 762,7 Mn€ | Multi Cap | ● | ● | 69 |
| **Concentrados** FIL | 26,9 Mn€ | **Concentrated Value** Fund SIF | 9,3 Mn€ | 36,2 Mn€ | Multi Cap | ● | ● | 22 |

Data 30/09/2019

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:

**Total assets under management**

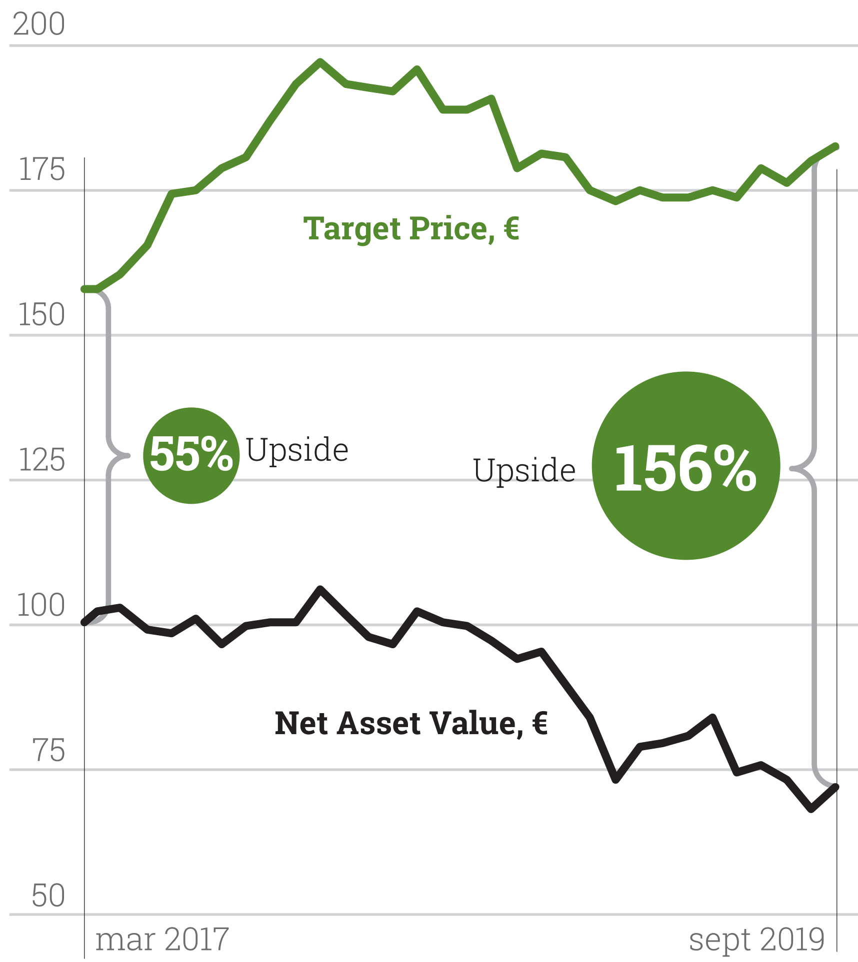
**1.880 Mn€**

## International Portfolio

Over the first 9 months of 2019, our **international portfolio** posted a return of -1.9% versus the +19.2% return obtained by its benchmark index, the **MSCI Europe Net Total Return.** Since the **Cobas Internacional FI** fund began investing in equities in mid-March 2017, it has obtained a return of -28.8%, while its benchmark index has obtained a return of +13.5% for the same period.

The main underperformers to have eroded the portfolio's results in the quarter were **Aryzta** (-2.5%), **Golar LNG** (-1.5%) and **Petra Diamonds** (-0.8%), although their negative contribution was partially offset by the positive performance of **Babcock** (+1.5%), **Teekay Corp** (+0.7%) and **Dixons** (+0.5%).

We have not added any company to the portfolio this quarter, but we have slightly strengthened our exposure to **CIR, Golar LNG** and **Teekay Corp,** as we have increased our confidence on them and they are trading at their multi-year lows. These acquisitions have been largely financed by the total sale of **DHT Holding, Bonheur,** and **Mitchells & But-**



**lers** and the partial sale of **Euronav,** all with good returns.

The **target price** of the **International Portfolio, €182/unit** means an **upside potential** of **156%.** This target value is 5% higher than we had in December 2018. Note that this is the natural evolution we should expect from the target value, assuming there are no major changes in the portfolio, as each year companies are worth a little more due to the cash they generate.

In the introduction to this letter, we referred to the differential between our target prices and current prices. This differential is represented by the following graph.

Obviously, as a result of all this potential and our trust in the portfolio, we are invested at 99%, close to the legal maximum. Overall, the portfolio trades at an estimated 2020 P/E ratio of 5.9x, versus 13.7x for its benchmark index, and with a ROCE of 26%. If we focus on the ROCE and exclude maritime transport and commodities companies, it would be 34%.

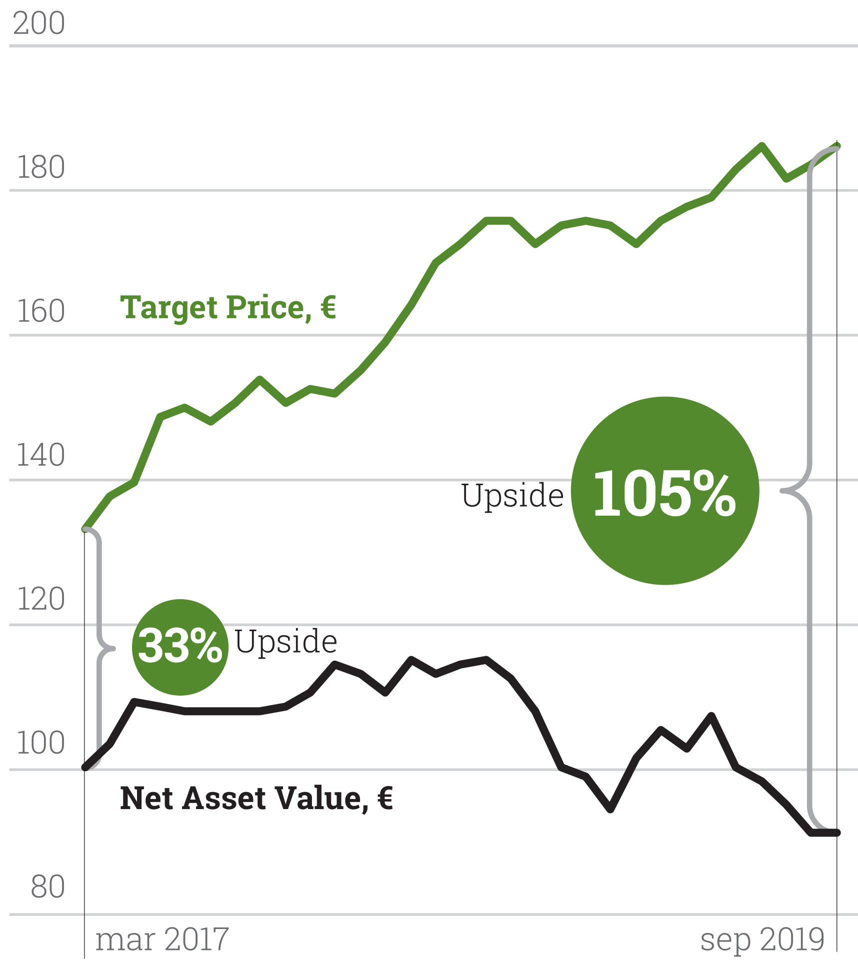
## Iberian Portfolio

The net asset value of our **Iberian Portfolio** in the first 9 months of 2019 was -4.1%, versus +10.4% for its benchmark index. If we extend the comparison period since we started investing in equities until the end of September 2019, it has obtained a return of -9.2%, while its benchmark index has obtained a return of +0.4% for the same period.

This bad performance this year was not due to the companies having bad results, but to erratic market behaviour that we must take advantage of.

The main overperformers shaping the results of the portfolio over the quarter were **Sacyr** (+0.5%), **Repsol** (+0.1%) and **Miquel y Costas** (+0.1%), although their contribution did not offset the underperformance by **Elecnor** (-1.6%), **Quabit** (-1.1%) and **Bankia** (-0.7%).

Perhaps the most important thing to have happened in the first 9 months of 2019 was that the prevailing market



volatility allowed us to rotate the portfolio significantly to once again generate value. More specifically, we raised our **target price by +6%** to **€186/unit,** which means an **upside potential** of **105%.** Since the launch of the fund, we have raised its target price by 40%.

In the introduction to this letter, we referred to the gap between our target prices and current prices. This gap is represented by the following graph.

As with our **International Portfolio,** in the **Iberian portfolio,** we have also invested close to the legal maximum, at 98%, and, as a whole, the portfolio trades with an estimated 2020 P/E ratio of 7.3x, compared to the 12.1x of its benchmark index, and it has a ROCE of 25%.

As mentioned, we have made some changes to the **Iberian Portfolio.** In the third quarter, we added four new companies **(Repsol, Logista, Aedas** and **Viscofán),** with weightings of around 1%, while completely exiting two names, **Neinor** and **Duro Felguera.** Aside from these acquisitions, we increased our weight in **Técnicas Reunidas, Semapa, Miquel y Costas** and **Acerinox,** due to the performance of their share prices.

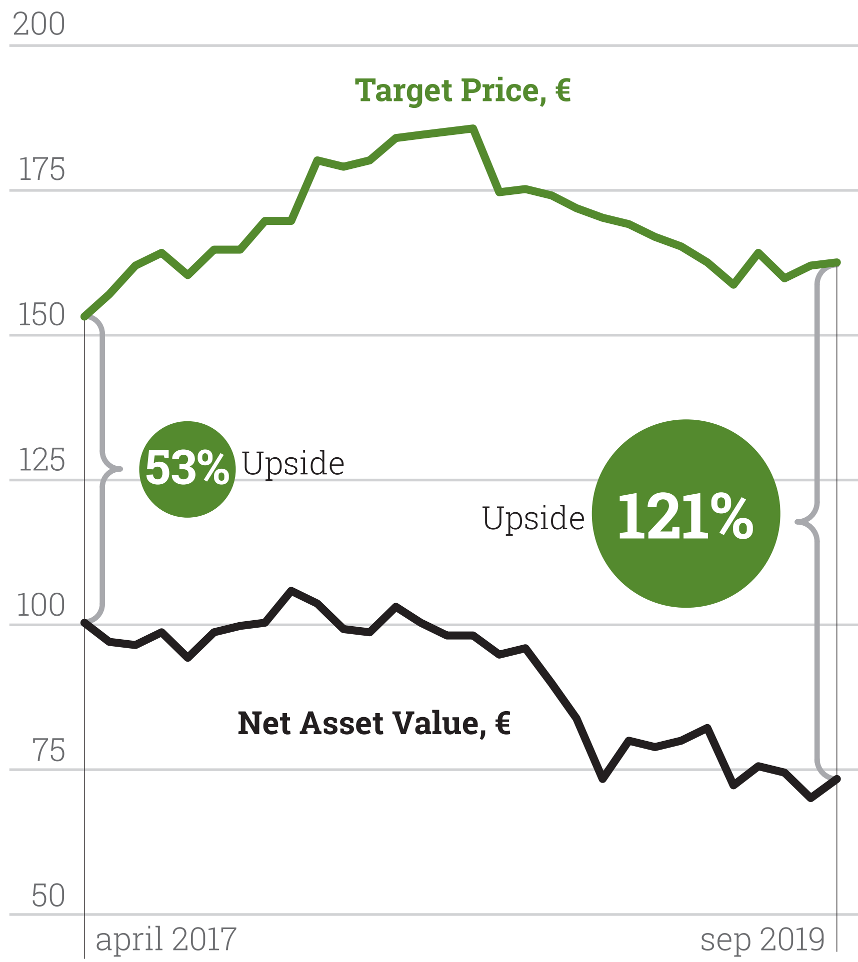
## Large Cap Portfolio

During the first 9 months of 2019, our **Large Cap portfolio** obtained a return of +0.2% versus a 23.3% rise 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 -26.7%. In that period, the benchmark index rose by 21.2%.

The main overperformers shaping the results of the portfolio over the quarter were **Babcock** (+1.7%), **Mylan** (+0.5%) and **Teekay Corp** (0.4%), although their contribution was offset by the negative performance of **Aryzta** (-2.1%), **Transocean** (-0.9%) and **Golar LNG** (-0.9%).

The target value for the portfolio is **€162/unit,** well above its current net asset value, thus giving an **upside potential of 121%.**

Overall, the portfolio trades at an estimated 2020 P/E ratio of 6.4x, versus 15.8x for its benchmark index, and with a ROCE of 26%.



During the quarter, in the Large cap portfolio, we increased our positions in **BMW, Israel Chemical** and **Golar LNG.** These acquisitions were largely financed by the complete sale of **Hyundai** and by reducing our weight mainly in **Babcock** and **Porsche.**

In the introduction to this letter, we referred to the gap between our target prices and current prices. This gap l is represented by the following graph.

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# NEWS

Comment **Third Quarter 2019**

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

## INVESTMENT & ANALYSIS TEAM

John Barden, analyst and part of the founding team has enrolled himself in a family venture. We want to reiterate our major gratitude to John, for his professionalism, loyalty and dedication having contributed to the consolidation of the Cobas Asset Management project.

## COBAS EVENTS

From the Investor Relations department of Cobas AM we continue to organise events in different cities across Spain as we believe it is essential to transmit our investment philosophy and strategy to all our fellow investors.

Photo: **Diego Martínez y Arturo Lado**

This quarter, Santander and Oviedo were the cities that hosted our information events on 11 July and 26 September, respectively.

As regards the investment and analysis team, Juan Cantus presented our portfolios at the Santander event, while the Oviedo presentation was delivered by Vicente Martín. Meanwhile, Carlos González, Head of Retail Investor Relations, participated at both events presenting Cobas' key figures and sharing our investment philosophy.

Photo: **Willian Justen de Vasconcellos, Unsplash**

## VALUE INVESTING EVENTS

On 26 September, Verónica Vieira, a member of our International Investor Relations team, attended the "First Value Investing Event in Austria" in the city of Vienna.

## VALUE SCHOOL

**Cobas Asset Management** collaborates and supports the dissemination of Value School, an initiative to promote financial culture from a neutral and independent perspective. **Value School** develops this formative work helping people in their learning so they can make conscious and thoughtful decisions about their savings. After all, being a value investor is more than buying cheap and having patience. Being a value investor is a philosophy of life.

With this objective in mind, we continue to hold weekly events with managers at our headquarters, book presentations, masterclasses on financial topics and 'value' talks for all audiences. Some milestones during the last quarter were:

### Executive Programme on Value Investing and Behavioural Finance

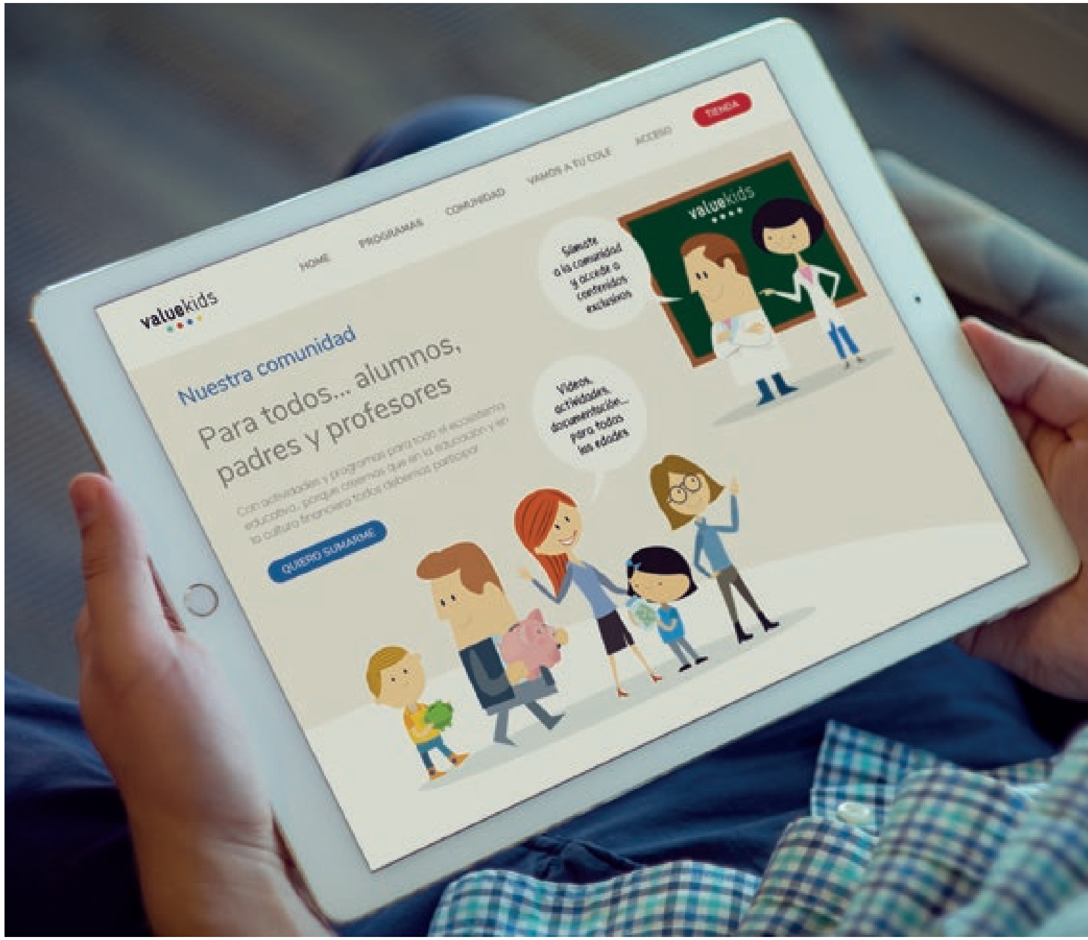
This new executive programme was presented at the ICADE Business School last September. The programme is the result of the collaboration between **"Value School"**, the **"Institute of Neuroeconomics and Value Investment"** and **Comillas Pontifical University.** It aims to help the student understand all the phases of a value investing process. Almost 30 students discovered the world of value investment at this first edition, accompanied by the best professionals in the sector.

### "Value School-Company" Workshops

4-hour workshops are now being taught, which explain the best recurrent saving strategies, the power of compound interest in long-term capitalisation, the foundations of investment economy, how to put your savings to work through long-term investment and the principles of savings and investment psychology. The workshops are interactive and provide practical, accurate information for employees and professionals in any field. No prior knowledge of finance and investment is required and they are taking place all over Spain. You can get further information by writing to **info@valueschool.es**

### Value Kids Programme

The **Value School** programme centring on children is still coming together. More than 26 educational centres have now taken part in the programme with an impact on more than 2500 students. We invite you to visit www.valuekids.es for more information and to help raise awareness about responsible consumption and conscientious investment.




## Board games

Three board games that aim to raise awareness about the importance of saving in a fun, educational way are now available from **Value School** on Amazon. A different way to learn with friends and family.

**Publication of "The Dhandho Investor", by Mohnish Pabrai**
The new title in the **Value School** – Deusto collection is on sale now.

**"Interviews with People that Count"**
The **Value School** podcast is starting to show in-depth interviews with professionals in relation to matters that are of interest to any investor. The first episode is now available on Ivoox: "Guidelines for optimising reading and recommend books for the end of the year", with **Pablo Martínez Bernal.**

For more information, visit **www.valueschool.es**
**#conscientiousinvestment**

Photo: **Israel Palacio, Unsplash**

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# ANNEX

Comment **Third Quarter 2019**

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## Spanish Funds

| Fund | Net Asset Value | Target Value | Upside potential | Q3 Performance | | Performance YTD | | Perf. since inception | | PER | ROCE | AUM mn€ | Equity exposure |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Cobas | Benchmarck | Cobas | Benchmarck | Cobas | Benchmarck | | | | |
| **Selección** FI | 75.7 € | 191 € | 153% | -5.7% | 2.6% | -2.3% | 19.2% | -24.3% | 17.6% | 5.9x | 26% | 679.8 | 98% |
| **Internacional** FI | 71.2 € | 182 € | 156% | -5.4% | 2.6% | -1.9% | 19.2% | -28.8% | 13.5% | 5.9x | 26% | 388.6 | 99% |
| **Iberia** FI | 90.8 € | 186 € | 105% | -7.5% | 0.4% | -4.1% | 10.4% | -9.2% | 0.4% | 7.3x | 25% | 51.0 | 98% |
| **Grandes Compañías** FI | 73.3 € | 162 € | 121% | -3.0% | 5.0% | 0.2% | 23.3% | -26.7% | 21.2% | 6.4x | 26% | 18.9 | 99% |
| **Renta** FI | 93.7 € | | | 0.0% | | 2.0% | | -6.3% | | | | 14.4 | 14% |
| **Concentrados** FIL | 57.8 € | | | -2.7% | 2.6% | 2.1% | 19.2% | -42.2% | 6.6% | | | 27.0 | 99% |

## Pension Funds

| Fund | Net Asset Value | Target Value | Upside potential | Q3 Performance | | Performance YTD | | Perf. since inception | | PER | ROCE | AUM mn€ | Equity exposure |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Cobas | Benchmarck | Cobas | Benchmarck | Cobas | Benchmarck | | | | |
| **Global** PP | 70.2 € | 176 € | 151% | -5.5% | 2.6% | -1.9% | 19.2% | -29.8% | 10.6% | 6.0x | 26% | 41.5 | 98% |
| **Mixto Global** PP | 76.6 € | 165 € | 115% | -4.2% | | -1.2% | | -23.4% | | 5.9x | 20% | 3.4 | 75% |

## Luxembourg Funds

| Fund | Net Asset Value | Target Value | Upside potential | Q3 Performance | | Performance YTD | | Perf. since inception | | PER | ROCE | AUM mn€ | Equity exposure |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Cobas | Benchmarck | Cobas | Benchmarck | Cobas | Benchmarck | | | | |
| **International** EUR | 70.7 € | 175 € | 147% | -5.4% | 2.6% | -2.5% | 19.2% | -29.3% | 7.0% | 5.9x | 24% | 15.6 | 93% |
| **International** USD | $84.6 | $209 | 147% | -4.7% | 2.6% | -0.2% | 19.2% | -25.1% | 7.5% | 5.9x | 24% | 0.8 | 93% |
| **Selection** EUR | 14.660.3 € | 37.091 € | 153% | -5.4% | 2.6% | -2.1% | 19.2% | -28.6% | 12.3% | 5.9x | 26% | 65.9 | 99% |
| **Selection** USD | $25.115.9 | $63.543 | 153% | -4.8% | 2.6% | 0.1% | 19.2% | -23.9% | 12.3% | 5.9x | 26% | 18.6 | 99% |
| **Concentrated** EUR | 58.2 € | | | -2.6% | 2.6% | 1.5% | 19.2% | -41.8% | 6.6% | | | 8.3 | 99% |
| **Concentrated** USD | $61.1 | | | -1.8% | 2.6% | 4.0% | 19.2% | -38.9% | 6.6% | | | 1.0 | 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 Selección FI: 31-dec-16; Cobas Internacional FI: 15-march-17; Cobas Iberia FI, Cobas Grandes Compañías FI y Cobas Renta FI: 3-april-17; Cobas Concentrados FI: 31-dec-17; Cobas Global PP and Cobas Mixto Global PP: 18-jul-17.
• **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

Third Quarter 2019

## Cobas Internacional FI
ES0119199000

**Top 10**

| Company | Current quarter weight | Previous quarter weight |
|---|---|---|
| Aryzta | 6,4% | 8,2% |
| Golar LNG | 6,2% | 5,2% |
| Teekay LNG | 5,6% | 5,9% |
| International Seaways | 5,6% | 5,1% |
| Babcock | 5,5% | 4,8% |
| CIR | 4,5% | 3,3% |
| Dixons Carphone | 4,2% | 3,8% |
| Teekay Corp. | 4,1% | 3,2% |
| Porsche | 3,4% | 3,6% |
| Renault | 3,3% | 3,3% |

**GEOGRAPHICAL BREAKDOWN** (Current Quarter Weight %)

| | |
|---|---|
| EEUU | 28,2% |
| Eurozone | 27,3% |
| Rest of Europe | 27,6% |
| Asia | 14,3% |
| Cash | 2,6% |

**CURRENCY BREAKDOWN** (% Gross)

| | |
|---|---|
| Euro | 29,6% |
| USD* | 28,6% |
| Sterling Pound | 14,1% |
| Korean Won | 9,6% |
| Swiss Franc | 6,4% |
| Norwegian Krone | 6,3% |
| Japanese Yen | 3,7% |
| Taiwanese Dollar | 0,9% |
| Danish Krone | 0,7% |

(*) EUR/ USD 100% hedged

**PERFORMANCE CONTRIBUTORS** (Contribution to return %)

| Contributors | |
|---|---|
| Babcock | 1,5% |
| Teekay Corp. | 0,7% |
| Dixons Carphone | 0,5% |
| International Seaways | 0,4% |
| Costamare | 0,2% |

| Detractors | |
|---|---|
| Maire Tecnimont | -0,4% |
| Ensco | -0,8% |
| Petra Diamonds | -0,8% |
| Golar LNG | -1,5% |
| Aryzta | -2,5% |

**IN & OUT OF THE PORTFOLIO**

In the portfolio

Out of the portfolio
- DHT Holdings
- Bonheur
- Mitchells & Butlers

## Cobas Iberia FI
ES0119184002

**Top 10**

| Company | Current quarter weight | Previous quarter weight |
|---|---|---|
| Elecnor | 9,6% | 9,8% |
| Técnicas Reunidas | 9,6% | 8,5% |
| Semapa | 8,2% | 7,3% |
| Vocento | 7,4% | 6,9% |
| Meliá | 4,6% | 4,6% |
| Sacyr | 4,6% | 6,5% |
| Unicaja | 4,4% | 4,4% |
| Atalaya Minning | 4,4% | 4,2% |
| Bankia | 4,3% | 4,3% |
| Quabit | 3,8% | 3,7% |

**GEOGRAPHICAL BREAKDOWN** (Current Quarter Weight %)

| | |
|---|---|
| Spain | 74,1% |
| Portugal | 15,9% |
| Others | 6,8% |
| Cash | 3,1% |

**CURRENCY BREAKDOWN** (% Gross)

| | |
|---|---|
| Euro | 95,6% |
| Others | 4,4% |

**PERFORMANCE CONTRIBUTORS** (Contribution to return %)

| Contributors | |
|---|---|
| Sacyr | 0,5% |
| Repsol | 0,1% |
| Miquel y Costas | 0,1% |
| Aedas Homes | 0,0% |
| Neinor Homes | 0,0% |

| Detractors | |
|---|---|
| Vocento | -0,6% |
| Meliá Hotels | -0,6% |
| Bankia | -0,7% |
| Quabit | -1,1% |
| Elecnor | -1,6% |

**IN & OUT OF THE PORTFOLIO**

In the portfolio
- Repsol
- Logista
- Aedas Home
- Viscofan

Out of the portfolio
- Neinor Homes
- Duro Felguera

## Cobas Grandes Compañías FI
ES0113728002

**Top 10**

| Company | Current quarter weight | Previous quarter weight |
|---|---|---|
| Thyssenkrupp | 6,7% | 6,3% |
| Renault | 6,0% | 6,1% |
| Porsche | 5,2% | 6,2% |
| Aryzta | 4,9% | 6,9% |
| Israel Chemicals | 4,9% | 2,7% |
| Mylan | 4,7% | 4,7% |
| Golar LNG | 4,4% | 3,2% |
| BMW Pref | 4,4% | 1,5% |
| OCI | 4,3% | 4,3% |
| Teekay LNG | 4,2% | 4,5% |

**GEOGRAPHICAL BREAKDOWN** (Current Quarter Weight %)

| | |
|---|---|
| Eurzone | 40,2% |
| EEUU | 27,2% |
| Rest of Europe | 12,1% |
| Asia | 11,5% |
| Others | 6,5% |
| Cash | 2,6% |

**CURRENCY BREAKDOWN** (% Gross)

| | |
|---|---|
| Euro | 42,9% |
| USD* | 27,6% |
| Korean Won | 7,3% |
| Sterling Pound | 6,1% |
| Swiss Franc | 4,9% |
| Israel Shekel | 4,4% |
| Japanese Yen | 2,3% |
| Taiwanese Dollar | 1,9% |
| Others | 2,6% |

(*) EUR/ USD 100% hedged

**PERFORMANCE CONTRIBUTORS** (Contribution to return %)

| Contributors | |
|---|---|
| Babcock | 1,7% |
| Mylan | 0,5% |
| Teekay Corp. | 0,4% |
| Porsche | 0,3% |
| Catcher | 0,3% |

| Detractors | |
|---|---|
| Iliad | -0,3% |
| OCI NV | -0,5% |
| Golar LNG | -0,9% |
| Transocean | -0,9% |
| Aryzta | -2,1% |

**IN & OUT OF THE PORTFOLIO**

In the portfolio

Out of the portfolio
- Hyundai

## Cobas Selección FI
ES0124037005

**Top 10**

| Company | Current quarter weight | Previous quarter weight |
|---|---|---|
| Aryzta | 5,9% | 7,4% |
| Golar LNG | 5,6% | 4,7% |
| Teekay LNG | 5,0% | 5,3% |
| International Seaways | 5,0% | 4,7% |
| Babcock | 4,9% | 4,3% |
| CIR | 4,0% | 2,9% |
| Dixons Carphone | 3,8% | 3,4% |
| Teekay Corp. | 3,7% | 2,9% |
| Porsche | 3,0% | 3,3% |
| Renault | 2,9% | 3,0% |

**GEOGRAPHICAL BREAKDOWN** (Current Quarter Weight %)

| | |
|---|---|
| Eurozone | 32,5% |
| Rest of Europe | 25,9% |
| EEUU | 25,4% |
| Asia | 12,9% |
| Cash | 3,3% |

**CURRENCY BREAKDOWN** (% Gross)

| | |
|---|---|
| Euro | 35,5% |
| USD* | 25,7% |
| Sterling Pound | 13,6% |
| Korean Won | 8,8% |
| Swiss Franc | 5,9% |
| Norwegian Krone | 5,8% |
| Japanese Yen | 3,4% |
| Taiwanese Dollar | 0,8% |
| Danish Krone | 0,7% |

(*) EUR/ USD 100% hedged

**PERFORMANCE CONTRIBUTORS** (Contribution to return %)

| Contributors | |
|---|---|
| Babcock | 1,3% |
| Teekay Corp. | 0,6% |
| Dixons Carphone | 0,5% |
| International Seaways | 0,3% |
| Costamare | 0,2% |

| Detractors | |
|---|---|
| Maire Tecnimont | -0,3% |
| Ensco | -0,7% |
| Petra Diamonds | -0,7% |
| Golar LNG | -1,3% |
| Aryzta | -2,3% |

**IN & OUT OF THE PORTFOLIO**

In the portfolio

Out of the portfolio
- DHT Holdings
- Bonheur
- Mitchells & Butlers

## Cobas Renta FI
ES0119207001

**Top 10**

| Company | Current quarter weight | Previous quarter weight |
|---|---|---|
| Teekay Corp. | 2,4% | 2,0% |
| Teekay LNG | 1,7% | 3,2% |
| CIR | 1,2% | 1,0% |
| Dixons Carphone | 1,1% | 0,9% |
| International Seaways | 1,1% | 1,1% |
| Golar LNG | 1,1% | 1,0% |
| Técnicas Reunidas | 1,0% | 1,1% |
| Renault | 0,9% | 0,9% |
| Aryzta | 0,9% | 1,0% |
| Babcock | 0,8% | 0,9% |

**GEOGRAPHICAL BREAKDOWN** (Current Quarter Weight %)

| | |
|---|---|
| Zona Euro | 77,6% |
| EEUU | 11,7% |
| Rest of Europe | 8,7% |
| Cash | 2,0% |

**CURRENCY BREAKDOWN** (% Gross)

| | |
|---|---|
| Euro | 79,2% |
| USD* | 11,9% |
| Swiss Franc | 4,1% |
| Norwegian Krone | 2,9% |
| Sterling Pound | 1,9% |

(*) EUR/ USD 100% hedged

## Cobas LUX SICAV – Cobas Selection Fund
LU1372006947 EUR y LU1372007168 USD

**Top 10**

| Company | Current quarter weight | Previous quarter weight |
|---|---|---|
| Aryzta | 6,0% | 7,5% |
| Golar LNG | 5,6% | 4,7% |
| Babcock | 5,2% | 4,2% |
| Teekay LNG | 5,1% | 5,3% |
| International Seaways | 5,0% | 4,6% |
| CIR | 4,1% | 3,0% |
| Dixons Carphone | 3,9% | 3,3% |
| Teekay Corp | 3,7% | 2,9% |
| Porsche | 3,0% | 3,3% |
| Renault | 2,9% | 3,1% |

**GEOGRAPHICAL BREAKDOWN** (Current Quarter Weight %)

| | |
|---|---|
| Eurozone | 31,3% |
| Rest of Europe | 27,7% |
| EEUU | 24,7% |
| Asia | 14,3% |
| Cash | 2,0% |

**CURRENCY BREAKDOWN** (% Gross)

| | |
|---|---|
| Euro | 32,5% |
| USD* | 25,3% |
| Sterling Pound | 13,8% |
| Korean Won | 10,2% |
| Swiss Franc | 7,5% |
| Norwegian Krone | 5,8% |
| Japanese Yen | 3,3% |
| Others | 1,7% |

(*) EUR/ USD 100% hedged

**PERFORMANCE CONTRIBUTORS** (Contribution to return %)

| Contributors | |
|---|---|
| Babcock | 1,2% |
| Teekay Corp. | 0,6% |
| Dixons Carphone | 0,5% |
| International Seaways | 0,3% |
| Costamare | 0,2% |

| Detractors | |
|---|---|
| Maire Tecnimont | -0,3% |
| Ensco | -0,6% |
| Petra Diamonds | -0,7% |
| Golar LNG | -1,2% |
| Aryzta | -2,3% |

**IN & OUT OF THE PORTFOLIO**

In the portfolio

Out of the portfolio
- DHT Holdings
- Bonheur
- Mitchells & Butlers

## Cobas LUX SICAV – Cobas International Fund
LU1598719752 EUR y LU1598719919 USD

**Top 10**

| Company | Current quarter weight | Previous quarter weight |
|---|---|---|
| Aryzta | 6,1% | 7,5% |
| Golar LNG | 5,7% | 4,7% |
| Babcock | 5,4% | 4,2% |
| International Seaways | 5,2% | 4,6% |
| Teekay LNG | 5,2% | 5,3% |
| CIR | 4,3% | 3,0% |
| Dixons Carphone | 4,0% | 3,3% |
| Teekay Corp. | 3,8% | 2,9% |
| Porsche | 3,2% | 3,3% |
| Renault | 3,1% | 3,1% |

**GEOGRAPHICAL BREAKDOWN** (Current Quarter Weight %)

| | |
|---|---|
| Rest of Europe | 30,0% |
| EEUU | 27,6% |
| Eurozone | 24,7% |
| Asia | 15,2% |
| Cash | 2,6% |

**CURRENCY BREAKDOWN** (% Gross)

| | |
|---|---|
| USD* | 28,2% |
| Euro | 26,6% |
| Sterling Pound | 14,7% |
| Korean Won | 10,7% |
| Swiss Franc | 8,3% |
| Norwegian Krone | 6,2% |
| Japanese Yen | 3,6% |
| Others | 1,7% |

(*) EUR/ USD 100% hedged

**PERFORMANCE CONTRIBUTORS** (Contribution to return %)

| Contributors | |
|---|---|
| Babcock | 1,4% |
| Teekay Corp. | 0,7% |
| Dixons Carphone | 0,5% |
| International Seaways | 0,3% |
| Costamare | 0,2% |

| Detractors | |
|---|---|
| Maire Tecnimont | -0,4% |
| Ensco | -0,7% |
| Petra Diamonds | -0,8% |
| Golar LNG | -1,3% |
| Aryzta | -2,6% |

**IN & OUT OF THE PORTFOLIO**

In the portfolio

Out of the portfolio
- DHT Holdings
- Bonheur
- Mitchells & Butlers

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asset management

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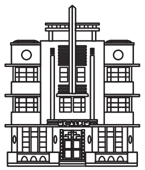

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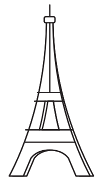

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