cobas

asset management

Comments on First Quarter 2018

Following the Second Annual Conference in mid-April (you can watch the video in either Spanish or in English on our website: www.cobasam.com), and coinciding with the publication of the 2018 first quarter report of our funds, which is now available on the website, we shall now provide outline their main features.

Fund	Net Asset Value	Target Value (*)	Potential	Q1 Performance Cobas	Q1 Performance Benchmark (2)	Performance since inception (1) Cobas	Performance since inception (1) Benchmark (2)	Size €Mn	Equity Exposure
Cobas Internacional FI	96.23 €	192.1 €	100%	-9.01 %	-4.30%	-3.77%	1.89%	466.7	98%
Cobas Iberia FI	110.35 €	159.3 €	44%	0.14%	-2.60%	10.35%	-0.07%	61.5	98%
Cobas Grandes Compañías FI	98.47 €	179.8 €	83%	-6.94%	-3.61%	-1.53%	-1.22%	22.0	97%
Cobas Selección FI	100.72 €	196.6 €	95%	-8.47%	-4.30%	0.72%	5.50%	967.8	98%
Cobas Renta FI	98.58 €			-1.98%		-1.42%		21.2	14%

(*)	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
(1) Inception Date	Cobas Internacional FI: 15-mar-17 Cobas Iberia FI, Cobas Grandes Compañías FI and Cobas Renta FI: 3-apr-17
(2) Benchmark	MSCI Europe Total Return Net for Cobas Selección FI and Cobas Internacional FI MSCI World Net EUR for Cobas Grandes Compañías FI IGBM Total 80% and PSI 20 Total Return 20% for Cobas Iberia FI

International Portfolio

In the first quarter of 2018, the international portfolio posted a negative return of -9%. However, we have continued to increase the upside potential, which is now 100%.

The geographic distribution of the portfolio has not changed significantly over the quarter, maintaining a strong exposure to companies outside of Europe and the Eurozone.

The international portfolio is composed of **5 main blocks** that account for 78% of exposure to equities. The most significant block is **Shipping** (25%) which, combined with **commodities** (11%) account for more than a third of the portfolio. Both sectors are now in the down side of the cycle, and we have found undervalued assets there. Half of exposure to Shipping is in companies that have long-term contracts with their clients. **UK companies** (16%) are the most unpopular among managers worldwide, and we have seen how they have been penalised by the weakening of the sterling pound and Brexit sentiment. We have also found opportunities in the **automotive sector** (11%), especially in companies with net cash and limited exposure to the cycle in the US. Lastly, as we mentioned in our prior quarterly letter, we have found good businesses in **Asia** (15%), with net cash, and listed at a P/E ratio of less than 6x.

Turning into companies, it is worth mentioning **Aryzta**, **Teekay Group** and **International Seaways**.

Aryzta
7.18% Cobas Selección FI; 8.01% Cobas Internacional FI; 7.21% Cobas Grandes Compañías FI; 1.79% Cobas Renta FI

The company announced a profit warning in late January 2018, mainly due to the increase in personnel and transport costs in the US, which caused a sharp fall in the share price. It was one of the first companies to detect this cost inflation, and later we have seen all the major multinationals of the sector, like General Mills, follow in their footsteps. Conversations are now under way with clients to hike the prices of their products. So, in principle, this is a temporary problem. Also, sales are stabilising and it is managing to achieve capital return of more than 20%, even in this difficult year. Although some disinvestments have been made, still pending disposal is their most important non-core asset, Picard, which would bring about a drastic reduction of any financial risk.

After visiting the Company in Dublin, we returned with a good impression, both from the management team and from the plans they are putting in place to solve their problems. We were happy to see again Gary McGann, current Chairman, of whom we have a very good memory as a manager, as we have already mentioned previously, as he was able to significantly increase the value for shareholders in **Smurfit Kappa** without resorting to a capital increase. Likewise, we have resumed contact with experts in the sector and with some of its competitors, who have confirmed that they are experiencing the same cost inflation problems as **Aryzta** in the US and are already starting to raise the prices of their products.

We think this is a good business, with a good management that is dealing with temporary problems, and it offers a very attractive opportunity for the medium term.

Teekay Group
8.79% Cobas Selección FI; 9.79% Cobas Internacional FI; 9.01% Cobas Grandes Compañías FI; 6.09% Cobas Renta FI

At the start of the year, the parent **Teekay Corp.**, made a capital increase both directly and through convertible bonds for approximately 20% of its capitalisation. Even if the market didn't like it, this conservatively biased decision by the company's management places it in a good risk/return position, with a strong potential upside.

For its part, **Teekay LNG** will complete its 2018-2019 investment plan with very long-term contracts for most of its ships.

International Seaways
3.23% Cobas Selección FI; 3.58% Cobas Internacional FI; 2.56% Cobas Grandes Compañías FI; 0.37% Cobas Renta FI

This is an American crude and derivatives transport company that is capitalised, at 31 March, at slightly above $500 million ($17.6/share) It has been affected by the oversupply of tankers in the market, which drove down the shipping prices of very large crude carriers (VLCC) to 20-year lows.

For this investment assumption, we propose two scenarios: In the first, we assume the company is liquidated today, selling its tankers at market prices, and getting a valuation of $1 billion or, in other words, $34 a share, practically double the company's valuation at the end of March.
In the second scenario, we expect a recovery of the sector and a normalisation of the business environment. Under this scenario, we attain a valuation of $1.7 billion: $59/share, which is more than triple the end-of-March valuation.

Iberian Portfolio

In the case of the Iberian portfolio, the increase in value obtained in the last quarter of the year was mildly positive at 0.14%. We have continued to increase the target value of this portfolio, with the upside potential standing at 44%, compared to 39% in the previous quarter.

During the quarter, we continued to reduce exposure to Portugal to 14%, down from 20% at year-end 2017. This trend in recent years is due to the good performance of Portuguese companies and the emergence of new opportunities in the Spanish market owing to a number of factors.

Técnicas Reunidas
2.84% Cobas Selección FI; 9.07% Cobas Iberia FI; 0.94% Cobas Renta FI

Although we mentioned **Técnicas Reunidas** in previous newsletters, this quarter we're going to discuss in greater detail the largest position of the Iberian portfolio. This Spanish family-owned company, in the business of engineering, design and construction projects for the oil & gas industry, has lost 50% of its stock market value in the past three years due mainly to its exposure to the oil & gas industry and losses and delays in several projects. We think the discrepancy between the price and the value is unjustified, with the company's share price near five-year lows, an estimated P/E ratio for 2019 of 10 times profit ad net cash that amounts to 18% of its stock market capitalisation at 31 March. We took advantage of the falls in price of the second half of 2017 to increase its weight until it became the largest holding in the Cobas Iberia FI. Last but not least, the management team (the Lladó family controls 32.7% of the capital) has a long-term vision and applies conservative risk management, thus creating an alignment with the interests of the company's shareholders.

Large Cap Portfolio

During the quarter, the large cap. portfolio posted negative return of -7%. However, we have continued to increase the upside potential, which is up to 83%, from 66% of the previous quarter.

The geographic distribution of the portfolio has not changed significantly over the quarter, maintaining a strong exposure to companies outside of Europe and the Eurozone.

Pharmaceutical Sector
3.13% Cobas Selección FI; 3.48% Cobas Internacional FI; 16.46% Cobas Grandes Compañías FI

In recent months, we have invested in pharmaceutical companies such as **Teva, Shire and Mylan**. The sector has a significant weight in the Large Company portfolio, 14.66%.
Teva (worldwide leader in generic drugs), which we discussed in our newsletter of the previous quarter, a leveraged balance sheet and the loss of the patent on its main drug (Copaxone), combined with a profit warning, have depressed the company's share price to new lows for recent years, and an estimated P/E ratio in 2019 of 5.6 times earnings. The new CEO, Karé Shultz, really exudes confidence, and his references are exceptional. Combined with the launch of a restructuring plan, with a cost reduction of approximately 20% ($3bn) makes the company's current share price very attractive.
Mylan is a world leader in generic drugs. Greater pressure in the generics business in the US, combined with a price drop of its main innovative product (EpiPen) have depressed the company's share price by more than 30% in recent years. At the close of March, it was listed at an estimated P/E ratio of seven times. However, the company has one of the best pipelines of complex generics and biosimilars in the industry, and suitable diversification of products and markets.
The British firm **Shire** is very attractively priced and offers a large margin of safety after falling by more than 60% in recent years. The share prices have been hurt by **Roche's** launch of a competing product, which has created concern in the market about the haematology business. This combined with the delay in the spin-off of its neuroscience division. At the close of the quarter, it was priced at less than 10 times earnings, and it is awaiting a possible public offering that would benefit the shareholders.

Our Funds

Cobas Internacional F.I.

Cobas Internacional FI posted negative return of -9.01% over the first quarter, compared to a 4.30% fall in the benchmark MSCI Europe Total Return Net. Net asset value as of 31 March stood at 96.23 euros per share.

Since the Cobas Internacional FI began investing in equities in mid-March 2017, the return has been 3.77%. The benchmark index was revalued by 1.89%.

The target value for the portfolio is €192.10/share, a long way above its current net asset value, with potential upside of 100%. Our job is to continue increasing the value of the portfolio over time, and we expect this value to still be reflected in its net asset value, which is making a strong recovery in April.

Obviously, and as a result of this potential, we are invested to 98%, close to the legal maximum allowed of 99%. Assets under management to 31 March amounted to 466.7 million euros, reaching a total of 7,008 shareholders.

Portfolio

The largest detractor of returns is **Aryzta** (-4.50%), after announcing a downward revision in its estimated earnings for the current fiscal year, which resulted in a sharp decline in its share price. Its temporary cost problem is widespread in the US, and we think this will not have a great impact in its long-term price, as the company will be able to transfer this impact to the sale price of its products. However, we have taken advantage of the falls in the share price of the latter to buy more shares and thus push down the average purchase price. Negative contributions came from **Ensco** (-0.80%) and **Teekay Corp.** (-0.73%), the latter showing a negative reaction to the capital increase of approximately 20% it carried out at the start of 2018.
During the quarter, the largest positive contribution came from **Renault** (+0.60), where rumours about a possible purchase of 15% of the company's capital (currently held by the French state) by its Japanese partner **Nissan**, which helped push up the share price. **Shire** also benefited from the rumours of a possible takeover bid by a Japanese company (**Takeda**), adding 0.17% to the fund's returns in the quarter.

First Quarter Cobas Internacional FI

Main Contributors

Company	Price Var. (%)	Contribution to Return (%)
Renault	17.39%	0.60%
Shire	13.43%	0.17%
ICL	2.71%	0.15%

Main Detractors

Company	Price Var. (%)	Contribution to Return (%)
Aryzta	-44.62%	-4.50%
Ensco	-39.51%	-0.80%
Teekay Corp.	-14.72%	-0.73%

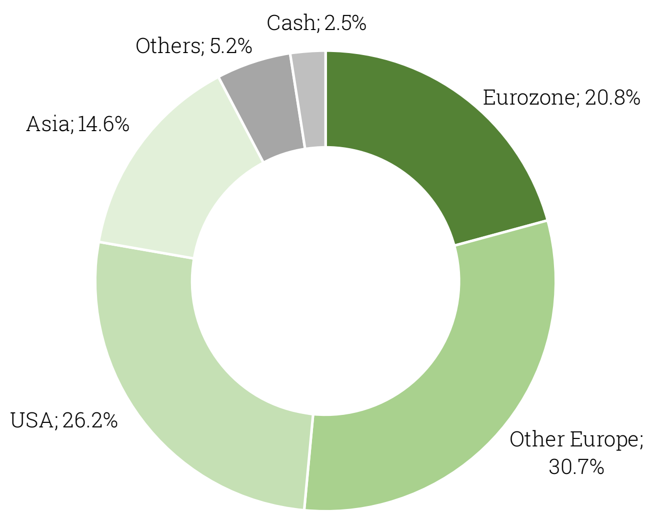
The weights of the main stocks have not changed significantly, with **Aryzta**, the **Teekay** group and **ICL** our top three investment picks, with a combined weight of close to 23%. We have taken advantage of the rise in the **ICL** share price to unwind part of the position and buy another very interesting fertiliser company, **OCI**. The top 10 accounts for 45% of the portfolio.

OUR TOP 10

Company	Current Quarter Weight %	Previous Quarter Weight %
Aryzta	8.01%	8.68%
Teekay Corp	5.31%	4.96%
ICL	5.23%	6.19%
Dixons Carphone	4.71%	4.01%
Teekay LNG	4.33%	4.94%
Babcock International	4.27%	3.95%
Renault	4.12%	3.87%
International Seaways	3.58%	3.04%
Hyundai Motor Pref	2.99%	3.23%
Samsung Electr Pref	2.93%	3.57%

The geographic distribution has not changed significantly over the quarter either, maintaining a strong exposure to companies outside of Europe and the Eurozone. While this is impairing our short-term performance due to the strong euro, we are confident this approach will yield attractive returns in the future.

GEOGRAPHICAL DISTRIBUTION



We still have 100% of the dollar exposure covered.

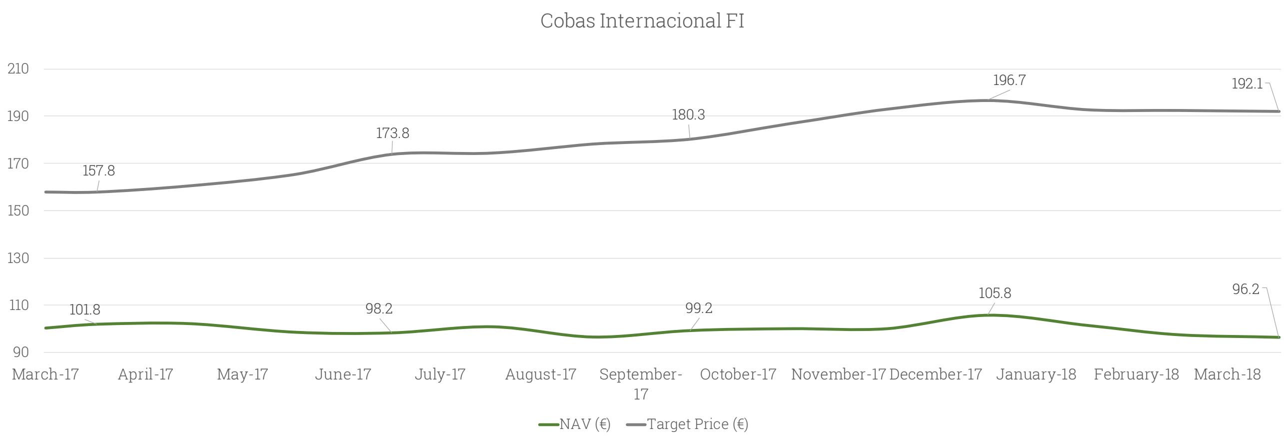
Stock movements

Although the main stocks of the portfolio have remained stable, there have been variations in the secondary stocks. We have sold various stocks over the quarter, some achieving relatively strong performance: **Kongsberg, RHI Magnesita, QGEP Participaco, SLC Agricola y Pico Far East**.

In all these sales, the potential upside was lower than the alternative stocks which we have purchased: **Ensco, OCI, Shire, KT Corp., National Oilwell Varco and Atalaya Mining**. We expect upsides of between 50% and 100% in all these stocks.

Target value

The international portfolio slightly reduced its estimated target value from 196.7 euros a share to 192.1 euros, mainly due to the reduction in the target price of **Aryzta** from 57 CHF/share to 48 CHF/share. It was also influenced by the small reduction in the target price of **ICL** and of two shipping companies.



Overall, the portfolio trades at an estimated 2018 P/E ratio of 8.2x and ROCE of 25%. If we focus on the ROCE and exclude the shipping and commodities companies, it would be 35%.

Cobas Iberia F.I.

The return from Cobas Iberia FI during the first quarter was 0.14% compared to a loss of 2.60% for the benchmark index comprised by 80% IGBM Total Return and 20% PSI 20 Total Return. Net asset value stood at 110.35 euros per share.

Since Cobas Iberia FI began investing in equities at the beginning of April 2017, the return has been 10.35% compared to a decline of 0.07% for the benchmark index.

The target value of the fund is above the net asset value, 159.3 euros/share, with an upside potential of 44%. We have boosted the value of the portfolio over the quarter and we expect that this will be reflected over time in its net asset value.

We continue with a high percentage of exposure to equities, of around 98%. Assets under management to 31 March amounted to 61.5 million euros, reaching a total of 2,046 shareholders.

Portfolio

This quarter, as was the case in the previous quarter, **Quabit** (+0.43%) was one of the three largest contributors to the fund's profitability. **Ezentis** made the largest contribution during the quarter (+0.75%). The strong gains in the share price derived mainly from the acquisition from Ericsson of Excellence Field Factory, and Ericsson's subsequent entry in the capital of the Spanish firm. On the negative side were **Técnicas Reunidas** (-0.69%), **Vocento** (-0.52%) and **Ferrovial** (-0.42%).

First Quarter Cobas Iberia FI

Main Contributors

Company	Price Var. (%)	Contribution to Return (%)
Grupo Ezentis	30.18%	0.75%
Inmobiliaria del Sur	23.23%	0.45%
Quabit	8.51%	0.43%

Main Detractors

Company	Price Var. (%)	Contribution to Return (%)
Técnicas Reunidas	-7.14%	-0.69%
Vocento	-12.55%	-0.52%
Ferrovial	-10.36%	-0.42%

The portfolio remains stable, although we have continued to increase our positions in **Telefónica and Euskaltel**. Capitalising on the rising share price of **Quabit**, we have diluted its weight, and used the liquidity to invest in companies with greater upside potential. We would highlight the gradual reduction in the weight of Portuguese companies in recent years, given the good stock market performance they have had the opportunities we have been finding in Spain. The top 10 accounts for 55%.

cobas asset management

OUR TOP 10

Company	Current Quarter Weight %	Previous Quarter Weight %
Técnicas Reunidas	9.07%	9.14%
Telefónica	8.96%	7.83%
Elecnor	7.41%	7.66%
Euskaltel	7.10%	5.86%
Ferrovial	4.74%	4.60%
Sacyr	4.28%	4.35%
Vocento	3.94%	4.27%
NOS SGPS	3.46%	2.25%
Quabit	3.40%	4.56%
Ezentis	3.13%	2.37%

Stock movements

During the quarter, we took positions in: **FCC, Metrovacesa, Gas Natural, Endesa, Logista, Talgo and Sonae Industria.** We sold off one stock: **Merlin Properties**, since we believe the existing stocks in the portfolio, plus the new additions, have greater upside potential.

Target value

The portfolio has increased its target value to 159.3 euros, with an upside potential of 44%.

We currently see upside potential of 44% with an estimated 2018 P/E ratio of 10.8x and ROCE of 27%.

During the quarter, we applied for authorisation to invest up to 10% of total exposure in non-Iberian stocks, with the aim of investing in those whose main activity is in Spain, but which are listed outside the country.
Seeking to benefit from the change in the prospectus, we also applied for authorisation to invest up to 10% of total exposure in fixed income securities of low credit quality (lower than BBB-) or with no rating. The idea is to hold constant investments in stocks. Nevertheless, if we should ever fail to see opportunities in this asset class, we do not wish to close the door to generating value via the bonds of a company we have analysed and where we see a clear discrepancy between price and value.

Cobas Grandes Compañías F.I.

The return from Cobas Grandes Compañías FI during the quarter was -6.94%, against a fall of 3.61% for the reference index, MSCI World Net EUR. Net asset value stood at 98.47 euros per share.

Since Cobas Grandes Compañías FI began investing in equities at the beginning of April 2017, the return has been 1.53% compared to a decline of 1.22% for the benchmark index.

The target value for the portfolio is €179.80/share, a long way above its current net asset value, with potential upside of 83%.

We continue with a high percentage of investment in shares, of around 97%. Assets under management to 31 March amounted to 22.0 million euros, reaching a total of 840 shareholders.

Portfolio

On the negative side, the largest detractor of returns is **Aryzta** (-4.28%), after announcing a profit warning in late January, which resulted in a sharp decline in its share price. Its temporary cost problem is widespread in the US, and we think this will not have a great impact in its long-term price, as the company will be able to transfer this impact to the sale price of its products. We have taken advantage of the falls in the share price of the latter to buy more shares and thus push down the average purchase price. Negative contributions also came from **Teekay Corp.** (-0.65%), the latter showing a negative reaction to the capital increase of approximately 20% it carried out at the start of 2018, and **KT Corp.** (-0,62%).
The company making, the largest positive contribution in the fund during the quarter was **Renault** (+0.71), where rumours about a possible purchase of 15% of the company's capital (currently held by the French state) by its Japanese partner **Nissan**, which helped push up the share price. Also significant were **Petrobras** (+0.63%) and **Gilead** (+0.28%).

First Quarter Cobas Grandes Compañías FI

Main Contributors

Company	Price Var. (%)	Contribution to Return (%)
Renault	17.39%	0.71%
Petrobras	28.44%	0.63%
Gilead	13.78%	0.28%

Main Detractors

Company	Price Var. (%)	Contribution to Return (%)
Aryzta	-44.62%	-4.28%
Teekay Corp.	-14.72%	-0.65%
KT Corp.	-14.34%	-0.62%

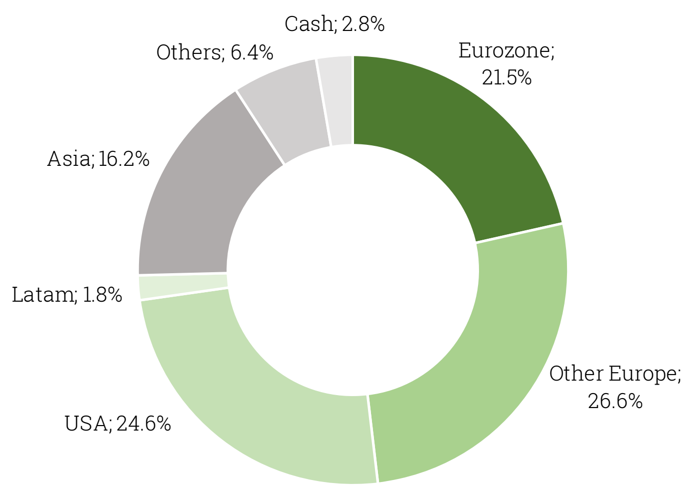
The weight of **Teva** was reduced, where we capitalised on the share price increase during the quarter. We increased our position in **Shire**, which benefited in the last weeks of March and in early April from the rumours of a possible takeover bid by a Japanese company (**Takeda**). The top 10 accounts for 53%.

OUR TOP 10

Company	Current Quarter Weight %	Previous Quarter Weight %
Aryzta	7.21%	6.93%
Babcock	7.10%	5.72%
Israel Chemicals	6.42%	6.06%
Shire PLC	5.47%	2.96%
Teekay Corp	4.93%	3.80%
Teva Pharm	4.91%	7.24%
Renault	4.85%	4.62%
Mylan	4.28%	4.74%
KT Corp ADR	4.24%	4.69%
Teekay LNG	4.07%	3.98%

The geographic distribution has not changed significantly over the quarter either, maintaining a strong exposure to companies outside of Europe and the Eurozone. While this is impairing our short-term performance due to the strong euro, we are confident this approach will yield attractive returns in the future.

Geographical Distribution



We still have 100% of the dollar exposure covered.

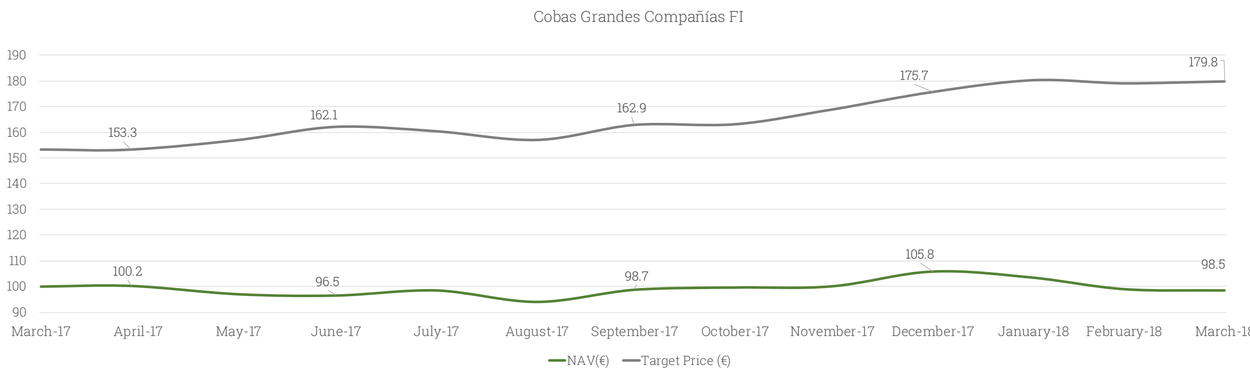
Stock movements

We have sold the following stocks over the quarter: **Petrobras, Phosagro and Tesco**. In general, they have obtained revaluations that made them less attractive than the alternatives.

The new stocks in the portfolio are: **Inpex Corp., National Oilwell Varco and OCI**, all with an upside potential greater than 50%.

Target value

The portfolio has increased its target value from 175.5 euros per share to 179.8 euros. Also, the upside potential increased to 83%, compared to 74% in the previous quarter.



The companies in the portfolio continue to have a very positive outlook, with an upside potential of 83%, resulting from the attractive prices at which they are trading - estimated 2018 P/E ratio of 8.7x - and their quality, with an average ROCE of 27%.

Cobas Selección F.I.

The return from Cobas Selección FI during the first quarter of 2018 was 8.47% compared to a fall of 4.30% for the benchmark index, MSCI Europe Total Return Net. Net asset value as of 31 March stood at 100.72 euros per share.

The fund has posted a 0.92% return since 31 December 2016 compared to a 5.50% increase in the benchmark index.

The target value of the fund is 196.6 euros/share, well above the net asset value, with an upside potential of 95%. Our job is to continue increasing the value of the portfolio over time, and we expect this value to still be reflected in its net asset value, which is making a strong recovery in April.

Obviously, and as a result of this potential, we are invested to 98%, close to the legal maximum allowed of 99%. Assets under management to 31 March amounted to 967.8 million euros, reaching a total of 13,161 shareholders.

Portfolio

Cobas Selección FI is our model portfolio, around 90% is invested in the international portfolio and 10% in the Iberian portfolio.

The largest detractor of returns is **Aryzta** (-4.06%), after announcing a downward revision in its estimated earnings for the current fiscal year, which resulted in a sharp decline in its share price. Its temporary cost problem is widespread in the US, and we think this will not have a great impact in its long-term price, as the company will be able to transfer the cost inflation to the sale price of its products. We have taken advantage of the falls in the share price of the latter to buy more shares and thus push down the average purchase price. Negative contributions came from **Ensco** (-0.73%) and **Teekay Corp.** (-0.66%), the latter showing a negative reaction to the capital increase of approximately 20% it carried out at the start of 2018.
During the quarter, the largest positive contribution came from **Renault** (+0.54), where rumours about a possible purchase of 15% of the company's capital (currently held by the French state) by its Japanese partner **Nissan**, which helped push up the share price. **Shire** also benefited from the rumours of a possible takeover bid by a Japanese company (**Takeda**), adding 0.16% to the fund's returns in the quarter.

First Quarter Cobas Selección FI

Main Contributors

Company	Price Var. (%)	Contribution to Return (%)
Renault	17.39%	0.54%
Shire	13.43%	0.16%
ICL	2.71%	0.14%

Main Detractors

Company	Price Var. (%)	Contribution to Return (%)
Aryzta	-44.62%	-4.06%
Ensco	-39.51%	-0.73%
Teekay Corp.	-14.72%	-0.66%

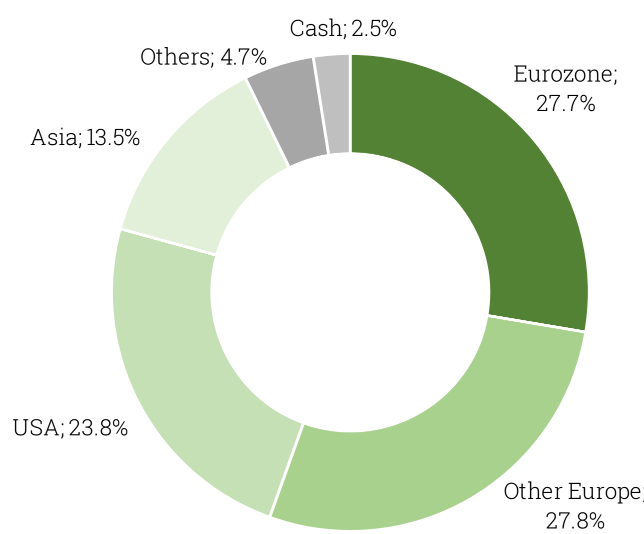
The weights of the main stocks have not changed significantly, with **Aryzta**, the **Teekay** group and **ICL** our top three investment picks, with a combined weight of around 21%. We have taken advantage of the rise in the **ICL** share price to unwind part of the position and buy another very interesting fertiliser company, **OCI**. The top 10 accounts for 41% of the portfolio.

OUR TOP 10

Company	Current Quarter Weight %	Previous Quarter Weight %
Aryzta	7.18%	7.79%
Teekay Corp	4.76%	4.85%
ICL	4.73%	5.51%
Dixons Carphone	4.26%	3.57%
Teekay LNG	3.88%	4.91%
Babcock International	3.82%	3.52%
Renault	3.71%	3.46%
International Seaways	3.23%	2.69%
Técnicas Reunidas	2.84%	2.97%
Hyundai Motor Pref	2.69%	2.88%

The geographic distribution has not changed significantly over the quarter either, maintaining a strong exposure to companies outside of Europe and the Eurozone. While this is impairing our short-term performance due to the strong euro, we are confident this approach will yield attractive returns in the future.

GEOGRAPHICAL DISTRIBUTION



We still have 100% of the dollar exposure covered.

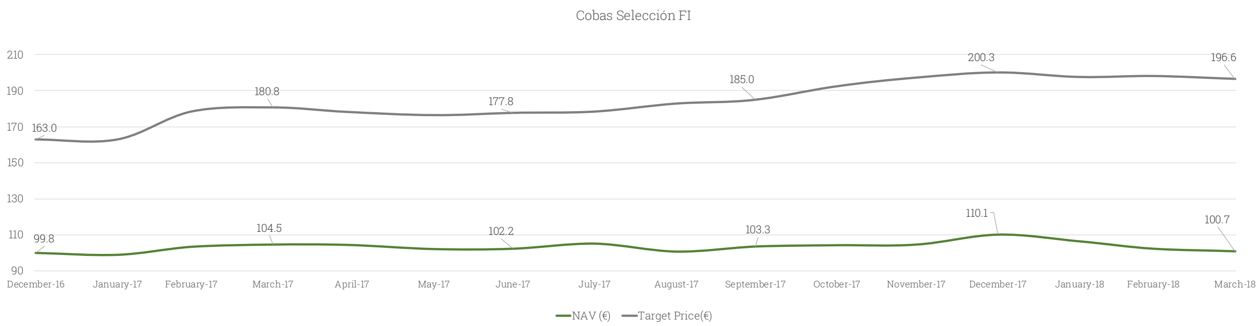
Stock movements

Although the main values of the portfolio have remained stable, there have been variations in the secondary values. We have sold various stocks over the quarter, some achieving relatively strong performance: **Kongsberg, RHI Magnesita, QGEP Participaco, SLC Agricola, Pico Far East, Sonae and Semapa**.

The logic underpinning all these sales is their lower potential upside relative to the alternative stocks which we have purchased: **Ensco, OCI, Shire, KT Corp., National Oilwell Varco and Atalaya Mining**. We expect upsides of between 50% and 100% in all these stocks.

Target value

Cobas Selección FI portfolio slightly reduced its estimated target value from 200.3 euros a share to 196.6 euros, mainly due to the reduction in the target price of **Aryzta** from 57 CHF/share to 48 CHF/share. It was also influenced by the small reduction in the target price of **ICL** and of two shipping companies.



Overall, the portfolio trades at an estimated 2018 P/E ratio of 8.3x and ROCE of 27%. If we focus on the ROCE and exclude the shipping and commodities companies, it would be 36%.

Cobas Renta F.I.

Cobas Renta FI posted a return of -1.98% over the quarter. The fund's net asset value stood at 98.58 euros per share.

Since inception, the fund posted a return of -1.42%.

As always, we complement short-term fixed income with a modest investment in equities (up to 15% of assets). At present, equity exposure stands at 13%, which has contributed to the losses sustained to date.

Assets under management to 31 March amounted to 21.2 million euros, reaching a total of 437 shareholders.

OUR TOP 10 EQUITY PORTFOLIO

Company	Current Quarter Weight %	Previous Quarter Weight %
Teekay Corp	3.48%	2.62%
Teekay Lng	2.60%	2.84%
Aryzta	1.79%	1.77%
Tecnicas Reunidas	0.94%	0.98%
Babcock	0.80%	0.53%
Dixons Carphone	0.77%	0.59%
Israel Chemicals	0.71%	1.07%
Renault	0.62%	0.50%
Elecnor	0.52%	0.48%
Daiwa Industries	0.49%	0.46%

This includes the key companies in Cobas Selección FI and we hope that over the long-term this will prove sufficient to compensate inflation and our fees, at least maintaining investors' short-term purchasing power.

We're here to answer any questions you may have. Just call Cobas' main reception + 34 91 755 68 00 or e - mail international@cobasam.com

Best regards.

Cobas Asset Management Investor Relations Team.