

# Newsletter Cobas Asset Management

## - January 2019 -

Dear investor,

In our January 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.

The following topics can be viewed below:



[Statements of position](#)



[Our product range](#)



[Company of the month](#)



[Blog](#)



[Investor Q&A](#)

### Statements of position

Your statement of position for December 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

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	PER	Performance in December		Upside in 2018		Upside from the Beginning <sup>(1)</sup>	
				Cobas	Benchmark <sup>(2)</sup>	Cobas	Benchmark <sup>(2)</sup>	Cobas	Benchmark <sup>(2)</sup>
Cobas Selección FI	77.46	133%	7.3x	-11.53%	-5.53%	-29.61%	-10.57%	-22.54%	-1.41%
Cobas Internacional FI	72.53	138%	7.2x	-12.24%	-5.53%	-31.42%	-10.57%	-27.47%	-4.78%
Cobas Iberia FI	94.64	85%	8.5x	-4.30%	-4.66%	-14.11%	-10.90%	-5.36%	-8.59%
Cobas Grandes Compañías FI	73.15	133%	5.6x	-12.61%	-8.49%	-30.86%	-4.11%	-26.85%	-1.72%
Cobas Renta FI	91.85			-2.41%		-8.67%		-8.15%	
Cobas Global PP	71.63			-11.37%	-5.53%	-29.29%	-10.57%	-28.37%	-7.82%
Cobas Mixto Global PP	77.58			-8.83%		-23.72%		-22.42%	
Cobas Concentrados FIL	56.60			-14.19%	-5.53%	-43.39%	-10.57%	-43.39%	-10.57%
(1) Start of the Funds	Cobas Selección FI: 31-dic-16 Cobas Internacional FI: 5-mar-17 Cobas Iberia FI, Cobas Grandes Compañías FI and Cobas Renta FI: 3-abr-17 Cobas Global PP: 23-jul-17 Cobas Mixto Global PP: 25-jul-17								
(2) Benchmark	MSCI Europe Total Return Net para Cobas Selección FI, Cobas Internacional FI, Cobas Concentrados FIL y Cobas Global PP MSCI World Net EUR para Cobas Grandes Compañías FI IGBM Total y PSI 20 Total Return (75%-25% hasta el 31/12/17; 80%-20% desde 01/01/18) para Cobas Iberia FI								

## Fund factsheets

Following are the December factsheets for each of Cobas Asset Management investment funds. 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:** UCIV  
**País de registro:** España  
**Fecha de creación:** 14/10/2016  
**Cierre de año fiscal:** Diciembre  
**Hora de cierre:** 11:00 Hora Española  
**Valoración VI:** Dinero  
**Comisión gestión:** 1.75%  
**Otros Gastos Corrientes:** 0.04%  
**ISIN:** ES014037006  
**Bloomberg:** COBASFI

**DATOS TÉCNICOS**

**VI:** 77.46  
**Tamaño (mil)€:** EUR 956.74  
**Rent. 1 mes:** -11.53%  
**Rent. año:** -9.62%  
**Número de posiciones<sup>(1)</sup>:** 68  
(1) Datos ajustados a septiembre 2018

**INDICADOR RIESGO**

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**5 POSICIONES PRINCIP.**

Aryta AG	5.87%
Teekay LNG Partners LP	4.50%
Teekay Corp	4.51%
International Seaways Inc	3.93%
Babcock International Group	3.67%

Datos a septiembre 2018

**DIST. GEOGRÁFICA**

Europa	30.28%
Otros Europa	23.20%
EEUU	23.92%
Asia	15.44%
Liquidez	3.49%
Otros	2.67%

Datos a septiembre 2018

**Cobas Selección FI**  
Diciembre 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, ya equilibradamente su objetivo es ofrecer oportunidades de inversión con una ratio de rentabilidad/Riesgo atractiva.

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

**GESTOR**

Cobas AM fue fundada en el año 2017 por Francisco García Paramés, un gestor de cartera altamente riguroso con más de 25 años de extraordinario historial. El Sr. García Paramés lidera un equipo de inversión de diez analistas altamente dedicados a un único estilo de inversión: Value Investing.

**CONTACTO INVERSOR**

**Madrid**  
 Relaciones con Inversores  
 José Abascal, 45. 3ª planta  
 28003 Madrid (España)  
 +34 91 756 66 00  
 info@cobasam.com

**RENTABILIDAD FONDO vs BENCHMARK**

Crecimiento de EUR 100

## Company of the Month: Hyundai Motor



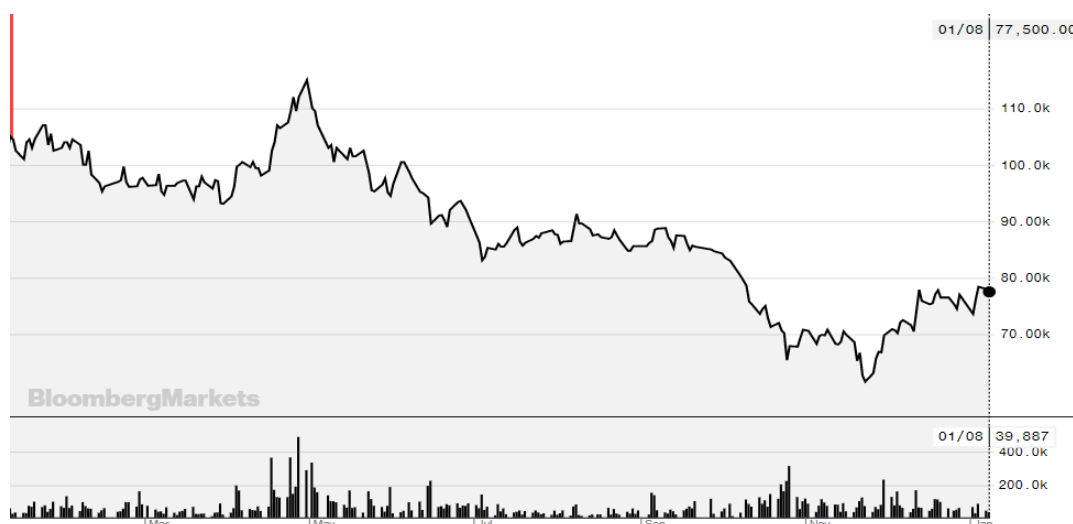
This month, we would like to share some ideas on **Hyundai Motor**, South Korea's largest automaker (between four and five million cars worldwide a year) and the world's fifth-largest including KIA, in which Hyundai Motor Group has a stake.

Our investment in Hyundai is through preference shares.

The company has been slow to address growing global demand for SUVs (light off-road). Emerging market currency depreciation and geopolitical issues (THAAD) are also behind the company's underperformance relative to peers over the past few years.

However, Hyundai has launched new SUV models, such as the "powertrain" in mid-2018. Moreover, the company appears to be undergoing major changes in its leadership, which is passing on to the son of the group's founders, the Chung family. Corporate governance is clearly improving. Indeed, a share buyback and cancellation of treasury shares has been announced for 2018. The company is expected to undo its circular structure in 2019.

This, coupled with growing activism, could shore up the share price, which has recently dipped to 12-month lows.



Source: Bloomberg

The group founders, the Chung family, capable of transforming the company from being just another Korean automaker to being a global automaker.

Therefore, we consider Hyundai to be an appealing investment opportunity: at the end of September 2018, it had a weight of 2.6% in Cobas Selección FI; 2.8% in Cobas Internacional FI; 2.9% in Cobas Grandes Compañías FI; and 0.5% in Cobas Renta FI.

## Blog

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

### [Japan and Korea, two very interesting markets](#)

In this new blog post, Cobas analyst Mingkun Chan discusses the importance of having a foothold in Asia. Hwisoo Cha has recently joined Cobas as an analyst and will be helping, among others, our investment in Korea/Asia.



## Value School, making knowledge sharing fun

Gonzalo Recarte discusses the first year of Value School, the project spearheaded by Francisco García Paramés so that savers can find the help, clarity and company they need to take the right steps in the world of investing and saving.



## Investor Q&A

### What is a competitive advantage and what types of competitive advantages are there?

A competitive advantage or *moat* is a characteristic or set of traits which a company enjoys which are difficult or impossible to copy or imitate and that help to fend off the competition.

Competitive advantages can take a variety of forms depending on how they arise. For example, a company can enjoy a competitive advantage by owning a powerful brand, meaning consumers are willing to pay more for their product than for their competitors' (e.g. luxury brands) or its products are protected by patents (e.g. pharmaceutical companies).

Switching costs are another type of competitive advantage which arise when the benefits of changing one company's product for another are outweighed by the costs involved for the client in doing so (e.g. the banking sector).

Finally, there are cost advantages enjoyed by companies which have cheaper processes than the competition (e.g. low-cost airlines) and those that have larger scale (e.g. supermarkets), whose size enables them to be much more efficient in distribution and gives them strong bargaining power with suppliers).

## Why invest in Asian companies?

Cobas AM has a significant percentage of its portfolio invested in Asian companies, of roughly 17% at end-September, the latest available figure. Several reasons underpin our investment here, such as the benefits it gives us to have a personal presence in that continent. Our analyst Mingkun Chan, based in Shanghai, has been working with Francisco García Paramés since 2008.

One of his tasks is to study and monitor the competition in Asia. This not only gives us relevant information about investees, but it also reveals good investment opportunities with certain frequency. An example are investments in two elevator and refrigerator companies; leveraging our experience of investing in a Swiss and Spanish company, respectively, through a study of the competitive landscape in Asia, we began investigating both sectors. Finally, we identified a competitor list for elevator companies in Taiwan, from which we obtained significant upside, while in Japan we invested in the refrigerator sector, a business that offers high quality (ROCE) and strong entry barriers.

Another virtue of having a presence in Asia for years is that we can produce more ideas that are worth investing in without having to learn the business from scratch. Indeed, our presence in Asia has only increased over the years. This is not the case that we want to allocate a certain percentage of our funds to investments in Asia. It is the case that we find investment ideas in Asia that fit our investment process and philosophy and that, moreover, are trading at attractive valuations relative to their peers in developed markets.

In summary, at Cobas we manage our funds under a global perspective and a focus on the ground. Our investments in Asia are not a figure that starts from an allocation of funds strategy, but rather they emanate from our process and investment philosophy.

For more on this, see the new blog "Japan and Korea, two very interesting markets" written by Mingkun Chan in the Blog section of this newsletter or by clicking [here](#).



The development of passive management means a bigger part of the market will be essentially "brainless", buying by default what everyone is buying; i.e. herd behaviour. This gives rise to more opportunities for active management”

– Francisco García Paramés –

We're here to answer any questions you may have. Just call 0034 900151530 or email [international@cobasam.com](mailto:international@cobasam.com).

Best regards,

Cobas Asset Management Investor Relations Team