

Cobas Asset Management Newsletter

- March 2018

Dear investor,

In our March 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.

In the next few days, we will be sending you an invitation to the II Cobas Asset Management's Investor Conference, to be held in Madrid and Barcelona.

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 February is now available. You can access and download it from the investor portal.

Our product range

Ratios and returns

Fund/Plan	Net asset value 28/02/18	Upside	P/E ratio	February performance		Upside from the start ⁽¹⁾	
				Cobas	Benchmark index ⁽²⁾	Cobas	Benchmark index ⁽²⁾
Cobas Selección FI	102.21 €	94%	7.8x	-3.81%	-3.86%	2.41%	7.68%
Cobas Internacional FI	97.38 €	98%	7.6x	-3.88%	-3.86%	-2.62%	4.00%
Cobas Iberia FI	112.81 €	37%	11.4x	-1.20%	-5.03%	12.81%	2.13%
Cobas Grandes Compañías FI	98.98 €	81%	7.7x	-4.27%	-2.09%	-1.02%	1.83%
Cobas Renta FI	98.81 €			-0.64%		-1.19%	
Cobas Global PP	94.08 €			-3.83%	-3.86%	-5.92%	0.68%
Cobas Mixto Global PP	95.76 €			-3.00%		-4.24%	
Cobas Concentrados FIL	89.59 €			-3.67%	-3.81%	-10.41%	-7.12%

(1) Start of the Funds

Cobas Internacional FI: 15 March 2017
 Cobas Iberia FI, Cobas Grandes Compañías FI and Cobas Renta FI: 3 April 2017
 Cobas Global PP: 23 July 2017
 Cobas Mixto Global PP: 25 July 2017

(2) Benchmark index

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 31/12/2017; 80%-20% from 01/01/2018) for Cobas Iberia FI
 Cobas Selección FI for Cobas Concentrados FIL

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 factsheets

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

Cobas Selección FI

<https://www.cobasam.com/wp-content/uploads/Cobas-Seleccion-FI.pdf>

Cobas Internacional FI

<https://www.cobasam.com/wp-content/uploads/Cobas-Internacional-FI.pdf>

Cobas Iberia FI

<https://www.cobasam.com/wp-content/uploads/Cobas-Iberia-FI.pdf>

Cobas Grandes Compañías FI

<https://www.cobasam.com/wp-content/uploads/Cobas-Grandes-Companias-FI.pdf>

Cobas Renta FI

<https://www.cobasam.com/wp-content/uploads/Cobas-Renta-FI.pdf>

c o b a s
asset management

INFORMACIÓN GENERAL

Costes del fondo:
Cobas AM

Depositar:
Banco Inversis SA

Estructura legal:
LUITE IV

País de registro:
España

Fecha de creación: 14/10/2008

Cierre de año fiscal: Diciembre

Hora de corte: 14:00 Hora Española

Valencia VL: España

Comisión gestión: 1,75%

Costes Corrientes: 1,84%

ISIN: ES0294001000

Bloomberg: COBASFI

DATOS TÉCNICOS

VL: 102,21

Tamaño (mill. €): EUR 949,84

Rent. 1 mes: -3,81%

Rent. año: -7,37%

Número de posiciones: 67

(*) Datos ajustados a diciembre 2017

INDICADOR RIESGO

1 | 2 | 3 | 4 | 5 | 6 | 7

POSICIONES PRINCIP.

Arysta AG	7,72%
Israel Chemicals Ltd	6,53%
Teekay LNG Partners LP	4,51%
Teekay Corp	4,48%
Dixons Carphone PLC	3,57%

DIST. GEOGRÁFICA

Estados Unidos	17,10%
Reino Unido	16,12%
Corea del Sur	9,59%
Suiza	8,24%
España	8,09%
Israel	6,97%
Francia	6,07%
Noruega	4,61%
Alemania	4,14%
Japón	3,54%

Datos a diciembre 2017

Cobas Selección FI

Febrero 2018

OBJETIVO INVERSIÓN

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

El fondo busca preservar y generar crecimiento sobre el capital invertido con una visión de largo plazo, invirtiendo en compañías globales y con predominio del mercado europeo.

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 buenas empresas con ventajas competitivas duraderas, gestionadas por un buen equipo profesional y que la sociedad esté cotizando con gran descuento respecto a su valor intrínseco.

ofreciendo de este modo altos potenciales de revalorización en el largo plazo. Esta metodología se ha venido aplicando con éxito por el equipo de Cobas AM durante los últimos 25 años.

El gestor confía en su enfoque "Bottom Up" en la búsqueda de oportunidades de inversión y en su experiencia inversora para encontrar compañías que estén por debajo de su valor intrínseco. La cartera no está correlacionada con ningún benchmark.

GESTOR

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

CONTACTO INVERSOR

internacional@cobasam.com

Madrid
Relación con Inversores
José Abascal, 46. 3ª planta
28003 Madrid (España)
+34 955 68 00
info@cobasam.com

RENTABILIDAD FONDO vs BENCHMARK

Crecimiento de EUR 100

Datos a diciembre 2017

Febrero 2018

Company of the Month



Headquarters	Stuttgart	Market Cap	20.341 Mn€
CEO	Hans Dieter <u>Poetsch</u>	Ticker Bloomberg	<u>PAH8GR</u>
Website	www.porsche-se.com	Closing Price 05/03	65,22€
Sector	<u>Automotive</u>	Max L52w	78,38€
Stock Market	<u>Germany</u>	Min L52w	47,56€

This month, we want to take an in-depth look at **Porsche**, the investment vehicle controlled by the Porsche family whose main asset is its stake in German manufacturer **Volkswagen**, which operates in the automotive industry. This holding represents practically 100% of our valuation.

Our holding in Porsche enables us to invest in Volkswagen with about 25% discount.

Porsche includes the following brands:



The holding also features **Inrix**, U.S. world leader in connected car technology and real-time traffic information; and **PTV Planung Transport**, German company specialising in mobility and logistics software and consultancy services.

We believe the market undervaluing the company because of certain factors, e.g. concerns about the economic cycle in regions where the sales are near all-time highs, for example, USA, UK and Germany; and disruption of new technologies such as the electric or autonomous vehicles.

However, we would like to draw your attention to the recent measures designed by Volkswagen's **management team**: they have drawn up a new strategic plan aimed at improving margins, increasing efficiency and generating value through the potential spin-off of non-core assets. The bulk of investment is targeted at organic growth, mostly R&D, to become pioneers in electric cars; the company expect sales of this type of car to account for around 25% of the total by 2025.

Historically, Volkswagen has never been known for its efficiency, with thin margins (except for the luxury brands) and under the control of the unions and Saxony's government. However, the company's mentality seems to be changing, with the focus on creating long-term value after the emissions scandal ("Dieselgate") and the structural changes facing the industry. These are some reasons why the share's price has dropped significantly over the last few years, as shown below.



Overall, we considered Porsche to be a compelling investment opportunity: at year-end 2017, it had a weight of around 2.37% in Cobas Selección FI; around 2.39% in Cobas Internacional FI; and around 4.17% in Cobas Grandes Compañías FI.

Blog

Click on the links below to read the blog entries published in the last month.

[The importance for an Asset Management Company of having a presence in London](https://www.cobasam.com/en/the-importance-for-an-asset-management-company-of-having-a-presence-in-london/)

Peter Smith, Cobas Asset Management analyst, writes a post about the advantages for a management company of having a presence in the City:

<https://www.cobasam.com/en/the-importance-for-an-asset-management-company-of-having-a-presence-in-london/>



Volatility – Mind the Gap

Andrés Allende, Cobas Asset Management analyst, writes about the uncertainty derived from volatility. While it is annoying, it does not affect the end result, providing investors are patient:

<https://www.cobasam.com/en/volatility-mind-the-gap/>



Investor Q&A

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

What is the P/E ratio?

We would like to talk about a ratio most investors are aware of, the P/E ratio (PER). The P/E or Price to Earnings Ratio is calculated by dividing a company's share price by earnings per share. In short, it reflects the number of years needed to recover our investment.

To illustrate, a P/E ratio of 8x means that the share price is eight times the company's earnings. Consequently, we would need to keep the earnings for eight years to make our initial investment worthwhile.

Cobas AM calculates P/E ratios based on internal estimates and standardised parameters, whereas the market P/E ratio is calculated based on consensus forecasts.

Why we do invest at 100%?

As per the value investment philosophy, we accept that we cannot know what the market will do in the future. We invest in business projects, and normally we have enough attractive investment ideas at reasonable prices to always be invested close to the legal limit, of 99%.

We are constantly finding investment ideas and if they seem more attractive than other companies in the portfolio, we rotate the portfolio. In other words, we sell some companies to buy others, so as to increase the portfolio's upside potential.

Consequently, we believe it is not worth it to assume the opportunity cost of having, for example 5%-10% in liquidity, when there are enough attractive investment ideas out there.

Also, we are not willing to assume the dangers of fixed income or liquidity for the risk of currency depreciation to which they are exposed, especially at times of monetary experimentation, like now.

In short, there have always been, and will likely always, be enough securities to reach full portfolio investment, even though, as a general rule, we are not willing to pay more than 12 years of earnings (P/E of 12x).

More content is available by following us on social media. Click below for each social network.



"We are very disciplined when we invest. We use the same analysis process for each company we research"

– Francisco García Paramés –

We are here to answer any questions you may have. Just call + 34 91 755 68 00 or email international@cobasam.com.

Best regards,

Cobas Asset Management Investor Relations Team