EQUAM Global Value Fund

First quarter 2023 report

Protected from financial crisis.

The first quarter of the year was heavily influenced by the failure of several financial institutions in both the US and Europe. The rapid rise in interest rates deteriorated the value of many banks' investments and in some cases their default was inevitable.

Equam's portfolio has no direct exposure to the financial sector and it's made of companies which have little debt and have delivered exceptional results. Recent price corrections represent a good investment opportunity.

Incometric Fund - EQUAM Global Value is a mutual fund managed with a value investing methodology. We intend to compound our capital through long-term investment in companies with solid businesses that we can acquire at a discount to their Intrinsic Value. We also seek to protect our capital investing only in situations where the risk of permanent capital loss is low. We do not aim to second-guess short term market movements but rather acquire interests in sound businesses at excellent prices.

The Fund has an unconstrained mandate that allows us to deploy capital in companies active in regions and sectors where we can find the best investment opportunities. However, we are currently focusing our idea generation efforts in the European Small & Mid Cap arena.

We, the General Partners have invested most of our net worth in the fund and our interests are entirely aligned with those of our partners and co-investors.

EQUAM Global Value is a UCITS IV vehicle and can be invested into throughout most leading financial intermediaries using AllFunds, Inversis, Fundsettle and other platforms.

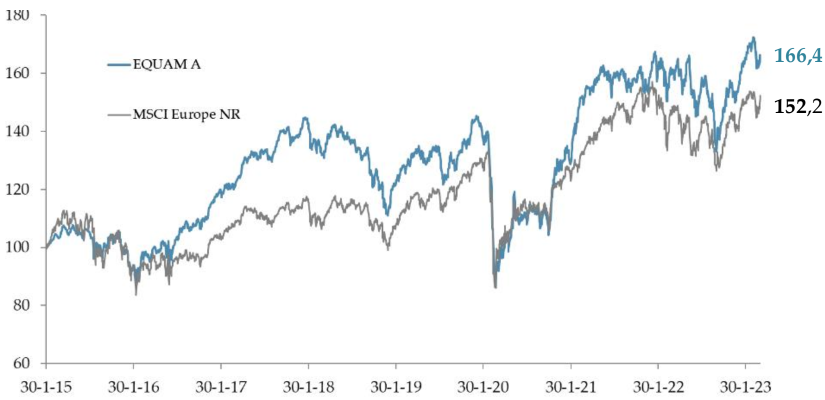
Recent fund developments and prospects.

We continue to outperform the index with dividends by more than 15% since the launch of the fund.

During the first quarter of the year, both the fund and the European indices continued the recovery that began in September 2022. Equam has accumulated a revaluation of 7.4% in the quarter, slightly below the 8.6% obtained by the MSCI Europe NR index.

Taking a longer-term perspective, the fund's average annual return since inception is 6.4%. This outperformed our comparable dividend indices, which returned 5.3% over the same period, by 1.1% a year. The accrue difference since inception is almost 15% in favour of Equam.

Equam Performance vs. Comparable Index



Rising rates have reduced the value of many banks' assets and may lead to solvency problems.

Despite the good performance during the quarter, the investment climate has deteriorated recently with the failure of numerous financial institutions in the US and Europe and there have been widespread market cutbacks. The rapid rise in rates has led to valuation losses on banks' investments and the movement of customer deposits, pushing several US regional banks and Credit Suisse into insolvency.

Central banks seem to have been able to calm the markets for the time being, but more banks may be affected by the impairment of their investments. Accounting rules allow banks to hide impairment losses on investments by keeping them in the "held to maturity" category, but the reality is that rising rates reduce the value of these investments. All banks, more or less, are affected by the impact of rising rates on the value of their investments and losses are likely to continue to emerge, for example, when they are forced to sell assets in their "held to maturity" portfolio due to a lack of liquidity. Central banks can help by providing liquidity so that they do not have to materialise losses by selling assets, especially the smaller ones, which are losing deposits. But at the same time, injecting more liquidity can aggravate the inflation problems, so the capacity to help is not unlimited.

High underlying inflation will make it difficult to assist troubled banks and states that cannot control their deficits.

The case of Silicon Valley Bank is quite graphic. As can be seen in the bank's balance sheet at 31 December, as presented below, the rise in rates impaired the value of "held-to-maturity" investments by $16,000m (or $16bn). Although no valuation adjustment had to be reflected in the accounts for this item, the impairment was real, and was equivalent to all the bank's equity. Customers began to collect their deposits ($174 bn) and soon left the bank illiquid (it had only $14 bn). The Fed's liquidity can keep these banks alive, but they do not want to do so when there is such a huge solvency problem (because the $16bn of equity has been used up).

Silicon Valley Bank Balance Sheet / 31.12.2022
(US$ billion)

ASSETS	2022	latent disability	LIABILITY	2022	latent disability
Cash	14				
Available for sale securities	26				
Held to maturity securities	94	-16	Deposit	173	
Loans	74		Other liabilities	22	
Other assets	3		Equity	16	-16
Total Activo	**211**		**Total Pasivo**	**211**	

Against this difficult scene and with the possibility of other banks facing similar problems, Equam prefers to avoid the financial sector. There is no visibility on the change in value of banks' investment and loan portfolios due to rising rates, and problems may recur if central banks tighten liquidity again due to a resurgence of inflation.

By contrast, we have a very diversified portfolio of companies that are doing very well, have low debt and good growth prospects; that are being able to pass on rising costs to selling prices and maintain or even improve their profit margins. Whatever scenario we face, we are convinced that our portfolio will emerge stronger from the downturns and will adequately protect us from inflation. There will be volatility, as there always has been, but those who are patient will make good capital gains.

The current economic scenario.

The current economic situation is more uncertain than usual because of the strong contrast we see between monetary indicators and economic activity.

The strength of economic activity contrasts with the problems in the financial sector and the tensions arising from the rise in interest rates.

Monetary indicators, with inflation at record highs, rapidly rising rates and a shrinking money supply portend a possible recession in the medium term. As mentioned above, the financial sector is suffering significant cuts in the value of its fixed rate investments and several institutions have gone bankrupt. The real estate sector is also starting to feel the pressure, as some more indebted investors are having to dispose of assets and are putting downward pressure on the market, especially in the UK world and in Sweden.

However, employment remains at record highs in the US and the labour market is tight in Europe. Economic activity shows no signs of weakness. The automotive sector continues to recover and the opening of the Chinese economy, once they have abandoned the "zero-covid" policy, represents a strong growth opportunity for the European industrial export complex. This stark contrast makes it impossible (as is almost always the case) to predict economic developments in the medium term.

What we find most worrying is the rise in core inflation. If last year inflation rose because of the effect of commodities and energy, this year it is being kept high by the generalised rise in prices in everything else. Ninety-five per cent of the CPI basket is rising by more than 2 per cent a year and 75 per cent of the basket is rising by more than 5 per cent a year. It is going to be difficult to contain this inflation, which already affects a very high proportion of goods and services, with a tight labour market and economic activity so resilient. If the banking crisis eventually deepens, central banks will have to inject more liquidity into the system to bail out banks that are losing deposits and will cause inflation to rise further.

As in the past, we believe that the best investment for the long-term investor is a diversified portfolio of stocks that can withstand high interest rates and an economic slowdown.

Despite rising rates, fixed income continues to offer negative real returns due to inflation. Real estate is affected by rising rates and the more leveraged private equity investments are also starting to show cracks due to financial stress.

On the other side, a portfolio like ours, with companies trading discount to value, which are low in debt and operate in stable and predictable niches, offers the best protection against inflation, rising rates and a possible recession.

Evolution of our business.

The performance of our companies in 2022 has been exceptional and confirms their resilience to inflation and crises.

As we will see below, over the course of 2022 our companies have grown sales at an average rate of 32% and are 29% above pre-pandemic sales. They can raise prices and pass on cost increases, offering the investor an excellent hedge against inflation. Sales volumes are also growing at higher rates than in previous years. Margins are generally improving compared to last year.

This good business performance contrasts with the performance of share prices, which have fallen by an average of 1% since 2019. More than half of the portfolio is trading at lower levels than in 2019 when their results are better.

In our progressive portfolio rotation process, we have been increasing the weight of those companies that have had a better business performance and whose share prices are more punished (and therefore trade at more attractive multiples), so our main positions are companies that have been very punished by the market, but which have presented very good results.

The result of our stock selection and the progressive concentration on those with the best business performance and the worst stock market performance results in an optimised portfolio with maximum potential for revaluation.

The following table shows the evolution of sales, margins and share price of our main positions.

		Sales growth 2022		Ebit margin		Price
Company	% Fund	Since 2019	Since 2021	2021	2022	Since 2019
MONDADORI	6,4%	2%	12%	8,4%	10,0%	-2%
Applus	5,5%	15%	15%	10,1%	10,0%	-37%
DALATA HOTEL GROUP PLC	4,5%	30%	191%	10,9%	27,8%	-18%
PROSEGUR CASH	4,5%	4%	23%	11,0%	12,5%	-48%
TGS	4,7%	22%	38%	-13,9%	18,2%	-32%
RHI MAGNESITA	4,2%	14%	30%	11,0%	11,6%	-42%
EXPRO	4,1%	121%	55%	-8,9%	1,9%	-39%
elecnor	4,1%	47%	16%	5,7%	5,9%	11%
TI Fluid Systems plc	4,2%	-4%	11%	7,2%	5,5%	-58%
DOCCO	3,4%	-17%	178%	-10,7%	6,0%	25%
AcadeMedia	3,2%	22%	7%	8,8%	8,5%	-3%
Vopak	3,0%	9%	11%	38,3%	38,9%	-29%
Top 12	51,8%	22%	49%	6,5%	13,1%	-22,8%
Portfolio		29%	32%	6,7%	8,4%	-1%

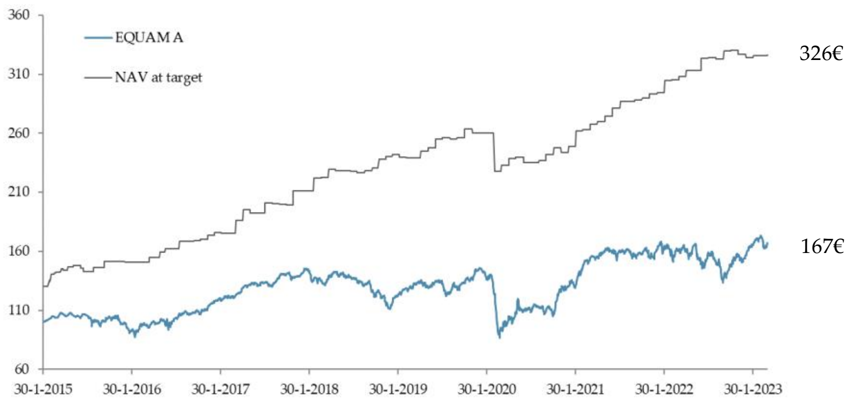
At the presentation of our companies' annual results, we were surprised by the strong sales growth in 2022. The portfolio companies have grown in volume and have passed on the cost increases to their selling prices. In some cases, this growth is also due to the positive dollar effect in their American subsidiaries and inorganic growth from acquisitions of other companies.

As can be seen in the good evolution of margins, most of our companies have been able to pass on the cost increases they have experienced in 2022 and even improve their profitability. This year, in which inflation has been quite intense, has allowed us to test our portfolio's ability to hedge against inflation.

We would also like to draw attention to the evolution of share prices and the gradual rotation of our portfolio towards those that are cheaper because they have a good economic performance and a poor stock market performance. The positions with the largest weight in the portfolio have fallen by an average of 22.8% since 2019, compared to -1% for the portfolio, because we have increased our investment in them.

As a result, the fund has a potential upside of 95%, which is at all-time highs if we exclude the months when the pandemic started, and stock prices suddenly plunged.

Equam Upside Potential



In addition to concentrating our investment in the positions with the highest potential, we have included Norma Group in our portfolio.

We find it remarkable that the companies we added to the portfolio in the months following the pandemic to take advantage of their resilience, Dalata and Do&Co, are the ones that have improved the most over the past year, both in terms of sales and margins. Buying quality assets in times of panic that are certain to weather the uncertainty is one of our investment approaches and in these two cases it is working very well.

Portfolio changes.

During the quarter we continued to strengthen our investment in several portfolio companies where we see greater potential. We believe that buying companies that we know well, because they are or have been in our portfolio, when their share price has fallen for temporary reasons, is one of the safest ways to invest in equities.

In recent months we have bought shares in Mondadori, because of its good results, and in Applus, All for One, and RHI Magnesita because, as well as showing good results, their share prices have suffered. We have sold shares in companies that have performed well, such as Vopak and Do&Co.

In addition to this rotation into stocks with higher potential, we have added Norma Group AG to the fund's portfolio, a company in which we invested in 2016 and which now offers a new investment opportunity.

Norma manufactures clamps and pipe connection systems for automotive, water transport and general use. In some niches it holds market shares of 90% and has good growth opportunities.

In recent years margins have been squeezed by overcapacity problems, exacerbated by the automotive crisis. Last year, margins suffered even more from the increase in production costs (stainless steel, energy, etc.) and although they have managed to raise prices to compensate for this increase in costs, the delay in their implementation has reduced gross margins by an additional 2%. The share price has continued to fall and is now 70% below the highs of 5 years ago.

We believe that this weak situation represents a good opportunity. From a business point of view, already in 2022 the company has managed to increase selling prices by 9% and sales have grown by 14% (partly due to the dollar currency effect). In the United States, where the company has almost half of the business, sales have grown by 26%, and although in Europe and Asia growth has been lower, due to the impact of the war in Ukraine and China's "zero-covid" policy, it is also positive. In addition to price increases, the company has completed an operational restructuring to move production from Frankfurt to a modern factory in the Czech Republic, which will reduce unit costs. In this way, the company has started the process of margin recovery, which we expect in the coming years to return to the level of 12% - 14% from 8% in 2022. The margin prior to the automotive crisis and the inflation period was around 18%.

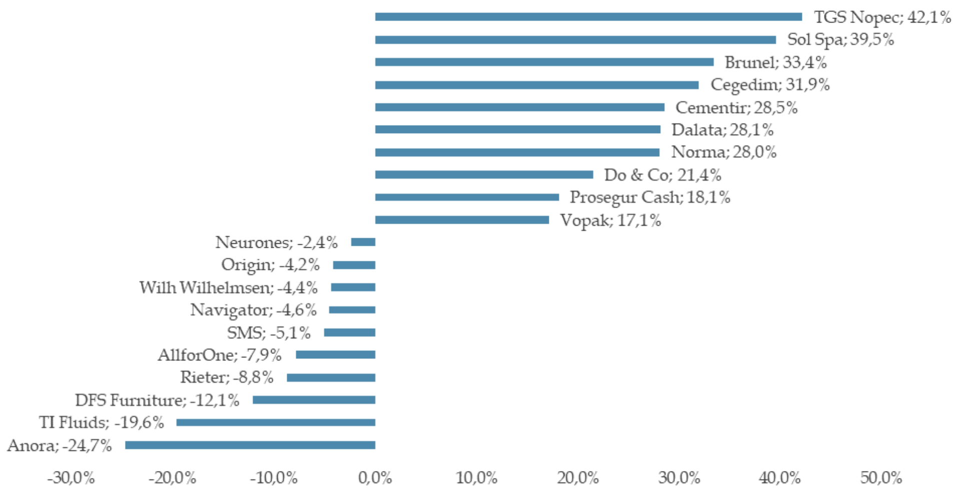
From a financial&valuation point of view, Norma has a reasonable debt level of 2.2x EBITDA at current EBITDA levels. Valuing the company at 11x EBIT and assuming the margin recovery mentioned in the previous paragraph, Norma has a revaluation potential of between 70% and 100%.

Portfolio situation and fund potential.

The fund's upside potential remains at peak levels of around 95%

After the movements we have made during the first quarter we have 39 companies in the portfolio. The fund's liquidity has risen in the quarter to 8% due to recent investments received which have not yet been fully invested.
The table below shows the performance of the best and worst companies in the portfolio in the quarter:

Best and worst performing companies in the first quarter.



After the recent falls and the changes made to the portfolio, the fund's potential has returned to peak levels, standing at 95% at the end of the quarter compared to an average potential since launch of 75%.

Appendix I: Largest portfolio positions.

Company	Country	Weight	Bussines description
Mondadori	EUR	6,4%	Italian oligopoly in book distribution.
APPLUS	EUR	5,5%	Technical and vehicle inspection services.
TGS	NOK	4,7%	Intangible assets for oil exploration. Net cash.
Dalata Hotel Group	EUR	4,5%	Irish hotel group in recovery phase.
Prosegur Cash	EUR	4,5%	Cash transport oligopoly in Spain and Latin America.
TI Fluid Systems	GBP	4,2%	Leading manufacturer of automotive fluid hoses.
RHI Magnesita	GBP	4,2%	Thermal protection of furnaces. Exposure to raw materials.
Expro Group	USD	4,1%	Exploration and production services. Net cash.
Elecnor S.A.	EUR	4,1%	Energy concessions and maintenance services.
DO & CO	EUR	3,4%	Catering for airlines in recovery phase.
AcadeMedia	SEK	3,2%	Swedish education sector. Cyclical, political situation.
Royal Vopak	EUR	3,0%	Chemical storage.
Smart Metering Systems	GBP	2,6%	Installation & management of smart meters.
SOL	EUR	2,4%	Storage & production of industrial gases.
STEF	EUR	2,3%	European leader in refrigerated food supply chain.
Total top 15		**59,1%**	
Total porfolio		**91,1%**	
Liquidity		**8,1%**	
Total		**100%**	

EQUAM Global Value, FCP

EQUAMVA LX
166.99€
31 March 2023

Description

EQUAM Global Value invests in a diversified portfolio of companies with clear business models and solid capital structure when they trade at a significant discount to their intrinsic value. We are patient, long term investors.

EQUAM Global Value is subject to strict risk management and diversification parameters to minimise the risk of permanent loss of capital. Our investment portfolio is the result of a thorough analysis, investing only in situations with quantifiable and limited downside and with asymmetric risk return profile, where upside potential exceeds significantly downside and stress test scenarii. In the absence of compelling investment opportunities, we are able to hold cash patiently.

EQUAM Global Value is a Luxembourg - domiciled UCITS fund. EQUAM Capital is the registered financial advisor to the Fund, and is devoted exclusively to the research and analysis of potential investments for the Fund.

Main holdings & performance

Fund upside potential 94% — Positions 39

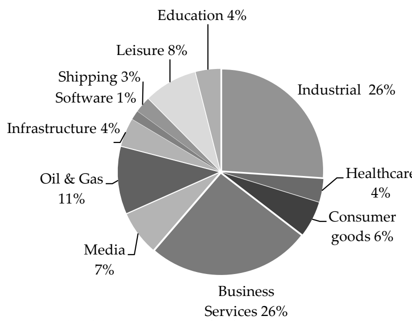
Company	Weight
Arnoldo Mondadori Editore S.p.A.	6.4%
APPLUS SERVICES S.A.	5.5%
TGS ASA	4.6%
Dalata Hotel Group Plc	4.5%
Prosegur Cash SA	4.4%
TI Fluid Systems plc	4.2%
RHI Magnesita NV	4.1%
Elecnor S.A.	4.1%
Expro Group Holdings N.V.	4.0%
DO & CO Aktiengesellschaft	3.3%
Total Top 10	**45.1%**
Total Equities	**91.9%**
Cash positions	**8.1%**

Performance vs indices	EQUAM A	MSCI Europe NR**	Stoxx 50 NR**	Equam vs MSCI
1 month	-2.7%	-0.1%	1.6%	-2.7%
3 month	7.4%	8.6%	8.7%	-1.2%
2023 YTD	7.4%	8.6%	8.7%	-1.2%
2022	-3.7%	-9.5%	-1.8%	5.8%
2021	23.6%	25.1%	26.1%	-1.5%
2020	-10.4%	-3.3%	-6.3%	-7.1%
2019	27.2%	26.0%	27.4%	1.2%
2018	-19.2%	-10.6%	-10.2%	-8.6%
2017	21.7%	10.2%	9.2%	11.5%
2016	17.0%	2.6%	0.6%	14.4%
2015	-1.1%	0.9%	-0.3%	-2.0%
Inception	66.4%	53.0%	58.2%	13.4%
Inception annual	6.4%	5.3%	5.8%	1.1%

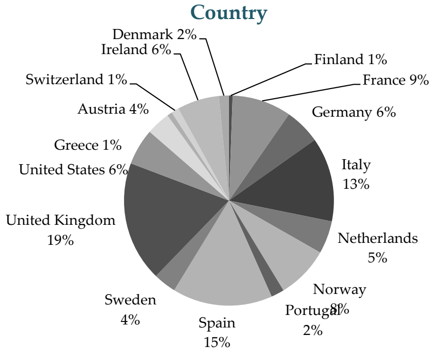
** Return since inception exclude initial 15 days in which the fund was not invested.*
*** NR indices assume dividend reinvestment after withholding tax.*

Portfolio summary

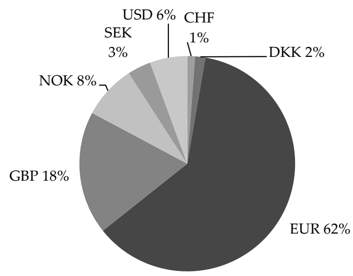
Sector



Country

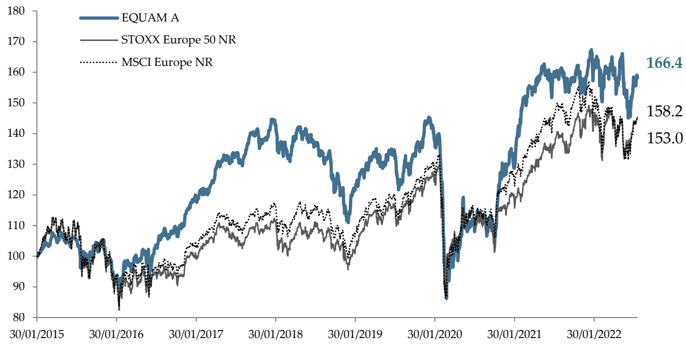


Strategy

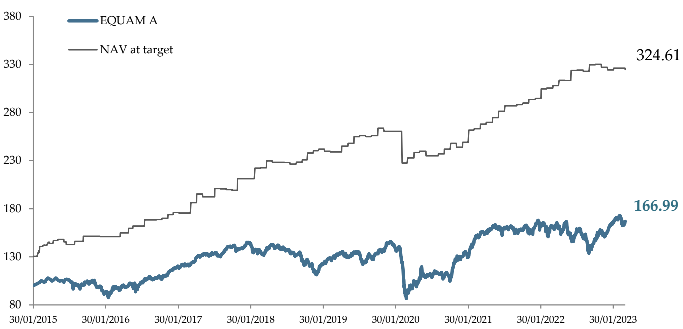


NAV evolution and portfolio data

EQUAM Global Value Class A (Rebased to 100)



EQUAM Global Value Class A vs NAV at target valuation



Incometric Fund - Equam Global Value

Bloomberg (Class A)	EQUAMVA LX
ISIN Class A	LU0933684101
ISIN Class B	LU0933684283
ISIN Class D	LU1274584991

Registered in Spain	CNMV number 587
Fees Class A	1% NAV + 8% profit
Fees Class B	1.85% NAV
Fees Class D	1.25% NAV (min 1 MEUR)

Fund Advisor	Equam Capital
Management Company	ADEPA (Lux)
Custodian	Quintet
Transfer Agent	European Fund Admin.