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## EQUAM Global Value Fund

Quarterly report december 2020

### Our portfolio continues trading at a discount.

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Following 2020 third quarter results we have confirmed that the significant drop in the stock prices of certain portfolio companies and the current trading levels do not reflect the real situation of their businesses. 50% of the portfolio will present results for 2020 above or at similar levels to last year's and those businesses more affected by the pandemic have taken the necessary measures to continue generating high levels of cash flow and will exit the current crisis reinforced. The valuation asymmetry in the market continues and we remain convinced that there is a good opportunity to invest in a fund such as Equam in this moment.

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*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.*

## 2020 a very exceptional year.

2020 fiscal year has been marked by the effects of the pandemic and the strong market volatility.

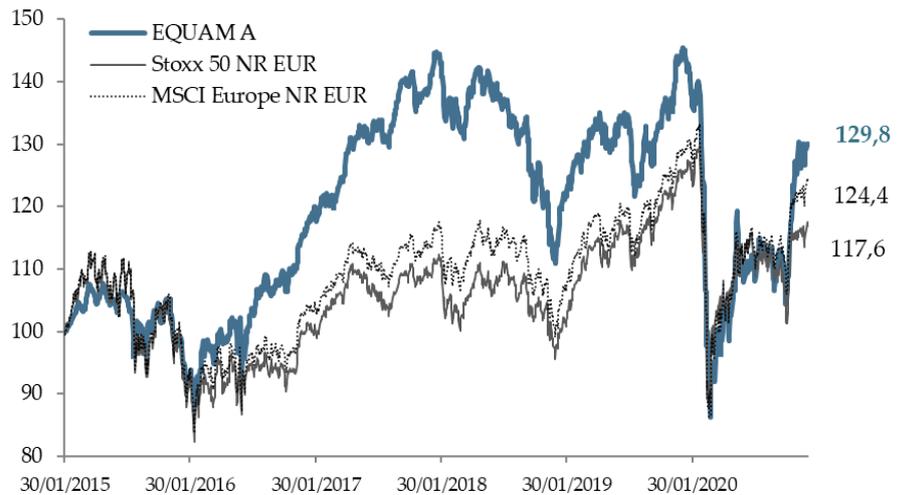
We finish one of the most exceptional years in decades very much marked by the pandemic we are currently suffering. Although we start to see the light at the end of the tunnel and it is very probable that the situation will normalise at some point during 2021, the consequences of this situation over the economy and our lives will last for much longer.

At the same time, the markets behaviour during 2020 has been as usual totally unpredictable. During the initial phase of the pandemic markets experienced in a short period of time a more than 35% drop reaching minimum levels at the end of march. But from then, markets initiated a very rapid recovery that has allowed many markets to finish on positive territory for the year. We believe that although the initial drop was an overreaction to the big uncertainty related to the Covid crisis, the rapid recovery in certain parts of the market has also been too rapid because we have not yet seen the full consequences on the economy of the pandemic and the lockdown measures taken by the different governments. These movements could be explained by the continuity of the very lax central banks monetary policy which by maintaining extremely low interest rates cause a distortion in the valuation of many assets.

With regards to our fund, during 2020 it has fell 10.4% versus a fall of comparable indices including dividends of 3.3 to 6.3%. On a longer perspective (which is the way we believe it should be examined), since the fund's inception, Equam has delivered a 4.5% annual return versus the 3 to 3.8% of comparable indices.

Despite the relative worst performance during 2020, we continue overperforming the comparable indices since inception.

Equam Return since Inception



\* MSCI Europe Net Return en Euro, con reinversión de dividendos netos de retenciones.

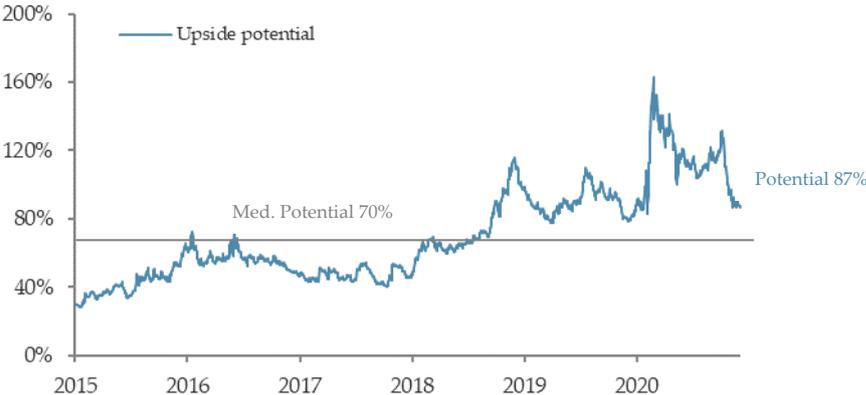
Although we continue beating the comparable indices, our advantage has been reduced during 2020. Money flows have stayed away from the kind of companies we invest in (mid cap companies in traditional industries and with mature businesses that are trading at low valuations) and moving towards companies considered as “safe investments” due to its higher market cap and growth profile. We consider that most of these companies are trading at a too high valuation which means they could be risky investments with a possibility of a permanent loss of capital. At the same time the type of companies where we are investing are trading at a significant discount.

We are convinced that this valuation discrepancy will correct in the coming future. It is almost impossible to know when this will happen and what will be the catalyst that will change the trend, but although it is very probable volatility will continue in the near future, we are convinced that Equam continues to represent a very interesting investment opportunity for those investors that are looking to protect their wealth with a medium to long term horizon.

Equam upside potential continues to be at historical high levels.

In this sense, the fund’s potential continues at high levels around 90% versus the average potential of 70% since inception.

Equam Upside Potential



## Good results of the portfolio companies

56% of the portfolio has announced 2020 Q3 results above or in line previous year.

The third quarter results have confirmed what we were already indicating in April, that the important drops in stock prices for certain stocks were totally uncorrelated to the impact of the pandemic on the businesses of those companies. Although, as we have already mentioned, it is clear that the pandemic has and will have an impact on the economy, not all companies are equally affected. Following third quarter results, 56% of the portfolio is expected to obtain 2020 results above or in line previous year.

In fact, there are companies as shown in the following table that will end the 2020 fiscal year with a very significant improvement in their operating results (between 30 to 50% improvement). We refer to companies in the food sector (such as Arcus or Brodrene Hartmann), companies supplying home related products (Hornbach) or IT services companies (Sesa).

### Companies very positively impacted (8% of the portfolio)

Company / Capitalization	Weight	Activity	Financial Performance (January - September)	Price Evolution / Valuation
 282 M€	1,8%	Distribution of spirits and wine in Nordic Countries	EBITDA 2019: 210,1   2020: 272 +28,6%	Equam Valuation 60 NOK 2020 +17,8%
 477 M€	1,3%	Manufacturing of cartonboard packaging for eggs and fruits	EBITDA 2019: 284   2020: 434,6 +53%	Equam Valuation 820 DKK 2020 +65,1%
 1.405 M€	1,5%	IT software distributor	EBITDA 2019: 21,8   2020: 28,4 +30% <small>*junio-septiembre</small>	Equam Valuation 85 € 2020 +118,2%
 1.146 M€	0,8%	DIY stores network	EBITDA 2019: 287,3   2020: 419,7 +46%	Equam Valuation 45 € 2020 +52,3%

Other companies in similar situation



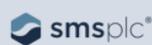
In most cases this good business performance has progressively been reflected in the stock price performance and we have taken the opportunity to reduce the weight on these companies as prices were approaching our intrinsic value estimate. Consequently, the weight of this group of companies in the portfolio has reduced significantly (it currently represents around 8% of the portfolio).

However, there is another group of companies that, although they have not been impacted by the current situation, their prices have not reacted positively or have even experienced a drop in their share prices. This group of companies is currently trading at very attractive multiples over current results (without the need to normalise them) and at a significant discount versus other comparable companies or transactions.

Companies not affected but ignored by the market (26% of the portfolio)

Company / Capitalization	Weight	Activity	Financial Performance	Price Evolution / Valuation																		
 <b>GRUPPO MONDADORI</b> 404 M€	5,6%	Books and magazines editing company	 <table border="1"> <tr><th>Year</th><th>EBITDA</th><th>Deuda Neta</th></tr> <tr><td>2016</td><td>87</td><td>283,6</td></tr> <tr><td>2017</td><td>189,2</td><td>84,00</td></tr> <tr><td>2018</td><td>147,2</td><td>90,2</td></tr> <tr><td>2019</td><td>55,4</td><td>94,8</td></tr> <tr><td>2020E</td><td>35,0</td><td>89,2</td></tr> </table>	Year	EBITDA	Deuda Neta	2016	87	283,6	2017	189,2	84,00	2018	147,2	90,2	2019	55,4	94,8	2020E	35,0	89,2	 <p>Equam Valuation 2,9 € Potential 85% 2020 -28,7% 5x 2020E EBITDA</p>
Year	EBITDA	Deuda Neta																				
2016	87	283,6																				
2017	189,2	84,00																				
2018	147,2	90,2																				
2019	55,4	94,8																				
2020E	35,0	89,2																				
 <b>SOL</b> 1228 M€	2,9%	Manufacturing of industrial and medical gases	 <table border="1"> <tr><th>Year</th><th>EBITDA</th><th>Deuda Neta</th></tr> <tr><td>2016</td><td>246,4</td><td>168</td></tr> <tr><td>2017</td><td>258,5</td><td>187</td></tr> <tr><td>2018</td><td>250,7</td><td>187</td></tr> <tr><td>2019</td><td>294,3</td><td>195</td></tr> <tr><td>2020E</td><td>290,0</td><td>210,0</td></tr> </table>	Year	EBITDA	Deuda Neta	2016	246,4	168	2017	258,5	187	2018	250,7	187	2019	294,3	195	2020E	290,0	210,0	 <p>Equam Valuation 20 € Potential 43% 2020 33,3% 7,1x 2020E EBITDA</p>
Year	EBITDA	Deuda Neta																				
2016	246,4	168																				
2017	258,5	187																				
2018	250,7	187																				
2019	294,3	195																				
2020E	290,0	210,0																				
 <b>NEURONES</b> 586 M€	2,7%	IT services	 <table border="1"> <tr><th>Year</th><th>EBITDA</th><th>Caja Neta</th></tr> <tr><td>2016</td><td>138,6</td><td>51,6</td></tr> <tr><td>2017</td><td>153,1</td><td>56,00</td></tr> <tr><td>2018</td><td>174,5</td><td>55,8</td></tr> <tr><td>2019</td><td>218,3</td><td>57,9</td></tr> <tr><td>2020E</td><td>230</td><td>58,4</td></tr> </table>	Year	EBITDA	Caja Neta	2016	138,6	51,6	2017	153,1	56,00	2018	174,5	55,8	2019	218,3	57,9	2020E	230	58,4	 <p>Equam Valuation 38 € Potential 62% 2020 13,5% 6,1x 2020E EBITDA</p>
Year	EBITDA	Caja Neta																				
2016	138,6	51,6																				
2017	153,1	56,00																				
2018	174,5	55,8																				
2019	218,3	57,9																				
2020E	230	58,4																				
 <b>Osceira</b> 112 M€	2,4%	Fruits and vegetable distribution	 <table border="1"> <tr><th>Year</th><th>EBITDA</th><th>Deuda Neta</th></tr> <tr><td>2016</td><td>46,1</td><td>35,2</td></tr> <tr><td>2017</td><td>46,5</td><td>31,30</td></tr> <tr><td>2018</td><td>38,1</td><td>32,9</td></tr> <tr><td>2019</td><td>66,9</td><td>28,9</td></tr> <tr><td>2020E</td><td>70</td><td>39,5</td></tr> </table>	Year	EBITDA	Deuda Neta	2016	46,1	35,2	2017	46,5	31,30	2018	38,1	32,9	2019	66,9	28,9	2020E	70	39,5	 <p>Equam Valuation 14 € Potential 125% 2020 -0,7% 4,7x 2020E EBITDA</p>
Year	EBITDA	Deuda Neta																				
2016	46,1	35,2																				
2017	46,5	31,30																				
2018	38,1	32,9																				
2019	66,9	28,9																				
2020E	70	39,5																				

Other companies in similar situation



Mondadori, leading Italian book Publisher is currently trading at a very significant discount to comparable companies and recent transactions in the sector.

From all these companies, we could highlight our first position in the fund, Mondadori, Italian leading book Publisher operating in the trade and educational segments. It is a business that although it does not have a huge growth profile, it is very stable, requires low levels of capital and generates strong cash flows. In addition, company's management team has executed a strategic plan that has allowed the Company to significantly improve its profitability and reduced the level of debt (it currently has a very low leverage). For 2020, and despite the lockdowns, the company expects a very similar level of operating profit versus last year, and the only negative impact has been on a small business related to museum books and catalogues. Despite this situation, stock price has fallen 27% during 2020 (falling more than 50% during a good part of the year). The Company is currently trading at around 5x 2020E EBITDA which compares with the 9.5 to 13.5 multiples of recent comparable transactions in the sector as shown in the following table.

#### Recent Transactions in the Books Editing Sector vs. Mondadori

Date	Company Acquired	Country	Description	EV/EBITDA Multiple
oct-20	Santillana	Spain	Leading editorial business	9,3x
nov-18	Editis	France	Leading editorial business	10,5x
Pending	Simon & Schuster	USA	Leading editorial business	13,5x
	Mondadori	Italy	Leading editorial business	5,0x

Those companies more affected by the current situation have taken the necessary measures to adapt their businesses to the current situation.

Versus the good financial behaviour of certain companies in the portfolio, there have been other group of companies that have suffered a greater impact on their 2020 results. However, we should remark two important aspects:

- Companies have reacted to the situation by taking different cost and cash preservation measures that have mitigated the negative impacts. Consequently, many of these companies despite having an important decrease in results will be able to generate cash levels in 2020 above the previous year as a consequence of the

reduction in costs and capex and the optimization of their working capital.

- Share prices of these companies have experienced a high drop and not correlated to their financial results and the future business expected outlook. We need to take into account that the fact that a company in a particular year has a 30% drop in results does not mean that the business is valued 30% lower, and even less when you are being able to generate a level of cash flow that represents a good part of your market capitalization.
- Many of these companies will exit the current situation reinforced as they will take advantage of their strong market position and weakness of certain competitors and also because the reduction of costs has allowed to improve their operational leverage.

For these reasons, we have taken advantage of the drops in share prices to increase the weight of several companies within this group where we see good potential.

Companies affected but with good recovery visibility (30% of the portfolio)

Company / Capitalization	Weight	Financial Performance (January - September)	Valuation / Debt	Price Performance
<b>PROSEGUAR</b> Cash management services 1.355 M€	4,7%	EBITDA: 271 (2019) to 223 (2020) -18% FCF generado: 103 (2019) to 116 (2020) +12%	VE / EBITDA 2020E: 6,9x VE / EBITDA Norm: 5,2x DN / EBITDA: 2,1x	Equam Valuation 2,7 € 2020 drop -41% Potential 230%
<b>TAKKTAG</b> Distribution of products for plants, warehouses and offices 707 M€	3,7%	EBITDA: 122,6 (2019) to 82,6 (2020) -32% FCF generado: 75,0 (2019) to 81,1 (2020) +7%	VE / EBITDA 2020E: 6,6x VE / EBITDA Norm: 4,5x DN / EBITDA: 0,0x	Equam Valuation 19,1 € 2020 drop -15% Potential 80%
<b>NAVIGATOR</b> Pulp and paper manufacturer 1.789 M€	3,2%	EBITDA: 300,2 (2019) to 210,5 (2020) -30% FCF generado: 125,4 (2019) to 175 (2020) +39%	VE / EBITDA 2020E: 8,6x VE / EBITDA Norm: 6,2x DN / EBITDA: 2,2x	Equam Valuation 5,2 € 2020 drop -26% Potential 108%
Other companies in similar situation: 				

## Oil Sector

We believe oil companies have been excessively penalised in the stock market, and we maintain investment in companies with strong balance sheets and flexible cost structures.

Oil sector has experienced a very complicated year as in addition to the strong drop in demand derived from the lockdown measures there has been an increase in the supply during the first part of the year because of the problems between Russia and Saudi Arabia. This situation has derived in a sharp drop of oil prices and a strong reduction in the level of investments in the sector. In addition, oil companies have been penalised by the increasing ESG trend that has caused an exit of money flows from the sector.

Versus this situation and because of the negative view of the investment community around the sector, we maintain a positive view on the oil sector as a source of good investment opportunities in the coming future as we believe the current trading levels correspond to a too negative and unrealistic scenario.

We need to take into consideration that although a transition process towards higher penetration of renewable energies has been initiated and that oil derived energies will progressively lose weight in the energy mix, that does not mean that oil demand is going to immediately fall in the coming years and that no additional investments will be needed.

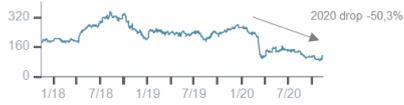
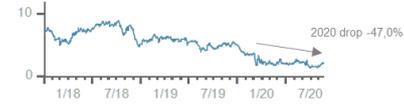
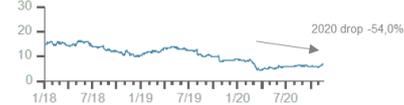
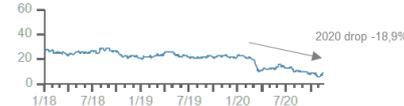
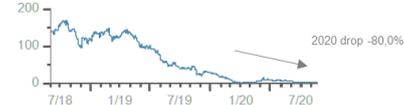
Obviously, as previously mentioned, there has been an impact on demand from the current situation, but it is progressively recovering as the lockdown measures are finished and the situation normalises. For example, since the summer, the demand for oil in Asia has recovered 2019 levels and in Europe and the US, although still not at previous years, demand levels are progressively recovering from the second quarter minimum levels.

However, as it always happens in cyclical investments, one can be sure about the recovery of the sector, but it is more complicated to determine the timing of the recovery. For that reason, we have concentrated our investments in the sector in companies that have two main characteristics:

- Companies with a strong balance sheet and a high level of net cash which represents a good portion of the current market capitalization.
- Companies with low level of fixed costs and flexibility to adapt its structure to the demand situation.

This means that the waiting time in these investments for the sector to recover is good and the level of risk assumed low. Only in one of our investments in the sector, KLXE, the risk assumed is a bit higher as the company has a net debt position. However, the company has no maturities till 2025.

Oil Sector Exposure (13% of the portfolio)

Company / Capitalization	Weight	Description	% Net Cash/Capitalization	Price Performance
 1.455 M€	5,0%	Seismic services for oil companies	12%	
 488 M€	3,7%	Services for oil companies	39%	
 565 M€	2,2%	Engineering company	22%	
<b>Brunel</b> 389 M€	1,6%	HR services company	35%	
 50 M€	0,7%	Services for US shale exploration company	Debt (no maturity till 2025)	

## Tender Offers come back.

During the first part of 2019 following the important drop in the market at the end of 2018, several investors took advantage of the low valuation of many quoted companies in order to launch tender offers on many companies. During that period we received 5 offers (out of 46 companies in the fund) with a premium range of between 9 to 43%.

### Tender offers to our portfolio holdings - First Half 2019

Date	Company	Country	Type of Transaction	Price Offered	Premium	Additional Upside (1)	Buying entity
dic.-18	Nice	Italy	cash	3,5	42,86%	34,3%	main shareholder
mar.-19	Stallergenes	France	cash	37,0	42,91%	37,8%	main shareholder
abr.-19	Parques Reunidos	Spain	cash	14,0	29,63%	28,6%	main shareholder
may.-19	Spectrum	Norway	stock	61,0	8,61%	37,6%	TGS Nopec (industrial)
jul.-19	Latecoere	France	cash	3,9	34,15%	81,8%	main shareholder

(1) Additional upside versus the offer price according to Equam independent valuation.

During the last few months and again because of the new drop in the markets and the high discount at which are trading several stocks, we are starting to see a similar trend. In the last quarter of the year, we have received two tender offers over International Engelska Skolan (Swedish company with a network of schools) and Hunter Douglas (Dutch company manufacturing and distributing window blinders).

### Tender offers to our portfolio holdings Q4 2020

Date	Company	Target country	Type	Offer price	Premium	Upside to IV <sup>1</sup>	Offeror
sep.-20	Intern. Engelska Skolar	Sweden	cash	82,0	12,00%	86,0%	Main shareholder
dec-20	Hunter Douglas	Holland	cash	64,0	19,00%	49,0%	Main shareholder

(1) Additional upside potential versus the offer price according to Equam independent valuation.

In both cases there is a reference shareholder and we have been invested for several years. Although the offers have been done with a premium, the price is still significant below our estimated intrinsic value, so together with other minority shareholders we have tried to improve the terms. In the case of Engelska Skolan, the buyer improved its initial offer by 6%. In the case of Hunter Douglas, the offer has not yet been officially launched and we are waiting before taking any decision.

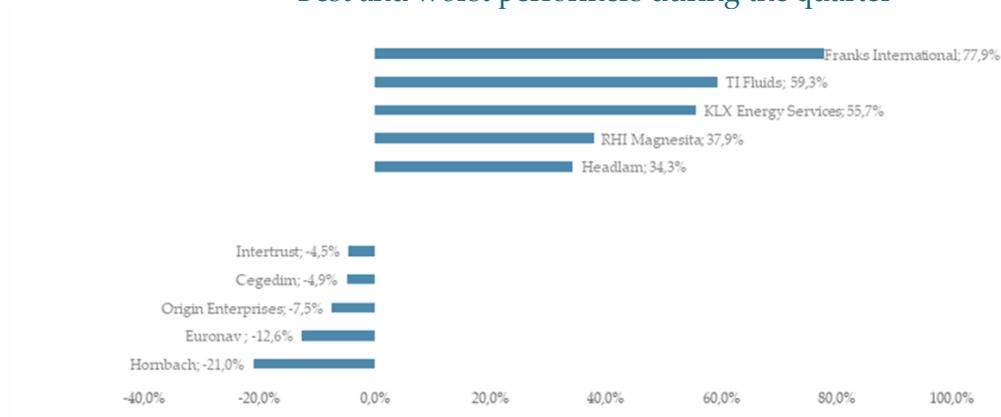
In any case, given the current situation of the markets, we have been able to use the proceeds by reinvesting in some of the portfolio companies with the highest potential.

### Portfolio situation

Following recent divestments during 2020, we maintain 38 companies in the portfolio and a liquidity level of 5%, a bit higher than previous quarters as a consequence of recent inflows we have received in the fund at the end of the year and that we have not yet invested.

The following table shows the evolution of the best and worst performers during the quarter. During the last quarter some of the companies that had experienced a stronger impact has rebounded although the potential continues to be high.

Best and worst performers during the quarter



## Appendix I: EQUAM Portfolio.

Company	Country	Weight	Business description
Arnoldo Mondadori	Italy	5,5%	Book Publisher trading at discount
TGS-NOPEC	Norway	5,0%	Countercyclical niche oil services player
Prosegur Cash	Spain	4,7%	Cash intransit present in Spain & Latam
RHI Magnesita	UK	4,6%	Turnaround in refractory materials
MITIE	UK	4,0%	Turnaround in UK facility management
TI Fluid Systems	UK	3,9%	Undervalued auto parts company
Frank's International	EEUU	3,7%	Service provider at oil&gas industry
Smart Metering Systems	UK	3,6%	Profitable growth in Smart metering market
TAKKT	Germany	3,4%	Factory & office materials wholesaler
Wilh. Wilhelmsen	Norway	3,4%	Norwegian shipping holding
Navigator	Portugal	3,2%	Lowest cost Pulp and paper manufacturer at low valuation
Cegedim	France	3,0%	Service provider at healthcare industry
SOL	Italy	2,9%	Italian industrial gases and home care
Rieter	Switzerland	2,7%	Supplier of machinery for the textile industry
DFS Furniture	UK	2,5%	Leading british manufacturer of furniture
<b>Total top 15</b>		<b>56,1%</b>	
<b>Total portfolio</b>		<b>94,8%</b>	
<b>Liquidity</b>		<b>5,2%</b>	

**Description**

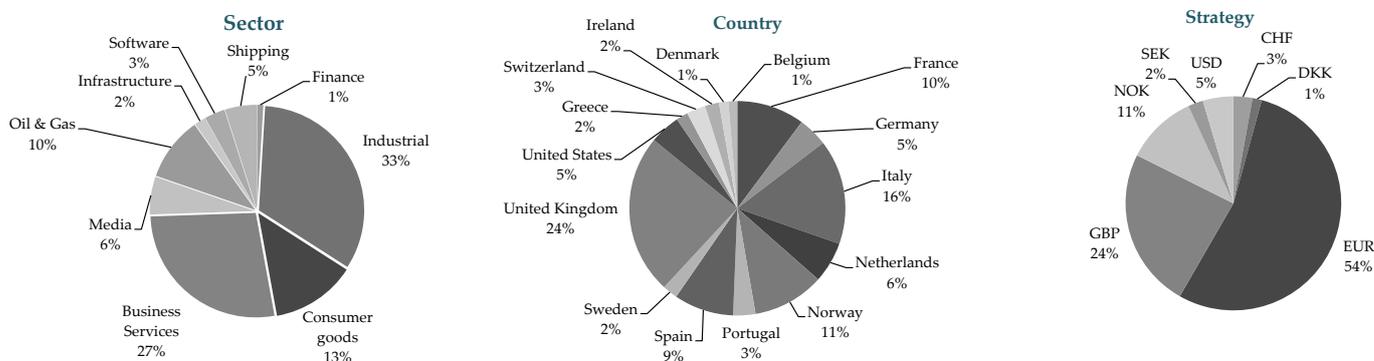
EQUAM Global Value invests in a diversified portfolio of companies with clear business models and solid capital structure when they trade at a significant discount to their intrinsic value. We are patient, long term investors.

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 scenarios. In the absence of compelling investment opportunities, we are able to hold cash patiently.

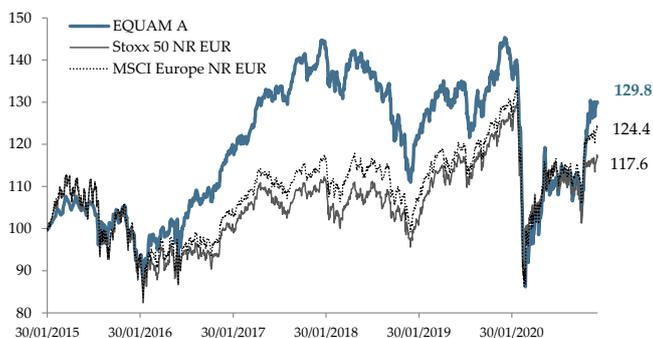
EQUAM Global Value is a Luxembourg - domiciled UCITS fund. EQUAM Capital is the registered financial advisor to the Fund, and is devoted exclusively to the research and analysis of potential investments for the Fund.


**Main holdings & performance**

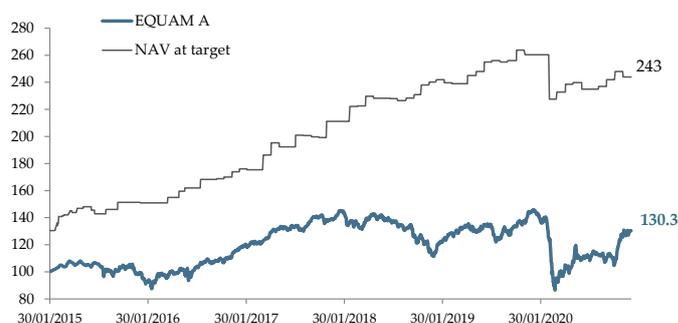
Company	Weight	Fund upside potential	87%	Positions	38	
Arnoldo Mondadori Editore S.p.A.	5.5%	<b>Performance vs indices</b>	<b>MSCI Europe</b>	<b>Stoxx 50</b>	<b>Equam vs</b>	
TGS-NOPEC Geophysical Company ASA	5.0%	<b>EQUAM A</b>	<b>NR**</b>	<b>NR**</b>	<b>MSCI</b>	
Prosegur Cash SA	4.7%	1 month	3.7%	2.4%	1.9%	1.3%
RHI Magnesita NV	4.6%	3 month	18.1%	10.8%	7.3%	7.3%
MITIE Group PLC	4.0%	2020 YTD	-10.4%	-3.3%	-6.3%	-7.1%
TI Fluid Systems plc	3.9%	2019	27.2%	26.0%	27.4%	1.2%
Frank's International NV	3.7%	2018	-18.8%	-10.6%	-10.2%	-8.2%
Smart Metering Systems PLC	3.6%	2017	21.7%	10.2%	9.2%	11.5%
TAKKT AG	3.4%	2016	17.1%	2.6%	0.6%	14.5%
Wilh. Wilhelmsen Holding ASA Class A	3.4%	2015	-1.1%	0.9%	-0.3%	-2.0%
<b>Total Top 10</b>	<b>41.8%</b>	<b>Inception</b>	<b>29.8%</b>	<b>24.4%</b>	<b>17.6%</b>	<b>5.5%</b>
<b>Total Equities</b>	<b>94.8%</b>	<b>Inception annual</b>	<b>4.5%</b>	<b>3.8%</b>	<b>2.8%</b>	<b>0.8%</b>
<b>Cash positions</b>	<b>5.2%</b>	* Return since inception exclude initial 15 days in which the fund was not invested.				
		** NR indices assume dividend reinvestment after withholding tax.				

**Portfolio summary**

**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 D LU1274584991

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

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