EQUAM Global Value Fund
Informe trimestral Marzo 2015
Encontrando oportunidades en un mercado caro

Una introducción a EQUAM

Inversión value, independiente y alineada

Incometric EQUAM Global Value Fund ("EQUAM" o el "Fondo") inició su actividad el 15 de Enero del presente año.

EQUAM sigue una filosofía value, buscando rentabilizar nuestro capital con inversiones a largo plazo en negocios sólidos y a un descuento de su valor intrínseco; así como preservarlo invirtiendo sólo en situaciones que tengan un riesgo acotado. No intentamos adivinar los movimientos a corto del Mercado sino comprar buenos negocios a muy buenos precios.

El Fondo tiene un mandato no restringido de inversión a nivel mundial que le permite invertir en aquellas compañías de distintas zonas geográficas o sectores donde creemos que existen las mejores oportunidades de inversión.

Los socios de Equam hemos invertido la mayor parte de nuestro patrimonio en el Fondo, consiguiendo una perfecta alineación de intereses con el resto de partícipes del Fondo.

Incometric EQUAM Global Value FCP está registrado en la CNMV y dado de alta en las principales plataformas de fondos en España, Inversis y Allfunds. De esta forma, el

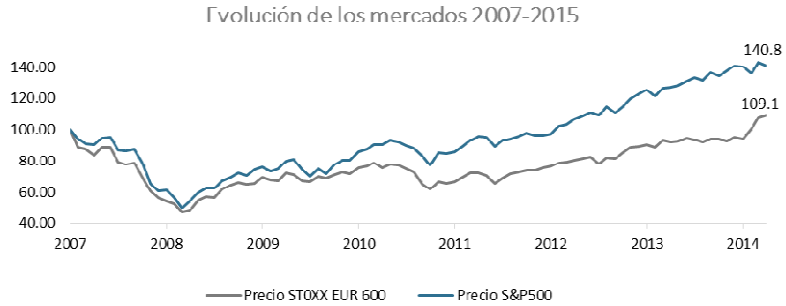
Fondo ya puede ser suscrito tanto directamente en Luxemburgo a través de EFA como también a través de las principales instituciones financieras españolas (siendo en este caso fiscalmente traspasable). Por otra parte, el Fondo ha sido dado de alta en Bloomberg con el ticker EQUAMVA LX y su ISIN es LU0933684101.

Un mercado caro pero con oportunidades

Durante el primer trimestre de 2015, los principales mercados bursátiles mundiales han continuado su escalada en precios de los últimos años, siendo esta subida más acentuada en el caso de los mercados europeos, que llevaban cierto retraso en su fase alcista respecto a la bolsa americana. Así por tanto, en el periodo del 1 de Enero al 31 de Marzo de 2015, el S&P se ha revalorizado un 0,4% mientras que el Eurostoxx 600 ha subido un 16,2% hasta los 397,3 puntos.

Desde una perspectiva de más largo plazo la revalorización de los mercados americanos y europeos desde los mínimos alcanzados en 2008 ha sido de un 181,3% y 130,1%, aunque un más modesto 40,8% y 9,1% desde Enero de 2007, lo que representa un 4,28% y 1,08% anual respectivamente.

Prudencia y selección ante unas valoraciones exigentes.



Estas revalorizaciones de los mercados se han producido principalmente por las continuas inyecciones de liquidez de las autoridades monetarias y el mantenimiento de tipos de interés bajos, que han provocado un movimiento de los inversores hacia aquellos activos que podían ofrecer algo de rentabilidad, muchas veces olvidando los riesgos implícitos en esas inversiones.

En este contexto, creemos que gran parte de los indicadores que a largo plazo han demostrado ser fiables (como CAPE y Q Ratio) presentan síntomas de sobrevaloración en los principales índices. Aunque podríamos seguir viendo una revalorización de los índices bursátiles, el nivel de volatilidad e incertidumbre en los mercados va a seguir

siendo alto. Y en esta situación de euforia más o menos generalizadas preferimos ser prudentes y muy selectivos.

No obstante, a pesar de la situación de sobrevaloración generalizada de muchos índices, creemos que existen oportunidades de inversión atractivas que mantienen un equilibrio razonable entre potencial de revalorización y riesgo de pérdida permanente de capital, a las que la inversión pasiva a través de índices difícilmente accede.

Y a la búsqueda de estas oportunidades hemos dedicado nuestros esfuerzos en este primer trimestre de andadura de nuestro Fondo.

Oportunidades

Areas de mayor asimetría valor y precio

Aunque no limitamos nuestro universo de potenciales inversiones, sí concentramos la búsqueda en determinadas áreas donde tradicionalmente se encuentran asimetrías entre valor y precio. De esto modo nuestra cartera se compone de un conjunto de compañías que podemos principalmente encuadrar en distintos grupos:

- Compañías con negocios sólidos, bien gestionadas con una buena evolución financiera histórica, balances saneados, que coticen a precios razonables y con potencial de crecimiento de su valor intrínseco. Dentro de este grupo, encontramos empresas como Verisign, Mitie, Brookfield, Hornbach o Miba.

- Compañías inmersas en alguna operación corporativa (fusión, venta de alguna división, spin-off, etc…) que va a suponer un importante catalizador para cerrar la diferencia entre el precio de cotización y el valor intrínseco del negocio. En este grupo tenemos Alstom, Ebay , Cegedim u Orkla.

- Compañías en proceso de reestructuración, con balances financieros sólidos y planes creíbles ejecutados por equipos directivos experimentados. Ejemplo de este grupo son TNT Express o ING

- Compañías que se encuentren en sectores o mercados excesivamente castigados, en las que la sobre reacción cortoplacista de los mercados nos permite comprar buenos negocios a precios de derribo. Pertenece a este grupo nuestra reciente inversión en Halliburton, una compañía que presta servicios críticos al sector

petrolífero, que ha experimentado una caída en su cotización del 41,4% desde sus máximos del año 2014 pero cuyos fundamentales y perspectivas a largo plazo permanecen intactas y que además está inmersa en la adquisición de un importante competidor, Baker Hughes. Estas inversiones inevitablemente van a estar sometidas en el corto o medio plazo a una fuerte volatilidad, pero pensamos que mantienen un fuerte potencial de revalorización en el largo plazo.

Atención al balance para evitar pérdidas permanentes

Dentro de nuestra preocupación por evitar las situaciones de pérdida permanente de capital, prestamos un especial énfasis al análisis del balance de las compañías, evitando aquellas situaciones con un nivel de deuda elevado (el múltiplo deuda neta sobre EBITDA de la cartera actual se sitúa en 0,6 veces). Tan solo en situaciones excepcionales invertimos en compañías con más apalancamiento, como es el caso de nuestra inversión en Crown Holdings, fabricante de productos de embalaje (latas principalmente) para bebidas y productos alimenticios y uno de los tres líderes mundiales. Fruto de dos adquisiciones recientes realizadas en la segunda parte del año 2014, la compañía finalizó el ejercicio 2014 con un nivel de apalancamiento elevado, en el entorno de 4,4 veces su EBITDA. Sin embargo, creemos que dada la gran calidad de su negocio, con barreras de entrada significativas y con una situación oligopolística, la demostrada capacidad de generación de caja del negocio y el perfil de vencimientos de su deuda, la Compañía no debería tener mayor problema en repagar dicha deuda, lo que supondrá una importante creación de valor para el accionista en los próximos años.

Alineación de intereses

Otro aspecto importante de nuestro análisis se centra en entender la alineación de los equipos directivos de las compañías con sus accionistas y evitar el *problema de agencia,* mal común que puede originar decisiones a largo plazo que destruyan valor de los accionistas. La mejor forma de conseguir esta alineación es mediante la toma de participaciones relevantes en el capital de la compañía por parte de los directivos y una gestión enfocada a la creación de valor para el accionista demostrada en el pasado. Así por ejemplo, compañías en las que estamos invertidos como Admiral, Miba, Brookfield o Mettka tienen equipos directivos con una fuerte participación en el accionariado o están dirigidas por las mismas personas que las fundaron. Interesante es el caso de Admiral, compañía británica en el sector de seguros del automóvil, donde no sólo los dos principales directivos y fundadores mantienen un 15% del capital de la compañía con unas reducidas remuneraciones, sino que todos y cada uno de los empleados son accionistas. Esto ha llevado a que toda la organización tenga un fuerte

incentivo de creación de valor accionarial. No es sorprendente que las acciones de Admiral, incluyendo dividendo, se han multiplicado por siete veces desde su salida a bolsa en Septiembre de 2004).

Disciplina y método de inversión

En cualquier caso, si la disciplina en el análisis de las diferentes compañías representa una parte fundamental de nuestro éxito como inversores, no menos importante es el aspecto psicológico de las decisiones de inversión. En este sentido resulta fundamental por un lado, tener la paciencia de esperar al momento oportuno para invertir a precios adecuados que permitan un equilibrio razonable de rentabilidad / riesgo; y por otro, tener la convicción de invertir cuando los precios alcanzan esos niveles determinados por nuestro análisis previo, aunque en estos casos suponga ir contracorriente de la mayoría. La paciencia vuelve a ser de nuevo fundamental cuando tenemos que esperar el tiempo suficiente para que el diferencial entre precio de cotización y valor se cierre, tiempo muchas veces demasiado largo para un inversor medio en renta variable.

Construyendo una cartera rentable y prudente

La cartera actual de EQUAM presenta un conjunto de inversiones que a nuestro parecer presentan un interesante potencial de revalorización, una relación rentabilidad-riesgo razonable y un nivel de diversificación adecuado frente a diferentes variables. No podemos adivinar el futuro pero sí prepararnos para él.

Liquidez como resultado de la disciplina y la prudencia

La principal posición en la cartera continúa siendo la liquidez, manteniendo en tesorería un 38,2% de los activos totales. Pese a su nula remuneración, la situación actual de mercado, cercana a la euforia, nos impulsa aún más a la prudencia y disciplina. Nuestra posición de caja es fruto de la exigencia de una mínima rentabilidad con riesgo acotado que imponemos a nuestras inversiones. En el caso de no cumplirse nuestros requisitos preferimos esperar en caja, lo que nos permite actuar rápidamente y con decisión ante las oportunidades que inevitablemente se producirán.

Nuestra independencia y visión a largo plazo nos permite desarrollar aquellas estrategias de inversión que consideramos más adecuadas para nuestro capital y el de nuestros inversores, a costa de sacrificar rentabilidad en el corto plazo -como es el caso actual- al mantener una posición de liquidez significativa en el Fondo.

Respecto a las compañías participadas, actualmente tenemos invertido el patrimonio del Fondo en 22 compañías, de las

cuales una mayor parte corresponden a empresas de pequeña y mediana capitalización.

Estimamos que las compañías en cartera mantienen un potencial de revalorización de acuerdo con nuestros precios objetivos del 32%. Desde el punto de vista de la valoración, la cartera cotiza a unos múltiplos atractivos, más aun teniendo en cuenta el contexto actual de mercado.

Compañias en Cartera	22
FCF Yield Cartera	7.8%
EV/EBIT	9.0x
P/B	1.7x
PER Normalizado	12.5x
Deuda Neta/EBITDA	0.6x

El Fondo ha experimentado una revalorización del 4,06%, en los primeros dos meses y medio desde su lanzamiento con un nivel medio de inversión durante el trimestre del 40%, al encontrarnos en la fase de construcción de la cartera.

Los siguientes cuadros reflejan las principales inversiones de la cartera y el desglose de la cartera (ver Anexo II para un detalle completo de las inversiones del fondo).

Cartera con potencial de revalorización y bajo endeudamiento

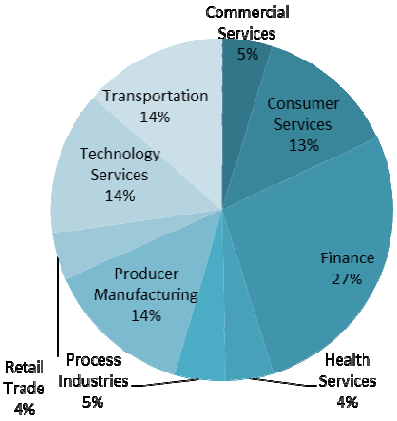
Principales Posiciones EQUAM Global Value, Marzo 2015

Compañía	País	Peso (%)	Potencial
ING Groep NV	Holanda	4.4%	15%
Miba AG	Austria	4.2%	45%
Discovery Communications	EEUU	4.2%	40%
eBay Inc.	EEUU	4.2%	40%
Bank of New York Mellon	EEUU	4.1%	48%
Samsung Electronics*	S. Korea	4.0%	45%
TNT Express NV	Holanda	4.0%	31%
Alstom SA	Francia	4.0%	36%
VeriSign, Inc.	EEUU	2.4%	13%
Crown Holdings, Inc.	EEUU	2.3%	25%
Peso Top 10		**37.7%**	**30%**
Peso Total de la cartera		**61.8%**	**32%**
Liquidez		**38.2%**	

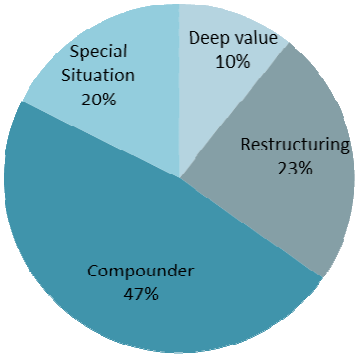
** El peso (%) incluye 50% de acciones ordinarias y 50% acciones preferentes.*

Desglose de Inversiones

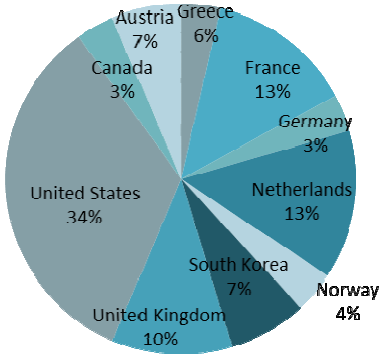
Por sector



Por catalizador (1)

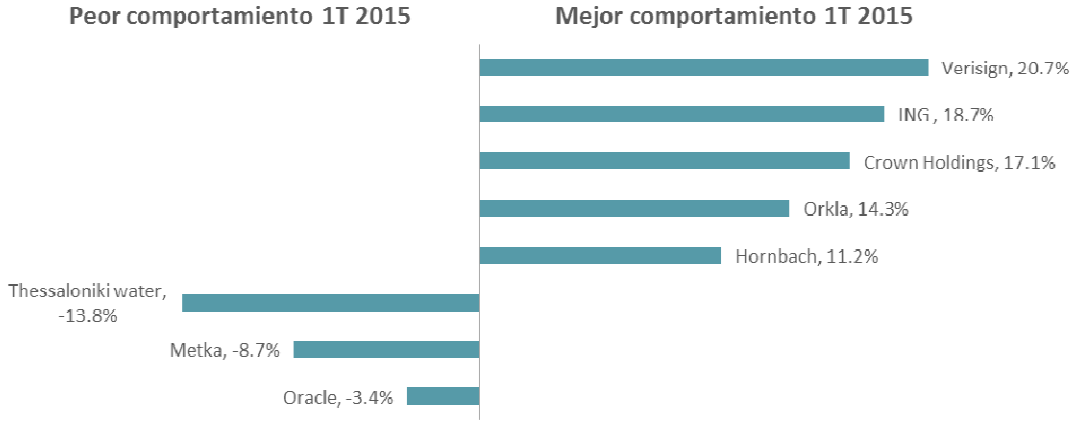


Por geografía



Compounder: compañías de alta calidad y demostrada capacidad de generación de valor en el tiempo; Restructuring: compañías inmersas en un proceso de restructuración; Special situation: compañías inmersas en una operación corporativa; Deep value: compañías especialmente castigadas por el mercado por factores externos o coyunturales.

Respecto a la contribución de las inversiones, el siguiente cuadro muestra las que mejor y peor comportamiento han tenido durante el periodo.



Mantenemos una visión a largo plazo y será después de varios años cuando se pueda juzgar si nuestra estrategia de inversión ha sido acertada o no. Mientras tanto lo importante es que seamos capaces de mantener la disciplina en nuestras decisiones de inversión y sobre todo que nos mantengamos lo más alejado posible de aquellas situaciones que sean susceptibles de generar una pérdida permanente de valor para el Fondo

Anexo I: Descripción de las principales posiciones en EQUAM

Descripción del negocio:

- Ebay es una empresa de alto crecimiento que opera en dos nichos de mercado protegidos: subastas y servicios de pago, ambas con enormes economías de escala y barreras de entrada.
- La compañía va a escindir sus dos negocios: mercados (subastas en línea) y Paypal (servicios de pago) en dos compañías separadas.

Tesis de inversión:

- Empresa de alto crecimiento, con márgenes altos. El segmento de eBay ha estado sufriendo debido la revalorización del dólar y los cambios de SEO ("Search Engine Optimization") impuestos por Google.
- Ambos negocios generaron conjuntamente 4.4bn $ de FCF y cotizaban a 6,3 % FCF yield.
- EBay ha anunciado una profunda reestructuración de su negocio: si tiene éxito Paypal, que crece a 17 % podría ser valorado en 5 % de FCF yield y eBay en un 6%, ofreciendo un potencial de revalorización del 40%.

Descripción del negocio:

- Banco retail enfocado en Europa, bien capitalizado y rentable, en fases finales de una restructuración no recogida en precio y con catalizadores en 12-18 meses.

Tesis de inversión:

- ING permite comprar a descuento de su valor intrínseco ING Bank, recibiendo además una participación de control en la aseguradora NN (que a su vez cotiza a descuento) y otros activos.
- La previsible venta del resto de Voya Financial y la posible venta o dividendo en especie de NN pondrán en valor un banco retail saneado, eficiente y bien capitalizado.
- Aunque ING Bank debería ser capaz de generar ROEs de cercanos al 13% incluso con tipos de interés cero, permitiendo el pago de un dividendo >6%, cotiza a valor contable.

BNY MELLON

Descripción del negocio:

- BNY Mellon es el mayor banco depositario del mundo y propietario de una gran gestora institucional de activos, Mellon, tras su fusión en 2007.

Tesis de inversión:

- BNY ofrece un negocio oligopolístico a valoración atractiva, con perspectivas de restructuración y mejora de retornos, que será beneficiario neto de subidas de tipos de interés.
- En el caso de una mejora de ROE derivada de eficiencias operativas, y una subida mínima de tipos de interés post 2015, los retornos mejoran con IRRs implícitos >15%.

Discovery COMMUNICATIONS

Descripción del negocio:

- Empresa integrada verticalmente que proporciona contenidos a través de múltiples canales de distribución, tanto nacionales como internacionales.

Tesis de inversión:

- Compounder al que mercado no reconoce capacidad de crecimiento y generación de caja derivado de la propiedad de contenido monetizable a través de plataformas.
- Cotiza a una valoración muy atractiva, pese a su sólida posición de mercado, su rentabilidad y perspectivas de doblar FCF por acción en 4-5 años.
- La Compañía recompra acciones y tiene un nivel de apalancamiento razonable.

SAMSUNG ELECTRONICS

Descripción del negocio:

- Uno de los líderes mundiales en fabricación de productos electrónicos de consumo.
- Opera en tres áreas de negocio: Electrónica de consumo, móviles y semiconductores.

Tesis de inversión:

- Líder en cada una de sus unidades de negocios, además de ser un fabricante de coste bajo y alta calidad, y con un impresionante historial de innovación.
- La división de Samsung Semiconductores justifica todo el valor de la empresa actual.
- Balance fuerte y saneado con una significativa posición de caja.
- Equipo directivo disciplinado y con buen historial en la creación de valor.

Descripción del negocio:

- Alstom va a vender la mayor parte de su negocio de energía y transporte de electricidad a GE por unos 7.500 M€, con la posibilidad de vender o sacar a bolsa el resto de su participación.
- Después de esta operación, el núcleo del negocio de Alstom será la actividad ferroviaria.

Tesis de inversión:

- La caja que recibirá de GE y la posibilidad de vender la participación restante a un precio establecido, o sacar a bolsa las JV si las condiciones son mejores, proporciona un soporte significativo a la valoración de Alstom.
- El negocio ferroviario cotiza a una valoración implícita de 4x EBIT, comparado con un múltiplo medio del sector de más de 15x.
- Una vez cerrada la operación con GE (previsto para 1H 2015), Alstom iniciará un programa de recompra de acciones que pondrá en valor su negocio ferroviario.

Descripción del negocio:

- TNT Express es líder en transporte urgente por carretera y logística en Europa

Tesis de inversión:

- Compañía en proceso de reestructuración después de la fallida adquisición de la compañía por parte de UPS. Aspira a mejorar márgenes operativos del actual 4% hasta un 8%.
- Cotiza a 10x Ebit sobre unos beneficios que aún no reflejan la reestructuración, un fuerte descuento respecto a sus competidores (UPS 19x Ebit y FedEx 16x Ebit).
- La posición de tesorería de TNT le permite ejecutar el plan de reestructuración sin presiones financieras.

Descripción del negocio:

- Compañía de servicios de registro de nombres de dominio en internet y de aseguramiento de la infraestructura.
- La compañía tiene asignada una concesión para los dominion .com y .net a nivel mundial, otorgada por la ICANN (Internet Corporation for Assigned Names and Numbers).

Tesis de inversión:

- Posición de monopolio protegida por licencia.
- Gran valor de la marca ".com".
- Gran predictibilidad del negocio.
- Importante generación de caja permite buenos retornos de capital cotizando a 6,5% FCF yield.

Descripción del negocio:

- Crown Holdings diseña, fabrica y vende productos de embalaje de bienes de consumo.
- Sus productos incluyen: latas de aluminio, latas de aerosol y cierres metálicos.

Tesis de inversión:

- Comparte una posición de oligopolio en el sector del aluminio junto con Ball y Rexam, que recientemente han anunciado su intención de fusionarse.
- El negocio es de naturaleza local, ya que el transporte de latas vacías es costoso para largas distancias. Aquellos que se encuentren cerca de los lugares de producción de bebidas y alimentos enlatados tienen una ventaja competitiva que la confiere gran estabilidad.
- La compañía ha reestructurado parte de su deuda y ahora tiene un perfil de vencimientos estable que coincide con la generación de flujo de caja. Alrededor de la mitad fija, el resto variable.

Descripción del negocio:

- Conglomerado noruego con presencia en el sector de consumo, incluyendo marcas líderes en la región escandinava.
- Posee otras participaciones industriales, energéticas así como cartera de cotizadas y activos inmobiliarios.

Tesis de inversión:

- A precios actuales, se valora su negocio de bienes de consumo a un descuento notable sobre su valor intrínseco. Este valor intrínseco se verá cristalizado por la restructuración orgánica en el negocio de bienes de consumo y la venta de activos non core hasta 2016.
- Negocio BCG está presentando resultados sólidos y mejora de márgenes.
- Activos non core deberían ser vendidos antes del fin de 2016.
- Dividendo generado por BCG apoya retornos mientras se ejecuta la restructuración.

Anexo II: Composición de la cartera

Compañía	País	Tipo		Precio*	Peso (%)	Objetivo**	Potencial
ING Groep	Holanda	Restructuring	Finance	13.87	4.42%	16.00	15%
Miba AG	Austria	Compounder	Manufacturing	449.00	4.19%	652.00	45%
Discovery Communications	EUUU	Compounder	Consumer Services	32.15	4.16%	45.00	40%
eBay Inc.	EUUU	Special	Consumer Services	56.91	4.15%	79.90	40%
Bank of New York Mellon	EEUU	Compounder	Finance	40.55	4.13%	60.00	48%
Samsung Electronics***	S.Korea	Deep Value	Consumer Durables	496.80	4.01%	721.65	45%
TNT Express NV	Holanda	Restructuring	Transportation	6.00	4.00%	7.86	31%
Alstom SA	Francia	Special	Manufacturing	28.78	3.96%	39.00	36%
VeriSign, Inc.	EEUU	Compounder	Technology	66.69	2.38%	75.28	13%
Crown Holdings, Inc.	EEUU	Compounder	Processing	54.10	2.32%	67.60	25%
Orkla ASA	Noruega	Restructuring	Manufacturing	61.15	2.21%	75.00	23%
Admiral Group plc	UK	Compounder	Finance	15.51	2.16%	19.68	27%
National Express Group PLC	UK	Deep value	Transportation	2.86	2.12%	3.50	23%
Hornbach-Baumarkt-AG	Alemania	Compounder	Retail Trade	34.95	2.12%	50.00	43%
Brookfield Asset Management	Canada	Compounder	Finance	54.76	2.08%	80.00	46%
MITIE Group PLC	UK	Compounder	Commercial	2.81	2.02%	3.90	39%
Worldline SA	Francia	Compounder	Technology	17.2	2.02%	21.00	22%
Halliburton Company	EEUU	Special	Industrial Services	43.96	2.02%	60.00	36%
Oracle Corporation	EEUU	Compounder	Technology	42.62	1.91%	60.00	41%
Cegedim SA	Francia	Special	Health Services	31.50	1.85%	40.41	28%
METKA S.A.	Grecia	Restructuring	Manufacturing	8.34	1.83%	15.14	82%
Thessaloniki Water & Sewerage	Grecia	Restructuring	Utilities	2.51	1.77%	5.40	115%
Peso Total de la cartera					**61.83%**		**32%**
Liquidez					**38.17%**		

** Precio en moneda local.*
***El precio objetivo de las posiciones está basado en el análisis independiente de EQUAM Global Value y puede variar respecto al consenso.*
**** El peso (%) incluye 50% de acciones ordinarias y 50% acciones preferentes.*

Incometric Fund - Equam Global Value - Class A

Ticker Bloomberg	EQUAMVA LX
Ticker Telekurs	21312974
ISIN	LU0933684101
Valor Liquidativo	Semanal, Jueves

Asesor de Inversiones	Equam Capital EAFI
Sociedad Gestora	ADEPA (Lux)
Banco Depositario	KBL (Lux)
Transfer Agent	European Fund Admin.

Comisión fija	1% sobre patrimonio
Comisión variable	10% sobre plusvalías
Traspasabilidad	SI - Nº registro CNMV: 587
Distribuidores en España	All Funds, Inversis

EQUAM Capital EAFI, SL
Serrano 78 3º, 28006, Madrid
www.equamcapital.com

EQUAM Global Value Fund
Quarterly Report June 2015
Searching for value in a volatile market

Q2 2015 has seen an increase in market volatility which we have taken advantage of to improve our portfolio.

We have made our first divestment (TNT Express) as a result of the tender offer made close to our target price and have made new investment in a niche Healthcare leader (Stallergenes), and increased our investment in some of our portfolio companies with greater potential (Hornbach Baukmarkt, Mitie and Halliburton).

Incometric EQUAM Global Value Fund ("EQUAM" or "the Fund") is a mutual fund managed based on 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 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.

The EQUAM Partners have invested the majority of our net worth in the fund and our interests are entirely aligned with those of our partners and co-investors.

Incometric EQUAM Global Value FCP is a UCITS IV vehicle and can be invested into throughout most leading financial intermediaries through Fundsettle and other platforms.

EQUAM ISIN is LU0933684101 and its BBG ticker is EQUAMVA LX.

The Return of Volatility

During this quarter we have witnessed a shift from a raging bull market to an increase in volatility, driven by a combination of seemingly unconnected factors such as the Grexit crisis, turmoil in the sovereign bond market and the start of a bear market in China, which, having rallied 122% in the year up to June, lost 33% from its peak during the quarter. In this environment, most equity indexes retreated marginally (EuroStoxx -4,1%and S&P 500 -0,2%), which compensate partially the strong beginning of the year, showing still returns of +9,4% and 0,2%, respectively.

This volatility, compounded by the full valuation of several asset classes, has been originated by the reaction of the bond market to the beginning of change in the Fed monetary policy. In an environment where Central Bank monetary manipulation has driven the bond market to extreme overvaluation, a change in cycle is bound to hurt.

A good example in our view is an asset that many investors mistakenly believe to be the uber safe haven, the 30 Year Bund. The Bund has generated losses of -7% YTD and -25% from its April top. Not bad for a supposedly risk-free asset.

Valuation always matters.
Always

This specific example of permanent loss of capital in a supposedly safe asset illustrates the risks of both ignoring valuation (extreme in this case as the Bund was trading at negative real yields), and second-guessing market reaction to macro shifts (deflation scare). We strongly believe there is no risk-free asset and our focus is to understand, quantify and be compensated for the risks we run.

From our part, we prefer to compound our capital investing in businesses that we can understand, with a prudent capital structure and where we can invest at a sizeable

discount to its Intrinsic Value. We do not ignore macro environment but we believe that, except for extreme situations, macro should not be the main driver of our investment narrative and as such, we prefer to invest in businesses that do not require a specific macro economic outcome to generate adequate returns.

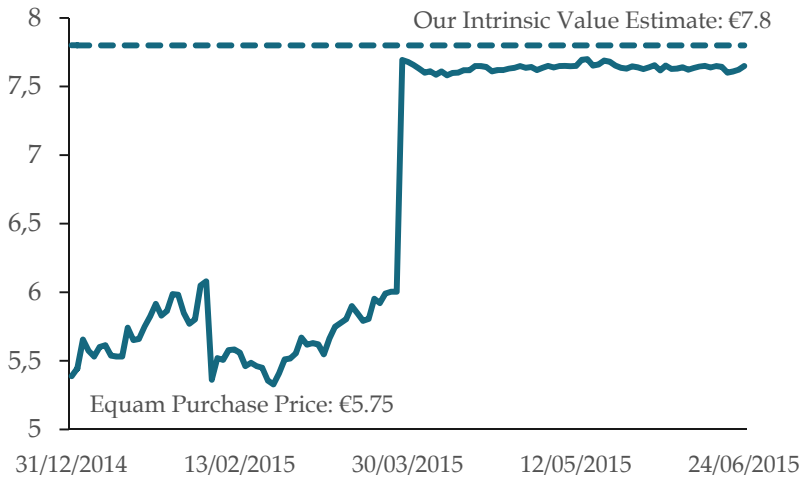
First divestment

During this quarter we have sold our investment in TNT Express, one of the largest investments in our portfolio, has it had reached our Intrinsic Value estimate. In this specific situation where we expected our estimate of value to crystalize throughout the operating restructuring during the course of the next 3-4 years a strategic buyer has accelerated the process.

A strategic buyer can recognise a business intrinsic value

At the time of our investment in TNT, our investment thesis was based on a robust and credible restructuring plan, which was starting to yield results, and a solid balance sheet with a net cash position that provided TNT with some margin to execute the plan. Our analysis indicated that TNT traded at a deep discount even if the restructuring was not completed – just meeting partially the management targets, our estimate of value was close to €7.8 per share, an ample upside relative to its trading price of €5.3. Downside risk was very limited as TNT was well capitalised and traded at pre-restructuring multiples well below market.

Although our thesis was that TNT value should be recognised in the later part of the execution of its restructuring plan, (2017/ 2018), on April 23rd FedEx, one of its main competitors, announced a recommended offer at €7.8, in line with our value estimate. Given the low likelihood of competing bids – both DHL and UPS would face significant antitrust issues – we opted to sell our stake.



It is fair to highlight that, although TNT has generated an excellent return as the catalyst has allowed to meet our estimate of value much earlier than expected, our strategy is not based on trying to anticipate per se corporate transactions.

Stallergenes: quality and growth at a discount

New investments

We have taken advantage of the existing uncertainty to acquire a stake in Stallergenes SA, one of the world´s leaders in allergy treatments, undergoing a merger process with its US competitor Greer and trading at a price well below our appraisal of Intrinsic Value.

Stallergenes has an attractive business model, operating in a dominant position in an anti cyclical oligopolistic niche, with scope for significant and profitable growth. Stallergenes sustainably generates returns over its own capital above 20% and has an excellent growth outlook, as the FDA approved in 2014 its oral immunotherapy treatments (and those of its competitor ALK-Abelló) for the US market. The launch of oral treatments in Europe generated healthy and sustained growth for several years and there is a fair probability that US growth is even greater, as prices are liberalised.

Using volatility to improve our portfolio

On the other hand, the company resulting from the merger between Stallergenes and Greer, will have an excellent balance sheet, with a net cash position of €150m. Despite all these attractive features, Stallergenes traded at an undemanding 12.5x normalised earnings as a result of limited sell-side coverage and the complex merger process with Greer, in turn owned by Stallergenes controlling shareholder and which as a result of somewhat limited disclosure, attracted some controversy.

Post the merger with Greer, a leader in the US market, and the distribution agreement with Shionogi for Japan, we believe Stallergenes should be able to consolidate its position in these two large markets with entry barriers. In this context, Stallergenes market price seems much lower than any estimate of Intrinsic Value, with a margin of safety well in excess of 50%.

We have also used current price weakness to start building a position in IBM, as we believe market has over reacted and ignores the resilience and profitability of its legacy business.

We have also invested in some mid caps with excellent upside potential such as KLX, an aerospace and energy logistics operator, recently de-merged, French media and survey group IPSOS and industrial conglomerate Chargeurs SA, all of them mid-caps with excellent upside potential.

Building a profitable and prudent portfolio

The EQUAM portfolio is composed of a number of investments with strong upside potential, sound risk: reward balance and adequate diversification against different scenario. We cannot predict the future but we can prepare for it.

Portfolio with valuation upside and low leverage

We continue building our portfolio, and new funds invested, with the prudence and disciplined investment process has generated a significant cash position (c. 39% of NAV). When our investment criteria are not met we prefer to wait with a strong liquidity position, which allow us to move decisively when opportunities present themselves, as they inevitably do. We believe the flexibility and long term optionality of a strong liquidity position in a fully valued and increasingly volatile market more than compensates the profitability drag of cash in a zero-interest environment.

Given new inflows, we have consciously diluted our position in some companies whose price had approached our appraisal of Intrinsic Value and where upside potential was muted. ING Group, one of our main initial investments, has seen its share price reflect a large part of the benefits arising from its restructuring plan and the value crystalized by its insurance subsidiaries. Similarly, our investments in National Express, Cegedim or Worldline SA, have reached levels close to our Intrinsic Value estimate. In the case of MIBA AG, the very liquidity has not allowed us to scale up our investment.

On the other hand, we have used price fluctuations to add to our investments in companies where our initial capital appreciation estimate remains attractive:

- Hornbach Baumarkt, an historic portfolio company of one of our partners, is a proven leader in a very competitive industry but with an excellent competitive position and management, debt-free, with proven capacity to create value and whose position and pricing power improved with the bankruptcy of Praktiker, its main competitor. We believe its market price does not recognise the durability of its competitive position and, after the recent share price volatility, its appreciation

potential has increased and thus we have increased our position.

- As current share price of Mitie Plc has failed to reflect (8% FCF yield), the excellent quality of its business and its improved outlook, we have used the opportunity to increase our position in what we believe is a sound investment with an excellent margin of safety. Mitie has exited some of its less profitable investments and it is broadening its maintenance service offering, gradually becoming a one-stop provider for many of its clients. On the other hand, its business has a high revenue visibility, profitable growth and a significant cash generation capacity given its low capital intensity.

- We have also increased our investment in Halliburton, which after its announced merger with Baker Hughes will become the second largest Oil Services provider, with tangible and significant synergies. Given the oil price drop and the uncertainty regarding the scope of capex and opex reduction for oil companies, we expect Halliburton will suffer very high volatility in the short term. We believe Halliburton current share price levels offer large long term appreciation potential, given the essential nature of many of the services offered and its scale advantage, as well as the profitability that Halliburton should reach post merger, even at currently depressed oil prices.

The divestments and rotation above are the result of the discipline of our investment process, seeking to commit our capital only where there is high appreciation potential, a broad margin of safety and a minimal risk of permanent loss of our capital.

At the end of Q2 2015, the Fund was invested in 26 companies, mostly medium and small caps.

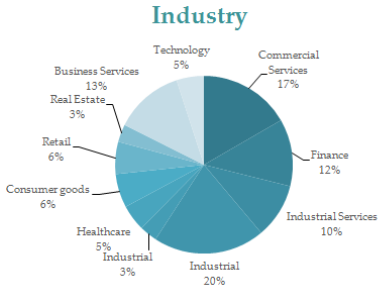
Our appraisal of Intrinsic Value of our portfolio companies results in an estimated upside potential in excess of 40% at current market prices. We believe we are building an attractively valued portfolio, both on absolute terms and compared against broader market levels.

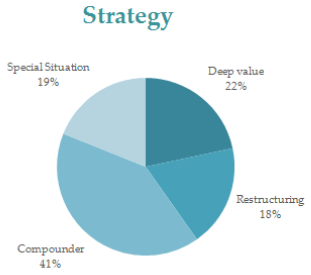
Portfolio companies	26
Average Free Cash Flow yield	7.8%
Average EV/EBIT	8.7x
Average Price to Book	2.2x
Average PER	11.8x
Average ND / EBIT	0.5x

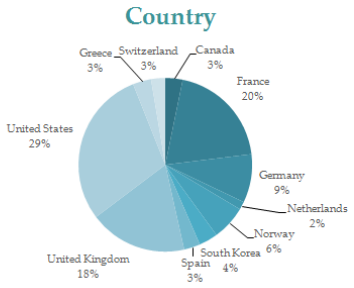
The fund has gained +0.7% during the second quarter and 4.8% since January, with an average investment level of 45%, consistent with the portfolio build up process. (See Appendix III).

The table below shows our main investments and a breakdown of our portfolio (see Appendix II for a full portfolio breakdown).

Company	Domicile	Weight	Upside
Alstom SA	France	4.7%	53%
MITIE Group PLC	UK	4.0%	30%
Samsung Electronics	S.Korea	4.0%	60%
Bank of NY	US	3.8%	43%
Stallergenes SA	France	3.8%	26%
Hornbach-Baumarkt	Germany	3.8%	52%
Halliburton	US	3.7%	39%
Brookfield AM	Canada	3.0%	53%
eBay Inc.	US	3.0%	33%
Orkla ASA	Norway	3.0%	22%
Top 10		**36.7%**	
Total invested		**60.8%**	**42.5%**
Liquidity		**39.2%**	







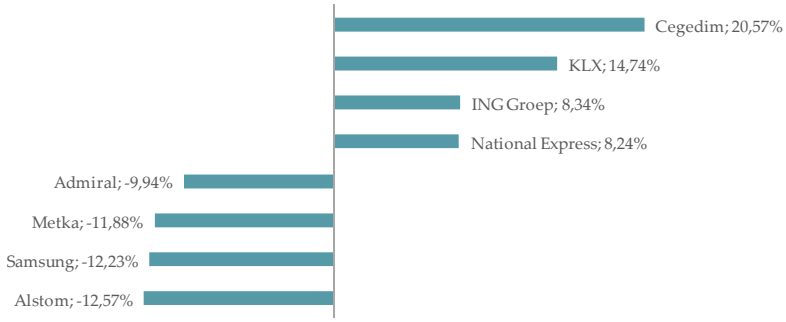
Compounder: high quality businesses with proved value creation potential throughout the cycle; Restructuring: companies involved in strategic or operating restructuring; Special situation: companies involved in a corporate transaction; Deep value: companies over penalised by market due to non.structural or external factors.

The following paragraphs summarises our main contributors (and detractors) to performance during Q2 2015. In addition to TNT (+26.8%), it is worthwhile highlighting Cegedim strong price performance (+20.6% as a result to the sale of its CRM division and excellent operating results and KLX (+14.8%).

One of our main performance detractors is, unsurprisingly, Metka, a Greek engineering group. We believe current price (and our investment price) more than reflects any Grexit scenario, despite its balance sheet, mostly in cash and its business, diversified away from Greece. French conglomerate Alstom SA, market price has also suffered after the delay in the anti trust approval process of the disposal of its energy business to General Electric. After

thorough analysis, we believe our investment thesis remains correct, and we have used the opportunity to increase our investment, becoming our largest position in the portfolio.

Performance Detractor | Contributor (Q2 2015)



We remain committed to our patient, long term approach and we take our results with prudence. Only after a full investment cycle our strategy could be judged and in the meantime, our energy is focused on maintaining the discipline and fine tune our investment process and above all, avoid investments that may result in a permanent loss of capital for the Fund.

We expect market volatility to remain high in the coming months, which should allow us the opportunity to deploy gradually our capital with good appreciation potential and minimal risk of capital impairment.

Appendix I: Summary Investment Thesis of main EQUAM investments

ALSTOM

Business Summary

- Alstom has agreed to sell the majority of its energy and grid business to GE for €7.5BN, with the option to sell or IPO its remaining joint venture stakes.
- Upon completion of the transaction, Alstom core business will be railway and transportation equipment manufacturing and maintenance.

Investment Thesis

- The GE transaction cash proceeds and the possibility to IPO or sell the remainder stakes at a pre agreed price, provides a hard floor to Alstom valuation.
- The rump railway business trades at an implicit valuation of 4x EBIT, compared to an average sector multiple of c 15x.
- Upon closing of the transaction (est. 2H 2015) Alstom has committed to a share buy back programme that should act as a catalyst to close the existing valuation gap.
- At current prices, we estimate an upside potential in excess of 50%, which should be materialised once the transaction closes and Alstom crystalizes the value in its remaining JVs.

mitie

Business Summary

- Leader in UK market in facility and property management integrated services and outpatient/ home health care services.

Investment Thesis

- Consistent 10 year annual growth rate of 8% (5% organic).
- Trend to outsource services to integrated providers favours market leaders such as Mitie.
- Business model with low capital intensity allows meaningful cash flow generation.
- Recent sale of non core, low margin business allows operating margin improvement above 6%
- At current prices we estimate an annual return (IRR) in the region of 13% during the next 4 years

Business Summary

- World leader in manufacturing of consumer electronics products.
- Operates in three main areas: consumer electronics, mobile devices and semiconductors

Investment Thesis

- Market consensus over simplifies Samsung as it is seen as a mere mobile telephone manufacturer.
- Leader in each business segment, with cost and quality advantage and a proven track record in innovation.
- Solid balance sheet with a significant net cash position.
- A deeply conservative valuation of its mobile business and cash covers current share price. Market prices ascribe zero value to its other two, profitable and market leading divisions.
- Trades at 6.0x EBIT and 9.5x PER.
- Catalysts: IPO of subsidiaries, corporate restructuring and share buy back with current balance sheet position.

Business Summary

- BNY Mellon is the worlds largest depositary bank and, after merging with Mellon in 2007, a large asset manager.

Investment Thesis

- Oligopolistic business at an attractive valuation, with scope for cost restructuring and margin improvement and a net beneficiary of higher interest rates.
- BNY management is subject to huge shareholder scrutiny, led by two activist investors, to improve profitability and refocus its business
- In an scenario where ROE improvement is driven solely by operating improvements and with a minimum interest rate hike post 2015, current prices result in implied IRRs >15%.

STALLERGENES

Business Summary

- French pharmaceutical company focused on immunotherapeutic allergy treatment. Stallergenes approved on 29th of June its merger with Greer, US market leader in the same sector.

Investment Thesis

- Niche segment with excellent growth potential and stable, concentrated competition (Stallergenes and ALK Abello control c 56% of the overall market).
- Merger with Greer accelerates penetration of US market.
- Near term, tangible growth prospects in US and Japan based on sublingual vaccines approval.
- Healthy balance sheet with €150m in net cash (2.5x EBIT).
- Trades at adj. 12.5 x PER- compared to c 17x ALK Abello.

HORNBACH

Business Summary

- Family controlled, quasi monopolistic DIY market leader, founded in 1877 and profitable across the cycle despite having increased market share from 6 to 10%

Investment Thesis

- Quasi monopolistic leader, profitable and with enhanced *earnings power* after German market has consolidated
- Conservative debt-free balance sheet and with significant hidden assets not reflected in the share price
- Deep involvement of founding family, focused on long term value creation (as opposed to short term measures) has allowed sustained book value per share growth >8% despite recessions
- Even with very conservative estimates, our appraisal of Intrinsic Value results in €50-60 per share, an upside in excess of 35% with minimal risk of capital loss

HALLIBURTON

Business Summary

- Halliburton provides integrated services for oil and gas exploration and production.
- Announced in November 2014 the $34.6B acquisition of its competitor Baker Hughes, with closing expected in 2H 2015.

Investment Thesis

- Healthy long term outlook for oil services segment despite near term oil price drops.
- Combination with Baker Hughes will improve service offering and generate significant synergies (est. USD2BN p.a.).
- Trades at cycle-low multiples (EV/EBIT 9x vs. historic average 12x).

Brookfield

Bussiness description

- One of the largest alternative investors and asset managers in the world,
  - BAM manages $93bn and earns fees >$1BN (GP Business).
  - BAM has invested $29bn of its capital in different investment vehicles (LP business), with an expected IRR >15%.
- BAM is focused on real estate, infrastructure and real assets, with a value investing approach, having achieved an IRR >18% since 1980s.

Investment thesis

- BAM current share price only reflects the value of its invested capital in the LP business.
  - Share price ascribe nil value to the GP business, with $93BN of fee bearing capital, and $11BN in fundraising, generating a fee income higher than $800m net.
  - A reasonable current valuation of its business, without considering growth prospects could be around $40 p.s.
- Assuming an IRR of 10-15% on its invested capital (slightly below track record), the intrinsic value of BAM would be over $60 per share. This valuation would provide a 15% annual compounded return on our investment.
- We believe the value of BAM will emerge in the coming years as the market fully recognizes the investments made and as inflation starts to emerge throughout the decade
- In an inflationary environment, BAM's real assets and fixed interest rate liabilities would provide a valuable hedge, which is not priced in

Business description

- EBay operates in the auctions and payment services businesses with a sound leadership position.
- The company has announced its intention to Split its businesses into two separate companies: Ebay markets (online auctions) and PayPal (payment services). This transaction is expected to close in the next quarter.

Investment thesis

- High growth company and good margins. Although EBay has been struggling due to dollar revaluation and unfavourable changes in SEO rules ("Search Engine Optimization") imposed by Google, Paypal's revenues are growing at a 17% p.a.
- Ebay and Paypal together generated $4.4BN FCF and trade at 6.3% FCF yield despite its dominance and growth profile.
- The spin off will crystalize the value of each business, with an estimate upside ≥33% with minimal risk and tangible catalyst.

Business description

- Norwegian conglomerate in a multi-year process to become a pure play Branded Consumer Goods player in the wealthy Scandinavian markets
    - Operates on the consumer goods industry and manages several well known brands in the North of Europe, as well as acting as distributor for Unilever in some Scandinavian markets
    - The company has non-core investments in real estate, energy and other companies, which is in the process of divesting.

Investment thesis

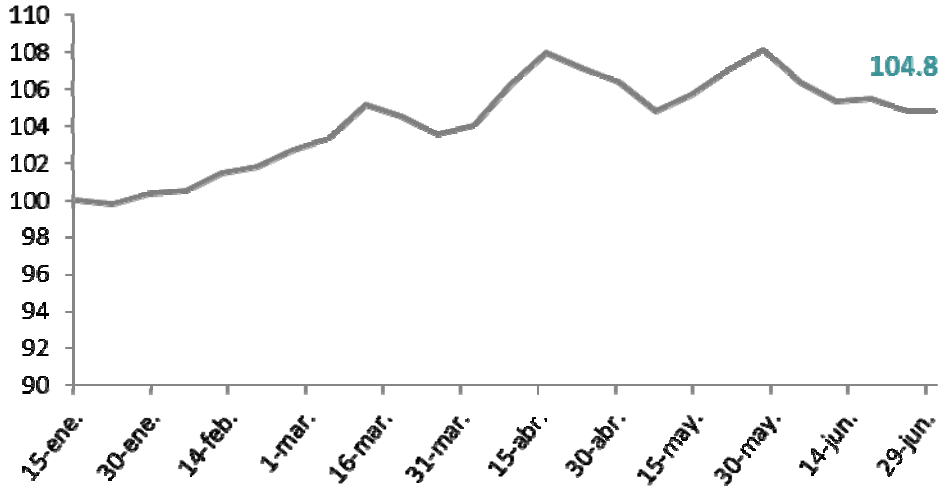
- At current prices, the consumer goods segment is trading at discount to fair value. BCG business is delivering strong results and improving margins.
- We expect share price to converge towards Intrinsic Value as the company completes its restructuration by YE 2016 or 2017.
- Dividends paid by BCG will support the valuation of the company while the restructuration is being implemented.
- At current prices, we expect a 10% IRR on our investment in Orkla (including dividends).

Appendix II: Portfolio summary

Company	Country	Industry	Strategy	Weight	Price	Target	Upside
Alstom SA	France	Industrial	Special Situation	4.7%	25.45	39.00	53%
MITIE Group PLC	United Kingdom	Business Services	Compounder	4.0%	3.15	4.11	30%
Samsung Electronics Co., Ltd. GDR Reg	South Korea	Consumer goods	Deep value	4.0%	443.50	711.37	60%
Bank of New York Mellon Corporation	United States	Finance	Restructuring	3.8%	41.97	60.00	43%
Stallergenes SA	France	Healthcare	Special Situation	3.8%	54.75	69.00	26%
Hornbach-Baumarkt-AG	Germany	Retail	Compounder	3.8%	33.00	50.00	52%
Halliburton Company	United States	Industrial Services	Special Situation	3.7%	43.07	60.00	39%
Brookfield Asset Management Inc. Class	Canada	Real Estate	Compounder	3.0%	34.93	53.33	53%
eBay Inc.	United States	Commercial Services	Special Situation	3.0%	60.24	79.90	33%
Orkla ASA	Norway	Industrial	Special Situation	3.0%	61.70	75.00	22%
IBM Corp	United States	Business Services	Deep value	2.9%	162.66	230.00	41%
KLX Inc	United States	Industrial Services	Deep value	2.0%	44.13	67.00	52%
VeriSign, Inc.	United States	Commercial Services	Compounder	1.9%	61.72	80.10	30%
Admiral Group plc	United Kingdom	Finance	Compounder	1.9%	13.87	19.68	42%
Chargeurs SA	France	Industrial	Deep value	1.9%	6.65	10.30	55%
Crown Holdings, Inc.	United States	Industrial	Compounder	1.9%	52.91	67.60	28%
Discovery Communications, Inc. Class A	United States	Commercial Services	Compounder	1.8%	33.26	50.00	50%
Oracle Corporation	United States	Technology	Compounder	1.8%	40.30	60.00	49%
ING Groep NV Cert. of Shs	Netherlands	Finance	Restructuring	1.4%	14.81	16.00	8%
METKA S.A.	Greece	Business Services	Deep value	1.3%	7.79	15.14	94%
Thessaloniki Water & Sewerage Co. SA	Greece	Commercial Services	Deep value	1.1%	2.66	5.40	103%
Cegedim SA	France	Business Services	Compounder	1.0%	37.86	40.41	7%
National Express Group PLC	United Kingdom	Commercial Services	Deep value	1.0%	3.07	3.41	11%
Worldline SA	France	Business Services	Compounder	0.8%	18.40	21.00	14%
Ipsos SA	France	Commercial Services	Restructuring	0.8%	23.19	41.00	77%
Miba AG Vorz.Akt.B	Austria	Industrial	Compounder	0.7%	460.00	569.12	24%
Top ten weight				**36.7%**			
Total investment				**60.8%**			**42.5%**
Cash				**39.2%**			

** Price in local currency.*
*** Target price is based in the independent analysis from EQUAM Global Value and it can change regarding consensus.*
**** The weight of Samsung (%) includes 50% of ordinary shares and 50% of preferred shares.*

Appendix III. NAV evolution



Profitability

Año	1T	2T	3T	4T	YTD
2015	*4.06%*	*0.73%*	-	-	*4.79%*

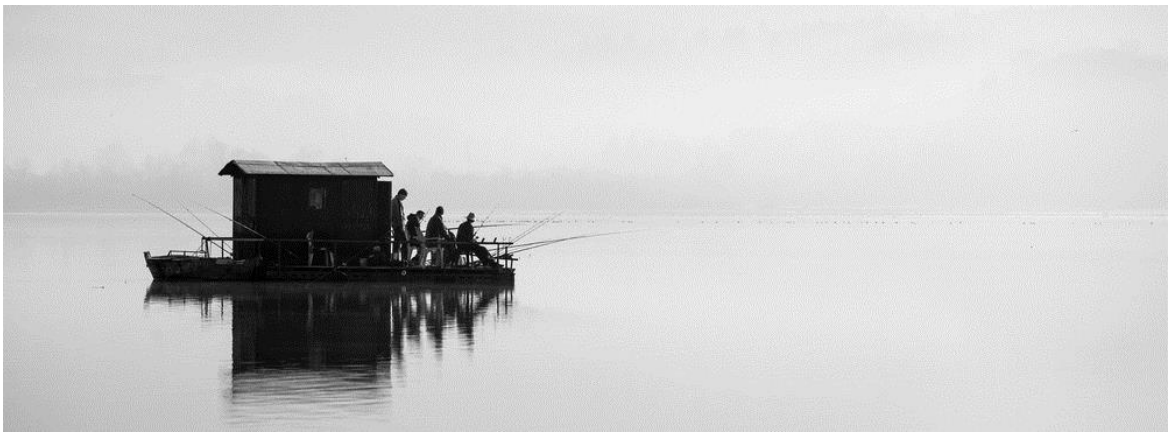
Incometric Fund - Equam Global Value - Class A

Ticker Bloomberg	EQUAMVA LX
Ticker Telekurs	21312974
ISIN	LU0933684101
NAV calculation	Weekly

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

Management fee	1% on average assets
Performance fee	10% of returns
Register number at CNMV	153
Distribution in Spain	All Funds, Inversis

EQUAM Capital EAFI, SL
Serrano 78 3º, 28006, Madrid, Spain
www.equamcapital.com



EQUAM Global Value Fund
Quarterly report September 2015
Investing in the downturn.

Last quarter was dominated by a significant market downturn, which erased all returns achieved by most markets year to date.

We have been very active during this market pullback, investing in sound businesses at good prices, increasing our investment level from 60% to 79% of NAV.

Despite market weakness, we have completed three divestments, as two of our investments reached intrinsic value and one portfolio company was delisted.

Incometric EQUAM Global Value Fund ("EQUAM" or "the Fund") is a mutual fund managed based on 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 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.

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EQUAM ISIN is LU0933684101 and its BBG ticker is EQUAMVA LX.

Here comes the downturn

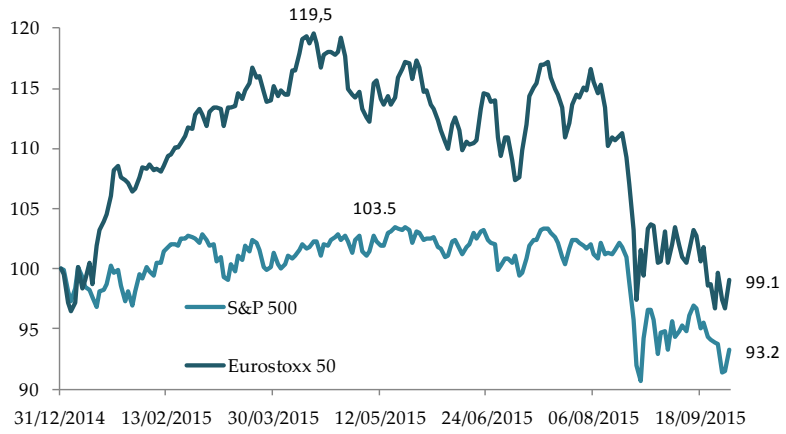
Adjustment of monetary excesses and unrealistic expectations

The increase in volatility noted in our last report has turned into a proper market correction throughout August and September. There are several reasons, mostly triggered by the slowdown in China, its contagion effect to other emerging markets and commodities and increased uncertainty as to the timing of the anticipated Fed rate hike. In any case we believe this was a long due correction, as markets had experienced substantial gains over the last few years and in many cases, appeared quite fully valued.

During Q3 2015 main indices have suffered significant losses, with EuroStoxx - 9,4% and S&P 500 -6,9%, resulting in YTD negative performance of -0.9% and -6.7%, respectively.

We believe consensus expectations of linear, continuous and endless Chinese growth were unrealistic. After several years of strong growth, the capex-driven Chinese model has slowed down and will take some time and adjustments. The Chinese slowdown, coupled with other geopolitical issues, has pushed oil prices down to levels last seen in 2008.

Given the imbalances of many emerging markets, and despite the recovery of normal US employment levels, the Fed decided to delay further the rate hike initially scheduled for September. Unlike in past episodes where market rallied on the back of continuation of dovish monetary policy, this time round markets fell sharply. This is yet another example of the risk of investing based on expectations instead of realities.



Although we follow macro outlook and believe market consensus will have to adjust its high expectations to a more realistic scenario, with modest growth in developed markets

and a cyclical adjustment in emerging markets, we prefer to spend our time and energy searching for good businesses to invest in.

Buying good quality businesses in times of distress...

Instead of attempting to second guess the next market turn, the impact of macro scenarios on asset prices, or the timing of the next pullback, we prefer to identify investment opportunities in solid businesses, with little debt and an attractive valuation that we can buy confidently during market downturns. A deep understanding of the businesses we are invested in allows us to benefit from volatility and other market participants fear to invest at better prices.

Chasing quarterly performance, trying to avoid a temporary price drop, or beating the market in the near term is hardly compatible with searching for investments with long-term appreciation potential that may take time to crystalize in full.

... requires thorough analysis and patience

Some of the best investment opportunities come from taking advantage of market over reactions and inefficiencies, investing at a price well below intrinsic value and then waiting patiently for share price to revert over time towards the intrinsic value of the business. These opportunities require a thorough assessment of a business intrinsic value, which tends to fluctuate little, and patience and determination to act when opportunities appear.

And that is exactly what we have been doing during the last few months. We closed the second quarter with an investment level of c 60% and during August and September we have not only increased our investment (at better prices) in some of our portfolio companies but also have managed to invest in eight new companies. We have divested our position in three companies, one as a result of a de-listing tender offer, and the remaining as share prices met our estimate of intrinsic value for the businesses.

Despite our new investments, we still retain a liquidity position of c 20% of NAV, which, should market weakness persist, should allow us to buy good businesses at even better prices.

New investments

We highlighted in previous reports the difficulties to find attractive investment opportunities and our prudent stance given broad investor over confidence. This quarter market drop has made our job easier. During this summer we have deployed part of our liquidity in companies that despite

their excellent value creation potential, have fallen out of favour or are undervalued for reasons unrelated to their fundamental valuation.

One of such companies is **Aryzta**, a mid sized Swiss company that happens to be the world leader in production and marketing of frozen bakery. Its business has a moderate but sustainable growth profile, sound profitability and high free cash flow generation through a complete cycle. Aryzta is the only operator with global presence and scale in a fragmented industry, with small local oligopolies, and is improving its competitive advantage as a consolidator. As a result of short term setbacks –McDonalds, one of its main clients, has suffered a reduction in sales, a cost restructuring programme that is taking longer than expected to execute and an ill-timed and poorly explained acquisition – Aryzta share price has fallen by 50% from its top and can be acquired at a 9% FCF yield. We believe this is an attractive valuation for such a high quality business and have invested gradually 3% of the fund. Aryzta is, together with Crown Holdings, one of the few portfolio investments with a relatively high leverage level (adj. ND/EBITDA c 3.5x). We believe Aryzta business resilience and strong cash generation potential sustain this capital structure and as such, have been willing to deviate from our general rule of avoiding indebted companies.

We have also invested in **NRJ,** a leading radio broadcaster in France, with a market share of 15%. NRJ also has a small but lucrative International business, a tower infrastructure business and a loss-making niche TV business, in restructuring. It is a relatively small market cap company, with little sell side coverage, which has struggled from the TV business, which we expect to be turned around or sold.
NRJ is a sum of the part play as the value of their different businesses and the cash on balance is much higher than the current market capitalisation. NRJ is 80% controlled by its founder and chairman, allowing a good alignment of interests between management and shareholders.

We have also made two new investments in the aerospace sector: **Rolls Royce** and **Meggitt**. Although both are different, their core investment narrative is somewhat similar. Both companies sell equipment (RR mostly airplane engines, Meggit airplane braking systems) at breakeven or even a small loss to guarantee exceedingly long maintenance contracts (20-25 years), with minimal or no competition.

The Aerospace sector is suffering a renewal and new growth cycle, as the old fleets are replaced quickly with new and

larger fleets. Airplane fleet renewal is a short term drag for both RR and Meggitt, as companies have to sell their new equipment at a small margin, not yet compensated by the maintenance cash flow stream, and as maintenance needs of new fleet are initially lower. The total effect is a near term impact on results – despite the excellent long term outlook- with a disproportionate impact on share prices, which we consider a great opportunity. We have accepted the near term discomfort of weak earnings momentum and price volatility in return for the opportunity to buy a world-class, profitable and highly cash generative business, which should be reflected in the share price during a longer cycle than many investors seem to be willing to consider.

Rolls Royce has the added catalyst of a management change after the previous CEO strategic and diversification mistakes. The new team has announced a more focused plan and a much needed cost restructuring. This process should be reinforced by the involvement of activist investor ValueAct, with a good track record of effective engagement. All this near term turmoil is obviously increasing volatility but we believe provides a good entry point with excellent long term appreciation potential.

We have also used sharp oil price falls to add a new investment in an oil services niche operator (we were already invested in Halliburton), **TGS Nopec**, a Norwegian niche specialist in geophysics mapping for oil and gas exploration. TGS has two main, durable, competitive advantages: a multi-client strategy (where TGS sponsors projects that are later sold and then subsequently resold to different operators) and a rented (not owned) fleet. These two factors allow TGS to build valuable libraries at very low cost that will later re-sale repeatedly to clients as their exploration needs return to normal levels. On top of this, TGS has a strong balance sheet, with a sizeable cash position that allows the business to endure a long cycle of low prices.

We have also invested in **Indra** following a change of management team and strategy. Indra has a varied business portfolio, some of which with strong competitive advantages, but with operational and financial issues inherited from an ill-conceived and executed expansion plan. After a change in management team, Indra has launched an ambitious but well designed three-year restructuring plan, to be executed by a new, competent and shareholder-aligned team. Share price reacted strongly on the back of the restructuring announcement but share price corrected afterwards, which allowed us to build a stake at attractive prices.

We have been able to benefit from a forced seller situation to acquire a stake in **Deutsche Pfandbriefbank** at an excellent price. Pfandriefbank (PBB) is a German specialist bank, focused solely on real estate and public infrastructure financing. PBB was originally the *good bank* resulting from the nationalisation of Hypo RE by the German Government after its bankruptcy in 2009. PBB was cleaned up, its balance restructured and recapitalised for 6 years with a view to re-privatise the business. The German Government had to execute the market placement in the days prior to the Greek referendum, which resulted in extremely hostile market conditions and a market price well below book value. We believe PBB operates in an attractive niche, at a still healthy phase of the European real estate cycle, with a clear business model, prudent lending standards and reasonable capital position and with scope to enhance current profitability. Our assessment of PBB intrinsic value, even without reinvesting its current legacy book at better spreads, is much higher than its market capitalisation, with minimal risk, discounted in current market prices.

Patience to invest at the right moment

Last but not least, our investment in **Serco** is a good example of patience, waiting for the right opportunity and time to invest. Serco is the UK leader in outsourcing services for Government and Public Sector present in the UK, Australia, US and the EU, active in defence, immigration, health and transportation. During the last few years, Serco embarked on an aggressive growth programme that inevitably led to lower quality and profitability contracts, in turn resulting in financial difficulties, which ultimately prompted the replacement of the management team. The new team, who proved its management acumen at Aggreko, has presented a tough but credible strategic and restructuring plan to allow the company to restore its profitability in the next few years.

We analysed this opportunity last March but decided to pass as the then-prevailing share price offered little margin of safety, particularly given the still early stages of execution of the restructuring plan. We chose to wait. A few weeks ago, Serco announced the sale of one of its non-core divisions (BPO services for private sector), a material deleveraging event. We updated our analysis based on greater visibility on the restructuring programme and the sharp price correction, which, this time round, offered sufficient margin of safety.

As in the case of Indra, once the restructuring plan has been executed, we believe Serco businesses should be able to generate significant value, not recognised at current prices.

We are completing building our position in some of our portfolio companies, so we would not rule out changes in the investment levels during the next weeks.

In summary, we have used this recent market volatility to invest in what we believe are great investment opportunities. We have no idea whatsoever how share prices will move (some are still trading down) but we are convinced their value is, and will grow to be, at levels well above current prices and will eventually be reflected in the share price.

Divestments

Despite the recent sell off, three of our companies reached their target price

Despite the broad market sell off, we have made three divestments during the last quarter. As in the case of last quarter FedEx bid for TNT, this quarter one of our portfolio companies, MIBA received a bid, in this case a delisting tender offer launched by the controlling family.

MIBA is a niche ball bearing and friction equipment manufacturer, operating in the automotive, aerospace and railway sectors. This great business is 77% owned by the Mitterbauer family, very well managed with a distinct focus on value creation. Last July the company announced the tender for the free float at €550 per share. Although we believe MIBA has substantial long-term value creation prospects, we decided to tender our shares given the obvious post tender illiquidity risk. We have made a 25.7% return in a holding period of 5 months but we would have loved to own this business for a long time.

On the other hand, and although our strategy is to stay invested in good businesses for a long term, we remain disciplined in selling when market price reaches our appraisal of intrinsic value. We have thus sold our investments in two good quality businesses that have reached intrinsic value in shorter than expected periods, **Cegedim** (French software provider to medical sector) and **Worldline** (a large European payment processor) where we have made gains of 28% and 34% respectively during our relatively short holding period.

We have also trimmed our investment in **Samsung**, where we consider the Lee family behaviour in the Samsung C&T merger with Cheil has been against the minority shareholders interests. This has prompted us two decisions, one is selling the Preferred Shares to remain only invested in the Ordinaries alongside the Lee family. Our second decision has been to trim our investment from 4% to 3% of NAV. Although Samsung trades at abnormally low levels,

we are following closely any change in corporate structure or governance, and specifically, the family behaviour.

Current portfolio composition

High upside potential while retaining some dry powder for new opportunities

Our portfolio composition as of September 30th has changed materially since the end of June.

- Despite our 3 divestments, we have increased our number of investments from 26 to 32, as a result of 8 new investments and the impact of the Ebay spin off in two independent companies.

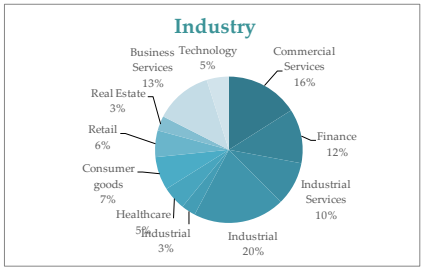
- We have also increased our investment level, reducing our cash position from 40% to 20.9%. We retain some liquidity as we continue searching for new attractive investment opportunities.

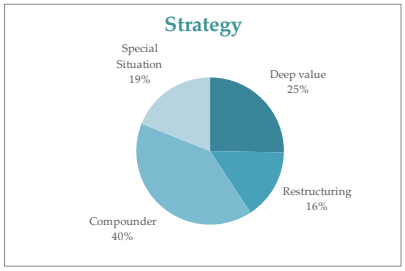
As a result of the market sell-off and our new investments, the Fund upside potential based on our appraised target values has increased from 26% at the end of June to 42.5% (including cash) with our portfolio trading at very attractive multiples.

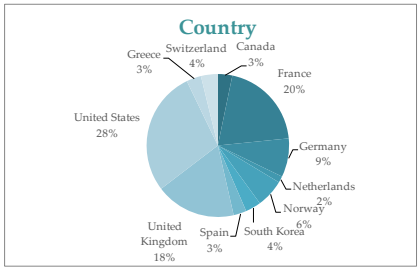
The Fund NAV at the end of the third quarter was 97.96, a quarterly loss of -6.5% and a -2.04%% since launch in early January, with a 70% average investment level of 70%. We believe this short term lacklustre performance, slightly better than market, will be compensated by the investments we have made.

The following tables include our current investments and our portfolio breakdown (see Appendix II for a detailed breakdown of investments).

Company	Country	Portfolio
Alstom SA	France	5.2%
Hornbach-Baumarkt-AG	Germany	4.6%
Ares Allergy Holdings PLC	France	4.1%
MITIE Group PLC	United Kingdom	4.1%
Bank of New York Mellon	United States	3.9%
NRJ Group SA	France	3.2%
Aryzta AG	Switzerland	3.0%
Halliburton Company	United States	2.9%
Rolls-Royce Holdings plc	United Kingdom	2.9%
Chargeurs SA	France	2.8%
Top 10		**36.8%**
Portfolio		**79.1%**
Cash		**20.9%**





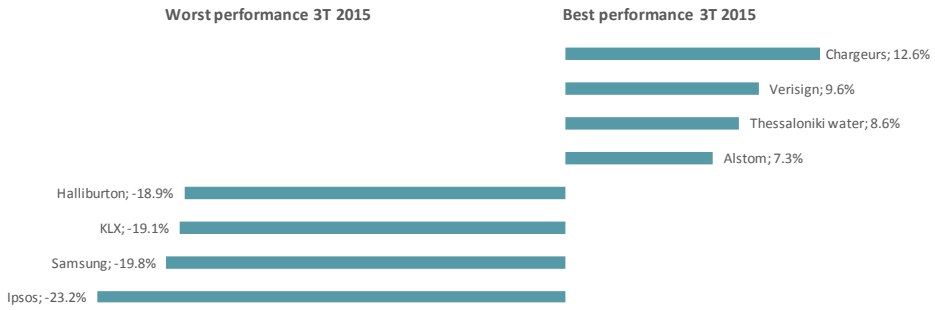


Compounder: high quality businesses with proved value creation potential throughout the cycle; Restructuring: companies involved in strategic or operating restructuring; Special situation: companies involved in a corporate transaction; Deep value: companies over penalised by market due to non.structural or external factors.

The following table summarises quarterly performance contributors. Our main performance contributors have been Chargeurs SA (+12.6% on the back of strong half year results proving strong execution of its restructuring plan) Verisign (+9.6% showing the strength of its business model) and Thessaloniki Water (+8.6%).

Our main performance detractors, KLX and Halliburton have suffered due to lower oil prices, and Ipsos after reporting anaemic organic growth, despite clear progress on the cost restructuring side.

Performance detractors | contributors (3Q 2015)



Legal changes

We have made some minor amendments in the fund documentation throughout August in order to provide further flexibility to co-investors in our Fund. We have moved to daily liquidity and have included changes in the classes of shares and their fees, always within our objective of low and aligned fees. Appendix IV includes a summary of these changes.

Appendix I: Summary investment thesis of main EQUAM investments

ALSTOM

Business summary

- Alstom has agreed to sell the majority of its energy and grid business to GE for €7.5BN, with the option to sell or IPO its remaining joint venture stakes.
- Upon completion of the transaction, Alstom core business will be railway and transportation equipment manufacturing and maintenance.

Investment thesis

- The GE transaction cash proceeds and the possibility to IPO or sell the remainder stakes at a pre agreed price, provides a hard floor to Alstom valuation.
- The rump railway business trades at an implicit valuation of 4x EBIT, compared to an average sector multiple of c 15x.
- Upon closing of the transaction (est. 2H 2015) Alstom has committed to a share buy back programme that should act as a catalyst to close the existing valuation gap.
- At current prices, we estimate an upside potential in excess of 50%, which should be materialised once the transaction closes and Alstom crystalizes the value in its remaining JVs.

HORNBACH

Business summary

- Family controlled, quasi monopolistic DIY market leader, founded in 1877 and profitable across the cycle despite having increased market share from 6 to 10%

Investment thesis

- Quasi monopolistic leader, profitable and with enhanced *earnings power* after German market has consolidated
- Conservative debt-free balance sheet and with significant hidden assets not reflected in the share price
- Deep involvement of founding family, focused on long term value creation (as opposed to short term measures) has allowed sustained book value per share growth >8% despite recessions
- Even with very conservative estimates, our appraisal of Intrinsic Value results in €50-60 per share, an upside in excess of 35% with minimal risk of capital loss

BNY MELLON

Business summary

- BNY Mellon is the worlds largest depositary bank and, after merging with Mellon in 2007, a large asset manager.

Investment thesis

- Oligopolistic business at an attractive valuation, with scope for cost restructuring and margin improvement and a net beneficiary of higher interest rates.
- BNY management is subject to huge shareholder scrutiny, led by two activist investors, to improve profitability and refocus its business
- In a scenario where ROE improvement is driven solely by operating improvements and with a minimum interest rate hike post 2015, current prices result in implied IRRs >15%.

mitie

Business summary

- Leader in UK market in facility and property management integrated services and outpatient/ home health care services.

Investment thesis

- Consistent 10 year annual growth rate of 8% (5% organic).
- Trend to outsource services to integrated providers favours market leaders such as Mitie.
- Business model with low capital intensity allows meaningful cash flow generation.
- Recent sale of non core, low margin business allows operating margin improvement above 6%
- At current prices we estimate an annual return (IRR) in the region of 13% during the next 4 years.

STALLERGENES

Business summary

- French pharmaceutical company focused on immunotherapeutic allergy treatment.
- Stallergenes approved on 29th of June its merger with Greer, US market leader in the same sector.

Investment thesis

- Niche segment with excellent growth potential and stable, concentrated competition (Stallergenes and ALK Abello control c 56% of the overall market).
- Merger with Greer accelerates penetration of US market.
- Near term, tangible growth prospects in US and Japan.
- Healthy balance sheet with €150m in net cash (2.5x EBIT).
- Trades at adj. 12.5 x PER- compared to c 17x ALK Abello.

Business summary

- Music radio leader in France, with a profitable international division in French speaking countries and a tower infrastructure business.
- Marginal TV business operating two channels, currently being refocused and restructured.

Investment thesis

- Strong balance sheet, with net cash position, active share buy back programme.
- Trades at deep discount to sum of the parts value. At current prices, the value of the radio business plus cash on balance exceeds current market capitalisation.
- Current share price attributes nil value to its tower business and discounts TV operating losses for another 4-5 years, which we believe is highly unlikely.

HALLIBURTON

Business summary

- Halliburton provides integrated services for oil and gas exploration and production.
- Announced in November 2014 the $34.6B acquisition of its competitor Baker Hughes, with closing expected in 2H 2015.

Investment thesis

- Healthy long term outlook for oil services segment despite near term oil price drops.
- Combination with Baker Hughes improves service offering and generate significant synergies (est. USD2BN p.a.).
- Trades at cycle-low multiples (EV/EBIT 9x vs. historic average 12x).

ARYZTA
Passion for good food

Business summary

- Leader in manufacturing and distribution of frozen bakery products, with an est. market share of 13%
- Improved cash generation potential after refocusing its core business, integrating several acquisitions, and executing a restructuring programme

Investment thesis

- Dominant position in a stable market, profitable and with strong cash generation capacity.
- Share price has suffered a significant drop due to temporary has allowed us to invest in a high quality business at a very attractive entry price (9% FCF yield).

Rolls-Royce

Business summary

- Leading manufacturers of widebody civil and military airplane engines, operating in duopoly with GE.
- Three additional divisions: transportation, maritime and energy systems.

Investment thesis

- High barriers to entry due to regulation and R&D requirements.
- Current sector cycle (large new orders and replacement of new fleets) act as a near term drag as RR sells new systems at low margin to secure lucrative long term maintenance contracts spanning the working life of the engines (>25 years). Despite current drag, the business model remains strong and long term outlook improves.
- Change in management team with focus on improving ROCE and refocusing business supported by activist investor (ValueAct) taking significant stake.

CHARGEURS

Business summary

- French Industrial holding undergoing operational restructuring.
- Operates in three business areas: Protective Film, Interlining and Industrial Wool.

Investment thesis

- Tangible restructuring plan already in execution, with strong balance sheet.
- Net cash position and Protective Film value alone are well above current market cap.
- Interlinings and Industrial Wool divisions are in advanced stages of operational restructuring, with profitable and refocused businesses.
- Scope to create value via Composite division and through sale or distribution of Interlinings and Industrial Wool.
- Large and growing cash on balance allows share buy back.

Appendix II: Portfolio breakdown

Company		Country	Industry	Strategy	Weight	Price	Upside *
Alstom SA	EUR	France	Industrial	Special Situation	5.2%	27.6	41%
Hornbach-Baumarkt-AG	EUR	Germany	Retail	Compounder	4.6%	33.5	49%
Ares Allergy Holdings PLC	EUR	France	Healthcare	Special Situation	4.1%	44.0	57%
MITIE Group PLC	GBP	United Kingdom	Business Services	Compounder	4.1%	3.1	28%
Bank of New York Mellon Corporation	USD	United States	Finance	Restructuring	3.9%	39.1	53%
NRJ Group SA	EUR	France	Commercial Services	Deep value	3.2%	8.4	48%
Aryzta AG	CHF	Switzerland	Consumer goods	Deep value	3.0%	41.3	93%
Halliburton Company	USD	United States	Industrial Services	Special Situation	2.9%	35.3	70%
Rolls-Royce Holdings plc	GBP	United Kingdom	Industrial	Compounder	2.9%	6.8	77%
Chargeurs SA	EUR	France	Industrial	Deep value	2.8%	7.4	39%
Samsung Electronics Co., Ltd. GDR RegS	USD	South Korea	Consumer goods	Deep value	2.8%	472.5	88%
Orkla ASA	NOK	Norway	Industrial	Special Situation	2.7%	63.1	19%
Meggitt PLC	GBP	United Kingdom	Industrial	Compounder	2.5%	4.8	48%
IBM Corp	USD	United States	Business Services	Deep value	2.4%	144.9	59%
TGS-NOPEC Geophysical Company ASA	NOK	Norway	Industrial Services	Compounder	2.3%	157.3	114%
Deutsche Pfandbriefbank AG	EUR	Germany	Finance	Restructuring	2.3%	10.4	63%
Crown Holdings, Inc.	USD	United States	Industrial	Compounder	2.3%	45.8	48%
KLX Inc	USD	United States	Industrial Services	Deep value	2.3%	35.7	87%
Indra Sistemas, S.A. Class A	EUR	Spain	Technology	Restructuring	2.3%	9.3	94%
Discovery Communications, Inc. Class A	USD	United States	Commercial Services	Compounder	2.2%	26.0	92%
VeriSign, Inc.	USD	United States	Commercial Services	Compounder	2.1%	70.6	14%
Admiral Group plc	GBP	United Kingdom	Finance	Compounder	2.1%	15.0	31%
Serco Group plc	GBP	United Kingdom	Business Services	Restructuring	2.0%	1.0	93%
Brookfield Asset Management Inc. Class A	USD	Canada	Real Estate	Compounder	1.9%	31.5	70%
Oracle Corporation	USD	United States	Technology	Compounder	1.6%	36.1	66%
METKA S.A.	EUR	Greece	Business Services	Deep value	1.5%	7.4	105%
PayPal Holdings Inc	USD	United States	Commercial Services	Compounder	1.5%	31.0	50%
Thessaloniki Water & Sewerage Co. SA	EUR	Greece	Commercial Services	Deep value	1.2%	2.9	86%
eBay Inc.	USD	United States	Commercial Services	Compounder	1.2%	24.4	37%
ING Groep NV Cert. of Shs	EUR	Netherlands	Finance	Restructuring	1.2%	12.7	30%
National Express Group PLC	GBP	United Kingdom	Commercial Services	Deep value	0.8%	2.8	20%
Brookfield Asset Management Inc. Class A	CAD	Canada	Real Estate	Compounder	0.6%	42.0	65%
Ipsos SA	EUR	France	Commercial Services	Restructuring	0.6%	17.6	134%
Top 10					**36.8%**		**54%**
Portfolio					**79.1%**		**60%**
Cash					**20.9%**		

** Price in local currency.*
***Target price, calculated as per EQUAM independent appraisal, may vary significantly from consensus estimates.*
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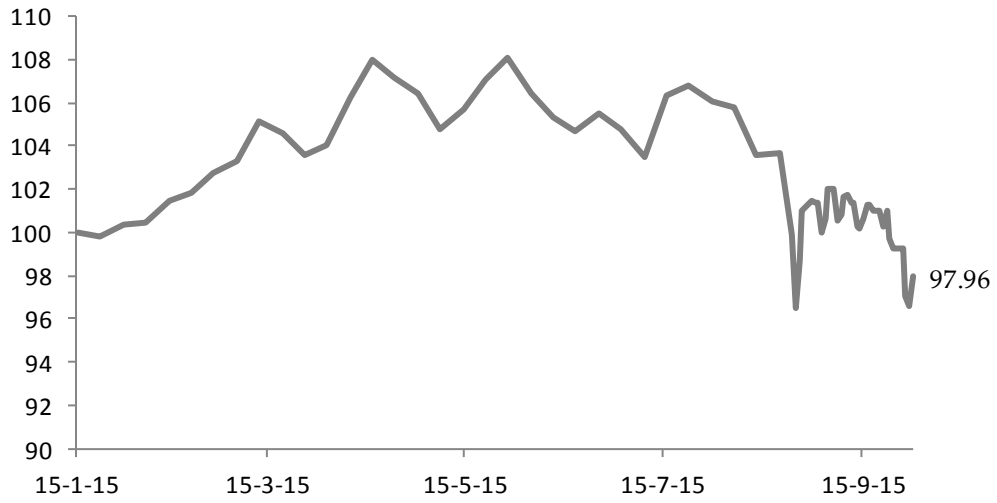
Appendix III. NAV evolution



Returns

	Q1 *	Q2	Q3	Q4	YTD
2015	4.06%	0.73%	-6.50%	- -	-2.04%

** Q1 from January 15th*

Appendix IV. Fund legal and administrative changes

NAV calculation

NAV calculation has been changed from weekly do daily basis.

Daily NAV facilitates subscription and withdrawal and provides full flexibility.

EQUAM Global Value will now become eligible to investment from any SICAV and many mutual funds. For specific jurisdictions, please contact us.

Reduction in fee structure for Class A shares

We have reduced the success fee in Class A shares from 10% to 8%. This would result in a fee structure for Class A consisting of 1.00% of AuM and 8% of positive returns (with high water mark)

New share classes

New C Class shares

Similar to the existing A Class, addressed to investors who prefer a fixed fee only.
Minimum investment: €5,000.
Fee: 1.50% of AUM per annum.

New D Class shares

Addressed to investments above €1 million.
Minimum investment: €1,000,000.
Fee: 1.25% of AUM per annum.

Prior to subscription of C and D Class shares or those investors wishing to transfer from Class A, please contact EQUAM Capital.

Incometric Fund - Equam Global Value

Bloomberg (Class A)	EQUAMVA LX	Registered in Spain	CNMV number 587	Fund Advisor	Equam Capital
ISIN Class A	LU0933684101	Fees Class A	1% NAV and 8% profit	Management Company	ADEPA (Lux)
ISIN Class C	LU1274584488	Fees Class C	1.50% NAV	Custodian	KBL (Lux)
ISIN Class D	LU1274584991	Fees Class D	1.25% NAV (min 1 MEUR)	Transfer Agent	European Fund Admin.

EQUAM Capital EAFI, SL
Serrano 78 3º, 28006, Madrid
www.equamcapital.com

EQUAM Global Value Fund
Fourth quarter 2015 report
Getting used to volatility.

The fourth quarter of 2015 was marked by significant market volatility that reversed most of the gains accumulated over the first half of the year.

We took advantage of market sell offs to increase our investments in solid companies within our portfolio at lower prices, and we initiated an investment in a new company.

The fund closed the year flat, with around 28% in liquidity to take advantage of the opportunities that this increasingly volatile market will surely offer.

Incometric EQUAM Global Value Fund ("EQUAM" or "the Fund") is a mutual fund managed with a value investing methodology.

Our objective is to compound our capital through long-term investment in companies with solid businesses that we can acquire at a discount to their Intrinsic Value, and with identifiable value creation catalysts. We also seek to protect our capital investing only in situations where 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.

Our fund is mostly invested in European mid sized companies (€500-5,000m market cap). As the Fund has an unconstrained mandate, we may invest in attractive opportunities in smaller or larger companies and occasionally, we may invest outside Europe in situations where we have a tangible edge.

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

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

The normalization of volatility

The new normal

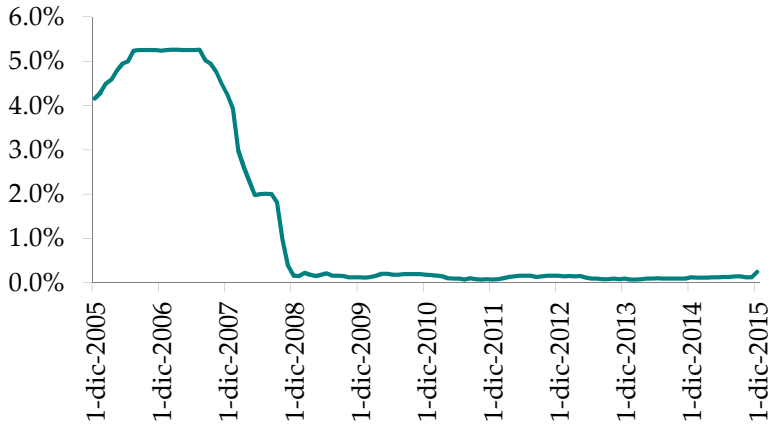
The last quarter of the year has been affected by the first rate increase of the last decade in the USA and by the deterioration of the economic situation in China and other emerging markets, which have lead to a considerable increase in market volatility.

This volatility, which returned this summer after years of apparent stability, has turned to be the new market normal during the quarter, with significant price swings in September and December. Most markets ended the year almost flat (Eurostoxx +2.5%, S&P500 +0.2%), or at a loss (IBEX-6%, FTSE -5%), but with huge volatility within the year.

New US interest rate and Chinese cycles

Most of the attention was captured by the FED, after the uncertainty generated by the delay in the first rate increase in September and its final announcement in December. If this initial rate hike is the beginning of the normalization of interest rates and the end of a decade of exceedingly low rates, we believe that the valuation of many asset classes will be materially affected.

Fed Funds Effective Rate 2005-2015



We expect the credit market to be especially affected by the interest rate cycle reversion. In addition to the imbalances caused by the Central Banks interest rates and credit volumes manipulation, we see weaknesses in liquidity and market structure in some fixed income segments, like High Yield, as seen in the rather disorderly liquidation of funds during the last quarter.

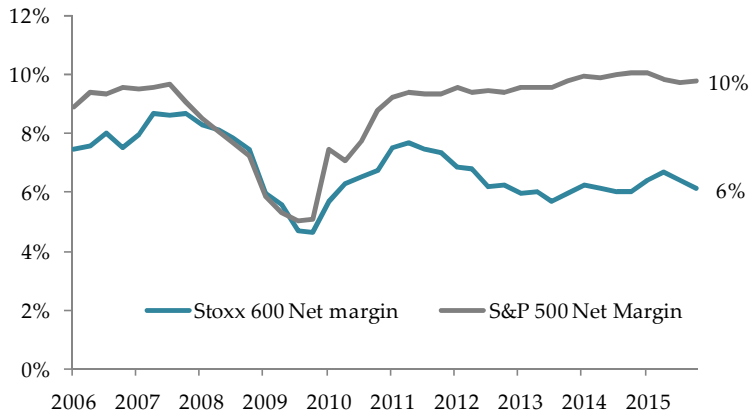
The deterioration of the situation in China is also increasing the uncertainty about the future, creating greater market volatility. Over the last decade, China's growth model has

been driven by capital expenditure and investment, resulting in significant overcapacity and imbalances in several sectors that have to be corrected. While this adjustment is taking place, we believe that the world's economic and financial situation will be quite unstable.

Europe recovery: weak, but a recovery nonetheless.

This negative environment is somewhat different from the situation in Europe, where the ECB maintains an expansive monetary policy and many economic indicators keep improving, albeit from a low base, at levels similar to the US in 2011. Despite the problems that Europe has faced (the Grexit referendum took place only six months ago), European companies seem to be operating in a more benign environment with a timid recovery of consumption and credit that could lead to a recovery in profits.

Europe and US margin comparison



Caution and focus on fundamentals

We believe that the best way to grow our capital over the long run is to invest in companies with a sound business model which we can understand, a strong capital structure and therefore relatively protected from higher interest rates, and that have been acquired at an attractive price.

We are at present concentrating our investment efforts in European Midsized companies (€500-5,000m market cap), where we believe we can find better opportunities at this stage, and where we have the ability to access and diligence companies and management teams and gain a better understanding of their businesses and ecosystem.

A longer investment horizon than the ever shrinking market average should also provide an additional edge, as many investment opportunities are today unpopular and overlooked by consensus but have a significant upside potential, independently from many of the macro uncertainties prevailing. Time favors good business and crushes the mediocre.

With this in mind, and despite strong market noises and distractions, we have doubled our effort to analyze good companies. We finished the fourth quarter with 72% of our assets invested in equities, slightly below from the previous quarter due to subscriptions from new investors. We retain our process and discipline, investing liquidity only when we find new good opportunities.

The fund has a strong liquidity position (28%), and we have completed the analysis of several new good companies. If volatility continues in 2016, as we expect, we may have the opportunity to keep investing in sound companies at attractive prices.

Portfolio update

During the last quarter of 2015 we increased our holdings in several companies that made good progress in their restructuring processes and in others that have posted weaker results but whose fundamentals remain intact. We have also initiated an investment in a new company. On the negative side, one of our largest investments, Stallergenes, has suffered an operating problem and we are reviewing the potential impact on the intrinsic value of the company.

We have added to our investment in Chargeurs SA, which continues executing its restructuring plan and whose new controlling shareholder (invested above our entry price), continues driving value-creating initiatives. We have also added to our position in Indra SA and Serco Plc, where one off provisions and near term uncertainties mask progress made in their restructuring programs.

Benefiting from market over reactions

We have also added in some of our portfolio companies that have posted weak temporary results but with strong fundamentals. Rolls Royce and Meggit have presented, for different reasons, quarterly results below consensus expectations, prompting a steep share price fall. In both cases, our investment theses discount a transition period towards a strong cash generation profile, which is not altered by temporary near term results. Soft quarterly earnings, coupled with lower near term visibility have driven price weakness, an opportunity that we have used to add to our original investment.

During this quarter, two of our highest quality holdings, Mitie Plc and Hornabach Baumarkt, suffered another example of market over reaction. Both filed quarterly results, for temporary reasons, below consensus expectations. In both cases, market reaction included an

immediate double digit share price drop. Being purely temporary reasons, we used the opportunity to increase our investment at prices that we believe, 3 or 4 years from now, would prove to be extremely attractive. Experience proves the intrinsic value of businesses fluctuates relatively little and certainly a lot less than what share price swings would seem to indicate.

Our investment in Stallergenes one of our largest positions, is in a different situation. Stallergenes has suffered ERP implementation issues, leading to a temporary shut down of its main production plant in Europe. The company share price has fallen materially, becoming a significant detractor to the fund performance. We are in contact with the company management and calibrating the impact of this incident in the business intrinsic value.

Berendsen: extraordinary quality at a good price

On the positive side, we have added a new company to our portfolio, Berendsen Plc., a European leader in outsourcing of industrial laundry services for hotels, hospitals and workwear. The company operates in a sector with strong growth potential, driven by its target client base cost cutting and outsourcing requirements, with network and scale benefits. With these strong features, we expect Berendsen to continue growing and reinvesting excess cash at attractive returns, compounding its value over the cycle. Our entry price implies a 7% free cash flow yield, which we believe is attractive for a business of this quality and a robust balance sheet, which should allow Berendsen to weather almost any scenario.

New investments have been partially funded with our existing liquidity position, part of which we are maintaining to preserve flexibility for new opportunities, and partially by rotating part of our capital invested in BNY Mellon and Samsung. Our investment in BNY has performed well and we have decided to reduce part of our holding. In the case on Samsung, as we anticipated in our previous report, we are pending completion of the share buy back programme, aimed at strengthening the family control of the company.

We believe our new investments are a better allocation of our capital given their greater potential and more visible catalysts to create value.

We are also in advanced stage of analysis and management meetings with several companies, which we may add to our portfolio during the following weeks. Our intention is to focus gradually our efforts at this stage in European based companies, where we see excellent investment opportunities and where we can undertake a deeper due diligence and

gain better understanding of the ecosystem. We may retain part of our portfolio in non-European companies where we have a clear edge based on experience or asset knowledge.

Portfolio summary

The composition of our portfolio by year end has changed from the last quarter.

- After our investment in Berendsen, we retain 33 portfolio companies, slightly above our preferred portfolio size. This is the result of our investment strategy, the spin offs in some of our portfolio positions and the gradual reinvestment of our more marginal positions

- Although we have increased our absolute investment level, our liquidity position has increased to 28% of NAV (from 20.9% previously) as a result of new inflows in the fund. We preserve a good liquidity position, which we expect to be able to deploy in attractive investment opportunities.

Strong upside potential, and liquidity to react swiftly to new opportunities

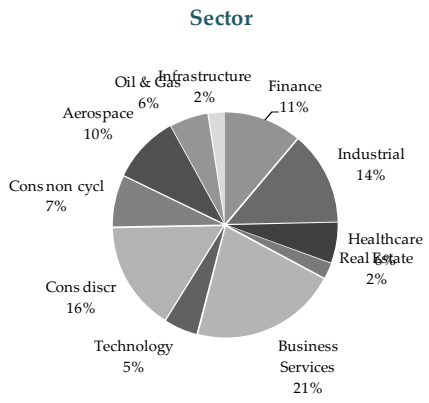
- Based on our appraisal of intrinsic value, we estimate an upside of 46% for the fund (63% for the invested portfolio), after increasing our position investment in some of our holdings and the recent market correction.

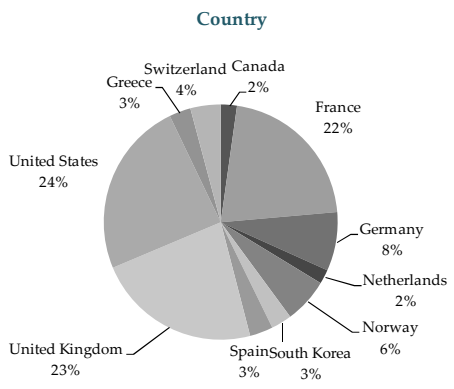
The Funds NAV closes at 99.42, +1% in the quarter and flat since its launch in January 2015, with an average investment level of c 70% during the year. A large part of the fund return this year has been driven by the investment of its initial portfolio throughout H1 2015, in a much stronger (and expensive) market

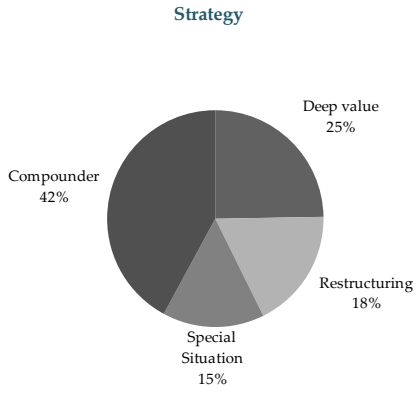
We believe this near term result, in line with market, should be more than compensated with the investments we have made. Our strategy and investments can only be assessed after 3-5 years, which is our target investment horizon.

The tables below include the portfolio main investments and a summary portfolio analysis. A more detailed breakdown of our portfolio can be found in Appendix II.

Company	Weight
Alstom SA	4.3%
Stallergenes Greer	4.3%
MITIE Group PLC	3.9%
Hornbach-Baumarkt-AG	3.5%
Chargeurs SA	3.3%
NRJ Group SA	3.0%
Aryzta AG	3.0%
Meggitt PLC	2.8%
Rolls-Royce Holdings plc	2.6%
Deutsche Pfandbriefbank AG	2.5%
Total Top 10	**33.3%**
Total Equities	**72.7%**
Cash positions	**27.3%**





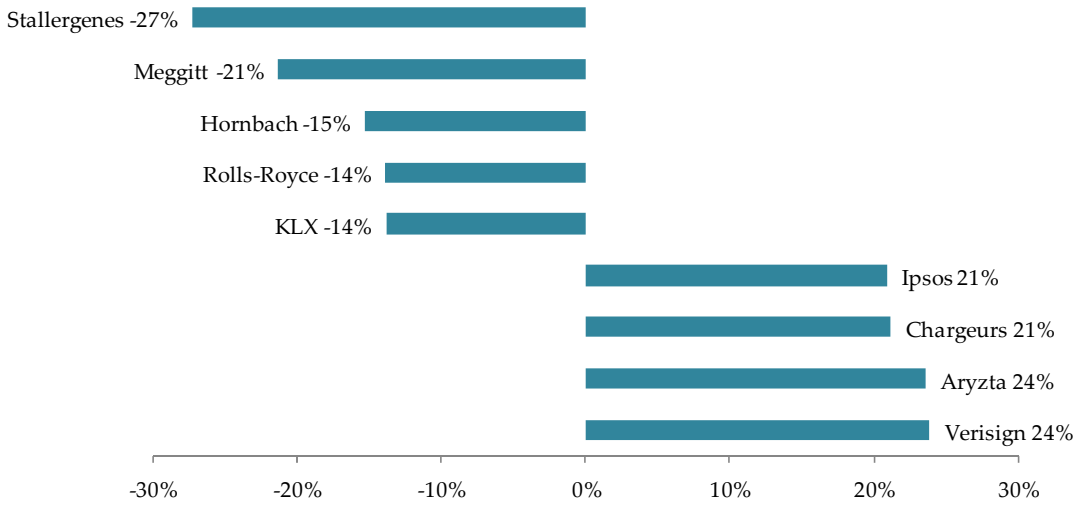


Compounder: high quality companies with proven value creation potential through the cycle. Restructuring: companies undergoing operational restructuring; Special situation: companies involved or likely to be involved in corporate transactions; Deep value: companiespenalized by market due to temporary or external factors.

The chart below includes the Fund performance contributors and detractors during the quarter. Main contributors are Verisign (+24% driven by a very solid business model), Chargeurs SA (+21% on the back of continued delivery of its restructuring plan), Aryzta (24%, which we acquired during the quarter) and Ipsos, which reversed part of last quarter loses.

Performance detractors were, in addition to Stallergenes, Rolls Royce, Hornbach and Meggitt (we have increased our position in all three) and KLX driven by low oil prices.

Performance detractors | contributors (Q4 2015)



Legal changes

The fund has activated a Class D share, aimed at institutional investors and family offices, with a minimum amount of €1m and a fixed fee of 1.25%.

Appendix I: Portfolio main positions

Company	Sector	Country	Weight	Value Base Case	Upside
Alstom SA	Industrial	France	4,6%	Undervaluation core business post sale of energy division to GE - SOPV play	21%
Stallergenes Greer	Healthcare	France	4,4%	Normalisation post Greer merger, moderate growth in US market	U/R
MITIE Group PLC	Business Services	United Kingdom	4,0%	Undervalued compounder in fragmented market	22%
Hornbach-Baumarkt-AG	Retail	Germany	3,5%	Resilient compounder in repaired market	76%
Chargeurs SA	Industrial	France	3,5%	Restructuring on track, new divisions to highlight SOPV	15%
NRJ Group SA	Commercial Services	France	3,0%	Deep SOPV undervaluation	26%
Aryzta AG	Consumer goods	Switzerland	3,0%	Undervalued oligopolistic leader post acquisition of Picard	56%
Meggitt PLC	Industrial	United Kingdom	3,2%	Undervalued compounder in low cycle	87%
Rolls-Royce Holdings plc	Industrial	United Kingdom	3,3%	Cyclical headwinds and restructuring obscure cash flow potential	107%
Deutsche Pfandbriefbank AG	Finance	Germany	2,8%	Recapitalised, disciplined business trading at deep discount.	52%
Orkla ASA	Industrial	Norway	2,5%	Unwinding of holding into pure play consumer leader	7%
Serco Group plc	Business Services	United Kingdom	2,7%	Refocused contractor in restructuring, recently recapitalised	107%
Indra Sistemas, S.A. Class A	Technology	Spain	2,7%	Restructuring defence and IT contractor	105%
Admiral Group plc	Finance	United Kingdom	2,5%	Undervalued leading UK insurance company.	18%
VeriSign, Inc.	Commercial Services	United States	2,5%	Monopolistic registry of internet .com and .net addresses	25%
Total top 15			43%		54%
Total portfolio			**73%**		**62%**
Liquidity			27%		
Total fund			**100%**		**44%**

** Local currency.*
***Intrinsic value estimate based on EQUAM Global Value own research and may vary from consensus.*
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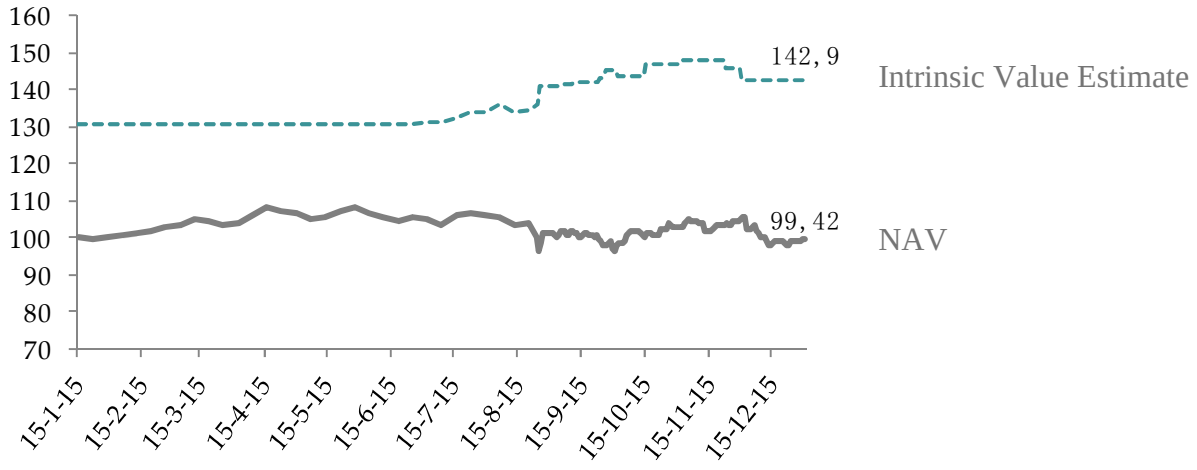
We are available to discuss with our investors each of the fund positions and their investment thesis in detail.

Appendix II. NAV evolution



Returns

	EQUAM	MSCI Europe
1 Month	-5.5%	-3.85%
3 Months	1.5%	4.85%
6 Months	-5.3%	-2.88%
Since Inception*	-0.5%	2.99%

** January 15, 2015*

Incometric Fund - Equam Global Value

Bloomberg (Clase A)	EQUAMVA LX	Traspasable	SI, Nº CNMV: 587	Asesor del fondo	Equam Capital
ISIN Clase A	LU0933684101	Fees Class A	1% patrim y 8% beneficio	Sociedad Gestora	ADEPA (Lux)
ISIN Clase C	LU1274584488	Fees Class C	1,50% s/ patrim.	Depositario	KBL (Lux)
ISIN Clase D	LU1274584991	Fees Class D	1,25% s/ patrim. (min 1 MEUR)	Registro de accionistas	European Fund Admin.

EQUAM Capital EAFI, SL
Serrano 78 3º, 28006, Madrid
www.equamcapital.com