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.

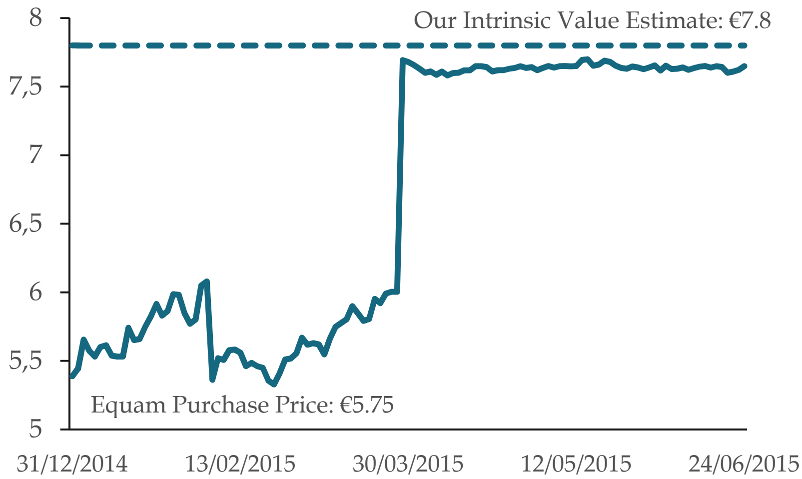
First divestment

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.

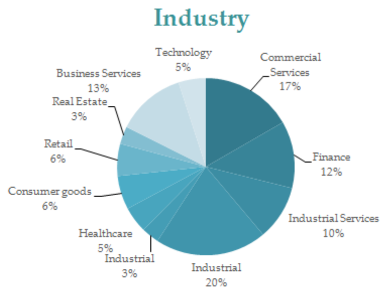
Portfolio companies	26
Average Free Cash Flow yield	7.8%
Average EV/EBIT	8.7x
Average Price to Book	2.2x
Average PER	11.8x
Average ND / EBIT	0.5x

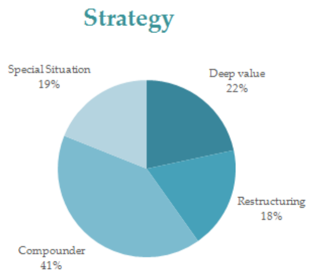
EQUAM

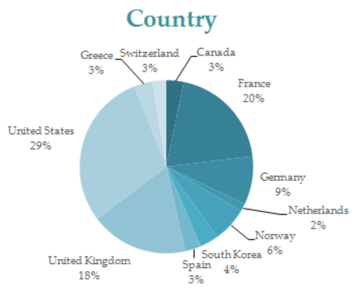
The fund has gained +0.7% during the second quarter and 4.8% since January, with an average investment level of 45%, consistent with the portfolio build up process. (See Appendix III).

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%**	





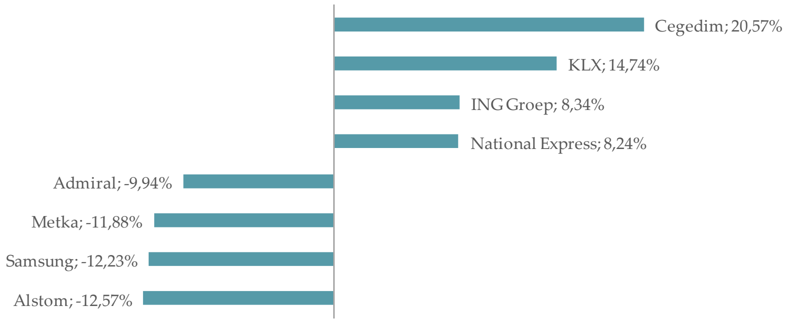


Compounder: high quality businesses with proved value creation potential throughout the cycle; Restructuring: companies involved in strategic or operating restructuring; Special situation: companies involved in a corporate transaction; Deep value: companies over penalised by market due to non.structural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

SAMSUNG ELECTRONICS

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.

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 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

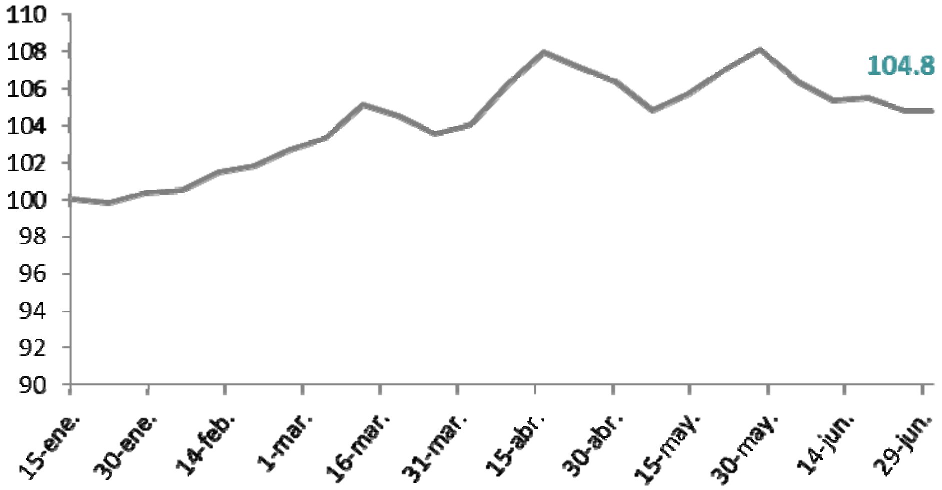
- At current prices, the consumer goods segment is trading at discount to fair value. BCG business is delivering strong results and improving margins.
- We expect share price to converge towards Intrinsic Value as the company completes its restructuration by YE 2016 or 2017.
- Dividends paid by BCG will 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

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