



EQUAM Global Value Fund

First Quarter 2017

Healthy portfolio turnover to maintain its potential.

In the first quarter of the year we have made seven new investments and we have sold out three companies, which we consider a healthy portfolio turnover that allows us to maintain the fund's upside potential.

The fund's NAV has increased by 5.9% in the first three months, very much in line with the rest of the market. Our assets under management have grown by 45%, and some of these inflows have arrived just at the end of the quarter, raising our liquidity to 10% of the fund. We expect to invest this cash as we find good opportunities.

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

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

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

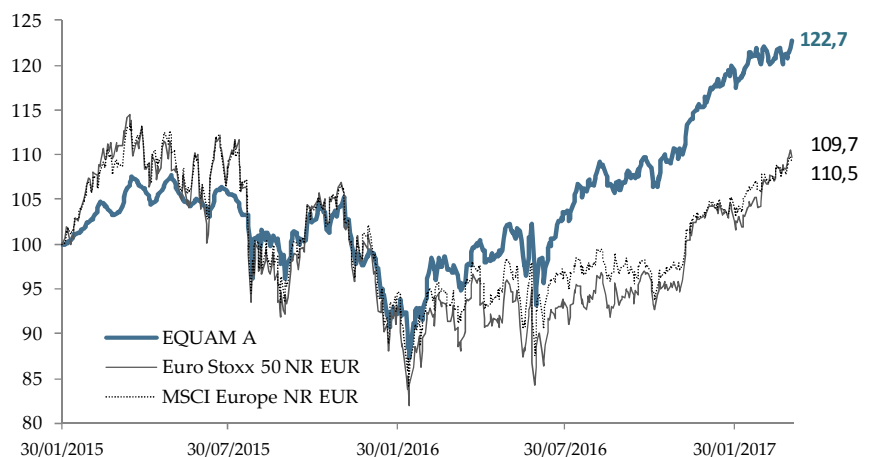
EQUAM Global Value is a UCITS IV vehicle and can be invested into throughout most leading financial intermediaries using AllFunds, Inversis, Fundsettle and other platforms.

A healthy portfolio rotation

After the good performance of the fund in 2016, we have been rotating part of the portfolio during this first quarter in what we consider is a very healthy exercise of selling three companies that reached our target and replacing them with seven new investments.

The performance of the fund in the first quarter has been in line with the market, up 5.9% vs 6% increase in the main European indices. Since inception in January 2015 EQUAM has returned 22.7%, comfortably beating the European indices (including dividend reinvestment).

EQUAM vs European indices*
(base 100)



* Net Return indices assume the reinvestment of dividends after withholding tax.

We remain focused on the generation of investment ideas

To find attractive investments it is necessary to stay alert and to analyze many potential investments, to choose just the best ones. At EQUAM we devote a lot of time and effort to this idea generation process, which we think is a key element of our investment method.

Some investors have developed their investment process based on the analysis of data bases and they prefer not to talk with management teams, since managers have a tendency to overstate the company's merits and hide its risks potentially creating misleading situations.

We think differently. We believe that having open discussions with managers is key for several reasons:

Direct contact with companies and their management teams is a key element of our investment process.

- Talking to management teams is a very useful tool for screening the market for opportunities, since it puts some distance from purely statistic methods that are readily available for all investors and that fail to identify those opportunities that are only apparently expensive due to the impact of extraordinary losses or to temporary depressed profits.
- These conversations help us to achieve a better understanding of the business and the industry in which companies operate, and thus complement information obtained from public sources.
- We also gain a good insight on the culture of the company and on how management thinks about certain issues which we deem very important in the value creation process of companies.

For all these reasons we devote a large part of our time to interviewing management teams of potential and current investments. Just as a sample, during the last quarter we have held more than 60 meetings and 25 calls with companies that have helped us identify some good investments or at least, good businesses that we have included in our watchlist to wait for a fall in share prices that allows us to buy them at attractive valuations. We have maintained at least one contact with practically all of the companies in which we have invested.

Playing the capital cycle to our favor

A good understanding of the capital cycle of the companies in which we invest is key to achieving good investment results.

Another of the key elements of our investment process is the good understanding of the capital cycle of the industries in which our companies operate. We need to understand the dynamics of the demand and returns cycle derived from the market process. When an industry is generating good returns on investment, other players want to participate and those which are already present invest to expand their existing operation. Sooner or later, these new investments lead to excess capacity in the industry and returns begin to fall, leading in some cases to a depression of the industry and a complete freeze in new investments. The market then expels the least efficient players resulting in a recovery of returns for the remaining players. This market process repeats itself in most industries, and having a good understanding of it can generate good investment results.

Rieter is in a depressed phase of its cycle and is deploying restructuring measures that will lead to a solid recovery of profitability when the cycle turns.

One of our new investments this quarter, the Swiss company Rieter Holdings AG is a good example of how we try to play the cycle to our favour. Rieter is the world leader in the manufacturing of high end spinning machines for the textile industry, with a 30% market share globally. The company has a machinery assembly business, which is very cyclical, and a component and after sales business which is more stable and profitable.

The consumption of yarn is expected to continue growing due to population growth and higher GDP, so there is a constant need to replace old machines and even increase production capacity. However, investments made by textile entrepreneurs is never done in a orderly way, but rather in cycles like the one described above.

After some years of strong investments in capacity by yarn producers in 2010 and 2011, there have been four consecutive years of underinvestment by the industry. This lack of investment has led to a sharp fall in the

profitability of the machine division of Rieter, whose EBIT has fallen from 41mCHF in 2014 to 4 mCHF in 2016. The company has launched several restructuring programs that should generate savings of around 30m CHF and is investing in R&D to improve the revenues from its components business and reinforcing its sales force to increase revenues from after sales services. All these initiatives together with the recovery of the capex cycle of its customers should lead to a sound improvement of margins in the coming years. Rieter has a net cash position equivalent to around 20% of its market cap and has a very strong and experienced group of shareholders that are supporting the company's projects on the Board. We have invested at a 7.1% FCF yield on current unadjusted figures, so we believe there is a 70% upside potential to our target valuation.

The current market cap of Cementir does not reflect the value of its assets.

Our analysis of the capital cycle is also relevant for another of our investments this quarter: Cementir, an Italian company which produces cement in several European (Denmark, Norway, Belgium and Italy) and emerging markets (Turkey, Egypt and Malaysia). The market is very local due to the high transport costs of cement relative to its value, and this local nature relatively insulates the different markets. However, during the years of the investment bubble a decade ago there was a substantial overinvestment in cement production capacity in several countries which led to a profound crisis of the industry.

The overcapacity problem has been greater in certain countries than in others where investments were more reasonable. In the case of Cementir, its Danish factory is very profitable since it operates a monopoly in the country and the Turkish market is large and growing, despite political issues. In other countries, mainly in Italy, the overcapacity problem is worse. On the other hand, Cementir is the world leader in the production of white cement, a high quality product with a more limited

production capacity. Cementir's solid balance sheet, with a very low leverage that is not common for the industry, has allowed it to make two interesting acquisitions: i) It has acquired from Heidelberg its business in Belgium. Heidelberg was forced to sell these Belgian assets after its acquisition of Italcementi; and ii) it has acquired a competitor in Italy for 125M€, helping to consolidate the sector in that country and contributing to its restructuring.

We have bought Cementir at 7x ebitda, therefore assuming no value for the Italian business (since it generates no ebitda) which we believe is worth at least 200M€, or 25% of market cap. We also think that the situation in Turkey should gradually improve and that its presence in other emerging markets will add some growth to the company. Finally, the company's main shareholder, the Caltagirone family, has been managing the business with a long term perspective for many years.

We have also made an investment in Sesa, Italy's leading wholesaler and distributor of value added IT products and software. Sesa holds a 43% share in its market, which is growing, has significant barriers to entry, (since it is necessary to establish agreements with large international IT companies), and provides good returns on investment and generates a high level of cash flows. Despite all these good characteristics, the company is trading at a very attractive valuation (7x Ev/Ebit and 9.5% FCFy). The founders of the company are still managing it and are its main shareholders.

Sesa has a strong competitive position in a growing and profitable market.

Our remaining investments in the last quarter are

- **Nice**, an Italian manufacturer of motors for blinds, shutters and doors.
- **Mutares**, a German private equity that invests in operating restructuring situations.
- **Carlsberg**, a Danish brewer undergoing a

restructuring and with a potential to improve due to its presence in the depressed Russian market.

- **Arcus**, a norwegian company that produces and distributes wines and spirits to the nordic monopoly retailers.

Divestments

We compare new potential investments with those of the portfolio to select only the best ones.

In the first quarter we have sold three of our investments. Since we have now reached the number of investments that we believe is optimal for our portfolio, when we find new opportunities we compare them with our current investments to select those that have a better balance of our checklist and present a greater upside potential.

For this reason we have sold the following companies:

- Thessaloniki Water, a water utility in the city of Thessalonika, which, despite being cheap, was too small and had very limited liquidity.
- Vetropack, a Swiss producer of glass packaging which had almost reached our target price. At the same time, an aggressive competitor has made investments in the company's area of influence, and was threatening the equilibrium in the market. Vetropack has also announced that it gave up its efforts on its tempered glass project.
- Applus, which still had some upside potential to our intrinsic value calculation, but had more leverage than we like for our portfolio companies.

In all three cases, even without reaching our target price, we have achieved returns of 23% (Thessaloniki) 33% (Vetropack) and 46% (Applus).

Our level of liquidity has increased temporarily due to recent subscriptions to the fund.

Portfolio and fund evolution.

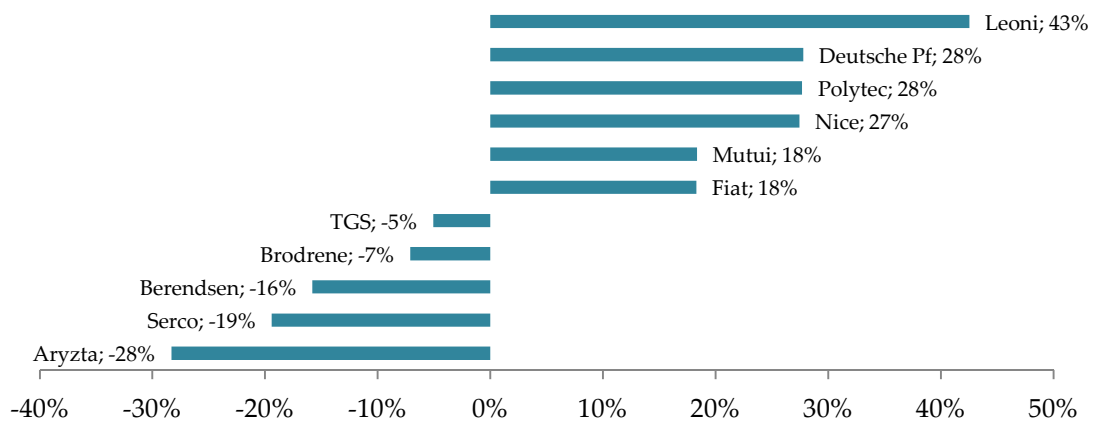
After our seven new investments and three divestitures we have 46 companies in the portfolio.

The weighted average upside potential of the portfolio, using as a reference our own internal target prices is 45%. Our constant search for new investment opportunities allows us to maintain a good upside potential after the good returns achieved last year.

In the first quarter of 2017 we have received new subscriptions representing 45% of the assets, due to the investment of new investors and the increase in investments of existing investors. Despite having invested most of that cash, at the end of the quarter there is still a remainder to be invested, increasing the cash balance versus the end of 2016 from 5% to 10% of NAV. We will invest this cash as we find good opportunities.

Best and worst performers

The following chart shows the companies that have fared better and worse. We have compared the closing prices of the first quarter with the closing prices of the previous quarter, except for new investments, where we have used initial buying price.



In our last report we mentioned the strong performance of **TGS Nopec** and **Serco**. This quarter, these two investments have precisely been some of the worst performers of our portfolio, while we believe that there is nothing new to our investment case. In both cases we have taken advantage of the lower prices to buy more shares. We believe that it is crucial to keep a long term view to take advantage of short term volatility in the markets.

During this quarter most of our companies have released their 2016 full year results, and most of them have reported good profits and a positive outlook. In this respect, it is only remarkable to highlight the negative results reported by **Berendsen**, which, after its profit warning at the end of last year, has now confirmed that it will have to make extraordinary investments in its UK laundries over the next two years, which had not been anticipated by the market. Despite this situation, which has been received very negatively by the market, we believe that we are investing in a high quality company which has a strong competitive position, so we increased our investment when the shares plunged in March.

It is also worth highlighting the organizational and strategic changes that are taking place in another of our investments, the Swiss producer of frozen bakeries **Aryzta**. The company has a good and stable business which generates a lot of cash, but that has ran into problems due to some misguided corporate decisions, excessive investments and too much leverage. Last year the Board appointed a new Chairman with a strong reputation for good management and in a few months the company has announced several decisions that, in our opinion, are the correct way forward. The company has fired the CEO and CFO and is reviewing its alternatives for its minority investment in Picard Surgelés (a good business that is too leveraged and is unrelated to Aryzta's core business). We believe that should Aryzta be able to

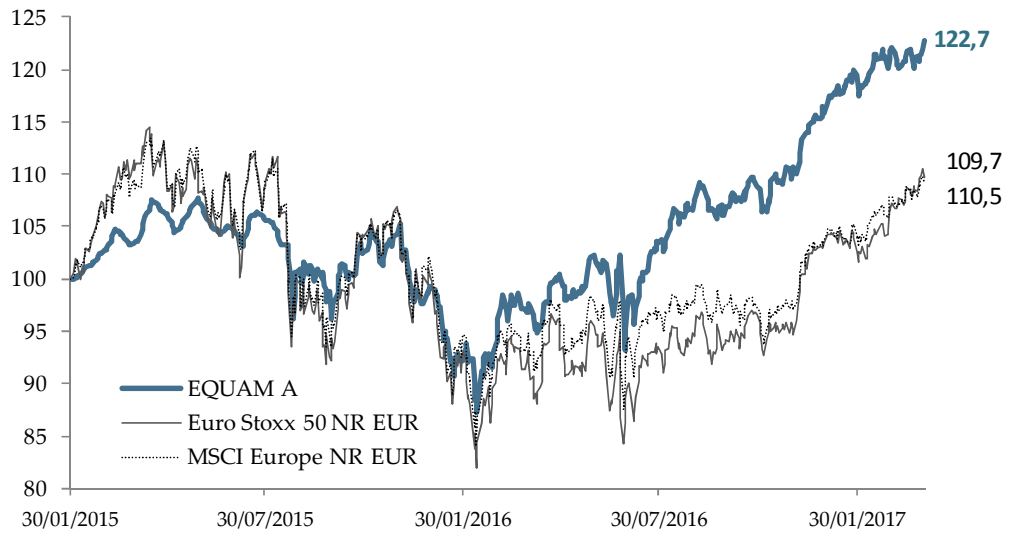
sell this asset at a reasonable valuation, it would very much improve its high leverage situation and would allow management to concentrate on the restructuring of its core business. Although it will be a lengthy process and not exempt of difficulties, we believe that the restructuring process of the company can create a lot of value.

Appendix I: EQUAM's Portfolio.

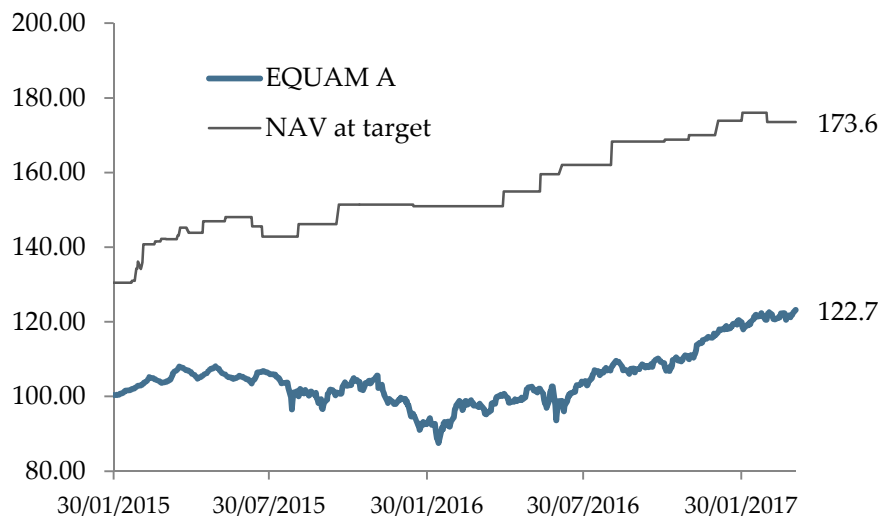
Company	Country	Weight	Value Base Case	Upside
Hunter Douglas	Netherlands	4.4%	Dominant leader in oligopolistic market.	33%
Deutsche Pfandbrief	Germany	2.9%	Recapitalized bank trading at deep discount to BV	46%
Meggitt	UK	2.8%	Undervalued compounder in low cycle	58%
ITE Group	UK	2.8%	Deeply undervalued event management company	42%
Hornbach-Baumarkt	Germany	2.8%	Resilient compounder in repaired market	71%
Serco Group	UK	2.7%	Refocused contractor in restructuring.	71%
Stallergenes Greer	France	2.7%	Market leader in an oligopoly market	60%
Bollore	France	2.6%	Complex well managed holding company	76%
ING	Netherlands	2.6%	Restructured commercial bank	16%
MITIE	UK	2.5%	Undervalued compounder in fragmented market	76%
SeSa S.p.A.	Italy	2.5%	IT Value Added software wholesaler	45%
TGS-NOPEC	Norway	2.5%	Countercyclical niche oil services player	85%
Berendsen plc	UK	2.4%	Leading position in a growing market	91%
Rieter Holding	Switzerland	2.2%	Swiss manufacturer. Cheap, net cash, restructuring.	47%
Aryzta	Switzerland	2.2%	Undervalued oligopolistic leader.	148%
Total top 20		51%		
Total portfolio		90%		45%
Liquidity		10%		
Total fund		100%		41%

Appendix II: Performance and return potential.

EQUAM return versus indices from inception



EQUAM 'A' and fund value at target prices.¹



¹ The increase in our target value estimate is the result of replacing mature investments with new opportunities with greater upside. We have not made any material change in the target value of our investments.

	EQUAM	MSCI Europe NR	Eurostoxx 50 NR
1 month	1.5%	3.3%	5.6%
3 months	5.9%	6.0%	6.8%
YTD	5.9%	6.0%	6.8%
1 year	26.0%	16.9%	20.1%
Since inception *	22.7%	9.7%	10.5%

* Excludes the first 15 days during which the fund was not invested.

Indices are Net Return in Euro, which assume reinvestment of dividends after withholding tax.

Bloomberg (Clase A)	EQUAMVA LX	Traspasable	SI, N° 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.

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