EQUAM Global Value Fund
Quarterly report September 2017
Margin of Safety

The length of the current economic cycle is leading many investors to adopt strategies which a priori seem more defensive as they are less volatile. We reiterate our commitment to what we believe is the most appropriate strategy for the different potential scenarios: to maintain a portfolio of good businesses which are trading at a discount to their intrinsic value.

In this sense, the rotation of the portfolio in the last quarter, selling those companies that have reached our target price and buying new ones that trade at a significant discount to their real value, has allowed us to increase the portfolio's margin of safety.

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.

EQUAM

The Recovery Continues

Despite the length of the current cycle, we reiterate our commitment with the disciplined and constant search of good businesses throughout Europe

During the third quarter the recovery in Europe has continued to gain pace. Although in Europe we had a significant correction between August 2015 and February 2016, in the US the markets accumulate a sustained increase since the last crisis and the economic situation continues to improve.

Many investors are worried about the length of the current recovery cycle and are trying to protect themselves from potential future market corrections by investing in assets that a priori seem less risky due to their lower volatility. Their search for low risk assets gets further complicated by the extraordinary monetary policy of Central Banks which are artificially holding low interest rate levels.

We reiterate our conviction that it is impossible to systematically predict when the next economic recession or bear market will come and that maintaining savings in cash or fixed income assets is much riskier than it appears at first sight.

We believe the best way to protect your capital is to maintain a diversified portfolio of low leveraged companies that are well managed, operate in oligopolistic markets and that are trading at a discount to their intrinsic value. Such a portfolio will most probably also fall when the market drops, but it will have a better behavior and outperform the market in the long run.

In previous reports we have commented about our investment process, the filters we use for selecting investments and the portfolio diversification strategy. We would now like to highlight the importance of the margin of safety concept, the difference between the quoting price and the intrinsic value.

Margin of Safety

There are no completely secure assets in the financial markets. The value of any investment is dependent on future developments, which are obviously non predictable. No matter how much some private bankers, academics or regulators insist, everything is contingent, there are not such riskless assets.

In order to reduce risk in this uncertain environment, we have developed an investment process that discards all those situations that we believe increase the risk of a permanent loss: very competitive sectors, leveraged companies or those companies managed by non-aligned management teams.

But we are also very disciplined regarding valuation, only buying assets with a sufficient **margin of safety**: we only add companies to our portfolio that are trading at least at a 30% discount to their intrinsic value, independently calculated by us. In addition, when prices of our investments reach their intrinsic value, these must be divested. Executing this buying and selling process with courage, patience and discipline is the cornerstone of our investment method.

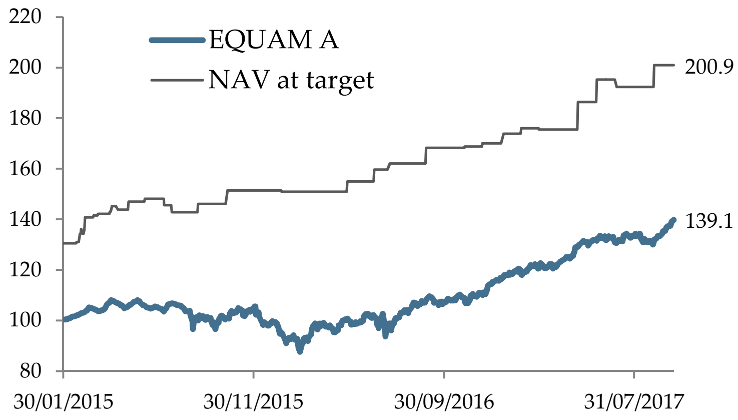
The purchase requires **courage**, as a 30% discount in good businesses that are well managed and have reasonable leverage is mainly possible in situations where either investors are selling because of panic or in neglected companies. Both situations require, not only a careful and detailed analysis, but also conviction and courage to act differently to the investment community.

The process also requires **patience**, as our analysis is based on a long term view of investments. We need time for our investment thesis to be realized and reflected in the stock price.

Finally, selling requires **discipline**. If, after buying at a 30% discount, the share price reaches our intrinsic value, that means we have a 43% gain and that we have succeeded in our investment. It is human nature to want to keep what is doing well, so we need to be disciplined to counter that feeling and to divest and recycle that capital into new investments with a sufficient margin of safety. The following table presents the divestments done by EQUAM since inception, showing our discipline and commitment with this investment process.

			Return			
Divest. date	Company	Months	*initial*	*Avge. cost*	*IRR*	Reason to sell
24/04/2015	TNT Express	3	38%	33%	273%	Takeover
20/07/2015	Cegedim	6	33%	28%	169%	Target reached
20/08/2015	Miba	6	33%	26%	100%	Takeover
09/09/2015	Worldline	8	36%	13%	38%	Target reached
19/04/2016	Energy Assets	3	39%	39%	525%	Takeover
04/05/2016	National Express	16	20%	11%	14%	Quick profit
04/05/2016	Alstom	15	-9%	-6%	n.m.	Failed arbitrage
21/06/2016	Orkla	17	38%	22%	20%	Target reached
07/10/2016	Tecnicas Reunidas	7	37%	29%	68%	Target reached
07/12/2016	Metka	21	-21%	-11%	-7%	Bad governance
29/12/2016	Abertis	11	7%	11%	14%	Target reached / better upside
04/01/2017	Chargeurs	21	108%	102%	75%	Target reached
10/01/2017	Naturhouse	12	42%	42%	61%	Target reached
24/01/2017	Applus	12	45%	41%	46%	Target reached
30/01/2017	Vetropac	13	33%	32%	33%	Target reached
28/02/2017	Thessaloniki water	24	22%	30%	16%	Target reached
02/05/2017	Polytec	6	89%	89%	270%	Target reached
02/05/2017	Navigator	10	53%	49%	69%	Target reached
24/05/2017	Berendsen	18	1%	17%	24%	Takeover
30/06/2017	Acerinox	18	62%	50%	54%	Target reached
30/06/2017	Coface	10	74%	66%	95%	Target reached
30/06/2017	ING Groep	30	30%	32%	26%	Target reached
19/07/2017	Mutuionline	15	84%	76%	76%	Target reached
22/08/2017	Sports Direct	13	41%	40%	62%	Change in strategy
21/09/2017	Norma Group	10	48%	43%	64%	Target reached
28/09/2017	La Doria	10	75%	75%	87%	Target reached

In order to monitor our margin of safety we periodically calculate the fund's consolidated intrinsic value and we compare it with the fund's NAV. The following graph shows the evolution of both magnitudes since inception:



The increasing evolution of the target value is explained by the substitution process of investments which are reaching the target price with other companies that are trading at a larger discount. Only in very few circumstances have we increased the target price of the investments in our portfolio.

The increase or decrease of the fund's target value is also explained by the percentage of liquidity held, which has fluctuated between 1 and 10% depending on our capacity to find new investment opportunities. Obviously, the higher the percentage of liquidity held, the lower the fund's revaluation potential.

We strongly believe that our commitment with this investment process, which allows us to maintain a constant margin of safety despite the revaluation of the fund, is key to obtaining attractive returns in the long run.

And it is this idea, that the highest the margin of safety the highest the potential return, which is so difficult to understand for many investors, who continue to believe that markets are efficient and that you can only gain more assuming more risk. We believe the opposite is true: the cheapest you buy the more you can win and the more difficult it is to suffer a capital loss.

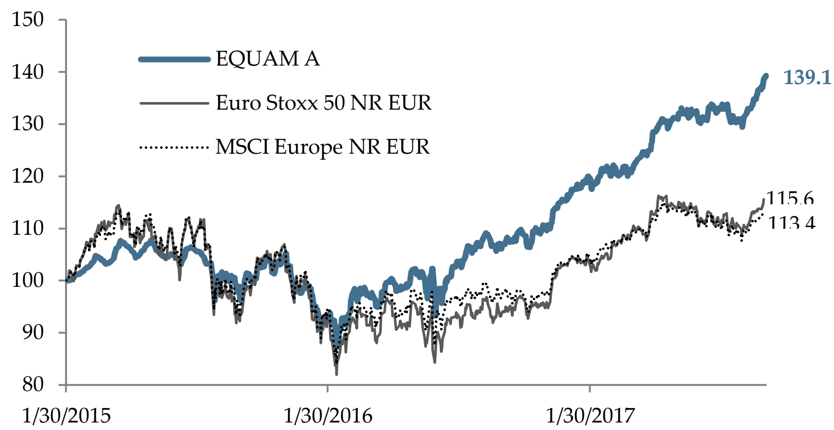
EQUAM's performance since inception (almost three years) is starting to show the coherence of such an investment methodology.

During the third quarter the fund has achieved a 6% return, again well above the market performance

We still believe that the evolution of a fund must be tracked in longer periods of 3 to 5 years, which include bull and bear periods. Since inception in January 2015, EQUAM has achieved a +39.2% increase, beating the European indices (with dividends) by more than 25 percentage points.

In the first 9 months of the year, EQUAM has had a 20% increase, doubling the performance of the MSCI index including dividends. During the third quarter, the performance has also been better than the market (6% versus 3,9%).

EQUAM versus European indices*
(base 100)



** Net Return indices in Euro, assumes dividends reinvestment net of tax retention.*

New investments and divestments

During the third quarter we have maintained our active searching activity and have made four new investments. Two of them, the Dutch companies Royal Vopak and Intertrust, were on our radar for some time and we have finally decided to invest once they have reached an attractive valuation following a fall in their price last the Summer.

Royal Vopak is a 400 year old Dutch company, focused on the management and logistic of hydrocarbons. It operates 67 terminals in 25 different countries with a total storage capacity of 34.7 Mm3 and new projects of 3.2 Mm3 through direct investments and joint ventures with local partners. The company operates long term contracts with the world largest oil companies allowing to maintain occupancy rates above 90% and visible and stable cash flows. In addition, the company actively manages its portfolio, selling those terminals that are operating in mature markets with low growth potential but where there is strong interest from infrastructure funds which are willing to pay high valuations (UK and Japan) and reinvesting the proceeds in greenfield projects in emerging markets. We had followed the company for some time but the price never allowed us to buy with our minimum margin of safety. However, in the 1H results released in Summer Vopak announced a fall in its occupancy ratio at the Dutch terminals, the negative impact from the US$ devaluation and the cost increase derived from growth projects, with a combined negative impact of 10% in EBITDA versus the previous year. The share price fell by 17% from 42€ to 35€ and the shares started trading at 7.5% current free cash flow yield. Including the growth projects and the 25€m cost reduction program the 2019 FCFy reached 9.3%.

Another of our investments this period, **Intertrust**, is engaged in the incorporation and management of special purpose vehicles and legal structures in offshore jurisdictions for private equity and asset managers and for family offices. This is a very recurring business, since once a new vehicle is incorporated it is necessary to comply with the different accounting, taxes and corporate obligations on a recurrent manner. The average annual revenue per vehicle stands at around 27,000€ in Holland and 30,000€ in Luxembourg and the increasing regulatory requirements create an increasing demand of these type of services.

Intertrust first half results were poor due to a combination of factors: they had new competition in one of the jurisdictions where they operate and a reduction in the number of new vehicles in Holland (partially due to Brexit). Shares have fallen from 18€ to 14€, reaching a 11.5% FCF yield. Despite the company having a high leverage (4x Net debt/EBITDA, mainly due to a recent acquisition), we believe that the business recurrence and high ROCE makes this investment very attractive at our purchase price.

We have also bought shares in the holding company **Wilm Wilhelmensen**, which has investments in several businesses related to maritime transport. Since the appointment of Thomas Wilhelmensen as CEO, the group has reorganized its activities in what we believe is the correct direction. The holding is trading at a significant discount of more than 50%, which is excessive even considering the weak situation of the maritime transport.

The holding's major position is the company Wallenius Wilhelmensen Logistics, dedicated to the transport and logistics of vehicles and heavy machinery (roll in-roll out or "ro-ro"). The ro-ro sector is not as competitive as other maritime transport sectors as the different players operate in a more rational way, and they have even been accused of anticompetitive practices. The sector is depressed due to overcapacity and to lower demand from mining and agriculture machinery (high & heavy), which is the most profitable part of its business. We believe that the recovery of the high & heavy segment together with a rationalization of supply will allow the sector to improve its profitability.

The holding has also investments in port services, where it has recently announced its intention to buy the American company Drew, which may allow large synergies to be achieved. Other investments include Hyundai Glovis, also operating in the car transport segment, Qube and Norsea (with similar business to Vopak but concentrated in the Nord Sea). In summary we believe the holding represents a very interesting investment opportunity due to the depressed situation of the industries where it is invested and the 50% discount at which it is trading.

Divestitures

During the quarter we have divested from Mutuionline, Sports Direct, Norma and La Doria. Except in the case of Sports Direct, the rest of our investments had reached their target price.

In the case of **Sports Direct**, we had experienced a 40% increase from our purchase price but had not reached the target price. However, the company, devoted to the retail sale of sports goods with a low cost strategy, had recently announced a change in strategy to focus on the premium segment. Although we have no doubts about the management capabilities of the company's CEO Mike Ashley, we do think that a change in strategy adds an additional risk to the investment which we were not ready to assume, especially following the important revaluation of the shares and the competitive environment in the sector.

Due to the high quality of its business, **Norma** is the company which we found more difficult to sell. Our 56€ target price represented a 10x 2018E EBITDA and 12x EBIT, which we believe are demanding valuations. That is the reason why we have decided to sell the stock despite the strong market position of the company and the potential future upside coming from a recovery in the heavy machinery segment. In any case, we maintain the company in our watch list waiting for the market to provide us with a new entry opportunity.

We have also decided to sell **Mutuionline**, that despite the problems with Google in its price comparison business had had a very good market performance and **La Doria**, which had some additional potential upside but had a too low weight in the portfolio.

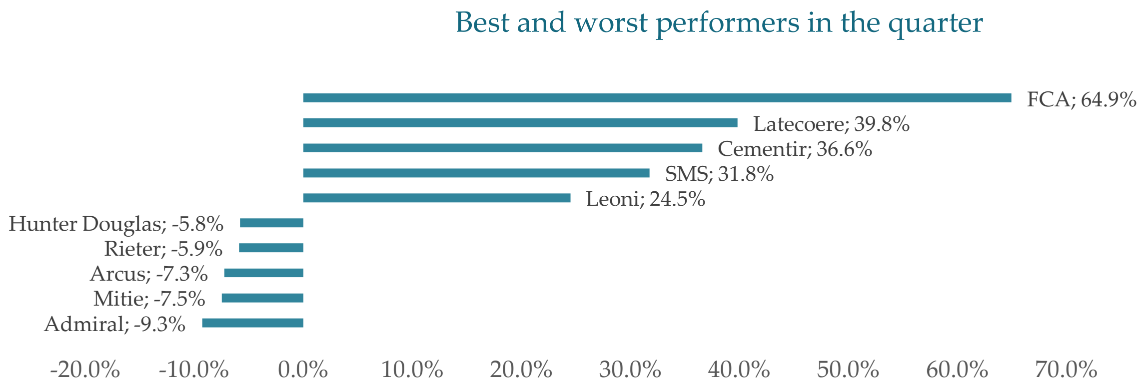
Performance and portfolio breakdown.

Our portfolio maintains a healthy 50% upside potential.

Following the new investments and divestitures, we maintain the number of investments at 48 and our cash position at 3% of NAV.

The portfolio's upside potential, considering our target prices is at around 44%. Our constant search for new investments to replace the most mature ones allows us to maintain a healthy upside potential.

The following chart shows the performance of the best and worst companies in the portfolio during the quarter (or since our initial investment in the case of new investments):



The good performance of **Fiat (FCA)** is due to the good operating performance of the business that led management to confirm it expected the full accomplishment of its strategic plan. Fiat also announced the spin-off of its component business Magnetti Marelli and there were rumors in the market of potential corporate transactions with the company which also helped the company's outperformance.

Latecoere has announced several new contracts in the last few quarters that had not been anticipated by the market and the company, which was trading at very low multiples, has experienced a relevant rerating. Also in this case, there is a strong possibility of a corporate transaction given the very fragmented situation of its market and the fact that this company has two financial investors as main shareholders.

Regarding the performance of the companies in our portfolio, apart from FCA and Latecoere which we have already commented, we would like to highlight the following:

- **Aryzta**, has published its annual results where it has explained some of its production problems (mainly in the US where the staffing agency they were using had employed people without working permits) and has announced valuation adjustments in several of its business units. The results, as expected, have not been good, with a drop in volumes both in Europe and the US in part as a consequence of the mentioned problems. We however believe that the good performance of prices (with a 2% increase in all its markets) and the new strategy put in place by the new management team will allow the company to recover its historical profitability levels, allowing us to benefit from a significant turnaround.

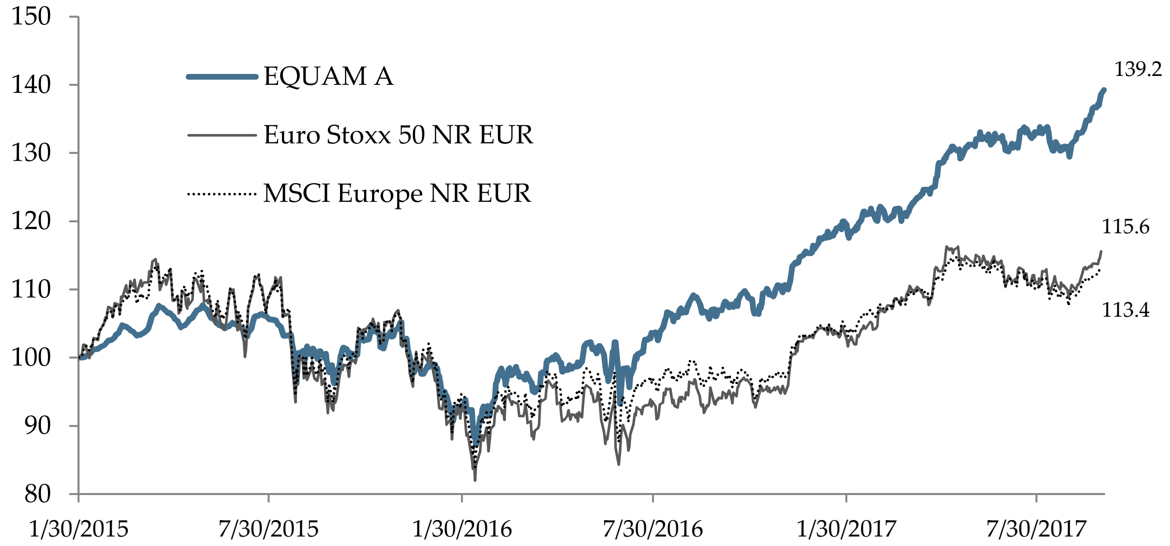
- **Cementir** has received an offer for its Italian business for a total consideration of 315€ million. We had a valuation for this business of around 200m€ and given that this business was not delivering any EBITDA (as a consequence of the strong overcapacity in Italy) the market was valuing it at zero. Consequently this offer is 50% above our internal valuation and allows us to be very confident about the potential upside of this investment (partly already reflected in the stock price following the announcement of the Italian transaction). We would like to highlight that Cementir was trading at 7,2x EV/EBITDA versus an average in the sector of 10x at the time of our investment.

Appendix I: EQUAM portfolio.

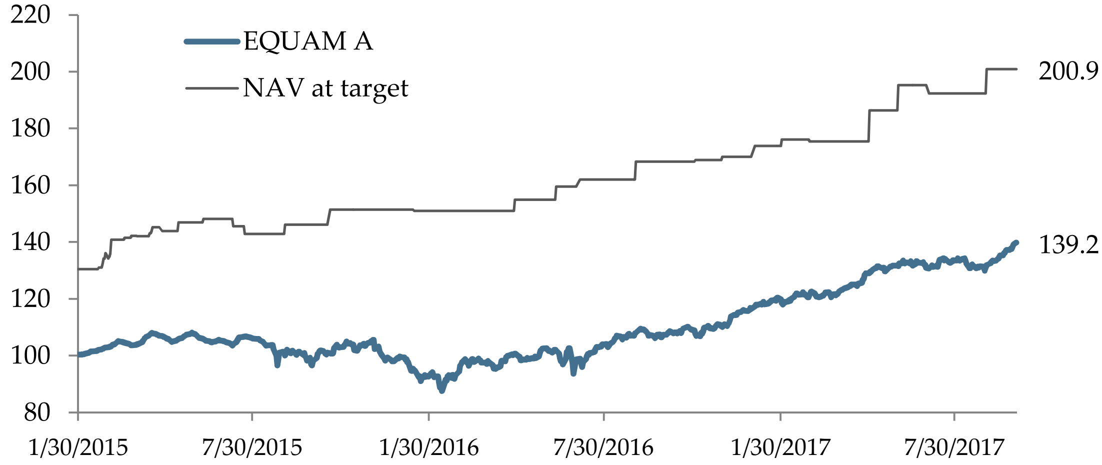
Company	Country	Weight	Value Base Case	Upside
Latecoere	France	3.5%	Recovery of cash flow generation through maturity of current programs	37%
Hunter Douglas	Netherlands	3.4%	Dominant leader in oligopolistic market.	45%
Piaggio	Italy	3.2%	Recovery of the European replacement cycle of bikes	43%
TGS-NOPEC	Norway	3.2%	Countercyclical niche oil services player	78%
SeSa S.p.A.	Italy	3.1%	IT Value Added software italian leading provider at a discount	49%
DFS Furniture	UK	3.0%	Leading British manufacturer of furniture.	95%
Brunel	Netherlands	3.0%	Depressed staffing company with presence in Oil & Gas	49%
Cementir	Italy	3.0%	Cement producer with a monopoly in Denmark	49%
Stallergenes	France	2.7%	Market leader in an oligopoly market	19%
ITE Group	UK	2.7%	Deeply undervalued event management company	27%
Aryzta	Switzerland	2.6%	Undervalued oligopolistic leader.	168%
Meggitt	UK	2.5%	Undervalued compounder in low cycle	35%
Bollore	France	2.4%	Complex holding company, well managed at a discount	51%
Pfandbriefbank	Germany	2.4%	Recapitalized bank trading at deep discount to BV	34%
Euronav	Belgium	2.3%	Depressed VLCC tanker company	48%
Total top 15		**43%**		
Total portfolio		**97%**		
Liquidity		**3%**		
Total fund		**100%**		**44%**

Appendix II: Performance and NAV of EQUAM at target prices.

Performance of EQUAM vs indices since inception.



Performance of EQUAM 'A' and NAV at target prices[1]



[1] The increase of NAV at target prices is the result of the replacement of mature investments that had reached their target price with new investments that have greater upside potential. There have been no material upgrades to our target prices during the quarter.

Performance vs indices

	EQUAM A	MSCI Europe NR	Euro STOXX 50 NR
1 mes	5.9%	3.9%	5.2%
3 meses	6.8%	2.7%	4.7%
YTD	20.1%	9.6%	11.7%
1 año	30.1%	16.3%	22.8%
Desde inicio*	39.1%	13.4%	15.6%

**Excludes the first 15 days of the fund during which it held cash positions.*
Net return indices assume the reinvestment of dividends net of withholding tax.

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

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

Fund Advisor	Equam Capital
Management Company	ADEPA (Lux)
Custodian	KBL (Lux)

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