EQUAM Global Value Fund

Third Quarter 2019

Valuation divergences in the markets.

Following the high market volatility in recent quarters we are finding notable valuation divergences between quoted companies. The US market is trading at a 20% higher multiple than Europe and there are companies in the same industries trading at quite different multiples. These valuation divergences offer exceptional opportunities for the patient investor who can overlook the noise created by the media and political uncertainty.

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.

Last September 12 we held our first annual investors meeting. It was a good opportunity to review how we have executed our investment process for almost five years. The meeting recording is available on our youtube channel for those who could not attend.

In the meeting we highlighted that our portfolio has a high potential upside, it is well diversified and that our companies are resilient and well positioned to endure macroeconomic headwinds that might occur. The robustness of the portfolio is the result of a consistent execution of our investment process, with a strong focus on minimizing risk:

- The financial leverage of our portfolio companies is very low. 30% of our holdings have net cash and 92% have net debt/EBITDA ratio that is below 3x.

- 85% of our holdings have a reference shareholder, something we think reduces the risk of management teams making bad decisions for shareholders.

- Almost 60% of our holdings are companies operating in oligopolistic market structures or have captive customers and recurring revenues, which make their businesses resilient to downturns. The remaining 40% of our portfolio is invested in companies involved in a restructuring process or in cyclical businesses currently on a depressed phase. We think that in this type of situations the returns are uncorrelated with the macro situation. A good example of this is our investment in Euronav as we will explain later.

- Our portfolio is trading at a very attractive valuation, a FCF yield of around 8.5%. This valuation is based on LTM numbers and does not consider any potential improvement or growth. We think that our companies will in fact improve their free cash flow in the coming years, so we think the valuation of our portfolio is very attractive.

We think that investors should not concentrate on the noise created by the media nor focus on the short term volatility of the market. Nobody can predict market drops or their subsequent recovery on a consistent manner, so it is better to focus on building a resilient and diversified portfolio with a potential for good returns in any possible scenario.

Our bottom up strategy could be particularly interesting on the current context in which, after many years of ups and downs and low returns in Europe, we are finding high divergences in valuations between countries or even between companies in the same industry.

In this regard, the S&P 500 is trading at a P/E of 19x , which is 20% higher that the Eurostoxx 600, and 75% higher than the Ibex 35 which currently trades at a P/E of 10,7x. Although it is true that the US economy is more flexible and stronger than the European, we believe the difference in valuation is disproportionate.

In companies within the same industry in Europe we find valuation gaps that are difficult to justify. For example, Sesa, one of our largest holdings, that has been growing at 10% rate for several years, has no debt and holds a 40% market share in the Italian value added software distribution market, is trading at 6x EV/EBITDA while its peer Reply is trading at 12x. Mondadori, the largest Italian book publisher, is trading at 5x EV/EBITDA while the British peer Pearson is trading at more than 10x. Another example could be SOL, an industrial gases company which is trading at 6x half of Air Liquide's 12x multiple.

There are no compelling reasons to explain these differences in valuation and we are convinced that this valuation gap will disappear. We do not know when this will happen, so it is important to be patient and act with discipline.

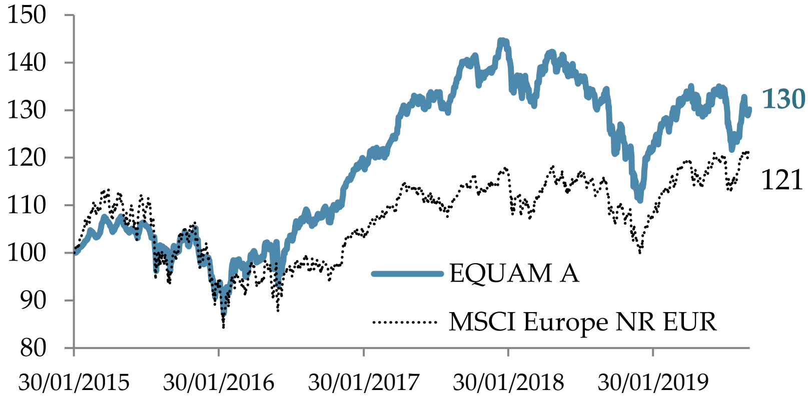
Fund evolution.

As we reviewed in our annual meeting, markets have experienced high volatility during the last five years, with a 25% drop in the European Index between April 2015 and February 2016, and another 15% drawdown in the second half of last year. News about Brexit and the trade war, and fears about a new recession coming, have been constant. In addition to that, the ECB has reached a level of extreme interventionism, lowering interest rates below zero and printing 2tn euros to finance European governments.

In this negative environment for investors, the European index has delivered a 4.3% annualized return, which equates to a 21% total return. This return, despite being positive, is lower than the long term average for equities. We would like to highlight than in the long term, provided that investors do not overpay, equities should deliver attractive positive returns, higher than those of fixed income. In shorter periods, returns could be negative, but in the long term the patient investor will get better returns in equities than in other assets classes.

Our fund has beaten the European index return by a wide margin. We have obtained a 6% annualized return compared with the 4,3% of the index. Furthermore, we have achieved this return with a diversified portfolio consisting of stable companies with strong balance sheets. We aim to get better returns, but we think the results we have achieved are satisfactory considering the current low interest rates level.

EQUAM versus european indices
(base 100)



** Net Return índices asume reinvestment of dividends after withholding tax.*

New investments

The recent drop in Pulp prices has offered a good opportunity to invest in Navigator.

During the third quarter we have invested again in **Navigator**, the Portuguese pulp & paper producer. We had already invested in Navigator in 2016 and we sold our shares in 2017 with a 45% gain. We have now built a new position taking advantage of the drop in the share price because we think that at current levels there is an attractive margin of safety.

In 2019 pulp prices have dropped from 900€ to 750€ per ton, affecting Navigator share price. Although paper price has been more stable, Navigator cost advantage has been eroded, as the company produces internally its pulp needs. Thanks to this vertical integration and to the size of Navigator's production lines, the company has the lowest cost in the industry and achieves the highest margins. Nevertheless, when pulp prices go down, competitors that are not integrated and have to buy the pulp in the market, improve their relative position and can reduce paper prices and negatively impact Navigator's margins.

We think that the fall in pulp prices is temporary, caused by an inventory buildup and that the growing demand of pulp in China will absorb excess inventories in some quarters. In such a scenario, Navigator would regain its cost advantage versus the rest of the industry.

On top of the cyclical recovery, Navigator will benefit from its 350m euros investment on tissue paper in the last few years. This market segment offers good growth prospects and the company has become the third largest producer in the Iberian Peninsula. Currently at breakeven, this new market is an opportunity to improve results in the coming years, once the investments mature.

Sol, an industrial gases Italian company, operates in an industry with low cyclicality, high barriers of entry and good returns on capital.

We have also invested in the Italian industrial gases company **Sol Spa**. Half of Sol revenues come from the technical gases segment, where they have a stable business with high barriers to entry and long-term contracts with their clients. Revenues in the industrial gas division do not grow significantly, but the business generates very recurrent cash flows. The remaining half of the business is Vivisol, which manages oxygen devices for patients with respiratory problems that require home care. Vivisol has become one of the leading players in the European market, which has good growth prospects and allows the company to obtain good returns on investment.

Even though Sol has two solid businesses, with good cash flow generation, barriers to entry and a solid balance sheet, the company is currently trading at 6x EV/EBITDA, which is half the multiple of its peers and of recent comparable M&A transactions.

Divestitures.

We have sold the Norwegian insurance company Protector…

The most relevant divestiture of this quarter was Protector Forsikring, the Norwegian insurer which we had started buying in July 2018. Despite having made a 15% return, we think that this investment could be considered as a mistake. Protector is growing at a very high rate and it has a low cost ratio, so we thought that the company was clearly undervalued, trading below 1.5x book value. Nevertheless, when we were already invested and after contrasting our view with experts in the insurance industry, we concluded that the high growth could be achieved at the expense of lowering risk standards. The consequences of taking additional risks are not obvious in the short term and can take some years to emerge, impacting the long term performance of the business. The tightening of their reinsurance agreements was another red flag, so we finally decided to sell our shares.

… and we have exchanged our Spectrum shares with TGS shares following the merge of both companies

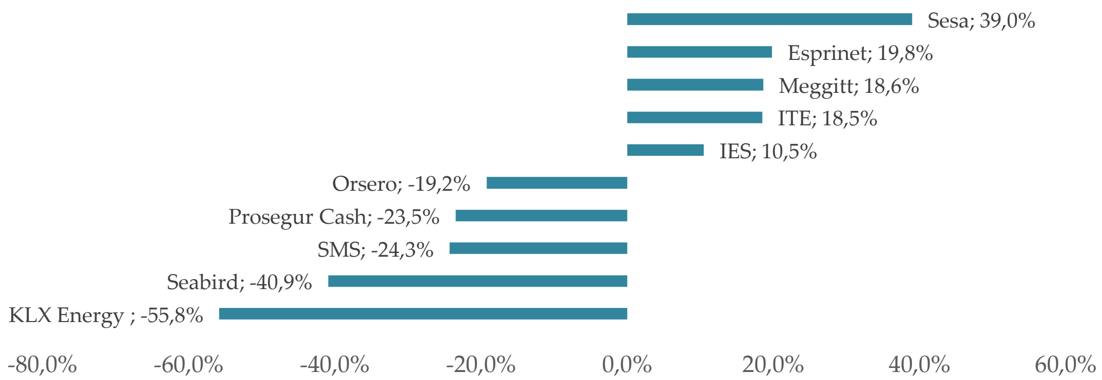
The acquisition of Spectrum by TGS Nopec (both companies operating in the oil deepwater seismic market) was approved during the third quarter and we have received TGS share in exchange for our Spectrum shares. We have decided to keep the new TGS shares as we believe that the company is undervalued, especially if we consider the synergies from combination with Spectrum.

Portfolio situation and fund evolution.

After the last investments and divestitures we have 45 holdings in our portfolio and 1% liquidity.

The following table shows the evolution of the best and worst performers in the portfolio during the quarter or since our initial investment, if the initial investment was done after March.

Best and worst performers during the quarter



As we always do, we have taken advantage of the short term movement in prices to change some weights on our investments.

We would like to comment some of the movements during the quarter:

- The bad performance of our oil related holdings, especially KLX Energy, an oil services company for the US shale industry, and Seabird, which owns vessels for seismic exploration.

- SMS, the UK smart meters installer, has suffered a slowdown on the new meters installation pace because of the technologic transition to SMETS2 and some industry problems with the communications between meters and utilities in the north of England. On top of that, the regulator has extended the time for the utilities to install the smart meters. Although it was well known to the industry that the 2021 deadline was impossible to meet, the market has taken this change as bad news and SMS shares dropped extremely. We have increased our investment in the company as we think that the market is not considering the cash flow generation capacity of the already installed asset base.

- Prosegur Cash share price has suffered since the Argentinian peso depreciation after primary elections. Despite investors' fear about the political instability in Argentina is understandable, we think that Prosegur Cash has been able to overcome even worst situations in the country in the past. This is in our view a good opportunity to the patient investors.

- On the positive side, we would like to emphasize the good performance of Sesa and Esprinet, Italian software and hardware distributors respectively. Both companies are releasing good results and both will benefit by Ingram Micro difficult situation. This competitor owned by a Chinese conglomerate has been really aggressive on prices, but due to the challenging debt situation of the parent company they have change their aggressive strategy.

- Another important event this quarter has been the increase in the oil tankers day rates. This situation benefits Euronav, one of our top picks. The industry has been suffering an overcapacity situation for some years. During the last weeks, the withdrawal from the market of some vessels in order to install scrubbers and the sanctions from the US to the Chinese company COSCO have caused an imbalance between supply and demand. Rates have increased threefold in a few days. We believe that it is early to know how long this environment is going to last, but this is a good example of how cyclical industries can have a good performance regardless of the macroeconomic situation.

Company	Country	Weight	Value Base Case
SeSa S.p.A.	Italy	5,7%	IT Value Added software italian leading provider at a discount
SMS	UK	4,9%	Protected and profitable smart metering market
TGS-NOPEC	Norway	4,7%	Countercyclical niche oil services player
MITIE	UK	4,2%	Undervalued compounder in fragmented market
Engelska Skolan	Sweden	3,8%	School company with good organic growth at 8% FCFy
Euronav	Belgium	3,7%	Depressed VLCC tanker company
Rieter Holding	Switzerland	3,5%	Swiss manufacturer of spindles - net cash, restructuring.
TI Fluid	UK	3,4%	Undervalued auto parts company
Cegedim	France	2,9%	Software for doctors and insurers, stable revenues
Frank's International	United States	2,7%	Countercyclical niche oil services player
ITE	UK	2,6%	Deeply undervalued event management company
DFS	UK	2,5%	Leading British manufacturer of furniture.
Wilh. Wilhelmsen	Norway	2,5%	Norwegian shiping holding
Origin	Ireland	2,4%	Irish agronomy company with stable revenue at low price.
Prosegur Cash	Spain	2,4%	Cash in transit present in Spain & Latam
Total top 15		**52%**	
Total portfolio		**100%**	
Liquidity		**0%**	
Total fund		**100%**	

EQUAM Global Value, FCP

EQUAMVA LX
130,69€
30 September 2019

Description

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

EQUAM Global Value is subject to strict risk management and diversification parameters to minimise the risk of permanent loss of capital. Our investment portfolio is the result of a thorough analysis, investing only in situations with quantifiable and limited downside and with asymmetric risk return profile, where upside potential exceeds significantly downside and stress test scenarii. In the absence of compelling investment opportunities, we are able to hold cash patiently.

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

Main holdings & performance

Company	Weight
SeSa S.p.A.	5,7%
Smart Metering Systems PLC	4,9%
TGS-NOPEC Geophysical Company ASA	4,7%
MITIE Group PLC	4,2%
Internationella Engelska Skolan i Sverige H	3,8%
Euronav NV	3,7%
Rieter Holding AG	3,5%
TI Fluid Systems plc	3,4%
Cegedim SA	2,9%
Frank's International NV	2,7%
Total Top 10	**39,4%**
Total Equities	**99,6%**
Cash positions	**0,4%**

Fund upside potential	97%	Positions	45

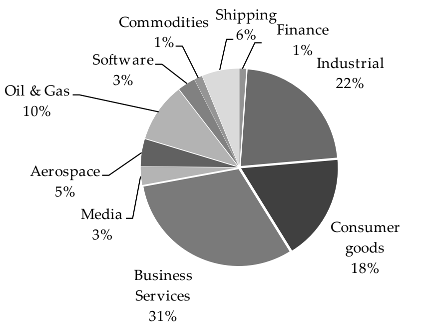
Performance vs indices	EQUAM A	MSCI Europe NR**	Stoxx 50 NR**	Equam vs MSCI
1 month	4,2%	3,8%	3,9%	0,4%
3 month	-2,4%	2,6%	2,9%	-4,9%
2019 YTD	13,8%	19,2%	21,4%	-5,4%
2018	-18,8%	-10,6%	-10,2%	-8,2%
2017	21,7%	10,2%	9,2%	11,5%
2016	17,1%	2,6%	0,6%	14,5%
2015	-1,0%	0,9%	-0,3%	-2,0%
Inception	30,2%	21,7%	19,5%	8,5%
Inception annual	5,8%	4,3%	3,9%	1,5%

** Return since inception exclude initial 15 days in which the fund was not invested.*

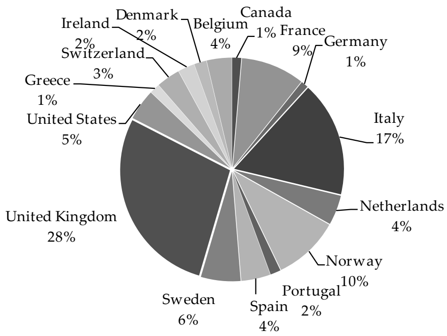
*** NR indices assume dividend reinvestment after withholding tax.*

Portfolio summary

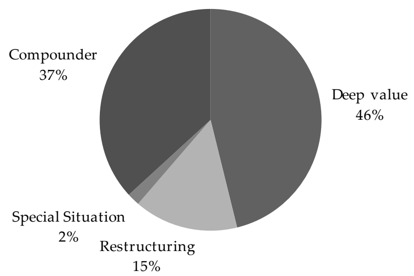
Sector



Country

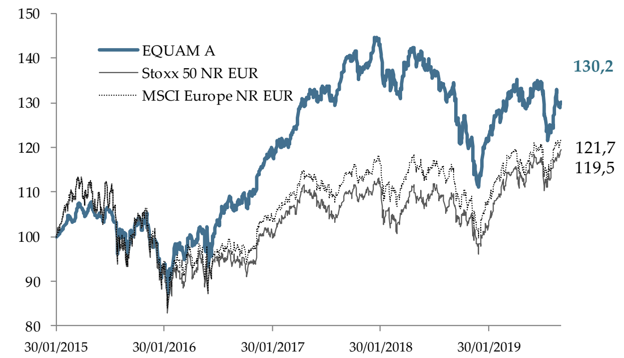


Strategy

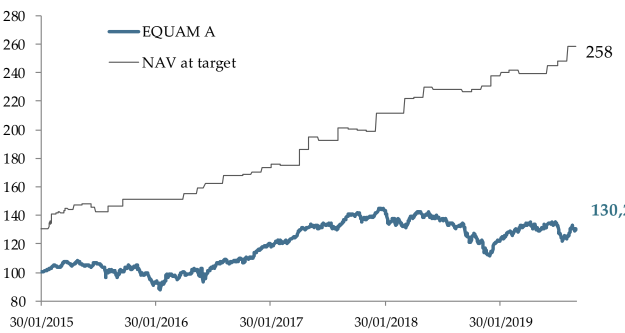


NAV evolution and portfolio data

EQUAM Global Value Class A (Rebased to 100)



EQUAM Global Value Class A vs NAV at target valuation



Incometric Fund - Equam Global Value

Bloomberg (Class A)	EQUAMVA LX	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 D	LU1274584991	Fees Class D	1.25% NAV (min 1 MEUR)	Custodian	KBL (Lux)
				Transfer Agent	European Fund Admin.