



EQUAM Global Value Fund

Quarterly report February 2021

Taking advantage of the recovery.

During the first quarter we have seen a rapid recovery in the value of some of our holdings. As is often the case in the market, returns are never linear and, after a 2020 in which the fund did worse than the market, our portfolio has begun to show the strength we think it deserves.

To keep the high upside potential of the fund we have started a progressive portfolio rotation, selling positions that are close to our target price and adding new positions in solid and cheap businesses.

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 most 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.

Cheap portfolio as a haven.

During the quarter, our portfolio companies published their 2020 annual results and the resilience of our companies in the face of a crisis as deep and unexpected as the Covid crisis has been definitively confirmed.

2021 has started with a marked recovery of our portfolio, which is up more than 18%.

Despite the historic fall in GDP in the world's major economies, our companies have managed to maintain cash generation somewhat higher, on average, than in previous years. Although ebitda, also on average, fell by 15%, the management of working capital and the reduction of investments more than offset this decline. Only Rieter, which operates in the textile machinery sector and has a comfortable cash position, and Rolls Royce, which we sold in July 2020, reported negative cash flow from operations. After investments, only TGS and Elecnor, due to their high investment programmes, join this short list of companies that have consumed some cash.

This excellent performance has allowed many of our companies to reduce net debt during the crisis, leaving the debt/EBITDA ratio of the portfolio at an exceptionally low level, around 0.2x. Only two companies exceed 3x ebitda.

The outlook for our companies is also particularly good. Although they are not generally high-growth businesses, their sales were growing at an average of 6% until 2019 and a strong recovery from 2020 can be expected during 2021. Moreover, many of them will emerge stronger from the crisis, not only because weaker competitors have disappeared or been severely weakened, but also because companies have undertaken cost-cutting programmes during the pandemic that in many cases will be permanent. When the economy recovers, our companies will achieve higher levels of profitability than in the previous cycle.

This healthy financial position and good outlook contrasts with the steep fall in portfolio prices last year. The market particularly punished mid-sized European companies with an

Good corporate earnings performance and low portfolio valuations justify the fund's revaluation in the first quarter.

industrial or value profile. In 2020 Equam's net asset value fell by 10%. In our view, this divergence between the good performance and the fall in share prices (which was as much as 38% at one point during the year) opened a unique investment opportunity, which could already be anticipated with the release of the strong first half 2020 results, but which has been definitively demonstrated with the full year results.

The opportunity is even greater if we compare the valuation of our portfolio with the valuation of the European and American companies to which investments have flowed to the past few years. As of 31 March, US technology companies (Alphabet, Apple, Microsoft, Amazon, etc.) and the large European companies in the Eurostoxx 50 (SAP, ASML, L'Oreal, LVMH, Richemont, etc.) are trading at multiples of around 25x- 27x 2020 ebitda or between 2.7% and 3% FCFy (a ratio that compares cash generated after interest, taxes and investments to the company's market value). Our portfolio, even after this quarter's revaluation, trades at 8x ebitda and 8.4% FCFy, which are exceptionally low ratios in the current context.

These circumstances justify the fund's revaluation by more than 18% during the first quarter of the year. Our companies are doing very well, have little debt and are cheap, much cheaper than the large listed companies on which investors have been focusing in recent years.

We are also seeing investment flows back into the type of companies we invest in. Investors seem to be starting to look again at cheap companies. We think that the pick-up in inflation, which in the EU has gone from -0.3% in December 2020 to +1.3% in March this year and in the US from +0.2% to +0.4% in February, and the consequent rise in long-term interest rates - the US 10-year bond has gone from yielding 0.62% in April 2020 to 1.72% in April 2021 - makes it harder to justify the 2.7% FCFy valuations at which large companies are trading, as we discussed earlier.

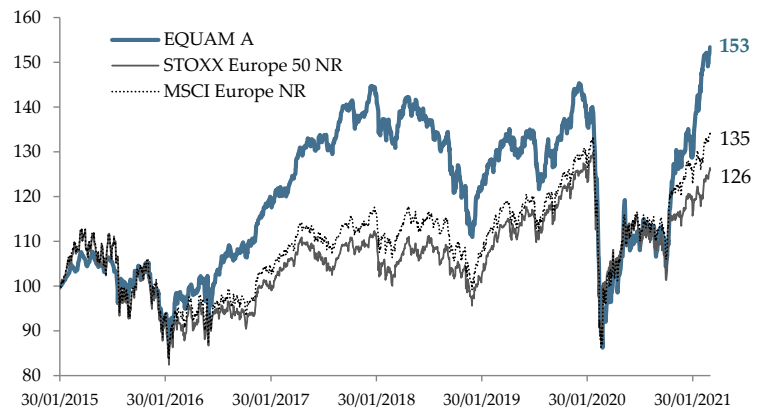
The pickup in inflation in 2021 and rising long-term rates are helping to start to put value back into our portfolio.

In this context, cheap companies such as those in our portfolio are acting as safe havens. We obviously do not know what the evolution of interest rates will be, and it is possible that, as central banks insist, the upturn in inflation is temporary and the current rise is only due to the comparison effect with the low prices of 2020. But in any case, we believe that with our portfolio we will manage to maintain a reasonable return - since inception we have obtained 7.2% p.a. - while the low FCFy valuation of 8.4% protects us from the risk of inflation and normalisation of interest rates in the global financial system that would greatly affect companies that are expensive today.

Another sign of the attractiveness of our portfolio is that we have continued to receive buyout offers. In addition to those already announced last quarter (Hunter Douglas and Engelska Skolan), we have now received an offer for Cerved, an Italian financial information and credit management company that we had included in the portfolio this year and for which ION and the Singapore sovereign wealth fund have offered a 35% premium. Our private equity investment approach allows us to identify the type of companies that may be attractive to financial investors who think in a similar way to us.

All these factors contributed to an 18% gain in the first quarter of the year. The Fund has regained and even widened its lead over the European indices. Compared to the MSCI Europe, we have once again accumulated a 19% advantage since the Fund's launch, which in annualised terms means outperforming the index by more than 2% each year. Equam's 7.2% annual return compares with a 4.8% annual return for the MSCI Europe with dividends.

Equam's evolution since launch



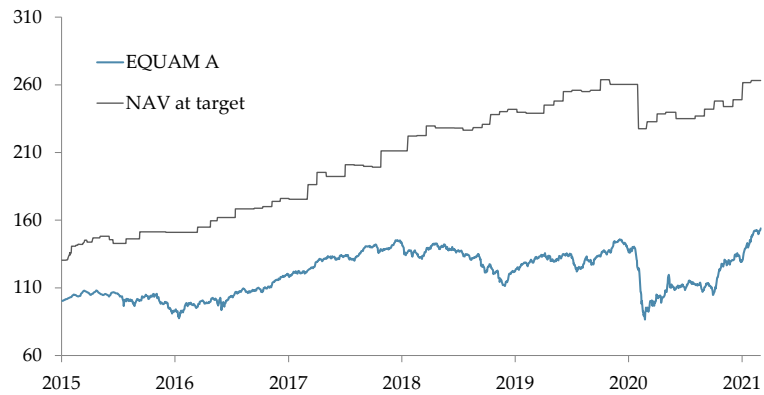
* MSCI Europe Net Return and Stoxx Europe 50 NR in Euros, assuming dividend reinvestment, net of withholding taxes.

To maintain the potential for revaluation, we have taken advantage of the fact that some of our investments have come close to their target price to start a disciplined rotation of the portfolio. We have sold shares in the companies that have performed best, such as Sesa, Mekonomen, Brodrene Hartmann, and Piaggio, and added 8 new companies to the portfolio. These new additions are companies that have been directly affected by the pandemic in 2020 and whose share prices are very depressed, but which have strong balance sheets and a good capacity for recovery.

We have included two hotel management companies, the British company Whitbread, which manages the Premier Inn brand, and the Irish company Dalata Hotels. Both companies will emerge stronger from the crisis due to weakening competition. They have strong balance sheets and are taking advantage of the economic situation to accelerate their expansion plans.

We have also invested in the brewer Anheuser Busch. This company has suffered from the fall in consumption in the on-trade channel, but it has continued to generate cash and its sales will recover in the coming years.

Evolution of Equam and its Target Value



* NAV at target estimates the NAV of the fund if all its positions were to achieve our estimate of intrinsic value.

A healthy portfolio turnover allows the fund to maintain an upside potential of 71%.

With the renewal of the portfolio we maintain an upside potential of 71%, which is obviously not as high as in March 2020 but still higher than Equam's historical average.

Portfolio turnaround

In the first months of this year, we have identified a number of very attractive opportunities to replace investments that are reaching their target price. With this disciplined portfolio rotation, we maintain the high appreciation potential and will be able to continue to outperform the market.

During the quarter some of our best performing investments over the past year continued to appreciate and we continued to sell shares. We sold our entire position in Piaggio, the Italian motorbike and moped manufacturer, with a 55% appreciation of our investment cost over a period of just over three years.

Although we have not completely sold our investment, we have significantly reduced our weighting in Sesa, in which we have accumulated a 6-fold increase in price since we started buying. We have also sold shares in Brodrene Hartmann, which has appreciated 104% and Mekonomen, which has appreciated 91% since our first investment.

We also hold two positions that have received takeover bids, Hunter Douglas and Cerved. In the case of Hunter Douglas, the majority shareholder announced a buyout offer to minority shareholders at a price of €64 per share. We think the valuation of the offer is extremely low as it represents 5x 2020 ebitda and a FCFy of 16%, in a company with virtually no debt. We believe there is a chance that the offer could be improved and so we are holding the shares for now. Our investment in Hunter Douglas has appreciated by 77% since our first purchase.

Cerved is one of the companies we had started to buy this year. It provides financial information and collection management services with a high cash generation capacity and a very stable profile. As we mentioned before, in this case the sovereign wealth fund of Singapore and the ION fund have offered a 35% premium and value the company at 12x 2020 ebitda, or 10x 2021 ebitda. It seems to us a tight valuation, considering that 2020 was a bad year, but more reasonable than the Hunter Douglas offer, and we have obtained a return of 35% in just one month.

In addition to Cerved, this year we have started investing in two hotel companies, Whitbread and Dalata Hotels. The sector has been directly impacted by the pandemic and we believe that these two companies will emerge stronger from the crisis.

In the case of **Whitbread**, owner of the Premier Inn hotel chain, occupancy fell to 49% in the third quarter of last year (November 2020) and revenues were down 55%. Despite this, the company is gaining market share in the UK at the expense of independent hotels and its main competitor, Travelodge. Whitbread entered this crisis with an enviable financial position. With £4.3bn worth of owned hotels, ebitda of £650m in 2019 and net debt of just £330m. Despite this, in 2020 it has made a £1bn rights issue to accelerate its opening programme in the UK and Germany, taking advantage of the weakness of its competitors. We believe that the recovery in occupancy when the UK and Germany lockdown ends and the acquisition of hotels at this difficult time for other competitors will allow Whitbread to leapfrog in profitability, size and valuation.

Dalata, the Irish company that manages the Clayton and Maldron hotel chains in Ireland and the UK is a similar investment case. It also has a strong balance sheet, bolstered by a €92m capital increase in 2020. With its own hotels valued at €1,200m and an ebitda of €162m in 2019, it has a net debt of €265m, which allows it to undertake its expansion plan at a time when competition is weakening. In the case of Dalata, revenues fell more than Whitbread's, by 68% in 2020 and occupancy fell from 83% to 31%, but its share price also fell more. We think Dalata will have a strong recovery when the lockdowns end.

Another sector that has suffered during the pandemic is the beer sector, with pubs and restaurants closed for months. We have found an investment opportunity in **AB Inveb**, which is trading at 10-year lows. The world's largest brewer has been disappointing the market for some years. The acquisition of SabMiller in 2016 for £73bn, at a multiple of almost 22x ebitda, has depressed the share price for several years. The group accumulated debt of 4.9x ebitda, so the 10% drop in revenues and 18% drop in ebitda due to the pandemic put downward

pressure on the share price. This situation has allowed us to start buying this company at a FCFy of almost 9%. The beer business is very stable, and we are convinced that a solid recovery will come with the reopening of the pubs. Its debt ratio is higher than what we are used to at Equam, but maturities are long term and the company's cash generation is very consistent. In the last two years net debt has been reduced by 20%, so when ebitda recovers, in just a few years ABI's debt level will be relatively low and the share price should experience a marked revaluation.

We have also started to invest in **Vivo plc**, a UK listed company that distributes fuels and lubricants in several African countries, with a leading position in all of them, using the Shell and Engen brands. The fuel distribution business is relatively stable and cash generative, and in the case of Africa, clearly growing. Vivo has low debt, equivalent to 0.5x ebitda and trades at 3.4x 2019 ebitda (4.3x 2020 ebitda). Although this investment has additional risks to the rest of our investments in Europe, such as the possible depreciation of local currencies, profit repatriation risks and greater legal uncertainty, we have seen that currency risks are relatively hedged (65% of its business is linked to hard currencies and part of its financing is in local currency) and that so far they have not had problems with capital repatriation (the company has a good geographical diversification that limits the possible risk in a given country). We believe that such a low valuation is an attractive opportunity for a company that has a good capacity to continue generating value through the expansion of its business on the African continent.

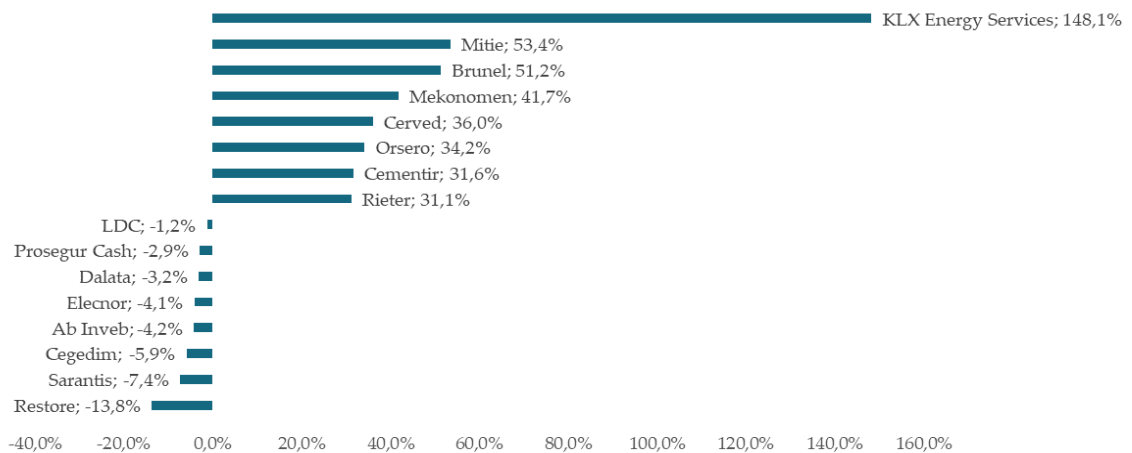
This disciplined portfolio rotation, whereby we replace investments that have consumed their potential with others that are trading at multi-year low prices and have a strong capacity for recovery, allows us to maintain the potential for appreciation despite the fund's rise.

Portfolio situation and evolution of the fund.

After the investments we have made during 2020, we have 45 companies in the portfolio and maintain a liquidity level of around 1%.

The table below shows the performance of the best and worst companies in the portfolio in the quarter. During the first quarter of the year there has been a strong rebound in some of the oil related companies (KLXE and Brunel). Rieter has also started to anticipate a possible recovery and Mekonomen, Orsero and Cementir have reflected in their share price the good results published.

Best and worst performing companies in the first quarter



Appendix I: Largest portfolio positions

Company	Country	Weight	Business description
Arnoldo Mondadori	Italy	5.2%	Book Publisher trading at discount
Prosegur Cash	Spain	4.8%	Cash in transit present in Spain & Latam
TGS-NOPEC	Norway	4.1%	Countercyclical niche oil services player
MITIE	UK	4.1%	Turnaround in UK facility management
RHI Magnesita	UK	3.8%	Turnaround in refractory materials
TI Fluid Systems	UK	3.6%	Undervalued auto parts company
TAKKT	Germany	3.6%	Factory & office materials wholesaler
Frank's International	EEUU	3.4%	Service provider at oil&gas industry.
SMS	UK	3.2%	Profitable growth in Smart metering market
Wilh. Wilhelmsen	Norway	3.1%	Norwegian shipping holding
Orsero	Italy	2.9%	Fruit wholesale distribution in Southern Europe
Intertrust	Netherlands	2.9%	Corporate and fund services
Navigator	Portugal	2.9%	Office paper producer
Rieter	Switzerland	2.7%	Supplier of machinery for the textile industry
DFS Furniture	UK	2.7%	Leading british manufacturer of furniture
Total top 15		53%	
Total portfolio		99%	
Liquidity		1%	

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 scenarios. In the absence of compelling investment opportunities, we are able to hold cash patiently.

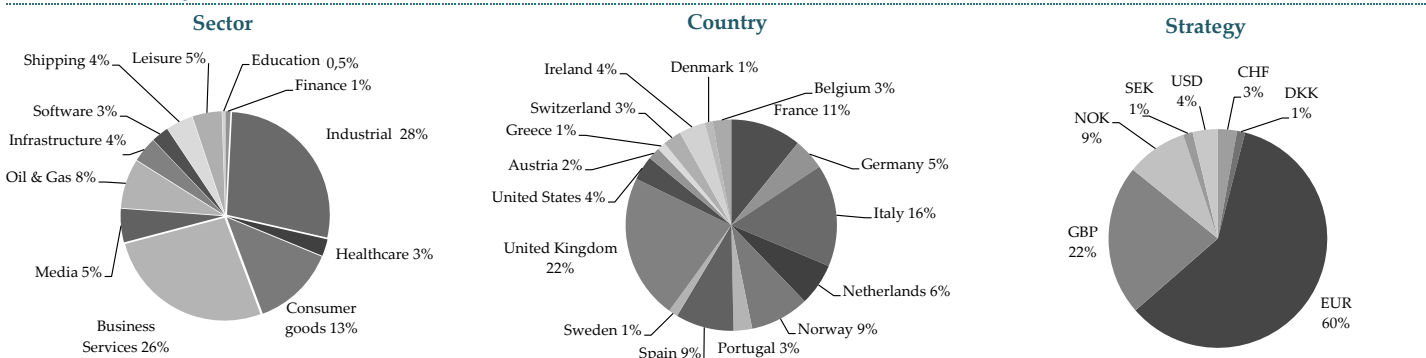
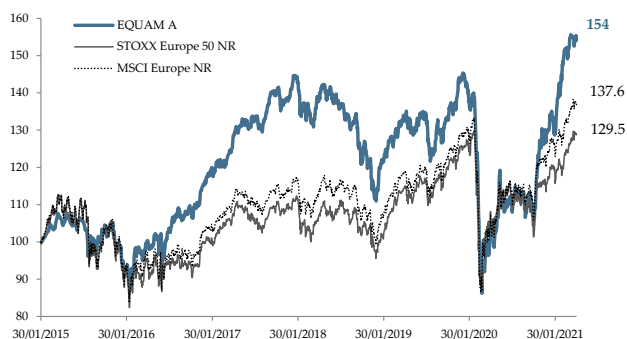
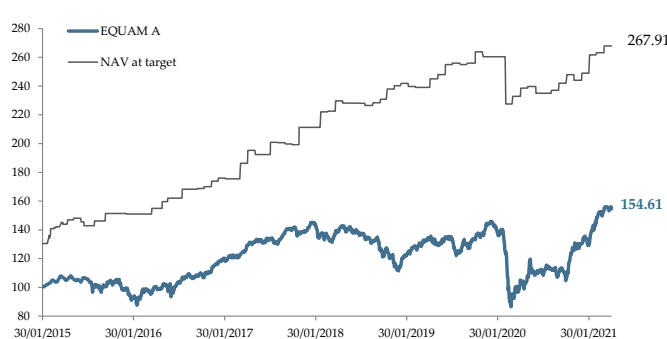
EQUAM Global Value is a Luxembourg - domiciled UCITS fund. EQUAM Capital is the registered financial advisor to the Fund, and is devoted exclusively to the research and analysis of potential investments for the Fund.


Main holdings & performance

Company	Weight	Fund upside potential	73%	Positions	47
Arnoldo Mondadori Editore S.p.A.	5.2%	Performance vs indices	MSCI Europe	Stoxx 50	Equam vs
Prosegur Cash SA	4.8%	EQUAM A	NR**	NR**	MSCI
TGS-NOPEC Geophysical Company ASA	4.0%	1 month	0.4%	2.2%	-1.6%
TAKKT AG	3.4%	3 month	19.4%	11.3%	8.0%
MITIE Group PLC	3.4%	2021 YTD	18.6%	10.2%	8.0%
TI Fluid Systems plc	3.3%	2020	-10.4%	-6.3%	-7.1%
RHI Magnesita NV	3.3%	2019	27.2%	27.4%	1.2%
Intertrust NV	3.2%	2018	-19.2%	-10.2%	-8.6%
Wilh. Wilhelmsen Holding ASA Class A	3.1%	2017	21.7%	10.2%	11.5%
Frank's International NV	3.0%	2016	17.0%	2.6%	14.4%
Total Top 10	36.6%	2015	-1.1%	0.9%	-2.0%
Total Equities	98.1%	Inception	54.0%	37.6%	16.5%
Cash positions	1.9%	Inception annual	7.2%	5.2%	1.9%

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

** NR indices assume dividend reinvestment after withholding tax.

Portfolio summary

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 + 8% profit	Management Company	ADEPA (Lux)
ISIN Class B	LU0933684283	Fees Class B	1.85% NAV	Custodian	Quintet
ISIN Class D	LU1274584991	Fees Class D	1.25% NAV (min 1 MEUR)	Transfer Agent	European Fund Admin.

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