MAGALLANES
VALUE INVESTORS

Quarterly Letter to Investors
12/31/2018
MAGALLANES VALUE INVESTORS, S.A. SGIIC

Dear Investor,

The performance in the fourth quarter 2018 is as follows for our Magallanes funds: **Iberian**, -13.54%; **European**, -16.69%; and **Microcaps**, -14.89%. The accumulated results for the year were **-8.76%**, **-18.78%** and **-21.98%**, respectively[1].

This year's main feature has been volatility, a consequence of multiple market uncertainties, basically resulting from the enduring political and economic tensions in the EU, which run unabated. Together with other issues of a global nature pending solution, like trade wars and growing populism in different markets, emerging and developed alike.

In this context, the performance of major stock indices has been negative, for the entire year and especially during the month of December. December 2018 will be remembered as the third-worst month in the history, in terms of performance, better only than December 1931 (the Great Depression) and December 2008 (the Great Financial Crisis). In fact, most of the world's stock indices suffered double-digit losses, the direst results since 2008.

The drop in prices was so steep that, many markets entered in what is described as a "bear market". This sophisticated euphemism refers to markets suffering drops of 20% or more from their maximum levels. Outstanding members of this group were, among others, in the USA, the NASDAQ 100 Index, the leading benchmark of technology companies, and the Russell 2000 Index, the small-cap stock market index; in Europe, the German DAX, the Italian MIB and the Spanish IBEX 35.

All of this has had a notable impact on equity funds outflow, resulting from – and further worsened by – a true *annus horribilis* as far as the performance of Investment Funds, is concerned. In Spain, for instance, absolutely every single category of funds lost money in 2018, including monetary funds. This was unheard of since the Great Financial Crisis of a decade ago[2].

Pessimism and current valuations

Current low valuations of some assets mirror the degree of some investors' angst and pessimism. Consider the automotive sector, one of the worst performers of all. It is true that a cooling off of the economy, together with a hike in rates, would foreseeably result in a

[1]Iberian: Magallanes Iberian Equity P. European: Magallanes European Equity P. Microcaps: Magallanes Microcaps Europe B. At the end of the letter please see an Addendum with details about the performance of each and every one of the classes and vehicles under Magallanes management and/or benefitting from advice from Magallanes.
[2]https://es.fundspeople.com/news/por-primera-vez-en-la-ultima-decada-todas-las-categorias-de-fondos-espanoles-pierden-dinero-en-2018

drop in car sales. But looking at the recent performance of the sector – in some cases, declines of 50% and more –, we wonder whether current share prices are already discounting a possible recession.

It's not easy to know. We must bear in mind that, while an asset price always incorporates a fundamental factor, it also involves a psychological factor as well. When the second holds more sway than the first, we may suspect that a good investment opportunity has arisen.

So let us study, more concretely, the case of **Renault**. **Renault's** share price has fallen from 100 to barely over 50 Euros at the end of the year, it has lost over 15 billion Euros in value in less than twelve months. **Renault** is an interesting case, because a number of adverse effects, internal and external alike concur simultaneously. The looming threat that electric vehicles represent, the singling out and persecution of internal combustion engines, increasingly popular car pools and shared-car programs and impending self-driving cars was not enough, now **Renault** has to take on, additionally, a strong exposure to emerging markets (Brazil, Russia), and, what's more, a top brass scandal with Carlos Ghosn, detained in Japan, awaiting trial and accused of financial misconduct after having understated his pay during the past few years. **Nissan** itself made this charge, Carlos Ghosn was Nissan's chairman and Nissan's board by all accounts approved his remuneration package.

In the face of a situation such as this, typically our *animal spirits* would egg us on to sell and forget. That was exactly what we felt like doing, but we decided, before taking any action, to revisit the investment case very closely. At the end of the day and after careful consideration, we decided not to sell, and it is in the valuation that we find the why and wherefore. The valuation, in fact, seems to us to be a financial aberration.

The market value of its stakes in **Nissan** (43.4%) and in **Daimler** (1.55%) is worth 14 billion Euros, but if we add a cash position of 3 billion euros – notwithstanding further amounts, like the book value of **RCI Banque** amounting to 4.3 billion and its Chinese JV worth 500 million – its total value is 17 billion. This is nearly 1 billion more Euros than its current market value. Which really makes no sense at all. In case we got the numbers mixed up, what with all the millions and billions we had to keep track of, and just to keep things simple, let's just say that, with each and every **Renault** share we buy on the market today, comes "free of charge" the car manufacturing business (and that's 3.5 million cars sold every year) as well as the financial services division **RCI Banque**.

Furthermore, should the traditional "sum of the parts" not convince us fully, we can look at the **Renault** case from the cash generation angle. Currently the company generates some 3 billion in free cash flow, a yield of almost 25%. We need to bear in mind that it has no debt, but rather net cash to the tune of 3 billion, and that it is listed at about 50% of its book value. Should a recession come about, with an ensuing drop in car sales, we might reasonably assume a 50% drop in its cash generation, which in turn would translate in a 12.5% yield instead of 25%, which seems to us to be an attractive enough number.

Nevertheless, some skeptics might argue that the real problem lies in the financial services division, since the residual value of diesel cars may be much less in the future. There is a risk of that, true, but let's again do the numbers. According to **RCI Banque's** 2017 annual report, of the nearly 44 billion in assets, the risk of residual value is limited to 13% of the total assets, which would actually be reduced to 6.5% if we assume that one half corresponds to diesel cars (i.e., 2.8 billion at risk). The average maturity of these leasing contracts, according to the annual report, is of not quite two years. It would seem far-fetched to think that, in this period of time, the value of second-hand diesel cars will actually be zero. Even if we were to assume a drop of 50% in value, instead of the expected residual value, the impact would be of some 1.4 billion euros, and this group will generate over 4 billion in profits this year.

The widely-heralded and much-expected economic recession, the change in the buoyant economic US cycle, the feared debt crisis in China, the terrible outcome of expansive monetary policies. Any, some, or all of the above factors, together with others unknown to us, would underlie investors' current pessimism. We are not soothsayers, we do not really know how far we are from the market's bottom, but we do know how our portfolio stands, and we also know the strength of its components, this knowledge gives us peace of mind and self-assurance.

Bull Markets and Bear Markets: Risk of selling

The risk we run, after the most recent declines, is that of not knowing whether we face "mere corrections" or a real bear market. Consensus says that a bear market, as we said before, is a market with drops of at least 20% since the most recent maximum, "mere corrections" would be falls of about 10%.

We do not know exactly what the future holds, but we have learnt from the past what the stock market does over long periods of time. First Trust[3] published a report analyzing the history of the US stock market since 1926 and it differentiated between bull markets (increases of at least 20% since the most recent minimum) and bear markets (drops of at least 20% since the most recent peak).

As the footnote says in every financial product safe harbor, it must be crystal-clear that *Past performance is no guarantee of future results*; however, past results do reveal the importance of holding on to one's investments for the long haul.

[3] https://www.ftportfolios.com/Common/ContentFileLoader.aspx?ContentGUID=4ecfa978-d0bb-4924-92c8-628ff9bfe12d

First the data, then the conclusions:

1. The average duration of a bear market has been of 1.4 years, and average accumulated drops from maximum to minimum are of at least 41%.
2. The average duration of a bull market has been of 9.1 years, with an average accumulated gain of 473%.

Conclusions: Never sell after a strong market correction, because possibly the best-possible returns will be lost and, additionally, the investment may never be recovered. If one cannot forecast when the next up- or downturn is coming, it is always a wise idea to invest for the long term. This is a good option to safeguard and grow one's savings in the stock market.

But what does it mean to be forward-looking? How long is the long term? Let's imagine that an investor bought at the peak of the latest bull market. According to the previous data, it will take some five years for the investment to be recovered.

Information such as this sets the contexts to things we hear such as "stock market investments have to be for the long run," or "stay calm when things get bad," or "in the long term, equities are the best asset class of all." If we devote some minutes to analyzing the past and forget about the short-term buzz, things seem different – and reassuring.

Making big returns on the stock market takes time. Along the way, it requires the capacity to suffer when markets decline heavily.

Excellence in capital allocation: Barón de Ley

"Good executives are the one that have healthy balance sheets"

Eduardo Santos-Ruíz, Chairman, Barón de Ley

Barón de Ley is a company I remember from my first years as an investor some two decades ago. I discovered the company by chance, upon realizing that one of my favorite Rioja wines, **El Coto**, was part of the **Barón de Ley** group. That was at the very beginning, shares were at 20 euros – now they're at 109, the price offered by the chairman, Eduardo Santos-Ruiz, when he launched a takeover bid to buy the shares he did not control. This is just another example of the power of the long-term approach and of the virtue of patience both.

The key to success resides in the approach, worthy of further study, of the company's chairman. In 1991, he, together with other executives and the fund Mercapital, acquired the cellar located in the Rioja region and created the winery group **Barón de Ley**. Since 1997 it is a listed company.

I have met many, many executives during my professional life, and Eduardo is one of the most impressive of all. An intelligent and discreet professional, he has raised the standards of excellence of the wine-selling business to unmatched levels by its national and international competitors. **Barón de Ley** is positioned today as DO Rioja's leading cellar, its wines are best-sellers in the categories of white, *crianza* and *reserva*, 50% of its sales are abroad, and it is fair to say that it is the leading ambassador of Riojas around the world.

From a financial viewpoint, the numbers are simply astonishing. Profits per share have multiplied by 6 in the last twenty years, sales have gone from the original slightly less than 30 million euros to 95 million in 2018, and accumulated cash generated in this period reached 500 million. All this is in a company whose market cap, after discounting cash and other financial investments on the balance sheet, is of some 300 million, approximately. Furthermore, with no financial strings attached, as the chairman has said on occasion: "We enjoy a strong financial position, which ensures we do not depend on banks. It allows us to be independent and ready for whatever opportunity may arise in the national or international market." Bear in mind we're talking about a winery, not a tech company in Silicon Valley.

One of the must-have attributes from any executive in order to create shareholder value is the ability of efficient capital allocation of the funds generated by the underlying business. We recommend reading "The Outsiders" by William Thorndike, Jr.[4] In his book, Thorndike describes the life stories of eight exceptional CEOs who are generally

[4] https://www.amazon.com/Outsiders-Unconventional-Radically-Rational-Blueprint/dp/1422162672

acclaimed for having taken their businesses to total success. Warren Buffett is one of these CEOs. Were there to be a comparable book in Spain, I honestly believe that Eduardo should be one of those eight.

Instead of building a huge wine-producing empire for size's sake, Eduardo's executive team devoted itself to wisely allocating the resources generated by the cellar. When it seemed suitable to invest more in the cellar, they did so, when it did not, they did not, and when the team thought, sensibly enough, that the shares were cheap, they bought their own shares. The total number of shares in circulation went from nearly 8 million to the current 4. Buying back one's own shares makes sense and adds value, when done at a discount to fundamental value. This has been the **Barón de Ley** case.

We at Magallanes also believe in a wise allocation of resources, and after the most recent offer, we have decided to sell our position in the **Magallanes Iberian Equity Fund**, since our valuation is very close to the price offered. Over the past four years, and in a very volatile environment, **Barón de Ley** has generated accumulated gains of 40%, making it one of the most profitable companies we have had in our portfolios.

May there be many "Eduardos" and "Barones de Ley" in our professional future!

Activity in our Fund portfolios

In our **European strategy**, the Fund took the opportunity to increase exposure in the industrial sector – we have started a position in **AP Moller-Maersk** in our portfolio and have increased our stakes in **Porsche**, **Signify** and **Renault**. As to the energy sector, we have raised our position in **Aker BP**. Finally, with regards to telecoms, we have bought more **Telecom Italia** shares.

On the other hand, said increased investments in the industrial sector were partially compensated for by the total sales of **Aurubis** and **STEF**. We have notably reduced exposure in the consumer sector by selling all our **Sonae** and **Ceconomy** shares, and have slightly reduced our stake in **Metro**. Finally, we sold our **Immofinanz** position, thus reducing our real estate exposure.

In our **Iberian** strategy we have increased the exposure in specific sectors. In energy, for instance, we have increased our position in **Siemens Gamesa** and **Repsol**, in services, we have also increased our position in **Melia Hotels** and **Prosegur** and finally, in distribution, we continued to raise our holdings in **Inditex**.

With regard to sales, we have decreased our exposure both in real estate and healthcare sectors through the partial sales of **Colonial** and **Almirall**, respectively. Furthermore, we have completely divested our **Barón de Ley** and **OHL** stakes, the **Barón de Ley** sale was the result of a takeover bid.

In the **Microcaps fund**, poor performance during this period was due mainly to high geographical exposure to Italy and the U.K. alike. The markets in both these regions have been heavily penalized as a result of current adverse scenarios in the two countries, from both a political and economic standpoint, i.e., the tension between the Italian government and the EU, on the one hand, and the Brexit predicament still pending resolution, on the other.

Nevertheless, in view of the fact that these events are of a political and macroeconomic nature and create volatility during very concrete market periods, and taking in consideration the fact that the Fund's investment strategy is a very long-term one, we have taken full advantage of the current situation to complete a number of buying and selling transactions.

More specifically, during the second half of the year, the Fund increased its exposure to the industrial sector by buying **Ferronordic Machines** and by increasing its stake in **MPC Container Ships**. In the energy sector, it started a new position in **IPCO.** And finally, in the financial sector, it also increased the weight of **Wuestenrot & Wuerttemberg**.

As for sales, the Fund's exposure to the telecoms sector was reduce by the partial sale of **Netia.** Exposure to transportation was reduced by the total sale of **D'Amico International**. And finally, during the second semester, our position in **Solstad Offshore** was completely all sold.

Not all sales have been as successful as **Barón de Ley's** or as the transportation and logistics company **STEF** in our **European Fund**, with gains of practically 70%. We made some bad investments that have become valuable lessons learnt. One was the purchase and later sale of **OHL**, which spelled a loss of about 1.5% in the year for the Fund.

It seemed to be a clear "buy," initially. The company's reported cash was equivalent to its market cap, but at the end of the day, **OHL** turned out to be a disheartening investment. After a round of meetings with the company's executives, we took a decision. Unfortunately, the old truism "Never ask a barber if you need a haircut" is true. Never ask the management of a troubled company "if they are really in trouble".

So once again, we learn that it does not matter how cheap a company may "seem to be" (sometimes even at prices that are much less than the company's cash position would warrant), we will never excessively weight our individual investments, due to the fact that unexpected negative events, that we cannot even imagine, can arise. To the **OHL** point, we never exceeded a 2% weight of the Iberian Fund.

So it was that, despite some negative market alerts, we focused steadfastly on the cash position, which was more than the market cap. As it transpired, this cash did indeed exist, but it vanished at breathtaking speed. So much so that, paradoxically, if the current pace does not abate, extra liquidity will be required in the future.

Ceconomy, known for its **MediaMarkt** or **Saturn** stores, is another example of an investment that has not fulfilled our expectations for the **European Fund**. In this case, the negative impact was limited to 0.40% of the Fund. We knew that the battle to survive in an **Amazon**-dominated world was going to be more than tough. It is also true, that we overestimated **Ceconomy's** capacity to overcome its challenges and to recover past margins. There is no doubt in our minds that **Ceconomy** will be able to survive, it is Europe's main consumer electronics distributor and its market share in countries such as Spain and Germany is truly high. We are not so sure, however, that the company will be able to recover past profitability levels.

Ceconomy has taught us that restructuring is a long, tough and complex endeavor. As Warren Buffett says "*turnarounds seldom turn*".

Activities 2018

It has been slightly over a year since, on January 3, 2018, we saw the coming into force throughout the EU of Directive 2014/65/EU, commonly known as MiFID II, which deals with financial markets and is based on improving the rules and transparency of investment services companies.

Magallanes' investment process, which relies on profound knowledge of the companies in which we invest, drives us to do our own research and valuation reports in-house.

Our active management philosophy provides the basis for in-house analyses and is key to generating higher returns, but we also use external analyses as an additional source of information within our investment process. The purpose of MiFID II is to improve transparency in the cost of research, thus it is that as of January 1, 2018, Magallanes itself covers all costs related to external analysis and does not charge either the funds or the investors. We believe that this is the more transparent option, aligned with a reduction of the costs to be borne by our investment funds.

The results for 2018, with the new regulations in force, have been satisfactory. With regards our analytical activities, we have participated in a total of 348 meetings with companies and analysts, and we have taken part in over ten international conferences.

This has been the busiest year since we launched Magallanes four years ago. Our ongoing activity is proof that our model, based on an in-house analysis, is a solid one. It also speaks to our healthy performance, in terms of production and quality alike.

Funds

2018 was a landmark year for Magallanes, as the funds **Magallanes Iberian Equity** and **Magallanes Microcaps Europe** both closed. As we said some time ago, the main reason underlying this decision is that "It is not only good to establish limits to the AUMs so as to achieve better future performance, but also it speaks of our accountability vis-à-vis our investors. This is the main reason that explains our desire to protect our investors' savings."

Having said which, and due to the major setbacks suffered by markets during the final months of the year, both Funds have been reopened to investors. Should the Funds again reach the maximum thresholds allowed we would proceed, according to our pledge, to close them again.

In a similar fashion, towards the end of September, the first Fund in Spain exclusively dedicated to social impact investment was launched. This Fund, **Magallanes Impacto FIL**, a not-for-profit fund for Magallanes.

In a year as complex as the one that has just ended, I would like to very expressly thank you for the trust you have placed in us. We are fully committed to you. I assure you that we at Magallanes work hard to look after your savings and make them grow, together with ours.

As you know, we have made a tradition of our Investment Day. We will shortly be announcing the details of the Madrid and Barcelona events. Until then, should you require any further information, wish to clarify any issue, or would like to many any suggestion, please do so by any one of the means we make available to you. We look forward to increasing and furthering frank and open communications with you.

ANNEX 1. STRUCTURE OF THE FUNDS

MAGALLANES IBERIAN EQUITY FI

The fund closes the year with an investment level of 95.1% and a total of 29 Spanish and Portuguese companies.

The fund maintains its exposure towards the industrial, services and energy sectors. May we highlight, among others, holdings like NOS, Naturgy, Gestamp, Repsol and INDITEX. Top ten holdings account for 52.1% of the fund.

Spain accounts for 70.8% of the total investment of the fund and Portugal represents 24.3%.

An 86.1% of the fund is invested in large and mid-cap companies. The remaining 9.0% is invested in small-cap companies.

Current investment level of the fund seems to be appropriate for us. The number of companies in the fund will not significantly change in the medium term.

MAGALLANES EUROPEAN EQUITY FI

The fund closes the year with an investment level of 96.0% and a total of 34 companies.

The fund has a bias towards the industrial, consumer and energy sectors. Such sectors are mainly represented through holdings like Porsche, Renault, Carrefour, Aker BP and Metro. Top ten holdings account for 45.2% of the fund.

As a result of the holdings in the fund the exposure to Germany, France and Netherlands is greater compared to other countries. These three countries represent 50.5% of the fund.

An 81.2% of the fund is invested in large and mid-cap companies, with a 47.6% of such weight in companies with market cap of over €5 billion. A 14.8% of the fund is invested in small-cap companies (market cap below €1 billion).

Current investment level of the fund seems to be appropriate for us. The number of companies in the fund will not significantly change in the medium term.

MAGALLANES MICROCAPS EUROPE FI

The fund closes the year with an investment level of 90.1% and a total of 53 companies.

The fund has a bias towards the industrial, consumer and services sectors. Such sectors are mainly represented through holdings like Orsero, EDAG Engineering, KRKA, Italian Wine Brands and Camellia. Top ten holdings account for 32.0% of the fund.

As a result of the holdings in the fund the exposure to Italy, United Kingdom and Germany is greater compared to other countries. These three countries represent 54.7% of the fund.

A 72.0% of the fund is invested in companies with an adjusted market cap below 100 million euros, of which 37.0% below 50 million euros.

Current investment level of the fund seems to be appropriate for us. The number of companies in the fund will not significantly change in the medium term.

ANNEX 2. RETURNS BY FUND AND CLASS as of 12/31/18

MAGALLANES IBERIAN EQUITY, FI

FUND	NAV	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS	2018	2017	2016	2015 [1]	SINCE INCEPTION	INVESTMENT LEVEL
Magallanes Iberian Equity FI "M"	134,8333	-6,29%	-13,65%	-14,57%	-9,22%	-9,22%	15,45%	15,48%	8,04%	30,76%	95,1%
Iberian benchmark		-5,14%	-8,87%	-10,80%	-11,59%	-11,59%	12,13%	0,52%	-5,73%	-5,84%	
Magallanes Iberian Equity FI "P"	137,4915	-6,25%	-13,54%	-14,35%	-8,76%	-8,76%	16,03%	16,09%	6,32%	30,67%	95,1%
Iberian benchmark		-5,14%	-8,87%	-10,80%	-11,59%	-11,59%	12,13%	0,52%	-11,27%	-11,57%	
Magallanes Iberian Equity FI "E"	141,6243	-6,19%	-13,37%	-14,03%	-8,07%	-8,07%	16,91%	16,91%	12,72%	41,62%	95,1%
Iberian benchmark		-5,14%	-8,87%	-10,80%	-11,59%	-11,59%	12,13%	0,52%	2,57%	2,75%	

[1] Class M 29/01/2015; Class P 26/02/2015; Class E 09/01/2015. Returns net of fees. Iberian benchmark: 80% Ibex35 Net TR + 20% PSI20 Net TR.

MAGALLANES VALUE INVESTORS UCITS IBERIAN EQUITY - LUXEMBOURG

FUND	NAV	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS	2018	2017	2016 [1]	2015	SINCE INCEPTION	INVESTMENT LEVEL
Magallanes Iberian Equity Lux "R"	120,7042	-6,39%	-13,74%	-14,75%	-9,61%	-9,61%	14,79%	16,33%	-	20,70%	95,4%
Iberian benchmark		-5,14%	-8,87%	-10,80%	-11,59%	-11,59%	12,13%	0,52%	-	-1,40%	
Magallanes Iberian Equity Lux "I"	122,6918	-6,35%	-13,63%	-14,53%	-9,14%	-9,14%	15,42%	16,99%	-	22,69%	95,4%
Iberian benchmark		-5,14%	-8,87%	-10,80%	-11,59%	-11,59%	12,13%	0,52%	-	-1,40%	

[1] Class R 31/12/2015; Class I 31/12/2015. Returns net of fees. Iberian benchmark: 80% Ibex35 Net TR + 20% PSI20 Net TR.

MAGALLANES EUROPEAN EQUITY, FI

FUND	NAV	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS	2018	2017	2016	2015 [1]	SINCE INCEPTION	INVESTMENT LEVEL
Magallanes European Equity FI "M"	112,3745	-8,79%	-16,79%	-16,27%	-19,19%	-19,19%	19,52%	12,89%	3,47%	12,82%	96,0%
European benchmark		-5,53%	-11,32%	-10,14%	-10,57%	-10,57%	10,24%	2,58%	0,42%	1,55%	
Magallanes European Equity FI "P"	114,6256	-8,75%	-16,69%	-16,06%	-18,78%	-18,78%	20,12%	13,45%	4,23%	15,36%	96,0%
European benchmark		-5,53%	-11,32%	-10,14%	-10,57%	-10,57%	10,24%	2,58%	0,43%	1,57%	
Magallanes European Equity FI "E"	118,0545	-8,69%	-16,53%	-15,74%	-18,17%	-18,17%	21,02%	14,31%	4,29%	18,05%	96,0%
European benchmark		-5,53%	-11,32%	-10,14%	-10,57%	-10,57%	10,24%	2,58%	9,77%	11,01%	

[1] Class M 27/01/2015; Class P 29/01/2015; Class E 09/01/2015. Returns net of fees. European benchmark: MSCI Europe Net TR.

MAGALLANES VALUE INVESTORS UCITS EUROPEAN EQUITY - LUXEMBOURG

FUND	NAV	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS	2018	2017	2016 [1]	2015	SINCE INCEPTION	INVESTMENT LEVEL
Magallanes European Equity Lux "R"	106,7252	-8,80%	-16,73%	-16,34%	-19,43%	-19,43%	19,11%	18,30%	-	13,53%	95,8%
European benchmark		-5,53%	-11,32%	-10,14%	-10,57%	-10,57%	10,24%	9,39%	-	7,84%	
Magallanes European Equity Lux "I"	108,4274	-8,76%	-16,62%	-16,13%	-19,00%	-19,00%	19,76%	27,76%	-	23,93%	95,8%
European benchmark		-5,53%	-11,32%	-10,14%	-10,57%	-10,57%	10,24%	19,66%	-	17,97%	
Magallanes European Equity Lux "P"	109,4937	-8,73%	-16,54%	-15,97%	-18,70%	-18,70%	20,16%	12,08%	-	9,49%	95,8%
European benchmark		-5,53%	-11,32%	-10,14%	-10,57%	-10,57%	10,24%	2,58%	-	1,13%	
Magallanes European Equity Lux "ING"	80,0900	-7,72%	-15,98%	-14,88%	-	-	-	-	-	-19,91%	95,8%
European benchmark		-5,53%	-11,32%	-10,14%	-10,57%	-10,57%	-	-	-	-12,55%	

[1] Class R 29/01/2016; Class I 12/02/2016; Class P 31/12/2015; Class ING 17/01/2018. Returns net of fees. European benchmark: MSCI Europe Net TR.

MAGALLANES MICROCAPS EUROPE, FI

FUND	NAV	1 MONTH	3 MONTHS	6 MONTHS	12 MONTHS	2018	2017 [1]	2016	2015	SINCE INCEPTION	INVESTMENT LEVEL
Magallanes Microcaps Europe, FI "B"	87,6732	-6,98%	-14,89%	-17,52%	-21,98%	-21,98%	12,37%			-12,33%	90,1%
European benchmark		-5,68%	-15,29%	-15,40%	-13,38%	-13,38%	8,14%			-6,33%	
Magallanes Microcaps Europe, FI "C"	87,2940	-7,00%	-14,95%	-17,63%	-22,18%	-22,18%	7,81%			-16,10%	90,1%
European benchmark		-5,68%	-15,29%	-15,40%	-13,38%	-13,38%	7,22%			-7,13%	

[1] Class B 17/03/2017; Class C 31/03/2017. Returns net of fees. European benchmark: MSCI Europe Micro Cap Net Total Return.