

GENERAL INFORMATION

Inception Date: 23.05.1991

Net Assets: 38,814 K Eur

NAV: 24.876 Eur

ISIN: ES0138914033

Asset Manager

Merchbanc SGIIC. S.A.

Depository

BNP Paribas Securities Services

Auditor

GMP Auditores. S.A.

Management Fee

1.5% over Net Assets

Depository Fee

0.10% over Net Assets

Subscription Fee

None

Redemption or Switch Fee

None

Minimum Investment: None

Currency Base: Euro

Bank account for subscriptions:

ES02 0144 0001 32 0000052489

Account name: Merch-Fontemar FI

Cumulative Mutual Fund

Merch-Fontemar FI is a global mixed mutual fund. The Fund invests in fixed income securities and equities all over the world and more particularly in OECD countries and in all currencies. The minimum percentage in fixed income securities and liquidity is held at approximately 75%.

The Fund investment policy seeks long term capital appreciation through investing in different assets and markets taking into account the opportunities in all available markets.

Level of Risk

1	2	3	4	5	6	7
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COMMENTARY OF THE FUND'S PERFORMANCE

After the bearish end of last year, the beginning of this year has been mostly positive for financial markets. The more moderate speech of the FED governor regarding potential interest rate hikes, and monetary policy resulted in increased investor confidence.

Regarding the imminent Brexit outcome in Europe, albeit no scenario is to be neglected, markets seem to give a low probability to an exit without an agreement between the UK and the EU. Regardless of the outcome of the Brexit situation, the economic impact it may have on the markets seems to be limited.

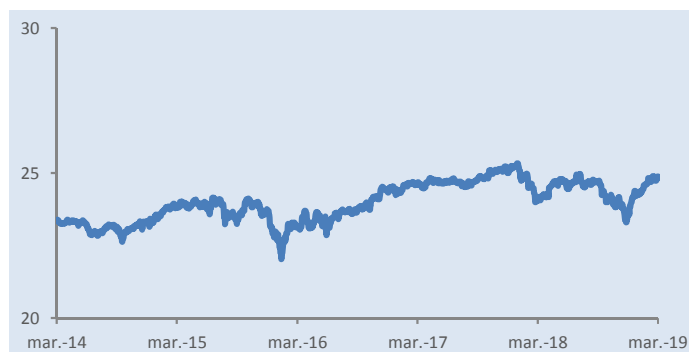
We continue to see potential in the markets, as valuations remain below historical averages. The continued global economic growth could slow down; however, it will remain solid. Moreover, the growth of corporate results of companies in our portfolios are for the most part strong. All of this has resulted in positive quarterly results.

At the corporate level, Portola Pharmaceuticals has received a positive review by the European Medicines Agency for the therapeutic properties of its oral antidote. This will most likely result in its approval in the coming months.

Regarding 10-year bonds, a reference for fixed income markets, they had a similar behavior in Europe and US, closing at yields of -0.070% and 2.405% respectively.

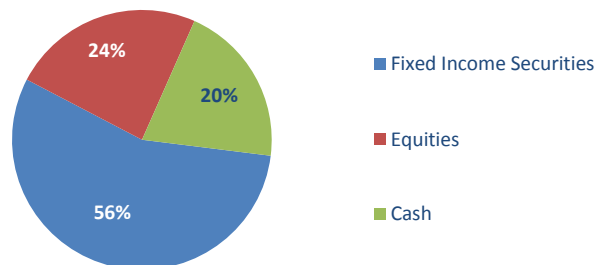
Equity exposure at the end of the month was close to the fund's maximum allowable level of 25%. Currency exposure remained mostly covered.

NAV Evolution (last 5 years)



Source: Merchbanc

Portfolio by asset class (%)



Source: Merchbanc

RETURN Annualized Cumulative

RETURN	Annualized	Cumulative
YTD		4.91%
12 months		3.02%
3 years	2.41%	7.41%
5 years	1.26%	6.7%
10 years	1.69%	18.24%
Since inception	4.24%	217.88%

Source: Merchbanc

Portfolio Characteristics

Number of securities	27
Turnover (average 2 years)	0.15
Net exposure to non-euro currencies	8.02%
Volatility (% average 3 years)	4.30%
Var (% average 3 years)	2.42%

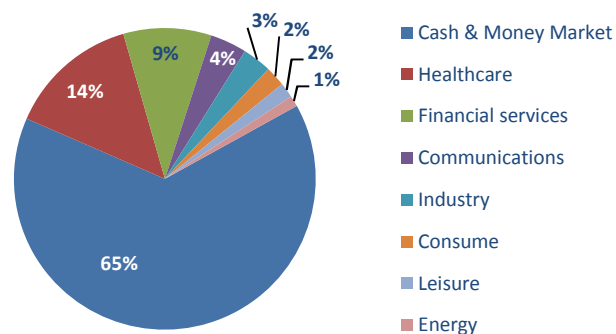
Source: Merchbanc

Top ten equities holdings

PORTOLA PHARMACEUTICALS	Healthcare	3.99%	PTLA (USA, Nasdaq) : Is a biotechnologic that develops products and new treatments for the thrombosis and several hematological disorders. It is close to put its second product on the market.
QUALCOMM	Communications	3.93%	QCOM (USA, Nasdaq) : It owns a patented technology that charges royalties between 2-3% over each mobile terminal for the chip's license they own. There is another important area in the company, that is the sale of chips.
GILEAD SCIENCES	Healthcare	2.24%	GILD (USA, Nasdaq) : a biotechnology company with international operations and twenty-plus innovative products, that centers on discovering, developing, and commercializing treatments for a range of conditions (e.g., hep C, HIV).
ALLIANZ	Financial Services	2.04%	AZ (Germany, Xetra) : German financial services multinational based in Munich. It is one of the largest insurance companies, and financial services provider in the world.
AXA	Financial Services	2.02%	CS (Paris, Euronext) : multinational specialized in the business of financial protection that since 1983 it also makes asset management. It is one of the largest worldwide insurance groups.
BANK OF AMERICA	Financial Services	1.49%	BAC (USA, NYSE) is one of the world's largest financial institutions, with total assets of \$1.3tn. It offers banking, investing, asset management and other financial and risk management products and services.
AIR LIQUIDE	Industry	1.37%	AI (Paris, Euronext) : Multinational that supplies industrial gases and services to several industries including chemical, electronic and pharmaceutical producers. It is the second major worldwide provider of industrial gases for revenue.
NESTLE (Registered)	Consume	1.31%	NSGRF (Switzerland) : Is one of the main actors of the world food industry. Produces and markets a wide range of products and drinks for human use, as well as feedstocks. It sells products like instant coffee Nescafe, Nespresso, besides having entered in the water market and keep on investing on infant food market.
TOTAL	Energy	1.15%	FP (France, Euronext) : Is an integrated oil and gas company, with business of E&P, R&M, Gas and Chemistry. It is one of the 6 super oil industries of the world.
DISNEY	Leisure	1.05%	DIS (USA, NYSE) : is a diversified international family entertainment and media enterprise. It operates through five business segments: Media Networks (ESPN, Disney Channels Worldwide, ABC, SOAPnet and UTV/Bindass), Parks & Resorts, Studio Entertainment (Walt Disney Pictures, Touchstone Pictures, Pixar, Marvel, and Disneynature), Consumer Products and Interactive Media.
% TOTAL NET ASSETS		20.59%	

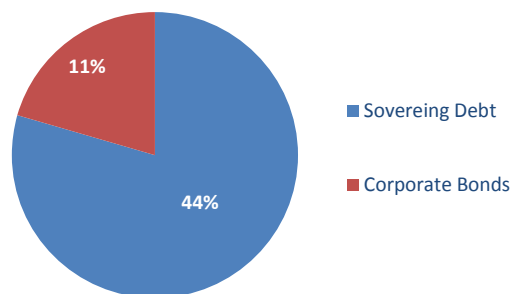
Source: Merchbank

Sector Breakdown of the equity portfolio



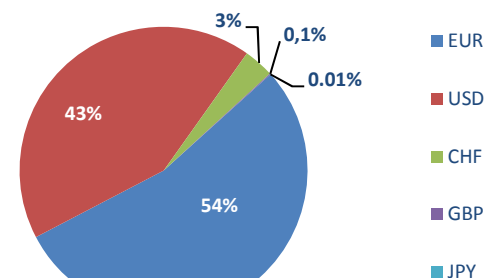
Source: Merchbank

Fixed Income assets distribution



Source: Merchbank

Currency Breakdown



Net exposure to non-euro currency: 8.02%

Source: Merchbank