

ELCANO has returned 11.2% net of fees so far during 2013. Since inception in December 2009, cumulative performance is 41.8%, equivalent to an annual compounded return of 10.8%.

These are the highlights of the period:

- ELCANO sold its entire position in **Novartis (NOVN:VX)** making a 23% return since August 2012, against 19% for the Swiss equity market during the same period.
- ELCANO invested 4% of the portfolio in the French multinational company **Saint-Gobain (SGO:FP)**. Founded in the XVII century as the royal glassmakers to Louis XIV, Saint-Gobain is the global leader in all the sectors it competes, combining strong technical capabilities with an extensive distribution network. These act as barriers to entry, keeping profitability high and allowing for the innovation virtuous cycle.

Saint-Gobain is number one globally in habitat and construction markets, mainly residential construction (40%), renovation (40%) and industry (20%). 40% of its profits come from construction materials, and the rest is equally divided among distribution, high-performance materials and flat glass. Over 65% of sales come from Europe and the rest from the US and emerging markets. Its strategy is based on: a) focus on innovative products for the habitat that save energy and protect the environment; b) expand into emerging markets; c) cost savings; d) consolidation of existing markets.

Today's market valuation (~6x EBITDA vs. 8.5x for the 100 large transactions in the industry since 1998) is attractive in relation to the current level of business and exceptional (~3x EBITDA) in a recovery scenario, in which case Saint-Gobain will benefit from higher volumes and expanded margins. Our expected internal rate of return for this investment goes from 13% to 35%.

- ELCANO SICAV bought shares of the tractor manufacturer **AGCO (AGCO:US)** for a 4% portfolio weight. AGCO owns four leading brands: Fendt, Valtra, Challenger and Massey Ferguson. Together with Case New Holland (owned by Fiat Industrial) and John Deere, it dominates a highly concentrated and profitable industry with strong barriers to entry arising from: a) the importance of brands and innovation; b) the requirement of a dense distribution and service network. On the demand side, we expect it to remain strong over the medium term supported by the profitability of farms in developed countries and the expansion and mechanization of modern farms in emerging markets. Commodity prices are expected to remain high as demand expands with the growth of population and its wealth and the supply of arable land remain fairly constant.

We paid 7x current operating profits, and we calculated an internal rate of return over 20%. Additionally, if management delivers on its efficiency plan, we get a further 5% a year.

ELCANO SICAV currently trades at book value, 9x expected 2013 earnings and a 4.5% dividend yield. We are confident that the combination of quality and low valuations will result in attractive returns over the medium and long run.

Thank you for your trust and please do not hesitate to contact us should you have any queries.

All the best,



**Marc Batlle, CFA**  
*Partner*



**JJ Fernández**  
*Partner*

**Net Asset Value: 14.02 euros (04/30/2013)**

Source: Credit Suisse Gestion SGIC.

### Investment Approach

Elcano Inversiones Financieras, SICAV, S.A. seeks to acquire shares in exceptional businesses at a discount to its intrinsic value. Elcano looks for companies with a sustainable competitive advantage that we can understand, a strong financial position and an honest and skilled management team. Decisions are based on financial and strategic analysis, and we are not restricted to any particular asset class, geography or sector.

### Comments on Recent Activity

ELCANO sold its entire position in Novartis (NOVN:VX) making a 23% return since August 2012, against 19% for the Swiss equity market during the same period.

ELCANO invested 4% of the portfolio in the French multinational company Saint-Gobain (SGO:FP) and bought shares of the tractor manufacturer AGCO (AGCO:US) for a 4% portfolio weight.

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### Top Holdings

Company	Sector
GDF Suez	Utilities
Wells Fargo	Banking
Mapfre	Insurance
Carrefour	Distribution
Swiss Re	Insurance

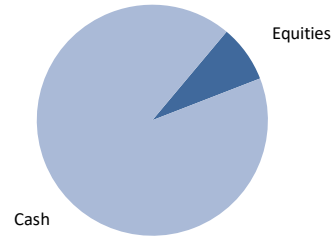
### Portfolio Recent Actions

Increase/ In	Decrease/ Out
Saint-Gobain	Novartis
AGCO	

### Main Terms

<b>Investment Universe</b>	: Global equities
<b>Asset Management Company</b>	: Credit Suisse Gestion, SGIC
<b>Depository</b>	: Credit Suisse AG, Suc. España
<b>Auditors</b>	: PricewaterhouseCoopers
<b>Regulator</b>	: CNMV
<b>Listed Market</b>	: <i>Mercado Alternativo Bursatil</i>
<b>Management Fee</b>	: 1.50% per annum
<b>Annual Performance Fee</b>	: 10% above 5% level
<b>Depository Fee</b>	: 0.10% per annum
<b>ISIN Code</b>	: ES0118626037
<b>Inception Date (new Board)</b>	: 1 <sup>st</sup> December 2009
<b>Currency</b>	: EUR
<b>Liquidity</b>	: Daily
<b>Asset Under Management</b>	: €37,100,000 (as of 30 <sup>th</sup> April '13)
<b>Number of Shareholders</b>	: 388 (as of 30 <sup>th</sup> April '13)
<b>Bloomberg Code</b>	: CIF SM <equity>

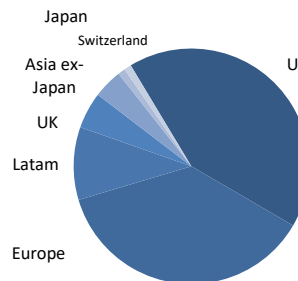
### Asset Distribution



#### Asset Class

Equities	92%
Fixed Income	0%
Cash	8%

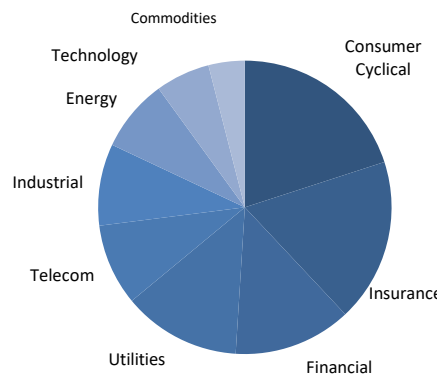
### Geographical Distribution



#### Region

US	42%
Europe	37%
Latam	10%
UK	5%
Asia ex-Japan	4%
Japan	1%
Switzerland	1%

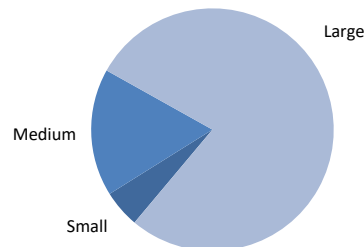
### Sector Distribution



#### Sector

Consumer Cyclical	20%
Insurance	18%
Financial	13%
Utilities	13%
Telecom	9%
Industrial	9%
Energy	8%
Technology	6%
Commodities	4%
Health & Pharma	0%
Consumer Staples	0%

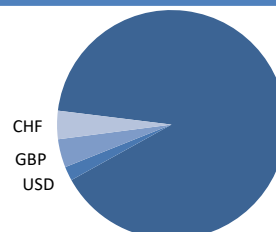
### Capitalization Distribution



#### Capitalization

Below €1bn	5%
€1bn to €5bn	17%
Above €5bn	78%

### Currency Exposure



#### Includes FX Hedge

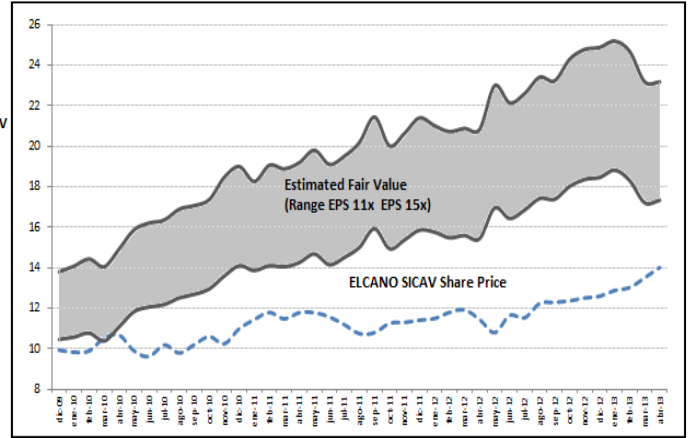
EUR	90%
USD	2%
GBP	4%
CHF	4%

Price of ELCANO vs. Other Major Equity Indices



Source: Bloomberg (Since Dec 2009).

ELCANO Share Price Vs. Estimated Fair Value (Range EPS 11x - EPS 15x)



Source: ELCANO SICAV, Bloomberg.

Return and Volatility Data

Return	
2013 (Year to date)	+11.2%
Year 2012	+10.4%
Year 2011	+3.8%
Year 2010	+10.7%
Year 2009 (From 1 <sup>st</sup> to 31 <sup>st</sup> Dec 2009)	+0.4%
Since inception (1 <sup>st</sup> Dec 2009)	+41.8%
Volatility	
Volatility	16.0%

Source: CreditSuisse SGICC, Bloomberg, ELCANO SICAV

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