

GENERAL INFORMATION

Inception date: 23.04.1987
Net Assets: 93,145 K Eur
NAV: 91.709 Eur
ISIN: ES0162332037
Asset Manager
 Merchbank SGIIC. S.A.
Depository
 BNP Paribas Securities Services
Auditor
 GMP Auditores. S.A.
Management Fee
 1.35% /Net Assets and 9% /Performance
Depository Fee
 0.10% over Net Assets
Subscription Fee
 None
Redemption or Switch Fee
 None
Minimum investment: none
Base currency: Euro
Bank account for subscriptions:
 ES75 0144 0001 35 0000052483
 Account name: Merchfondo FI

Cumulative Mutual Fund

The Fund invests with no limits in equities and fixed income securities in the global market, mainly in the OECD countries and in all currencies. 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
 Investors should have a long term approach to the investment in this Fund, and they must accept and assume the risk that entails the Fund's investment policy.

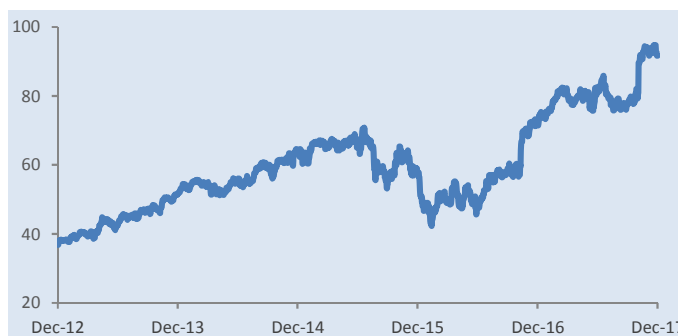
Level of Risk



COMMENTARY OF THE FUND'S PERFORMANCE

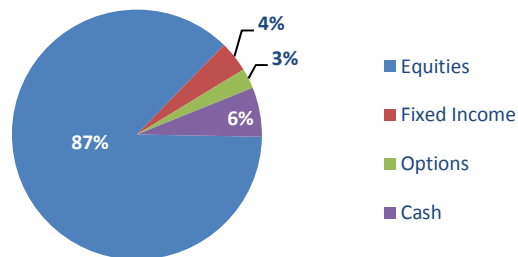
Global market indices levels continued to rise in December. Simultaneously, volatility for the different asset classes, stocks, bond, energy prices, and foreign currencies, all remained at very low levels.
 The appreciation of market indices, was based on the good quarterly results presented by US, European and Asian corporations. The synchronized growth across international markets strengthened among developed economies. Developing countries boosted market returns in December. In addition, the approved fiscal reform also contributed to improve investor sentiment.
 At the corporate level, positive company results resulted positive returns for Merchbanc funds, especially for those with a heavier equity weighting.
 European equity markets fell slightly, the Eurostoxx 50 fell by 2% in December, while the Ibex-35 fell by 1.78%.
 US indices closed the month with the S&P500 rising by 1.16% and Dow Jones by 2.26%. The Nasdaq Composite rose by 0.54%. The Japanese Nikkei fell by 0.28%.
 Regarding the industry reference bonds of 10-year maturity, they had mixed performances in December. The European 10yr bond closed at 0.4270% while the US 10yr bond closed at 2.4054%.

NAV Evolution (last 5 years)



Source: Merchbank

Portfolio by asset class (%)



Source: Merchbank

RETURN Annualized Cumulative

| RETURN | Annualized | Cumulative |
|-----------------|------------|------------|
| YTD | | 28.32% |
| 12 months | | 28.32% |
| 3 years | 12.90% | 43.90% |
| 5 years | 20.00% | 148.79% |
| 10 years | 12.57% | 226.82% |
| Since inception | 9.28% | 1425.95% |

Source: Merchbank

Portfolio characteristics

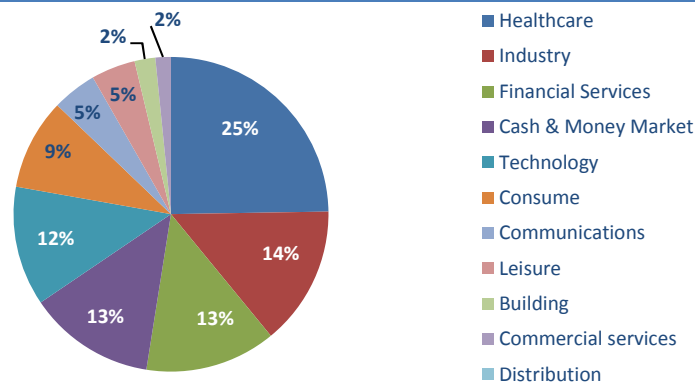
| | |
|-------------------------------------|--------|
| Number of securities | 50 |
| Turnover (average 2 years) | 2.28 |
| Net exposure to non-euro currencies | 57.16% |
| Volatility (% average 3 years) | 25.37% |
| Var (% average 3 years) | 15.62% |

Source: Merchbank

Top ten equities holdings

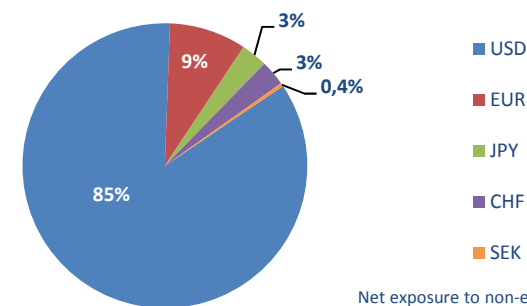
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|---------------------------|--------------------|---------------|--|
| PORTOLA PHARMACEUTICALS | Healthcare | 10.01% | PTLAC (USA, Nasdaq): Is a biotechnologic that develops products and new treatments for the thrombosis and several haematological disorders. It is close to put its first product on the market. |
| INCYTE | Healthcare | 5.24% | INCY (USA, Nasdaq): Biopharmaceutical centered in the discovery, development, formulation, manufacture and marketing of its own therapeutic agents for the treatment of serious diseases without treatment, oncology most of all. |
| AKAMAI | Technology | 4.65% | AKAM (USA, Nasdaq): provides cloud services for delivering, optimizing and securing online content and business applications. Its solutions include delivery of conventional content on websites to tools that support the delivery and operation of cloud-based applications, as well as security solutions and live and on-demand streaming video capabilities. |
| TWITTER | Leisure | 4.51% | TWTR (USA, NYSE): is a platform for public self-expression and conversation in real time. Most of its revenue stream comes from the sale of advertising using data mining |
| SPLUNK | Technology | 4.44% | SPLK (USA, Nasdaq): Provides software products. Its flagship product is Splunk Enterprise which allows corporations to collect machine-generated data from data centers, cloud storage, and mobile devices, index the data, and then search and analyze it in real-time to spot patterns. |
| BANK OF AMERICA | Financial services | 3.69% | 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. |
| TAPESTRY INC. | Consume | 3.56% | TPR (EE.UU., NYSE): Luxury multibrand conglomerate holding names such as: COACH, KATE SPADE and STUART WEITZEMAN. Tapestry trades in the NYSE and has its headquarters in NYC. |
| FREEMPORT – McMORAN | Industry | 3.22% | FCX (USA, NYSE): Mining company with copper and gold exposition. It has five of the most efficient mines of the world. |
| GILEAD SCIENCES | Healthcare | 3.20% | 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). |
| LULULEMON ATHLETICA | Consume | 2.81% | LULU (Canada): Is a specialized company of technical athletic apparel. In particular they started to sell yoga apparel. Recently there has been a change in its management team that has been diversifying into other sports and has also decided to launch a brand for young girls. |
| % TOTAL NET ASSETS | | 45.33% | |

Sector Breakdown of the equity portfolio



Source: Merchbanc

Currency breakdown



Source: Merchbanc

Net exposure to non-euro currency: 57.16%