

Objective and investment policy
MorningStarRating *****
Risk profile


Fixed international income fund that aims to increase yield at a medium and long term by means of a portfolio diversified by sector, rating and country. Semestral payment of dividends in class D.

General information

| | |
|----------------------------|-------------------------|
| Inception date | 07/01/2010 |
| Type of fund | Fixed Income Euro |
| Base currency | EUR |
| Benchmark | European inflation at 1 |
| NAV calculation | Daily |
| Purchasing fees | 0,00% |
| Selling fees | 0,50% |
| Annual management fees* | 0,75% |
| Custodian (taxes included) | 0,20% |
| Registration Number | 0109 |
| Investment Manager | BPA FONDS SAU |
| Custodian | BPA SA |
| Auditing Entity | DELOITTE SL |
| Cut-off time | 1PM |
| Settlement date | D+3 |

* Indirect taxes not included (IGI 9,5%).

Technical information

| | | |
|--|-------------|-----|
| Assets | 190.679.397 | EUR |
| NAV (Class-A) | 148,64 | EUR |
| NAV (Class-D) | 141,01 | EUR |
| Number of shares (Class-A) | 953.706,37 | |
| Number of shares (Class-D) | 346.929,17 | |
| Volatility of fund during the last 12 months* | 2,36% | |
| Volatility of benchmark during the last 12 months* | 0,03% | |
| Duration** | 4,83 | |
| Portfolio's average rating | BBB | |
| Portfolio's IRR | 2,82% | |
| Tracking error | 2,36% | |

* Standard inter-annual deviation (last 12 months).

**The portfolio duration is calculated bearing in mind the average duration of the securities that make it up, gauged per years.

Management report

This second semester of the year, and especially the fourth quarter, has clearly tarnished the somehow too optimistic outlooks we had for 2014 with regard to growth and global stability.

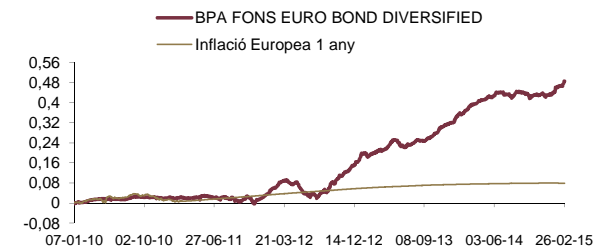
With insufficient and sometimes inexistent growth rates in its large countries, a fragmented Europe sees an increasing need for a direct action of the ECB in order to achieve more expansion and inflation.

In the USA, the message and the outlook that were presented by the Fed in December were key elements to reassure very tumultuous markets, which are willing to hear that, at least, the US economy continues going well, that it is not concerned neither by the drops in oil prices, neither by recent turbulences in the markets, and that the monetary normalization in this economy will be carried out with "patience" when it comes down to raise rates.

In the fund we carried out an active management of the portfolio with high positions in cash. We keep long positions in peripheral and subordinated credit, while covering a part of the duration of the portfolio with a short exposure to interest rates in Germany and France. We ended the year with durations around 3,8, and the average portfolio IRR was 3,7%. Over the next few months, we see the Eurozone bonds maintained by the expectations about the implementation of the QE in an economic environment of reduced inflation and growth for the following months. As an asset, we overweight credit rather than governments, whose downward return is much more reduced.

The main investments

| | |
|--|-------|
| COMMUNITY OF MADRID SPAI 1.826 04/30/25 | 6,99% |
| CEDULAS TDA 6 FONDO ACTIVO | 4,63% |
| VAR RABOBANK NEDERLAND 5.5 01/22/49 | 4,28% |
| VAR ELECTRICITE DE FRANCE 5.625 12/29/49 | 3,31% |
| VAR GROUPAMA SA 6.375 05/29/49 | 3,12% |
| VAR KONINKLIJKE KPN NV 6.125 03/29/49 | 3,10% |
| BBVA GLOBAL FINANCE LTD. 7 12/01/25 | 2,75% |
| AXA SA 5.5 07/29/49 | 2,74% |
| ALLIANZ SE 5.5 11/28/49 | 2,69% |
| JUNTA DE ANDALUCIA 4.85 03/17/20 | 2,11% |

Comparative performance fund - benchmark


| Performance | YTD | 2014 | 2013 | 2012 | 2011 | TAE |
|-------------|-------|-------|--------|--------|-------|-------|
| FUND | 3,86% | 8,29% | 13,41% | 13,84% | 0,31% | 8,01% |
| BENCHMARK | 0,14% | 0,62% | 1,50% | 2,65% | 1,76% | 1,49% |

The performances expressed deduce the management and depositary commissions.

Semester payment of dividends on D class. This is fixed to Euribor 12 months + 100 basis points semester payment.

At the end of the year, as well as the last dividend, an extra dividend shall be distributed, provided that the funds results.

It will be determinated on the basis of 75% of the total amount of coupons collected during the year minus the coupons already collected nad indexed to euribor.

| Dividend yield | % | Euro |
|----------------|-------|--------|
| 2012 | 0,80% | 0,90 € |
| 2013 | 2,39% | 2,93 € |
| 2014 | 2,27% | 3,11 € |

Distribution by maturity

| | |
|---------------------|--------|
| MORE THAN 12 MONTHS | 79,24% |
| TERM DEPOSIT | 14,63% |
| CASH | 5,65% |
| FROM 3 TO 12 MONTHS | 0,48% |

Distribution by country

| | |
|-----------------|--------|
| SPAIN | 37,61% |
| THE NETHERLANDS | 20,97% |
| FRANCE | 13,92% |
| OTHER | 12,03% |
| ITALY | 7,92% |
| GERMANY | 3,60% |
| PORTUGAL | 2,62% |
| UNITED KINGDOM | 1,34% |

Distribution by concept

| | |
|---------------------|--------|
| FIXED INCOME ISSUES | 98,58% |
| OTHER | 0,89% |
| MIXED INCOME FUNDS | 0,53% |

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