

Plus Ultra mixto F.P.

Management report first half of 2020

Definition of the plan and investment policy

The fund falls within the mixed equity category of pension funds (between 30% and 75% of the assets must be invested in equity assets).

Depending on the performance of the markets or new contributions being made to the fund, it may invest in monetary or fixed-income assets.

The objective is for the assets to be distributed both at a sectoral and an individual level, or in geographical areas where the management company considers itself to be able to directly or indirectly control the country-currency risk, in order to combine security and returns.

Potentially lower risk Lower risk				Potentially higher yield Higher risk		
1	2	3	4	5	6	7

Fees and expenses

Date of constitution: 10 October 2005

Depository fee: 0.055%

31/12/2019 **30/06/2020**

No. members: 594 613

Total assets: 9,394,781.56 8,155,487.75

Cash value: 137.87142 125.676410

Managing entity: Plus Ultra Seguros Generales y
Vida, S.A.U. de Seguros y
Reaseguros.

Other expenses:

0.20%

Delegated Asset Management Company:

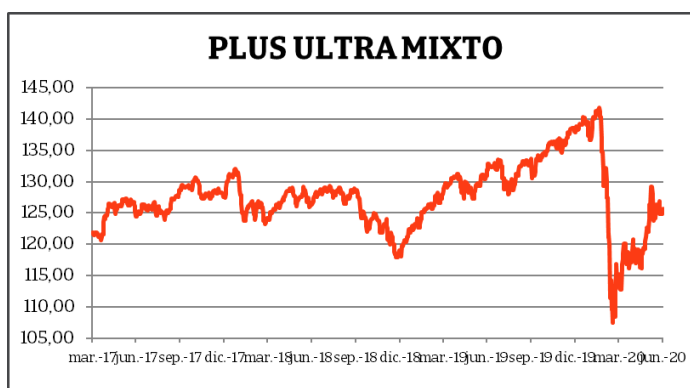
Grupo Catalana Occidente (GCO)
Asset Management, S.A., S.G.I.I.C.,
Single-Shareholder Company.

Depository entity: BBVA, S.A.

Auditing entity: Deloitte, S.L.

Fees:

Management fee: 1.50%



Performance

	Last 3 months	Accumulated during the year	Last 12 months	3 years	5 years	10 years	History from inception
In percentage terms	-8,85%	-8,85%	-4,09%	1,01%	12,53%	75,93%	64,49%
Annualised (APR)	-16,99%	-16,99%	-4,09%	0,33%	2,39%	5,81%	3,46%

Previous returns do not guarantee future returns.

Other useful information

RELATIONSHIP WITH THE DEPOSITORY ENTITY

There is no link between the management company and the pension fund depository, in accordance with Article 42 of the Code of Commerce, with respect to corporate groups.

LINKED OPERATIONS AND CONFLICTS OF INTEREST

The management company has an internal procedure, set out in its Internal Code of Conduct, pursuant to Article 85, sec. 3 b, of Royal Decree 304/2004, of 20 February, approving the Pension Plans and Funds Regulation, to avoid conflicts of interest and the identification of any possible linked operations that affect pension funds.

Management report

INTERNATIONAL ENVIRONMENT – EURO AREA

The Covid-19 pandemic and the measures adopted to contain it have deeply impacted economic developments globally. The spread of the virus from China to the rest of the world from February progressively engulfed different world regions, leading to a swift increase in the number of infections and deaths. It also meant many countries' health systems had difficulty coping with providing the medical assistance needed. To reduce the speed of contagion, national authorities shut down several areas of economic activity, triggering a sharp and deep contraction in activity, demand and employment, exacerbated by the decline in confidence and the tightening of financial conditions.

The fall-off in trade has also been very pronounced. The trade in goods has been most severely disrupted because of the partial shutdown of goods transport. In the case of tourist services, flows have ground practically to a halt in some cases, against the backdrop of border closures and the suspension of air traffic.

The scale of the shock has also been very high in labour markets. Job losses have been particularly acute in the United States. In many European countries the reduction in employment has been considerably alleviated by the extensive use of mechanisms which, with the resort to public financing, temporarily suspend contractual relationships (ERTE).

Recently, many countries – particularly in Europe – have embarked on gradual lockdown-easing strategies. The pandemic has abated in some areas of the world as a result of the lockdown measures, allowing such measures to be gradually withdrawn. As a result, economic activity has begun to resume a degree of normality. In April, confidence indicators had collapsed, alarmingly so in the case of the services sector. Indeed, services were affected to a greater extent by the shutdown in activity and the restrictions on people's movement. These indicators have improved to some extent in those countries at a more advanced stage in the process of exiting the lockdown, though they still remain at very low levels.

Looking ahead, there will continue to be a degree of high uncertainty for some time until an effective medical remedy is found. In the absence of a vaccine or effective treatment against the disease, the risk of fresh outbreaks will remain. Until medical headway is made, combating the expansion of the virus will call for physical distancing and tools to trace and isolate the infected. Under these conditions, a return to economic activity will be incomplete in sectors where personal interaction plays a key role, as in the hospitality and leisure industries. Severe declines in GDP are projected worldwide in 2020 despite the expected rebound in the second half of the year.

The Eurosystem's June projections envisage, in their baseline scenario, a 4% drop in global GDP this year. For the euro area as a whole, under the assumption an effective medical solution will not be available this year, an 8.7% decline in GDP is expected under a scenario that assumes the possibility of partial fresh outbreaks of the disease. The decline would rise to 12.6% under an alternative scenario in which these hypothetical fresh bouts of Covid-19 were more acute and thus required the reintroduction of more stringent lockdown measures. The subsequent rebound in activity will not, at end-2022, prevent the level of euro area GDP from standing significantly below what it would have reached in the absence of the pandemic.

Since March, the European Central Bank (ECB) has enacted a very broad range of measures to mitigate the effects of the crisis on the euro area economy. The actions taken can be grouped into two major categories. The first set of measures is geared to favouring banks' access, in terms of volume and of cost, to the ECB's long-term liquidity-provision facilities. The aim is that banks should have sufficient funds to extend loans to households and firms whose cash flow has been harmed to a greater extent by the crisis.

The second group of measures has involved bolstering the purchase programmes of debt issued by euro area general governments and corporations.

SPAIN

In Spain, the easing of restrictions on people's movement and on economic activity under the state of alert has culminated on 21 June in the move to the so-called "new normal".

The state of alert that came into force on 15 March extended to the whole of national territory its partial restrictions on personal movement and economic activity that had begun to be applied in some regions some days earlier. After a period of rapid expansion, the disease peaked in early April. The sustained reduction in the figures for new infections and deaths meant the start of the staggered move on 4 May towards the "new normal". Thereunder, different territories have begun moving forward unevenly on the basis of criteria such as epidemiological developments and the capacity of the health system to face potential fresh outbreaks. The new normal, which will be in force for a period yet to be defined, will allow travel throughout national territory and the resumption of all economic activities, but some restrictions remain. These are geared, above all, to avoiding large gatherings and to maintaining some interpersonal distance, resulting in setting maximum capacity figures for

leisure establishments, accommodation and retail premises. Any future outbreak could give rise to a renewal of the lockdown measures, in principle locally.

The seriousness of the pandemic and the lockdown measures applied, both in Spain and in most of our trading partners, have given rise to a deep recession. In the first quarter, GDP fell by 5.2% quarter-on-quarter (compared to the 0.4% growth between October and December 2019), weighed down by the collapse of private national demand and the effects of the analogous measures adopted in the rest of the world. The fall in activity during the lockdown is expected to have been greater in Spain compared with the euro area as a whole, owing to the greater stringency of the measures applied and to the greater weight of the activities most exposed to social interaction in Spain's sectoral structure.

The decline in Spanish GDP is expected to have stepped up notably in the second quarter. It stands in a range whose mid-point is close to 20% quarter-on-quarter.

Specifically, GDP would fall, respectively, by 9% and 11.6% on average in the year under the early and gradual recovery scenarios. These two scenarios are complemented by a third risk scenario in which the recovery will be at a very slow pace and the decline in GDP would amount to 15.1%. Only under the early recovery scenario would the GDP level at year-end 2022 exceed that prior to the crisis, which underscores the possibility that the consequences of the crisis incorporate a durable component.

Employment has been hit hard by the pandemic. Following the steep cumulative fall that began midway through March, employment may have stabilised somewhat in May. This would be a direct consequence of the gradual easing of lockdown.

However, the unemployment rate will rise significantly in the second quarter. On average, registered unemployment grew 23.2% in April and May. This increase suggests that the unemployment rate, which in the first quarter stood at 14.4% of the labour force (according to the Spanish Labour Force Survey), could draw close to 20% in the second quarter. It should be noted that, in accordance with European statistical criteria, under certain conditions workers subject to short-time work arrangements are not considered unemployed, since they remain associated with their employers.

The performance of consumer prices has been highly influenced by plummeting oil prices and the uneven behaviour of non-energy components relating to changes in consumption patterns during lockdown. Inflation, measured by the Harmonised Index of Consumer Prices (HICP), declined sharply in recent months to -0.9% in May. By contrast, the growth rate of core inflation eased recently. It eased between February and May by 0.4 pp to 0.9%, its lowest rate of the last two years. The deteriorated economic activity outlook and the increased uncertainty have had a very severe impact on the performance of the financial markets. The interest rates of Spanish public debt, which greatly increased in the first quarter, have bounced up and grown by 3.7% with respect to year-end 2019 (ten-year Spanish bonds stood at approximately 0.48% at the end of June, versus 0.46% at the end of December). The differential compared to the German benchmark bond has declined in the second quarter, reaching the risk premium of 93 basis points.

With regard to the equity markets, in spite of a general upturn in the second quarter, the IBEX-35 fell by 24% compared to year-end 2019. EUROSTOXX 50 dropped by 13% on December 2019 levels. As for the American stock market, the S&P 500 depreciated by 4% in the quarter.

CHANGES TO THE PLUS ULTRA MIXTO FUND

In our fund, we have maintained the strategy of achieving the maximum return with the lowest possible risk, subject to the fund's particular characteristics. Thus, at the close of the first half of 2020 the annualised yield of Plus Ultra Mixto, Fondo de Pensiones, was -4.09%.

Situation and changes to the fund's assets

TYPE OF SECURITY	No	CASH VALUE AT 30/06/2020 (EUROS)	% OF THE TOTAL
BONDS			
CAIXABANK 1.625% 21/04/2022	1.00	102,316.00	1.25%
CAIXABANK 1.375% 10/04/2024	3.00	304,428.00	3.73%
VOLKSWAGEN LEAING 2.375% 06/09/2022	3.00	308,769.00	3.79%
RENAULT 0.75% 26/09/2022	8.00	781,280.00	9.58%
SCBER 0.75% 17/10/2022	8.00	801,816.00	9.83%
PSABFR 0.75% 19/04/2023	5.00	490,440.00	6.01%
EQUITIES			
BBVA ETF IBEX 35	50,612.00	370,884.74	4.55%
ETF ISHARES EURO STOXX 50	19,150.00	631,184.00	7.74%
ETF DB X TRACKERS SP 500 UCITS	25,600.00	1,305,446.40	16.01%

GRIFOLS	1,780.00	48,113.40	0.59%
BANCO SANTANDER	33,599.00	73,077.83	0.90%
CAIXABANK	38,571.00	73,323.47	0.90%
IBERDROLA S.A.	11,580.00	119,505.60	1.47%
REPSOL S.A.	15,937.00	124,085.48	1.52%
SAP AG	760.00	94,483.20	1.16%
MUENCHENER RUECKV	942.00	217,978.80	2.67%
PERNOD RICARD	1,006.00	140,890.30	1.73%
ENEL SPA	24,397.00	187,320.17	2.30%
ENI SPA	8,101.00	68,777.49	0.84%
ASML HOLDING NV	596.00	194,832.40	2.39%
ADIDAS SALOMON AG	590.00	137,824.00	1.69%
SCHNEIDER ELECTRIC	1,404.00	138,827.52	1.70%
TOTAL	3,058.00	103,895.55	1.27%
LVMH MOET HENNESSY LOUISE V	442.00	172,601.00	2.12%
VINCI	1,522.00	124,804.00	1.53%
AIR LIQUIDE	1,078.00	138,415.20	1.70%
LIQUIDITY IN NATIONAL CURRENCY		968,283.90	11.87%
OTHER DEBTORS AND CREDITORS		- 68,115.70	- 0.84%
TOTAL ASSETS		8,155,487.75	100.00%

