



## LIERDE Net Asset Value 31/07/2015: 90.97

### OBJECTIVE AND INVESTMENT STRATEGY

The objective of Lierde is to generate positive returns over the long term through equity investments in Europe.

Investment decisions are based on fundamental analysis, analyzing the Return on Capital Employed (ROCE) of companies and its sustainability over time.

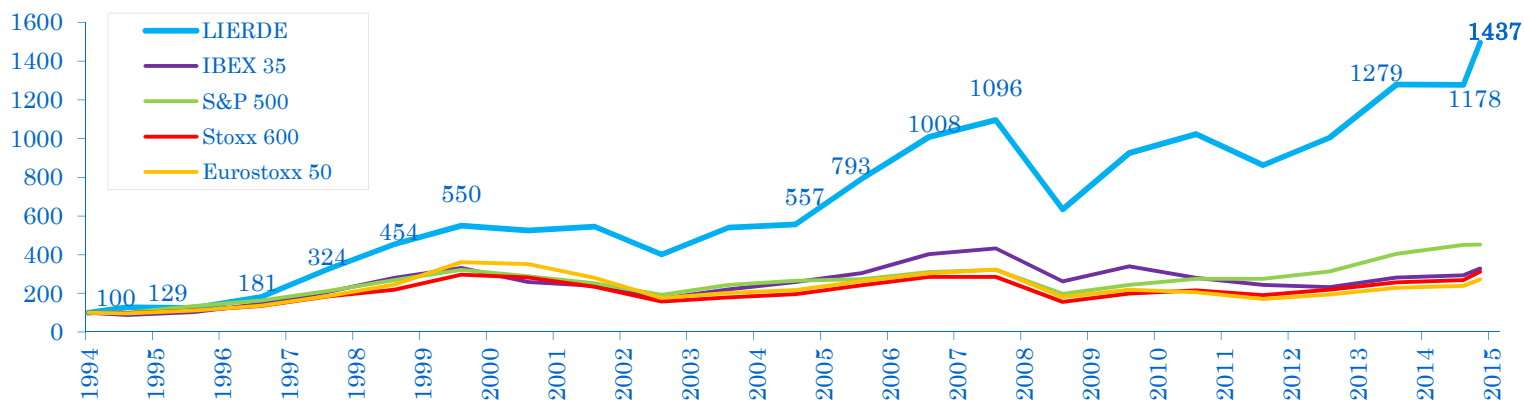
### RISK DATA

FROM INCEPTION	LIERDE	STOXX 600
Annual alfa	5.17	
Sharpe ratio	0.85	0.31
Beta	0.83	
Volatility	18.2%	20.0%
12 MONTHS	LIERDE	STOXX 600
Beta	0.72	
Volatility	14.3%	18.6%

### HISTORICAL RETURNS

YEAR	LIERDE	STOXX 600	Difference
1994	28,55%	-2,12%	30,67%
1995	-2,67%	13,30%	-15,97%
1996	44,30%	20,90%	23,39%
1997	79,50%	37,64%	41,86%
1998	40,22%	18,41%	21,81%
1999	20,98%	35,92%	-14,94%
2000	-4,56%	-5,19%	0,63%
2001	3,68%	-16,97%	20,65%
2002	-26,26%	-32,47%	6,21%
2003	34,50%	13,68%	20,82%
2004	3,24%	9,51%	-6,27%
2005	42,28%	23,46%	18,81%
2006	27,22%	17,81%	9,40%
2007	8,75%	-0,17%	8,92%
2008	-42,13%	-45,60%	3,47%
2009	45,72%	27,99%	17,73%
2010	10,72%	8,63%	2,09%
2011	-15,76%	-11,34%	-4,42%
2012	16,44%	14,37%	2,07%
2013	27,39%	17,37%	10,02%
2014	-0,12%	4,35%	-4,47%
2015	12,46%	5,91%	6,55%
<b>Total return</b>	<b>1336,84%</b>	<b>183,94%</b>	<b>1152,90%</b>
<b>Average</b>	<b>16,11%</b>	<b>7,06%</b>	<b>9,05%</b>

### TOTAL RETURN (base 100)





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### MONTH IN REVIEW

In August Lierde dropped -5.07% vs. -9.19% Eurostoxx 50, -8.47% Stoxx 600, -8.24% Ibex 35 and -6.26% S&P 500. The NAV of Lierde at the end of the month was 86.36 and accumulated a +12.46% of return vs. +5.91% Stoxx 600, +3.92% Eurostoxx 50, +0.20% Ibex 35 and -4.21% S&P 500. In August Lierde was invested 95.2% in equities and 4.8% in cash. The beta of the portfolio was 0.72. The volatility of the last twelve months was 14.3% vs. 18.6% Stoxx 600, 22.6% Eurostoxx 50 and 22.0% Ibex 35. At the end of August, Lierde had more than 630 shareholders.

As far as the mid-term results of the companies, the month was very active, almost a third of the companies in the portfolio reported. The final balance is very positive. The majority reported in line results or better than expected. We only had two companies, Kuoni and Carlsberg, with worse published figures, but both are restructuring stories and we believe the worst is over. We will follow both positions very carefully and we will see what happens during the next publication. Regarding sales, we sold the position in the German real estate company Deutsche Annington, and almost the whole position of Carl Zeiss Meditec. In both cases the reason was that the companies reached our target price.

Before the market drop, the liquidity of Lierde was very high, in line with the greatest caution in the short term as we mentioned in the previous monthly reports. This situation not only allowed us to perform better during the falls, but also to raise weight in "best-in-class" values such as Compass Group, LVMH, Samsonite or Assa Abloy.

Related to new incorporations, we have to mention two additions: Linde and Daimler. The price of Linde suffered a sharp correction in August. In our view, that fact can only be explained by its presence in oversold indices (DAX and Healthcare), or because of its apparent similarity to commodity companies. The reality is that Linde's business is very stable because it is based on long-term contracts. Besides, its exposure to changes in commodity prices is reduced since the main component of its production process is the "common air", which is totally free. Regarding Daimler, we have been a lot of time looking for an opportunity to enter. It has literally become another company from the divestment of Chrysler in 2007. Ten years later, we can make interesting conclusions about the track record of the new management team. Briefly, they have done a great job selling non-core assets and repositioning successfully the Mercedes-Benz brand.

Our positive view on the economic cycle is one of the reasons why we increased weight again in the car sector, but we always prefer companies with their own structural growth story. In Valeo's case, where we also increased some weight, its excellence in efficiency and autonomous driving is the reason. Regarding CIE Automotive, we have always emphasized the superiority of its management team to integrate new acquisitions and to anticipate the cycle. Related to Daimler, we can highlight two drivers in the medium term:

1. Mercedes Benz still has to recover part of the market share lost in the past against BMW or Audi.
2. The sustainable profitability of the company is higher than its historical average, both due to a more efficient production process and more premium product positioning.

As far as markets concerned, 12.5% correction of the Chinese market (after 14.3% in July and 7.25% in June) clearly caught other global markets. The double devaluation of the yuan was the main catalyst for the drop, together with weaker than expected macroeconomic data (PMIs). In the United States and Europe, the monthly data were good in general, which confirms the economic recovery. It is remarkable the strength of the Spanish economy: PMIs, development of tourism and housing prices very positive. It seems that the GDP of Spain will be over 3% in 2015. Finally, Greece went into the background after the signing of a third rescue which solves their financing needs in the medium term.

In this context and taking into account volatility will continue in the markets, we remain positive with European equities until the end of the year. The market reaction after the first rate hike by the Fed or the elections in Spain are risks to consider, but in our opinion should not lead to a change in the economic scenario. China is our main concern, but not because of its foreseeable lower growth. After two decades of double digit growth it seems reasonable (and healthy) that the growth rate will be lower. It is true that global growth will be affected by a few tenths, but we do not believe that will mean the end of the economic cycle. The problem is the nearly \$ 4 trillion of foreign assets that China accumulates since 2003. Such purchases had an equivalent "quantitative easing" effects. In principle, China generates enough savings to finance their growth, but may need to sell some of those reserves to stabilize its currency. Throughout August there were significant sales, although to date the long-term rates have barely moved in the United States or Europe. In summary, the central banks of the developed world must be very vigilant in case it would be necessary to increase their purchases of asset. Currently Draghi, in his last speech, made clear that if necessary, the ECB will expand its program.

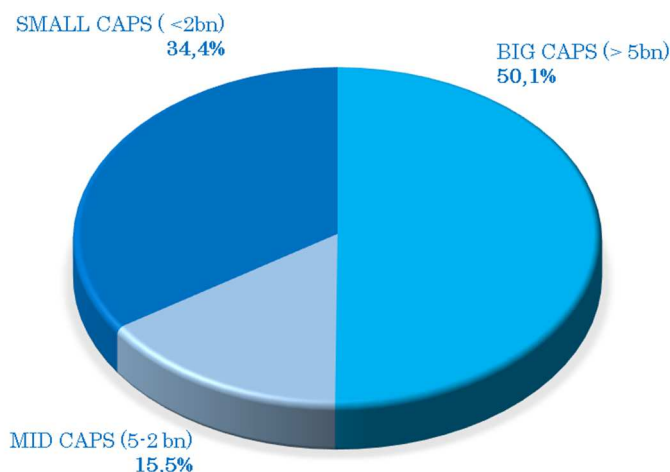


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### TOP 10

TOP 10 POSITIONS	
LAR ESPAÑA	4,47%
MERLIN PROPERTIES	3,27%
REPLY	2,35%
REALIA	2,28%
SOCIETE GENERALE	2,25%
DANONE	2,23%
SAMSONITE	2,18%
BAYER	2,16%
ING GROEP	2,16%
ARYZTA	2,15%
<b>TOTAL TOP 10</b>	<b>25,5%</b>

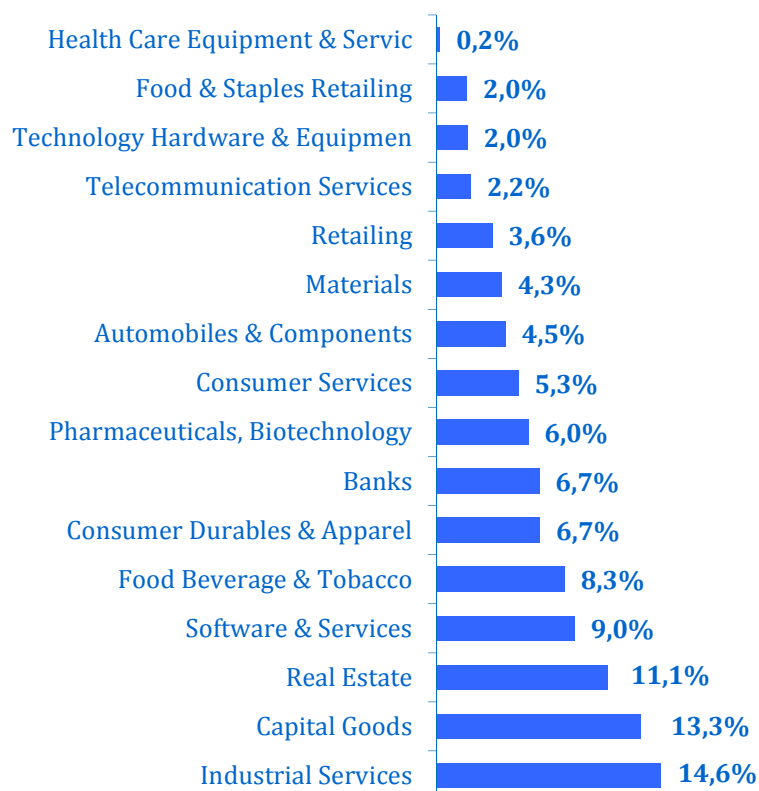
### DISTRIBUTION BY MARKET CAP.



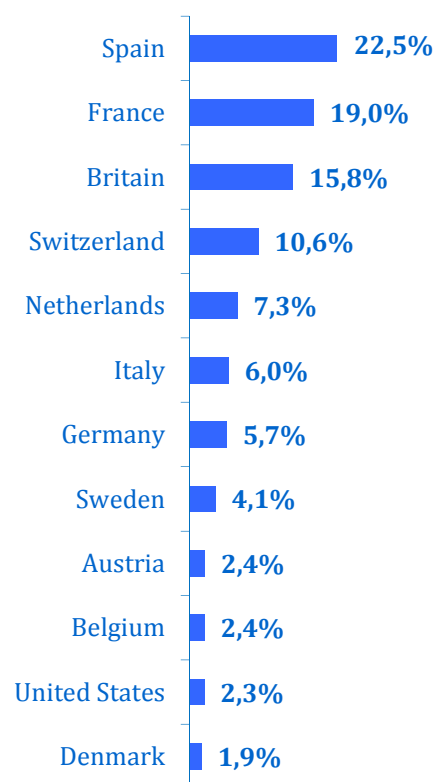
### DISTRIBUTION BY ASSET

Equity	95.2%
Cash	4.8%

### EXPOSURE BY SECTOR



### EXPOSURE BY COUNTRY





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### GENERAL INFORMATION ABOUT LIERDE SICAV

Inception date	1994
Assets under management*	EUR 146.8 Mn.
CNMV n° of registration	2467
Liquidity	Daily liquidation d + 2
Fees	Management fee 1.40% annual - Depository fee 0.125% annual
Asset manager	Urquijo Gestión / Mercados y Gestión de Valores
Custodian institution	Banco de Sabadell
Administrator	Banco de Sabadell
Auditor	Deloitte
Currency	EUR
ISIN code	ES0158457038
Bloomberg ticker	LIE SM Equity

\*Updated August 31, 2015

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Past returns do not guarantee future returns.