



LIERDE Net Asset Value 30/11/2015: 93.03

OBJECTIVE AND INVESTMENT STRATEGY

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

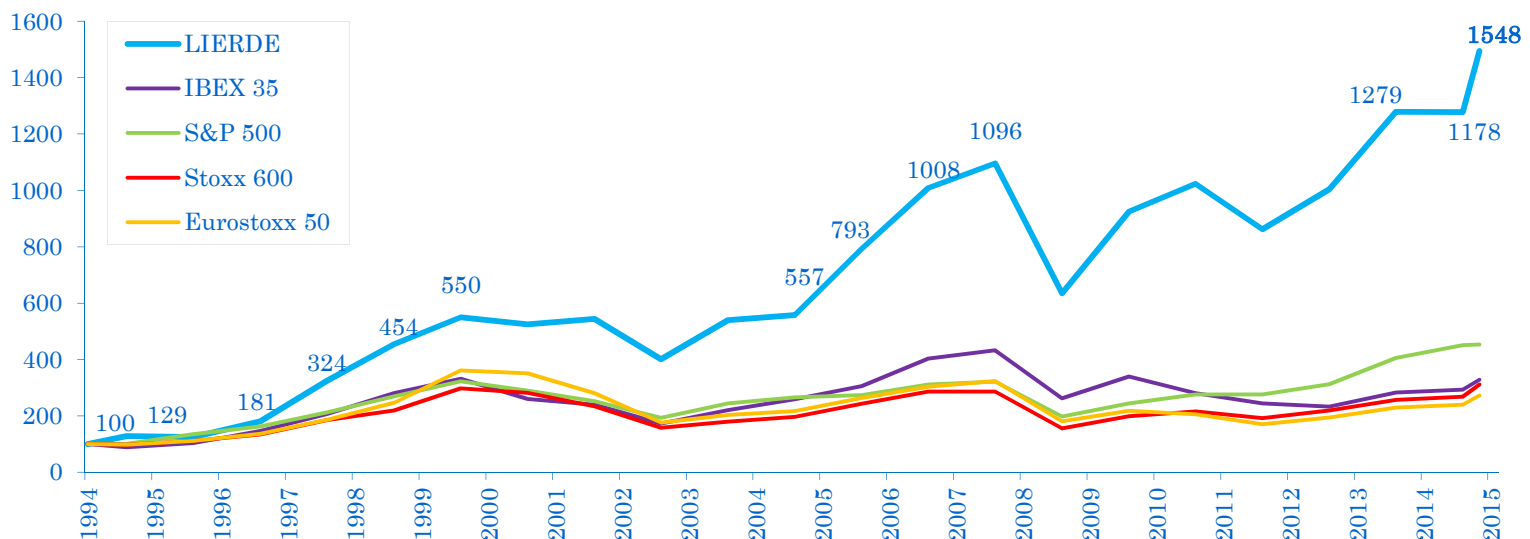
Investment decisions are based on fundamental analysis, analyzing the Return on Capital Employed (ROCE) of companies and its sustainability over time.

RISK DATA

FROM INCEPTION	LIERDE	STOXX 600
Alfa anual	5,17	
Beta	0,85	0,31
Ratio Sharpe	0,83	
Volatilidad	18,2%	20,0%
12M	LIERDE	STOXX 600
Beta	0,70	
Volatilidad	14,8%	19,6%

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	21,15%	12,52%	8,63%
Total return	1447,87%	201,66%	1246,21%
Average	16,49%	7,34%	9,14%

TOTAL RETURN (base 100)





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MONTH IN REVIEW

In November Lierde rose by +3.34% vs +2.65% Stoxx 600, +2.58% Eurostoxx 50, 0.25% Ibex 35 and +0.05% S&P 500. YTD Lierde accumulates +21.15% of return vs. +11.44% Eurostoxx 50, +12.52% Stoxx 600, +1.04% Ibex 35 and +1.04% S&P 500. The NAV of Lierde at the end of the month was 93.03, a new high in the history of Lierde. The European indices Stoxx 600 and Eurostoxx 50 are still 7% and 9% below their maximums of the year respectively. In November Lierde was invested 92.2% in equities and 7.8% in cash. The beta of the portfolio was 0.70. The volatility of the last twelve months was 15.0% vs. 19.6% Stoxx 600, 23.0% Eurostoxx 50 and 21.7% Ibex 35.

Regarding the portfolio, in November the weight variations of values were more important than outputs and inputs of new companies. In October we already commented that our valuation models show us an equity market divided into two blocks: one includes large and "defensive" companies, which are trading at historically high rates; and other block with smaller and less predictable companies which are trading with substantial discounts. In this line, we reduced weight in "best-in-class" companies such as **LVMH, Richemont, Hexagon** or **DCC**; due to their lower potential after an excellent performance. On the other hand, we increased weight in a large group of quality companies (**Mears, Mitie, Econocom, Alten, Neuronas, PORR, Strabag, Andritz** and **Cancom**). These ones can provide, at current levels and in the medium term, returns above the historical average return of Lierde. It is very important to highlight that this active management -not rotation- of the portfolio, not only contributes positively to its profitability, but also reduces considerably the risk (volatility). The Swiss company **Kuoni** is the only one we sold in the month, taking advantage of the strong rally from October lows. The company is always restructuring its business and is very difficult to build an investment case with a minimum of visibility.

In November the main and new addition was the German company **S&T AG**. We had been a lot of time looking for companies with quality businesses focused on security of computer networks (Internet of things) and Smart grids. S&T AG has been a great discovery because it offers us exposure to both structural trends. Speaking about Internet of things is like speaking about interconnected machines via Internet. Simply, the recent escalation in the number of terrorist attacks allows us to understand the importance of preventing unwanted access (hackers) into critical equipment such as aircrafts, medical equipments or industrial robots. S&T AG is a specialist in this niche with important clients like Siemens, General Electric or Bosch. On the other hand, its division of Smart grid is another jewel with great growth potential (40% in 2015). For now, they are focused on Eastern Europe, where the company has won substantial contracts in Poland. 2016 is an important year in terms of bids and it is expected that new relevant contracts will come. The rest of its business is very similar to **Cancom** and **Bechtle**. Definitely, all of them businesses with large recurrence inasmuch as they include long-term maintenance. Despite its excellent positioning, S&T is still a small company (market cap. EUR 230Mn) and it is only covered by two analysts. Surely this is the reason why it is trading at 9x EV/EBITA with double-digit growth (20%) and ROCEs of 40%.

November was also an important month in terms of analysis of companies due to the huge amount of new information. Not only a lot of companies in Lierde's portfolio reported quarterly results, but we also visited some companies in which we are invested (**Danone, Valeo, Linde, Société Générale, Arcelor Mittal, Vinci, Cancom, Reply, Ferrovial, Lar España, Renta Corporación, Bucher Industries, S&T AG, Daimler, Adveo** and **Engineering**), as well as other companies that we are now analyzing. Briefly, these are the main conclusions:

1. Companies maintain a positive outlook for both, the fourth quarter and for the year 2016, especially those companies with greater exposure to European domestic demand.
2. By sector, everything related with IT services (digitization, cloud computing, security, payments, etc.) will continue with growth rates well above GDP for several years (often double-digit). Sectors related with commodities (especially oil) do not see the light in the long tunnel yet.
3. The quality of the balance sheets remains very high and a large number of our companies have net cash positions on their balance sheets. Therefore, we see improvements in shareholder remunerations (dividends and share buybacks) over 2016.

On the macro side, the monthly data known in the United States confirmed the good performance of its economy (employment, retail sales and PMI mainly). Under such positive scenario, it is almost impossible for the FED not to raise rates at the next meeting. In Europe, we knew the final GDP data for the third quarter (1.6%), a tenth worse than expected. However, recent data shows some improvement. Based on these data, Draghi was somewhat more confident with the evolution of the Euro area and decided to speed up, but not step on. Initially, the market reacted negatively due to lower monetary stimulus. In our modest opinion, the most important point is that the recovery is ongoing and, so far, the possible slowdown was an isolated incident of the third quarter.

In short, both the macro and the micro lead us to maintain a positive vision of the evolution of Lierde in the final stretch of the year. In 2015 the right selection of companies is being the main generator of return, and nothing make us believe that 2016 will be different. In any case, we do not forget that this December includes important events such as the probably FED rates hike or the general elections in Spain, which can generate volatility in the short term.

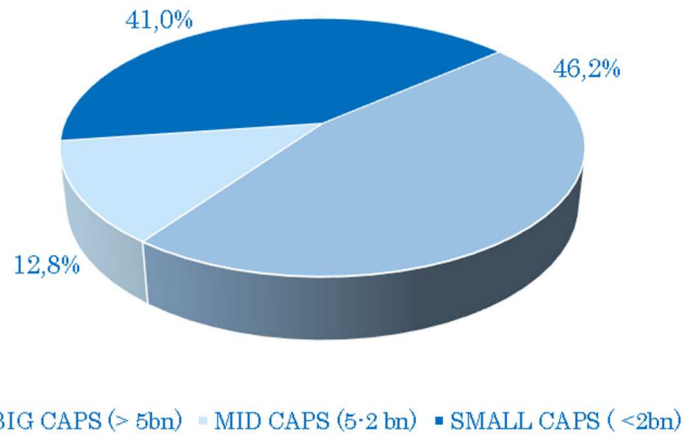


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TOP 10

1.-	LAR ESPAÑA	4,79%
2.-	CANCOM	3,22%
3.-	MERLIN PROPERTIES	2,86%
4.-	REALIA	2,27%
5.-	MEARS GROUP	2,22%
6.-	ALTEN	2,21%
7.-	SOCIETE GENERALE	2,20%
8.-	ROCHE	2,18%
9.-	MITIE GROUP	2,15%
10.-	AALBERTS INDUSTRIES	2,11%
TOTAL TOP 10		26,2%

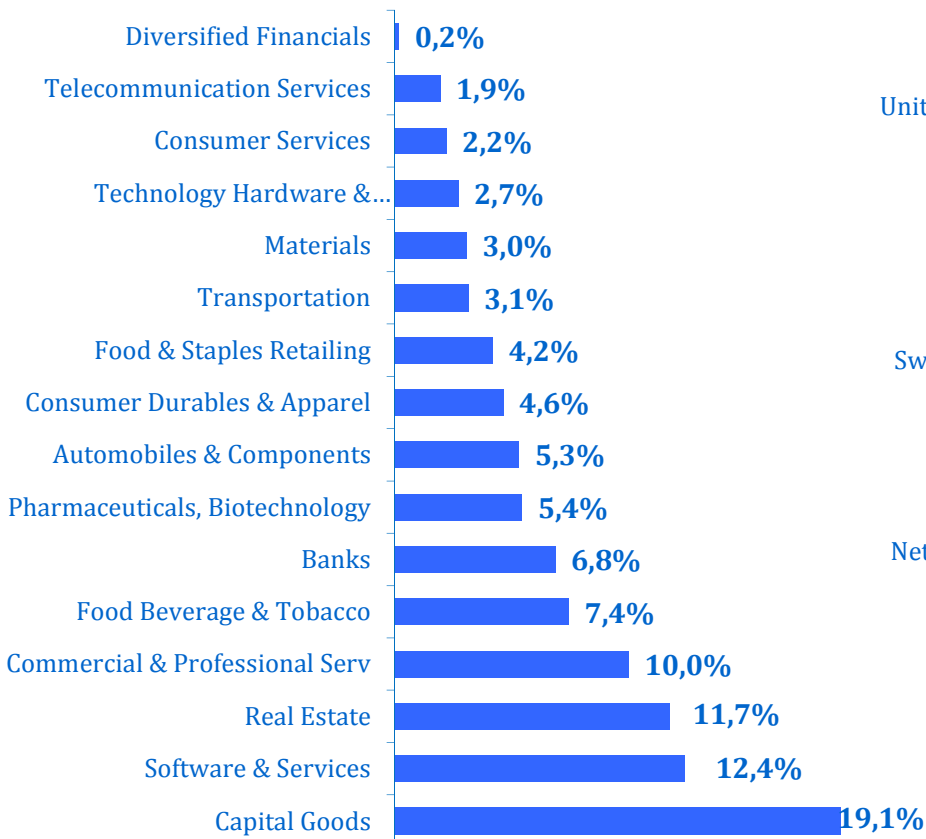
DISTRIBUTION BY MARKET CAP.



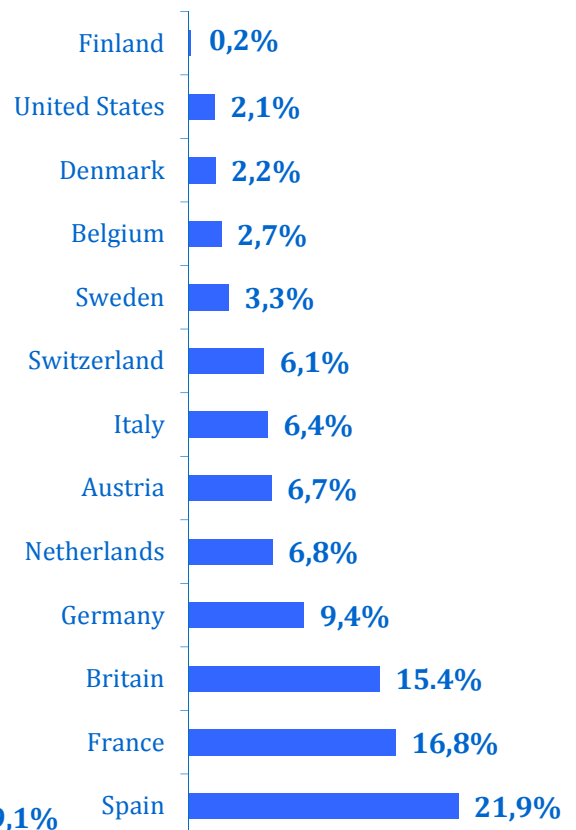
DISTRIBUTION BY ASSET

Equity	92.2%
Cash	7.8%

EXPOSURE BY SECTOR



EXPOSURE BY COUNTRY





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GENERAL INFORMATION

Inception date	1994
Assets under management *	EUR 167.9 Mn.
CNMV n° of registration	2467
Liquidity	Daily liquidation d + 2
Fees	Management fee 1.40% annual - Depositary 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 November 30, 2015

DISCLAIMER

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Past returns do not guarantee future returns.