



LIERDE Net Asset Value 31/10/2015: 90.02

OBJECTIVE AND INVESTMENT STRATEGY

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

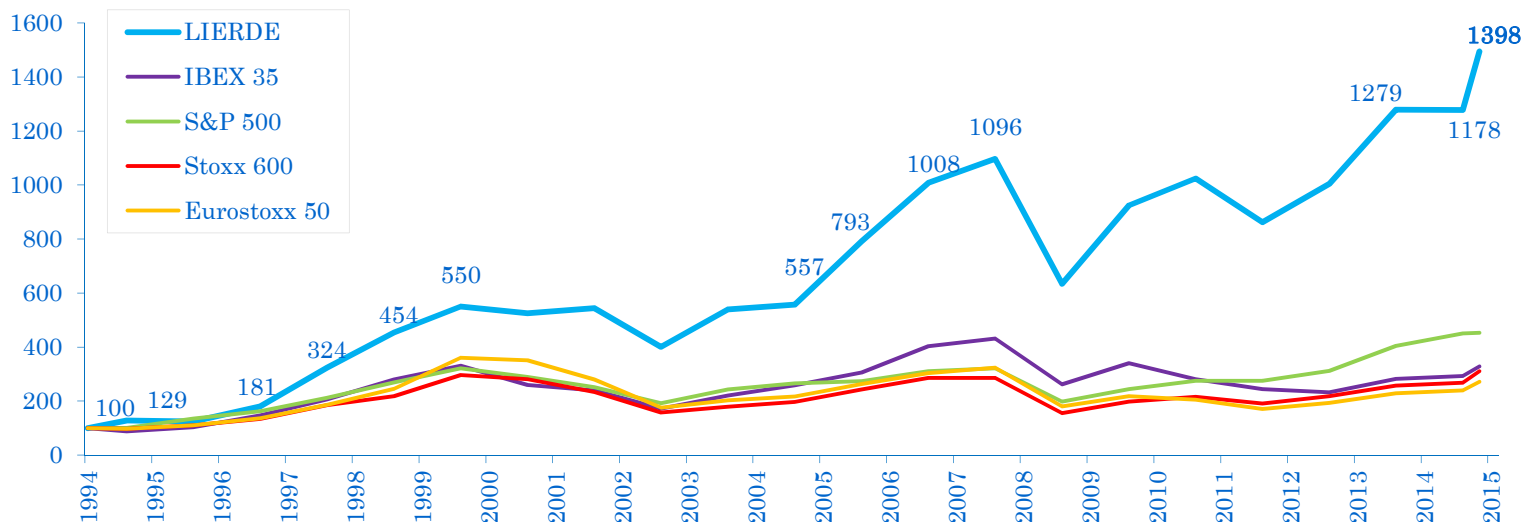
Investment decisions are based on fundamental analysis, analyzing the Return on Capital Employed (ROCE) of companies and its sustainability over time.

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	17,23%	9,61%	7,62%
Total return	1397,88%	193,86%	1204,02%
Average	16,32%	7,21%	9,11%

TOTAL RETURN (base 100)





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MONTH IN REVIEW

In October Lierde rose by +7.68% vs. +7.97% Stoxx 600, +10.24% Eurostoxx 50, +8.38% Ibex 35 and +8.30% S&P 500. The NAV of Lierde at the end of the month was 90.02, just 3% below the maximum of the year achieved in April. LIERDE accumulates a 17.23% of return vs. +9.61% Stoxx 600, +8.64% Eurostoxx 50, +0.79% Ibex 35 and +0.99% S&P 500. The European indices Stoxx 600 and Eurostoxx 50 are still 9% and 10% below their maximums of the year respectively. That fact highlights the strong performance of Lierde's portfolio. In October, Lierde was invested 90.9% in equities and 9.1% in cash. The beta of the portfolio was 0,70 and the volatility of the last twelve months was 14.8% (YTD 10.3%) vs. 19.6% Stoxx 600, 23.3% Eurostoxx 50 and 22.2% Ibex 35.

On the macro side, the most significant issue of the month was the signs of stabilization of the Chinese economy after the worst data recorded in summer. Those signs of stabilization have led to a slight improvement in the prices of raw materials after reaching their lowest levels in 2001, when they began to climb due to infrastructure investments in China. In the US, both economic data of employment and housing, as well as activity continued to show strength. And finally in Europe, once again, "Super Mario Draghi", with a change in his speech towards the possibility of taking additional measures to boost the economy in December, was the protagonist of the month. Certainly, the low inflation and the risks from Emerging countries will be the topics to keep an eye in the coming month.

This ongoing concern about the global economic cycle, in our view, divides the equity market: on the one hand there are large companies with stable businesses trading at high ratios of valuation; and on the other hand, there are smaller companies or with less predictable businesses, still trading at very attractive multiples of valuation. We think that 2016 will be a good year for investors who are able to detect such companies; while those investors who invest just in indexes or similar, will end up with poorer performance. In this sense, we think LIERDE still has a lot of less-known companies in its portfolio with large potential upside such as **Mitie, Smiths Group, RPS, Mears, Engineering, Reply, Econocom, Neurones, Cancom, PORR AG, Strabag, Danieli, Andritz, Lar España, Realia**, etc. This will allow the fund to continue creating value in the coming years. Specifically, based on our return on capital employed valuations models, the potential of the portfolio in the next four years would be slightly above its historical average return of 16% annually.

Regarding the portfolio, in October we bought just one company, Cancom; and we sold three: Infineon, Associated British Food and Daetwyler:

- **Cancom** is a German IT services company that has grown at annual rates of 20% in both sales and profits for more than 15 years. The company has a strong business line related to cloud computing that already represents about 50% of its EBIT. Until September we had in LIERDE's portfolio its main competitor, Bechtle, whose valuation reached our target price when it was trading at 12x EV / EBIT (16) vs 7.5x EV / EBIT (16), which is the current trading level of Cancom.
- On the sales side, after being four years invested in **Associated British Food (Primark)**, we sold the whole position after reaching our target price at 23x EV / EBIT (16). It is certainly a great company but nowadays is trading at very high multiples of valuation. If the price comes down, we will buy it again in the future.
- In September, taking advantage of the sharp drop in the stock price, we incorporated to the portfolio a German technology company, **Infineon**, due to the high number of semiconductors that the electrical and autonomous vehicle's needs. The sharp rise of the stock price in October (more than 30% in less than a month) led us to sell the shares after reaching our target price.
- Finally, we also sold a historical position in the portfolio that we had more than 3 years, the Swiss company **Daetwyler** after rising more than 30% since the summer.

To conclude, with regard to the market, the correction of the indices during the summer (correction of more than 20% and over 30% in some names), offered many opportunities to increase weight in some positions. After the last rally, there were several companies of the portfolio that had risen by 20-30% from the lows of the summer. Therefore, we reduced weight in those companies in which we see less potential or reached our target price; so, we enjoy a comfortable liquidity position that we will invest according to our investment criteria.

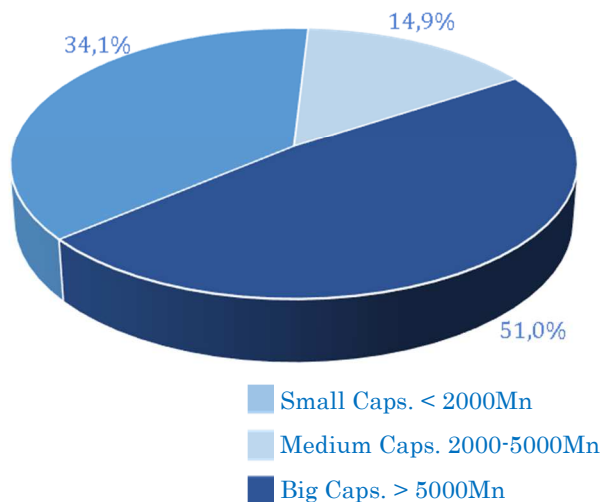


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TOP 10

1.-	LAR ESPAÑA	4,52%
2.-	MERLIN PROPERTIES	2,92%
3.-	REPLY	2,46%
4.-	DIA	2,29%
5.-	REALIA	2,26%
6.-	VINCI	2,24%
7.-	ING GROEP	2,21%
8.-	SOCIETE GENERALE	2,19%
9.-	LVMH	2,12%
10.-	AALBERTS INDUSTRIES	2,11%
TOTAL TOP 10		25,3%

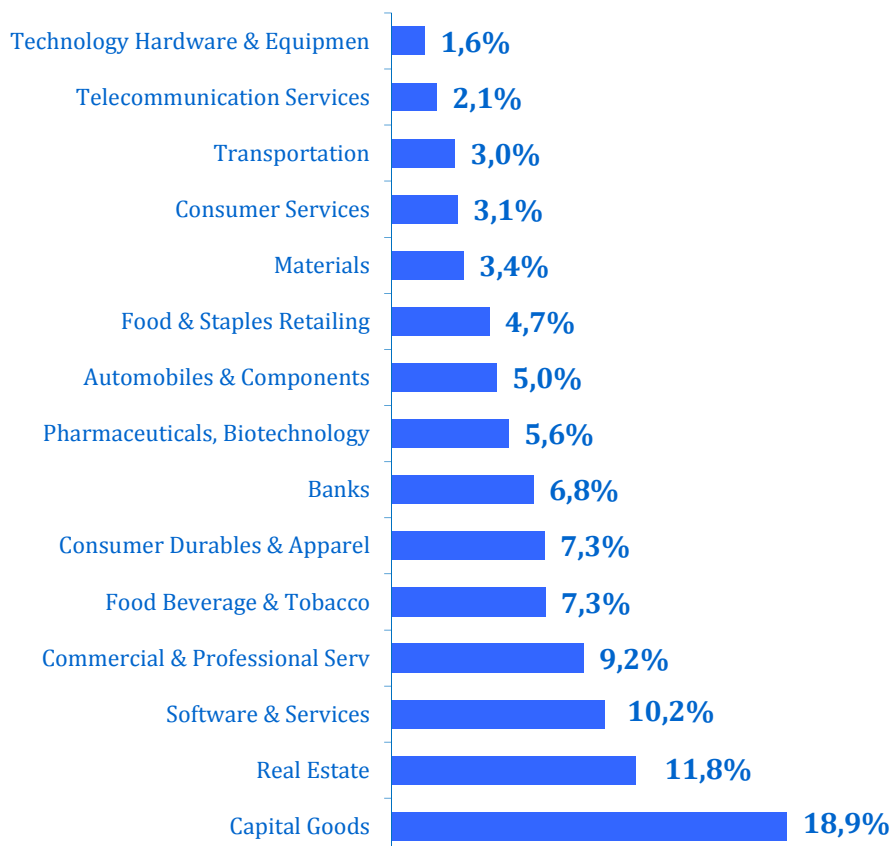
DISTRIBUTION BY MARKET CAP.



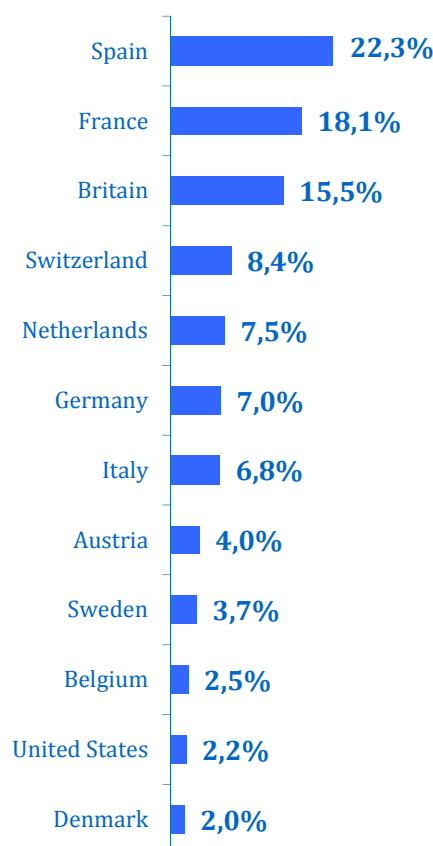
DISTRIBUTION BY ASSET

Equity	90.9%
Cash	4.2%

EXPOSURE BY SECTOR



EXPOSURE BY COUNTRY





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GENERAL INFORMATION

Inception date	1994
Assets under management *	EUR 158.6 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 October 31, 2015

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Past returns do not guarantee future returns.