



LIERDE Net Asset Value 30/09/2015: 83.60

OBJECTIVE AND INVESTMENT STRATEGY

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

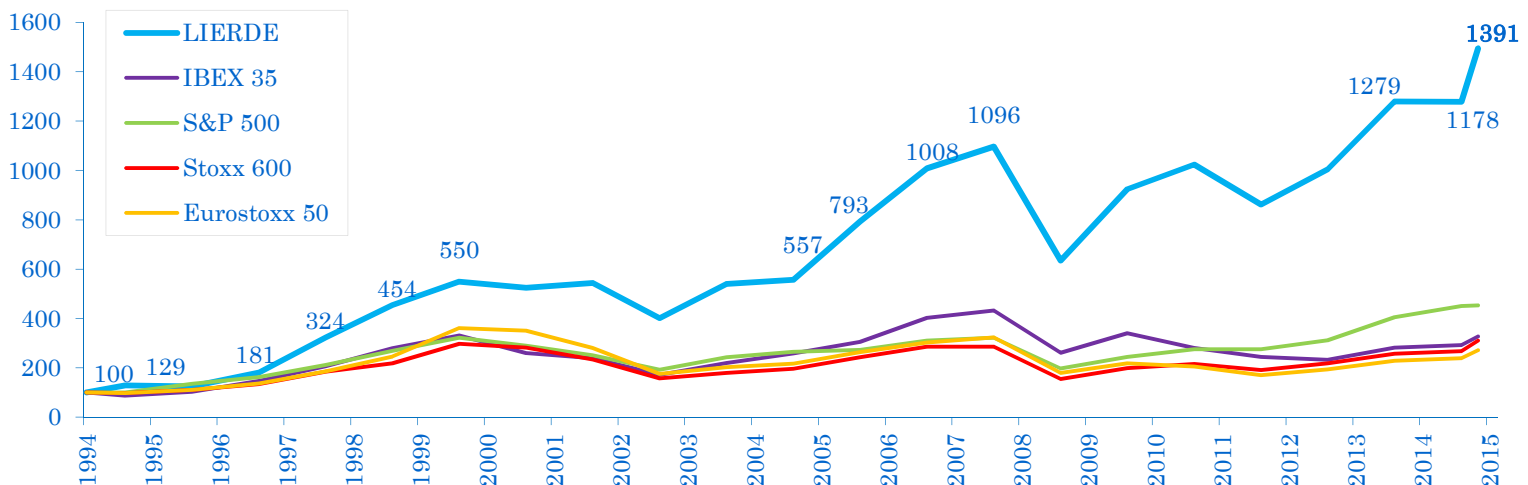
Investment decisions are based on fundamental analysis, analyzing the Return on Capital Employed (ROCE) of companies and its sustainability over time.

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	0.74	
Volatility	15.0%	20.0%

YEAR	HISTORICAL RETURNS		
	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	8,87%	1,53%	7,35%
Total return	1291,03%	172,18%	1118,85%
Average	15,95%	6,86%	9,08%

TOTAL RETURN (base 100)





LIERDE Net Asset Value 30/09/2015: 83.60

MONTH IN REVIEW

In September LIERDE dropped -3.19% vs. -5.17% Eurostoxx 50, -4.14% Stoxx 600, -6.81% Ibex 35 and -2.64% S&P 500. The NAV of LIERDE at the end of the month was 83.60 and accumulated a +8.87% of return vs. -1.53% Stoxx 600, -1.45% Eurostoxx 50, -7.0% Ibex 35 and -6.74% S&P 500. In August LIERDE was invested 95.8% in equities and 4.2% in cash. The beta of the portfolio was 0.74. The volatility of the last twelve months was 15% vs. 20% Stoxx 600, 23% Eurostoxx 50 and 22% Ibex 35. LIERDE still shows lower correlation vs main indexes and, what is more important, a lower level of risk (volatility). At the end of August, LIERDE had more than 650 shareholders.

As far as publications of results, in September, six companies of our portfolio reported without major surprises (Alten, Arysza, Danieli, Diageo, Mitie and Smiths Group). The most remarkable point is the positive message of Alten and Mitie, fully in line with the positive feedback that we had already received from other outsourcers of the portfolio (Econocom, Reply, Neurones). Nowadays outsourcing is one of the investment themes that is contributing most to the profitability of LIERDE. The individual selection of outsourcing companies is the key to this success since it does not exist a sector who encompasses the variety of outsourcers. Briefly, the common denominator of all these outsourcers is their contribution to the efficiency of both public and private companies. The variety of fields in which they operate goes from low value-added services such as catering, security or cleaning to other more complex sectors such as logistics, IT services, engineering, R&D... The fact that the classification of these companies among the traditional sectors is complex, hinders their valuation based on comparables, which creates interesting investment opportunities. That is why we remain very positive in the medium term, both for its excellent growth in terms of earnings outlook and for its potential expansion of multipliers. However, it is true that this expansion has already begun from the 6-7x EV/EBITA they were trading, to 9-10x EV/EBITA currently. But even, at these prices, they are still very attractive, taking into account also that those companies have very high returns on capital employed.

On the other hand, we have started to buy two companies: **Infineon** and **Andritz**. In both cases we had been waiting for long time an optimum input level. Infineon is an example of transformation from an undifferentiated producer of semiconductors in the 2000s (with RoCE < its cost of capital), to the current manufacturer specializes in chips for automotive and industrial systems (RoCE > 30%). The trend toward hybrid/electric vehicles is a reality that surely will be accelerated after the Volkswagen's scandal. If a current vehicle has around 100 euros in semiconductors, the electric vehicle carries more than 1,000 euros. Meanwhile, Andritz is a global leader in the production of hydroelectric power plants, paper and metallurgy. Its track record over the last 16 years is summarized in a cumulative annual growth of 15% in sales and 20% in EBITA. All thanks to a differential management team (who is also the largest shareholder), and an excellent financial management (negative capital employed). The exposition to the cycle of both companies is very high, but at their current trading prices, we think that the market is underestimating the strong structural trends in which growth rates are supported. Up to now, we have around 1% in each company.

Regarding sales, we sold three positions: Bureau Veritas, Bechtle and Carl Zeiss. In all three cases, the reason was that they reached our target price. However, we will keep looking attractive entry levels because we have no doubt that the three of them are "best-in-class" companies.

Related to the markets, the uncertainty about slower global growth has led to corrections of 20% in Europe and more than 30% in many stocks. These drops would be reasonable if we were facing a new recession. Otherwise, this would be a clear buying opportunity. From our point of view, the economic indicators in the month (PMIs, ISM, employment, etc.) continue showing an expansion stage, although lower than expected earlier this year, but certainly still a growing scenario. On the other hand, it looks like the central banks will continue with expansionary monetary policies in the medium term. During the month, the markets "re-tested" the August lows as usual in all the corrections. In short, and based on our lower growth scenario -not recession-, it seems reasonable to think that the lows of the year have already passed or, at least, they are very close.

In any case, our optimism is based on the potential that we see in LIERDE's portfolio after correction, and after reviewing our estimations to a more conservative scenario. In absolute terms, our valuation models based on RoCE throw a potential of the portfolio to four years in 90% or 17.5% annual equivalent. The comparison with the main indexes is most interesting as it not only highlights the undervaluation of the portfolio, but also higher quality. Basado en estimaciones para el próximo año, LIERDE se cotiza a 13.0x P / E con un ROE promedio de 17.80% frente a los beneficios 14.2x del Stoxx 600 con un ROE inferior de 11,2%.

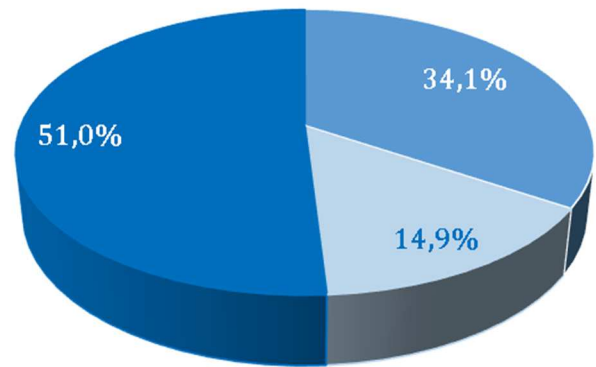


LIERDE Net Asset Value 30/09/2015: 83.60

TOP 10

LAR ESPAÑA	4,34%
MERLIN PROPERTIES	3,25%
VINCI	2,46%
REPLY	2,44%
SAMSONITE	2,39%
DANONE	2,34%
ING GROEP	2,34%
REALIA	2,30%
SOCIETE GENERALE	2,28%
LVMH	2,11%
TOTAL TOP 10	26,3%

DISTRIBUTION BY MARKET CAP.

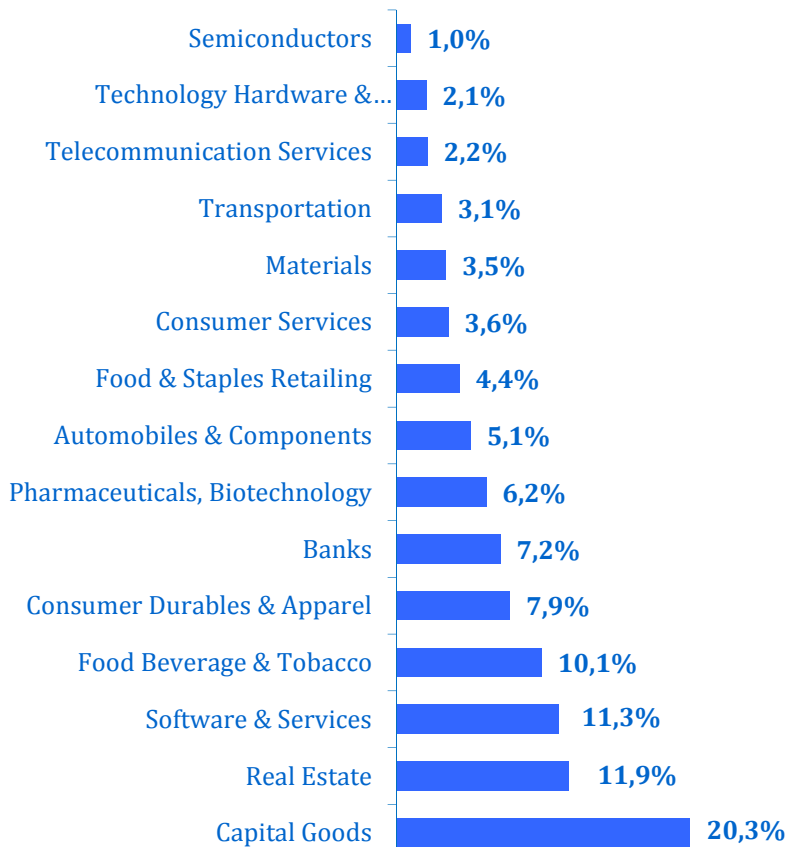


■ Pequeñas < 2000 M. ■ Medianas -entre 2000 y 5000 M.- ■ Grandes > 5000 M.

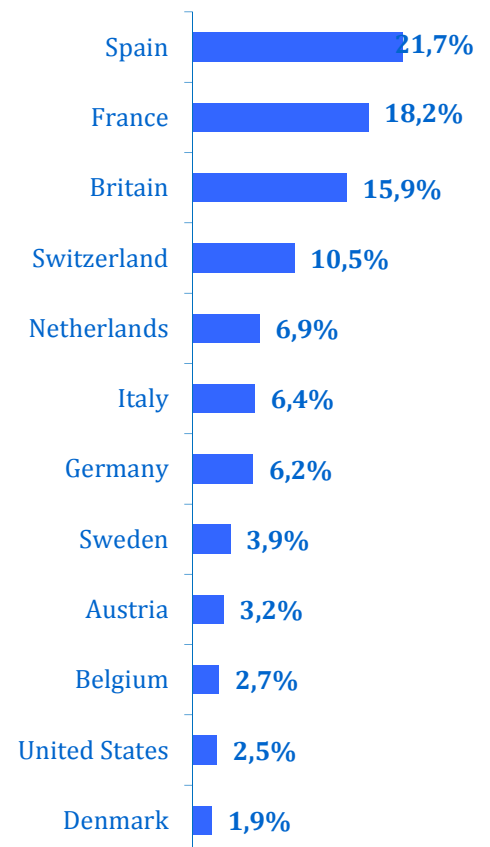
DISTRIBUTION BY ASSET

Equity	95.8%
Cash	4.2%

EXPOSURE BY SECTOR



EXPOSURE BY COUNTRY





LIERDE Net Asset Value 30/09/2015: 83.60

GENERAL INFORMATION

Inception date	1994
Assets under management *	EUR 143.2 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 September 30, 2015

DISCLAIMER

This document is purely informative and does not constitute a recommendation to invest in the products mentioned herein. The opinions are valid at the time of writing and may be modified at any time and without notice. The information has been obtained from reliable sources, but it does not constitute a commitment.

Past returns do not guarantee future returns.