



## LIERDE Net Asset Value 31/05/2016: 90.52

### OBJECTIVE AND INVESTMENT STRATEGY

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

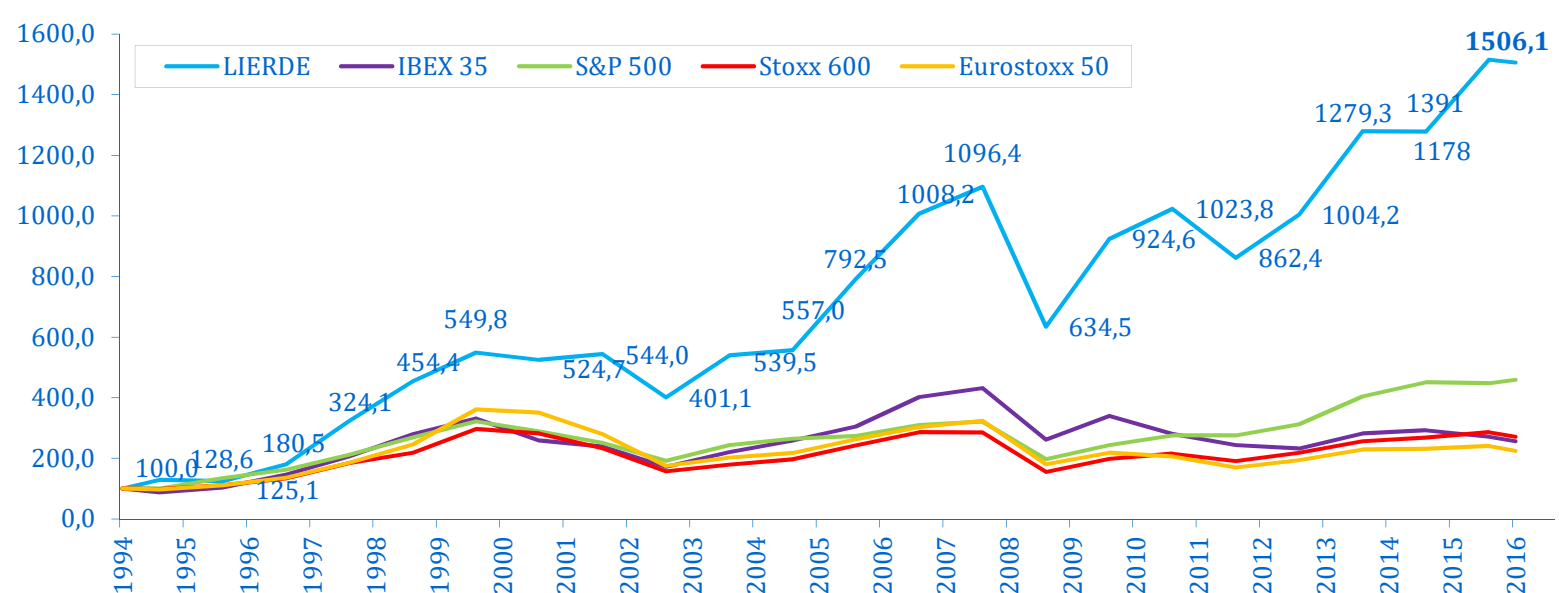
Investment decisions are based on fundamental analysis, analyzing the Return on Capital Employed (ROCE) of companies and its sustainability over time.

### RISK DATA

FROM INCEPTION	LIERDE	STOXX 600
Alfa anual	5,17	
Ratio Sharpe	0,85	0,31
Beta	0,83	
Volatility	18,1%	19,6%
12 MONTHS	LIERDE	STOXX 600
Beta	0,72	
Volatility	17,5%	22,1%

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	18,63%	6,79%	11,84%
2016	-0,63%	-5,02%	4,39%
<b>Total return</b>	<b>1406,1%</b>	<b>171,9%</b>	<b>1234,2%</b>
<b>Average</b>	<b>16,1%</b>	<b>6,9%</b>	<b>9,2%</b>

### TOTAL RETURN (base 100)





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### MONTH IN REVIEW

In May Lierde rose by +1.28% vs +1.16% Eurostoxx 50, +1.75% Stoxx 600 and +1.53% S&P 500. Lierde accumulates -0.63% of YTD return vs. -6.24% Eurostoxx 50, -5.02% Stoxx 600, -5.35% Ibex 35 and +2.59 S&P 500. The NAV of Lierde at the end of the month was 90.52. In May Lierde was invested 92.5% in equities and 7.5% in cash. The Beta of the portfolio was 0.72. The volatility of the last twelve months was 17.5% vs. 22.1% Stoxx 600, 24.2% Eurostoxx 50 and 24.3% Ibex 35.

On the macro side, US housing data, retail sales and industrial production continued to show a positive trend, however, both PMIs and employment data were somewhat weaker than expected. In this environment, expectations of rate hikes in the US seem to be on standby. In China, the trade balance was also lower than expected and PMIs were also below expectations. Only in Europe data were better in general, mainly based on an improving domestic demand. Specifically, in Germany, the IFO and ZEW confidence indicators were better than expected and in Spain, both retail sales and housing data continued to show a very healthy pace. Finally, good news came from Greece too: the country is fulfilling the commitments agreed with the Eurogroup and the IMF, opening the possibility to take new measures to ensure the sustainability of its debt in the long term.

Regarding the portfolio, we sold the position in **Carlsberg** after an excellent performance and reaching our target price. Moreover, the main shareholder of the Italian company **Engineering** launched a takeover bid; so, after a revaluation of 70% since we added the company to the portfolio, and taking into account that the offered price was very close to our target price, we began to sell our position. On the side of purchases and with the liquidity we had, we continued increasing weight in some companies such as **Cancom, Senior, Duerr, Mitie, Devoteam** or **Aurelius**. All of them had a common denominator: they are high quality businesses, very well managed, have high growth potential and are still trading at very high discounts against their target prices. In short, we did not make big changes in the portfolio in May. The reason is the strong confidence we have in our portfolio in the medium term. We currently estimate an annual average potential of the portfolio during the next four years higher by 5 percentage points to the average annual return of Lierde (16.1%) since 1994.

Related to the markets, in June they will continue trading with a lot of uncertainty due to the next elections in Spain and the Brexit referendum. Besides, during the second semester of the year in the US we will see presidential elections and, probably, the next rate hike from the Fed, both events of great importance. Under these circumstances, we consider that the performance of the European markets should be better than the American one, at least, in relative terms. If we consider the MSCI Europe Index, we note that, since 2008 it is trading with discount against its valuation trend, and it has reached several times levels close to 40% (February 2009, September 2011, May 2012 and April 2016). Since the beginning of the historical series in 1969, the largest undervaluation happened in December 1974 (-48%), and in several times the index reached the 40% level (October 1976, February 1978, October exceeded 1979 September 1981). In our opinion, and based on history, there is no doubt that Europe is trading at levels of extreme undervaluation. In any case, our experience in the analysis of companies leads us to think that the undervaluation gives us a considerable margin of safety, it is not enough to generate positive returns. A "catalyst" is always necessary to start the process. In this sense, is there any change in Europe that can serve as a "catalyst"? We think so: domestic demand is once again the engine of recovery; in June the ECB will start to buy corporate bonds and will launch the first TLTRO II (4 TLTRO till March 2017) and finally, downward earnings revisions seem to have finished.

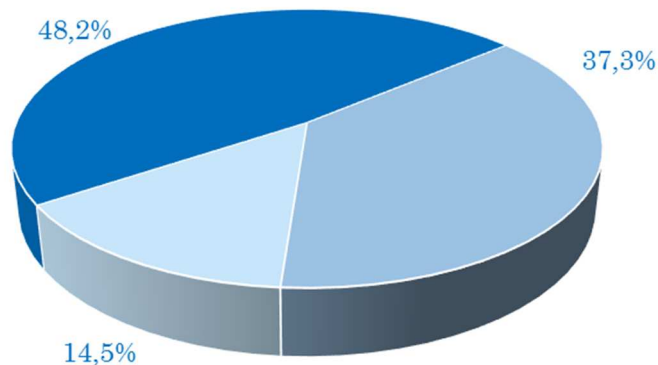


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### TOP 10

REALIA	4,63%
CANCOM	4,51%
LAR ESPAÑA	3,19%
S&T	3,15%
ECONOCOM	2,67%
MERLIN PROPERTIES	2,45%
CARREFOUR	2,32%
VINCI	2,26%
DAIMLER	2,13%
DANIELI	2,00%
<b>TOTAL TOP 10</b>	<b>29,3%</b>

### DISTRIBUTION BY MARKET CAP.



■ BIG CAPS (> 5bn) ■ MID CAPS (5-2 bn) ■ SMALL CAPS (<2bn)

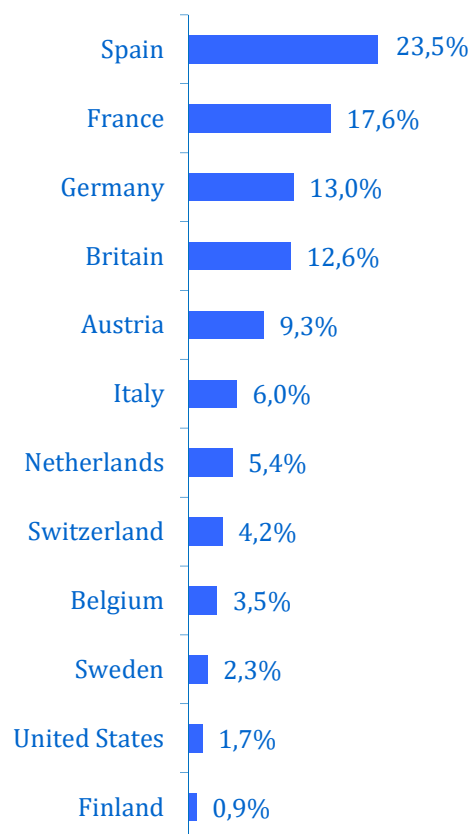
### DISTRIBUTION BY ASSET

Equity	92.5%
Cash	7.5%

### EXPOSURE BY SECTOR



### EXPOSURE BY COUNTRY





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### GENERAL INFORMATION

Inception date	1994
Assets under management *	EUR 194.9 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 May 31, 2016

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Past returns do not guarantee future returns.