



## LIERDE Net Asset Value 31/07/2016: 88.69

### OBJECTIVE AND INVESTMENT STRATEGY

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

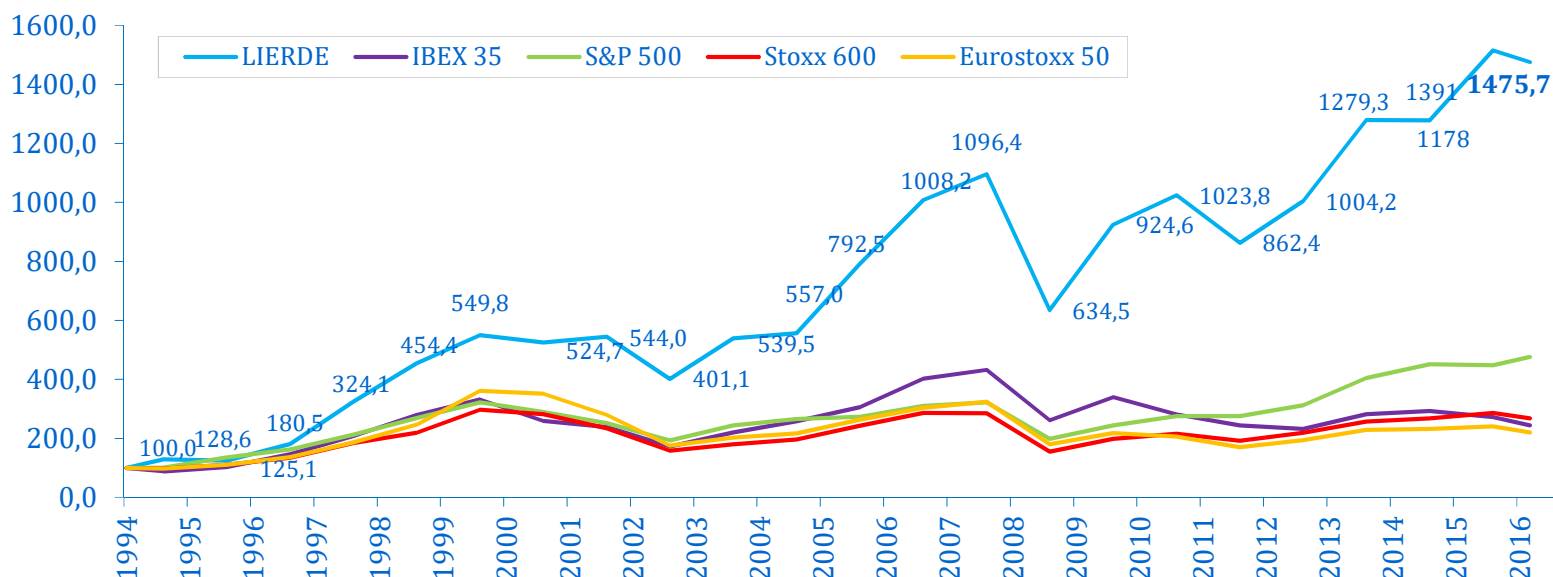
Investment decisions are based on fundamental analysis, analyzing the Return on Capital Employed (ROCE) of companies and its sustainability over time.

### RISK DATA

FROM INCEPTION	LIERDE	STOXX 600
Alfa anual	5,17	
Beta	0,85	0,31
Ratio Sharpe	0,83	
Volatilidad	18,1%	19,7%
12M	LIERDE	STOXX 600
Beta	0,75	
Volatilidad	19,9%	24,3%

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	-2,64%	-6,54%	3,90%
<b>Total return</b>	<b>1375,7%</b>	<b>167,6%</b>	<b>1208,2%</b>
<b>Average</b>	<b>15,9%</b>	<b>6,8%</b>	<b>9,1%</b>

### TOTAL RETURN (base 100)





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### MONTH IN REVIEW

In July Lierde rose by +5.8% vs +4.4% Eurostoxx 50, +3.6% Stoxx 600 and +5.2% S&P 500. Lierde accumulates -2.6% of YTD return vs. -8.5% Eurostoxx 50, -6.5% Stoxx 600 and -10.0% Ibex 35. The NAV of Lierde at the end of the month was 88.69. In July Lierde was invested 88.5% in equities and 11.5% in cash. The Beta of the portfolio was 0.73. The volatility of the last twelve months was 19.9% vs. 24.3% Stoxx 600, 26.3% Eurostoxx 50 and 28.6% Ibex 35.

On the macro side, after BREXIT economic indicators remained surprisingly stable in Europe and deteriorated in UK as expected. In US, economic data continued strong and in China they showed some recovery, with the GDP accelerating to 6.7% and retail sales growing at 10.6%. Central Banks continue with their stimulus policies. On the top of the list is the Bank of Japan, who launched new tax measures to accelerate growth. The FED, despite the good data of its economy, is cautious and is delaying further rate hikes until December (at least) due to the global instability and BREXIT. Oil corrected from levels of \$50/barrel to \$41/barrel and gold remained strong another quarter. Government formation in Spain and elections in Italy to change the constitution are the two biggest risks of political instability in Europe. On the other hand, the recapitalization of Italian banks is the pending subject of the industry and was a source of volatility and mistrust in the European banking industry during the last month.

In terms of markets, the month was positive for the recovery of global equities, which was driven by Central Banks and acceptable economic data both in developed and emerging countries. The market sentiment remains very negative, especially in Europe, and positioning in equities is very low. There are still strong outflows from equities and ETFs so, based on the theory of contrarian opinion, this situation should be positive for the market. If we take into account, not only the previous circumstances, but also the high levels of undervaluation of the European markets, it would not be strange that the European indices break upward in the second half of the year. We do not rule out a slight correction in the short term, which we would take it as an opportunity to buy.

We are immersed in the reporting season, and so far, results are significantly better than expected both in USA and Europe. The evolution of results of our companies is especially positive.

Related to the portfolio, our stocks generally performed well in the month as a result of its strong operating performance. We would like to highlight the excellent performance of the IT Services sector, and specially our companies in the portfolio related to this sector because all of them show strong growth in sales and profits (Cancom, S&T, Econocom, Neuronex, Devoteam, Global Dominion and Reply). Our positions in the automotive sector (Daimler and Valeo) also beat market expectations. In this sector we included in July the German company Norma Group, in which we already invested in the past. This is an excellent company due to the positioning of its products with high barriers to entry, its margins and its profitability (ROCE 28%). On the financial sector, we would like to remember that we have only 3% of the fund in banks and divided into three names: Banco Santander, Société Générale and ING and all three clearly beat market expectations too. As for the real estate sector, where we have around 11% of the fund, it is important to highlight the divergent evolution of values. The unexpected capital increase of LAR España made the stock fell sharply in the month (-15%). By contrast, Merlin Properties rose by 9% in the month, Renta Corporation 7% and Realia (top pick) remained stable. We consider important to mention the attitude change by the new management team of Realia, increasing the communication with investors and attending presentations and events. We observed a more positive attitude about the evolution of the company in terms of the operating evolution as well as in the interest of the reflection in the share price despite being already 30% up in the year.

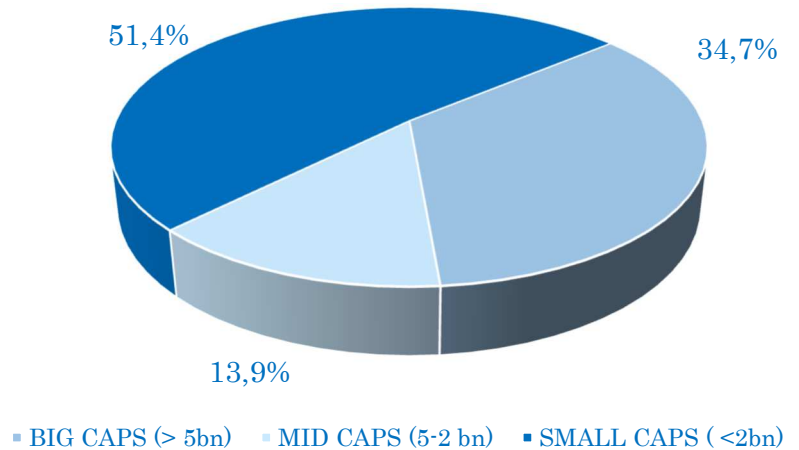


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### TOP 10

REALIA	4,53%
CANCOM	4,11%
S&T	3,49%
MERLIN PROPERTIES	2,63%
VINCI	2,44%
AURELIUS	2,41%
LAR ESPAÑA	2,36%
ECONOCOM	2,34%
GLOBAL DOMINION	2,31%
ROCHE	2,27%
<b>TOTAL TOP 10</b>	<b>28,9%</b>

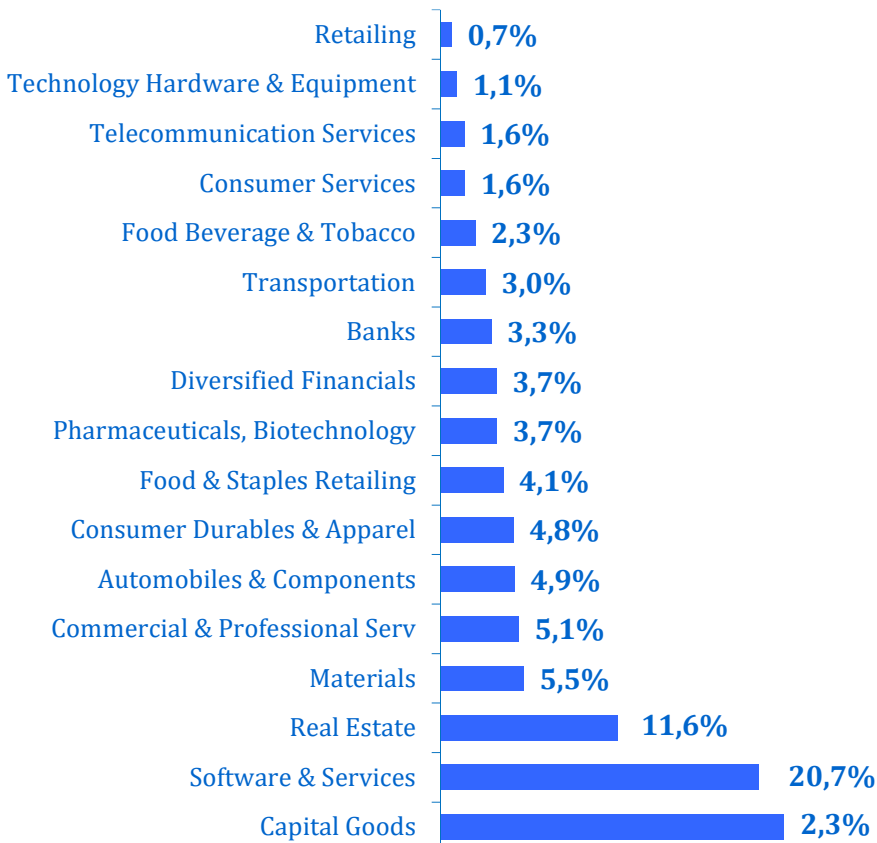
### DISTRIBUTION BY MARKET CAP.



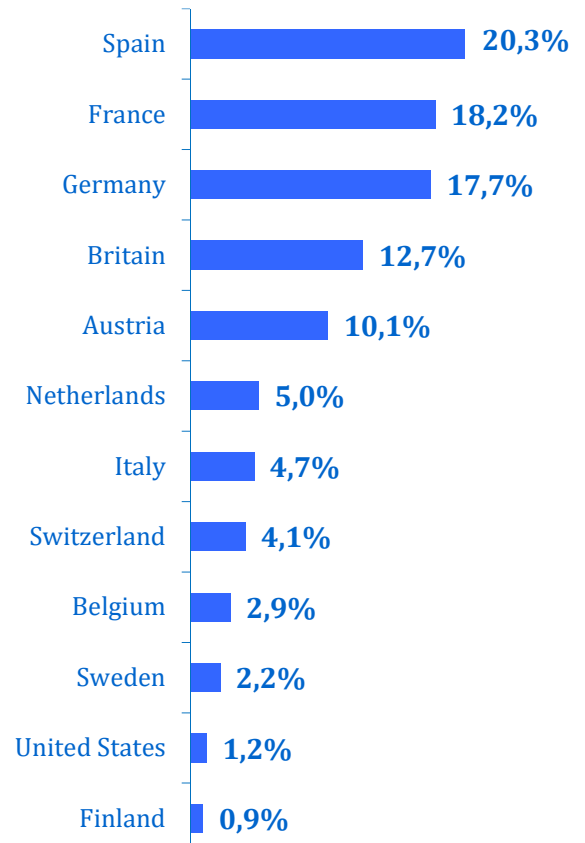
### DISTRIBUTION BY ASSET

Equity	88.5%
Cash	11.5%

### EXPOSURE BY SECTOR



### EXPOSURE BY COUNTRY





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### GENERAL INFORMATION

Inception date	1994
Assets under management *	EUR 194.3 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 July 31, 2016

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Past returns do not guarantee future returns.