



## LIERDE Net Asset Value 31/08/2016: 89.87

### OBJECTIVE AND INVESTMENT STRATEGY

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

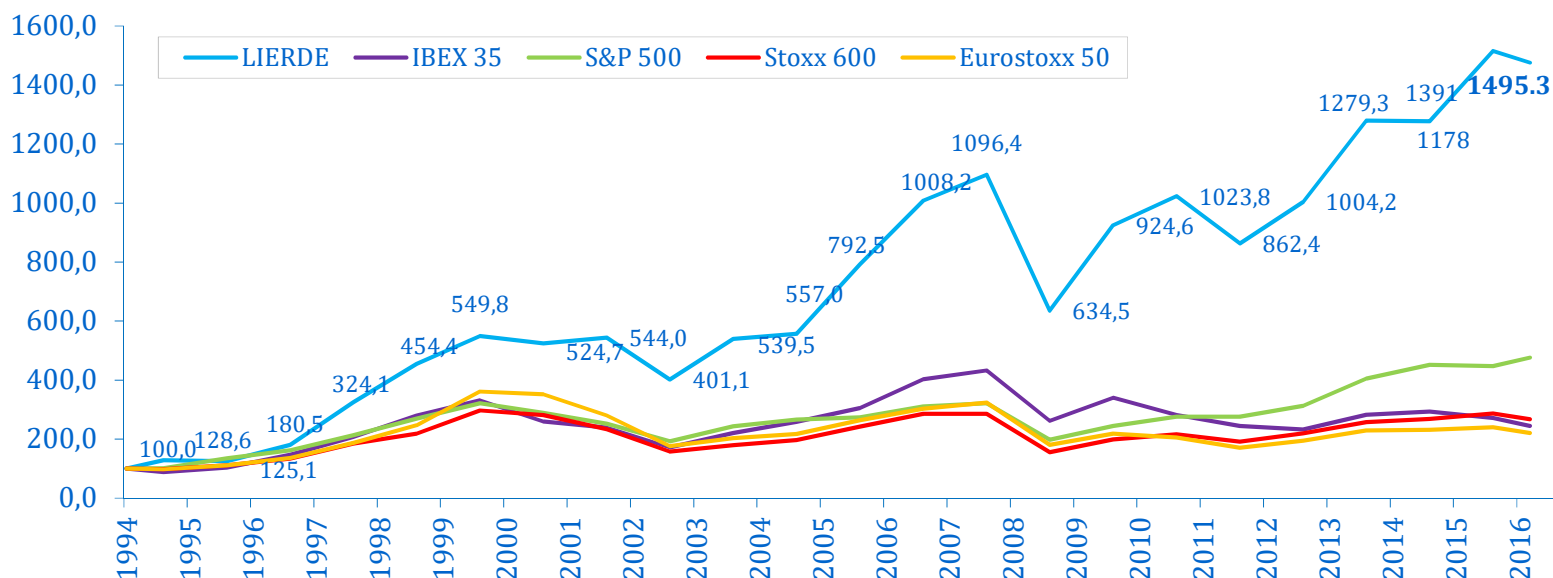
Investment decisions are based on fundamental analysis, analyzing the Return on Capital Employed (ROCE) of companies and its sustainability over time.

### 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	0,76	
Volatilidad	18,3%	22,0%

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	-1,34%	-6,09%	4,75%
<b>Total return</b>	<b>1395,3%</b>	<b>168,9%</b>	<b>1226,5%</b>
<b>Average</b>	<b>15,9%</b>	<b>6,7%</b>	<b>9,2%</b>

### TOTAL RETURN (base 100)





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### MONTH IN REVIEW

In August Lierde rose by +1.33% vs +1.08% Eurostoxx 50, +0.48% Stoxx 600 and +1.51% Ibex 35. Lierde accumulates -1.3% of YTD return vs. -7.5% Eurostoxx 50, -6.1% Stoxx 600 and -8.7% Ibex 35. The NAV of Lierde at the end of the month was 89.87. In August Lierde was invested 91.6% in equities and 8.4% in cash. The Beta of the portfolio was 0.76. The volatility of the last twelve months was 18.3% vs. 22.0% Stoxx 600, 24.2% Eurostoxx 50 and 27.4% Ibex 35.

On the macro side, macro indicators remain surprisingly well in Europe, without being affected by BREXIT. In US economic data continue to show the strength of its economy; however, during the last weeks some weakness in employment data and in the manufacturing sector is appreciated. In our opinion, the most important issue of the month was the greater intensity with which both the Federal Reserve and the European Central Bank encouraged Governments to put in place expansionary fiscal policies. Janet Yellen, in her speech in Jackson Hole, recalled "the importance of fiscal policies in other crises to provide greater stability to the economic cycle". Mario Draghi, in his last speech, also appealed for further action from the Governments of the G20 summit to fulfill what they had agreed in the past: "the use of public spending and all possible fiscal measures to stimulate growth." Referring to Europe, he pointed to Germany as an example of a country that certainly is able to make a greater effort in terms of fiscal policies. Infrastructure investments to improve productivity are for Draghi -and for us- the best option.

As for the markets, the recovery trend of July continued in August. The main indices reached the resistance of the downtrend which had begun in March 2015. In the short term, we do not know whether these levels will be broken without first consolidate. In any case, we began to see some symptoms, as the necessary rotation between sectors, which make us being more optimistic with the European markets in the medium term. In short, a scenario of profits recovery and some expansionary monetary policies should be discounted very positively by European stock exchanges.

In terms of companies, we are very pleased with the performance of the portfolio during the month. It is remarkable the high number of companies of the portfolio that had a performance exceeding 10% in the month (**Renta Corporation, Linde, Senior, ING, Prodware, Mears, Samsonite, PORR** and **S&T**), compared to just one with returns below -10% (**Reply**). Overall, the quarterly results were the main driver behind the increase in returns, confirming the excellent operating performance of their businesses. However, two names (Renta Corporation and Linde) rose due to corporate actions. Renta Corporación revalued more than 28% in the month after being public that an American fund had bought a 5% stake. It is not easy to find listed companies with business models that offer such high optionality to the Spanish real estate recovery. Since we added the stock to our portfolio, the return is around 60%, but the company is still trading at 6x2017 earnings. On the other hand, Linde rose more than 19% in August after announcing talks with Praxair for a possible merger. The transaction would create the global leader in industrial gases. Taking into account previous corporate deals in this sector, we estimate that synergies would be, at least, 2% of combined sales. In summary, the valuation of that 2% at the average EV/EBITDA of both companies, leads to a target value of Linde above 170 euros. Finally, we understand that the quarterly results of Reply are not the reason of its fall since they continue to show good medium-term prospects and because it is one of the best companies of digitization, a growing sector. Actually, we took the opportunity to increase the position.

Regarding changes in the portfolio, we increased positions in some quality stocks such as **Mears, Richemont, S&T** or **STO**. Among new names, we would like to highlight the incorporation of **Maisons du Monde**, a French company of decoration and furniture. Its story is very similar in many respects to when we invested in Associated British Food (Primark): 1. we know perfectly the product at a consumer level, 2. the business model is already success outside the country of origin and 3. analyst coverage is still very low. On the contrary, as well as Primark did not have a good online sales channel, which was (and still is) a negative factor in the medium term, Maisons du Monde has one of the best websites in its sector. Sales growth of +28% (+17% comparable sales and +40% online sales) during the first half of the year speaks for itself. It is not easy to find companies with such high growth rates and trading at 11.4x EV/EBITDA. Finally, we sold the whole position in **Hexagon** and **ID Logistics**. In both cases the excellent performance had led both companies to levels very close to our target price. However, we are talking about high quality companies, so we will keep an eye on them.

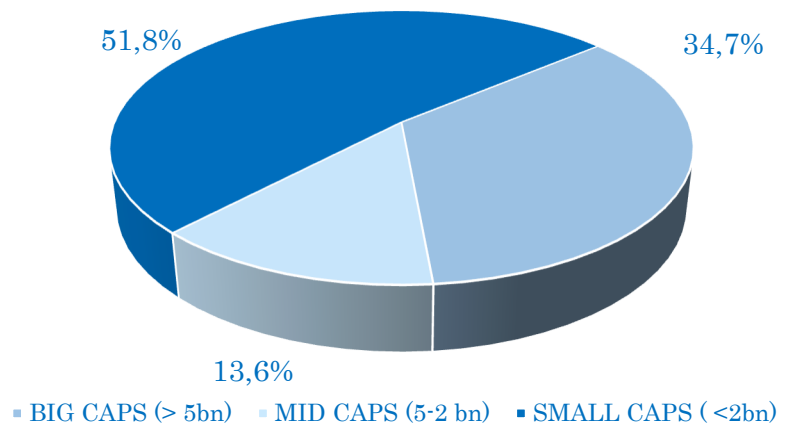


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### TOP 10

REALIA	4,47%
CANCOM	4,03%
S&T	3,86%
MERLIN PROPERTIES	2,80%
VINCI	2,43%
GLOBAL DOMINION	2,43%
AURELIUS	2,26%
LAR ESPAÑA	2,25%
CARREFOUR	2,20%
DAIMLER	2,20%
<b>TOTAL TOP 10</b>	<b>28,9%</b>

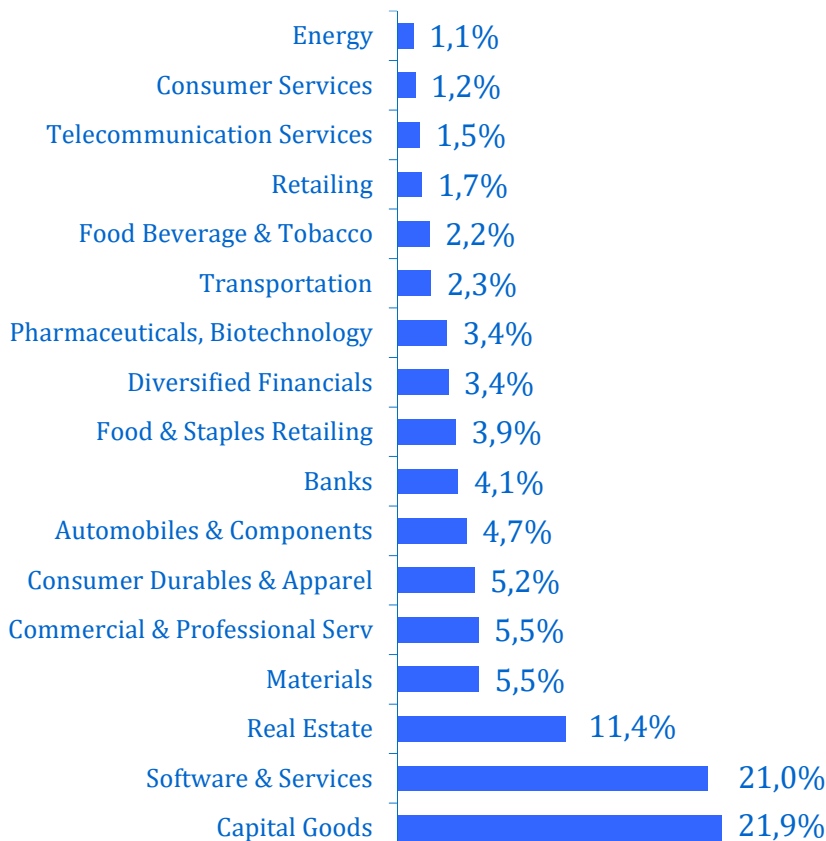
### DISTRIBUTION BY MARKET CAP.



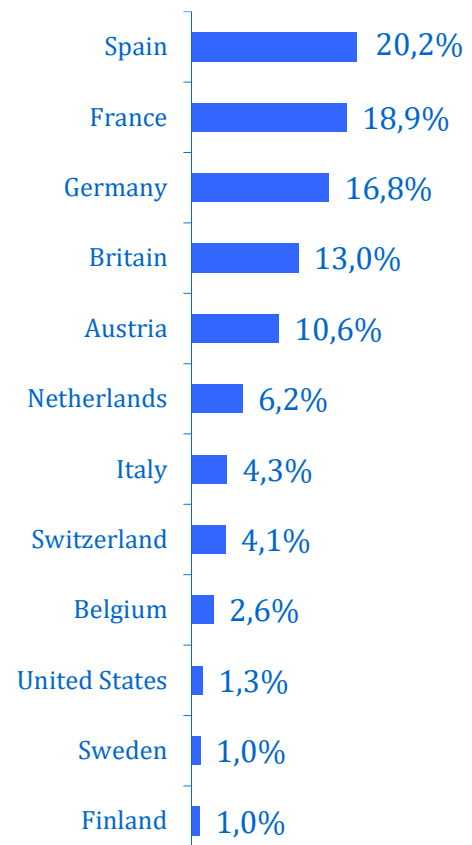
### DISTRIBUTION BY ASSET

Equity	91,6%
Cash	8,4%

### EXPOSURE BY SECTOR



### EXPOSURE BY COUNTRY





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### GENERAL INFORMATION

Inception date	1994
Assets under management *	EUR 196.4 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 August 31, 2016

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Past returns do not guarantee future returns.