



LIERDE Net Asset Value 30/09/2016: 91.26

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.

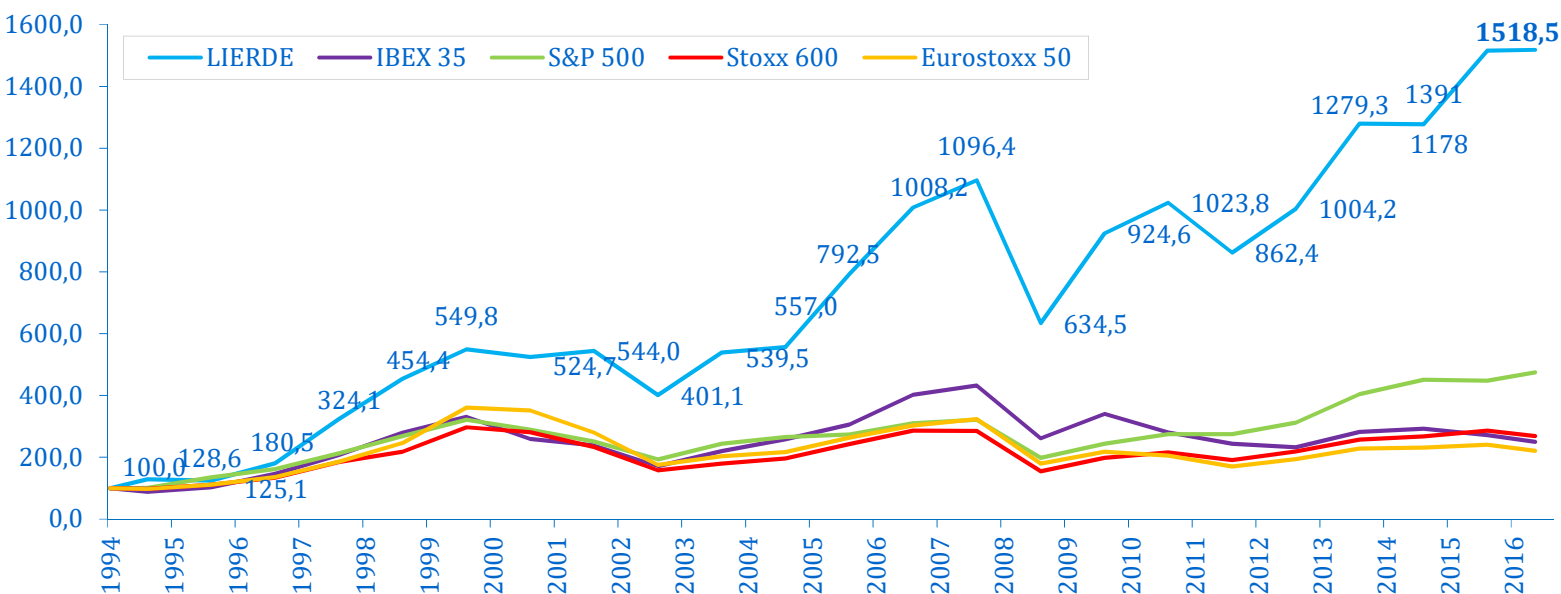
RISK DATA

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	0,77	
Volatilidad	17,7%	21,1%

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	0,21%	-6,26%	6,47%
Total return	1418,9%	168,4%	1250,5%
Average	15,9%	6,7%	9,2%

TOTAL RETURN (base 100)





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MONTH IN REVIEW

In September 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 September 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, global indicators continued showing moderate improvements without inflationary pressures around the world. The UK Economy endured better than expected 3 months after the Brexit and in China economic data (car sales, real estate and retail sales, etc.) started to show some acceleration. Also, more stability in commodities and dollar currency contributed to the stability of Emerging Countries. The Central Bank in Europe and US, as well as the Japan Central Bank, continued in September with expansionary policies, and this contributed to maintain very low the bond yields and so, increased the need to find different financial assets with higher returns (mainly equities).

In terms of Markets, the performance of the European one was, again, worse than the American one, increasing the valuation gap to the highest level in history. The decline in profits in the Eurozone, driven by the financial sector and materials, to levels of 2009, was behind this underperformance. The credit conditions enhancement in the euro area, a greater stability in commodities and the recovery of Emerging Economies, should make that corporate profits bottoming this year to start growing again in 2017. The consensus of analysts expects a growth of the European profits above 10% next year.

Regarding LIERDE, the low exposure to financials and raw materials as well as strong exposure to growth sectors such as IT services, construction in northern Europe, outsourcing or automotive components, made that the performance of the portfolio was positive in September against the negative performance of the European equity markets in general. In terms of the portfolio, we have 10 companies that rose more than 10% in the month, compared with only 2 companies that dropped more than 10%. The stocks with the best performance in September were: **Trigano** (+ 19%), **Econocom**, (+ 18%), **Zumtobel** (+ 17%), **S&T** (+ 16%), **Maison Du Monde** (+ 15%), **PORR** (+ 13%), **Valeo** (+ 12%), **Prodware** (+ 12%) and **Aurelius** (+ 11%). And those that performed worse were: **Global Dominion** (-5%), **Renta Corporation** (-6%), **Bayer** (-6%), **Danieli** (-8%), **Pendragon** (-9%), **Ferratum** (-15%) and **Mitie** (-29%). In the case of Ferratum, the company lowered expectations for 2017 in terms of growing around 40% instead of 50% initially published, which provoked an adjustment in the price. Mitie also lowered profit estimations and announced a new restructuring charge of 10 million (EBIT 120), when they had said that the restructuring was completed in the previous quarter.

In September, we made few movements in the portfolio, just three purchases and one sale. We had started to build a position in two stocks (Zumtobel and Trigano). We had been following both companies for some time. However, their good results and some changes of recommendation by some analysts provoked that the stocks rose strongly in the month, and we could not complete the position. At current prices, we prefer to wait before continuing to build the positions and if there is a fall in prices, we will buy more. The third purchase was a German company of automotive components, **Hella**. Hella is a family-owned company with more than 100 years of history and 4,000 million Euros of market capitalization. It is trading only since 2014, which makes it an unknown company among investors. Its business focuses mainly on lighting (it is the undisputed LED leader in Europe with a market share of 67%) and automotive electronics. Its portfolio will allow the company to grow 5% this year and around 10% in the next two years. Nowadays the company is trading at 8.7x EV/EBITA 2017, with ROCE of 20% and a 16.6% annualized return for the next 4 years. We see this company, together with the French one Valeo, as the main winners with the changes that are taking place in the automotive sector with the decline of the combustion engine and the development of the electric and autonomous car. Finally, on the sale side, we sold the whole position in the Belgian luxury lingerie company **Van de Velde** after reaching our target price.

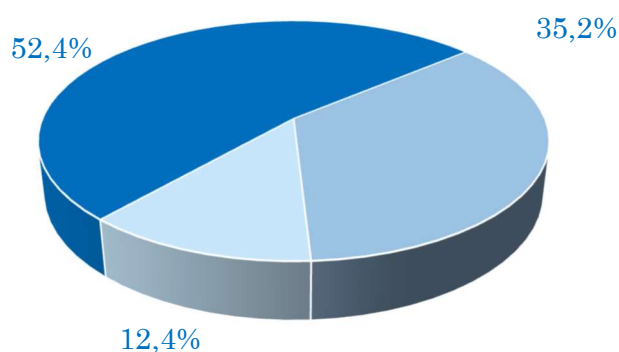


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TOP 10

1.-	REALIA	4,18%
2.-	CANCOM	4,17%
3.-	S&T	3,95%
4.-	MERLIN PROPERTIES	2,70%
5.-	AURELIUS	2,62%
6.-	ECONOCOM	2,48%
7.-	DEVOTEAM	2,44%
8.-	VINCI	2,34%
9.-	PORR	2,30%
10.-	GLOBAL DOMINION	2,25%
TOTAL TOP 10		29,4%

DISTRIBUTION BY MARKET CAP.

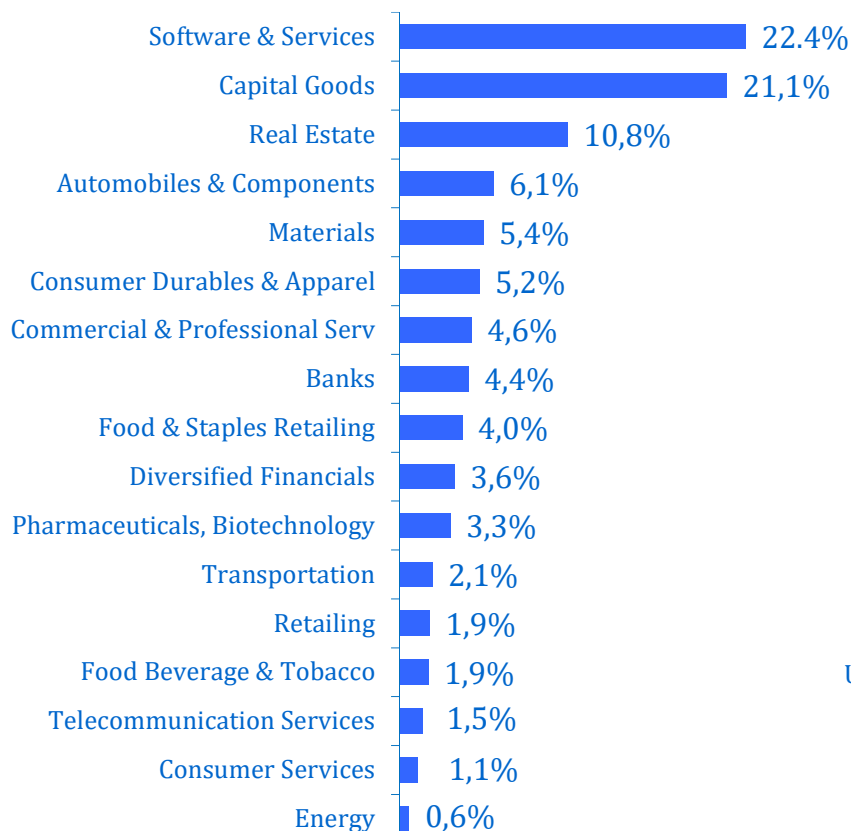


■ BIG CAPS (> 5bn) ■ MID CAPS (5-2 bn) ■ SMALL CAPS (<2bn)

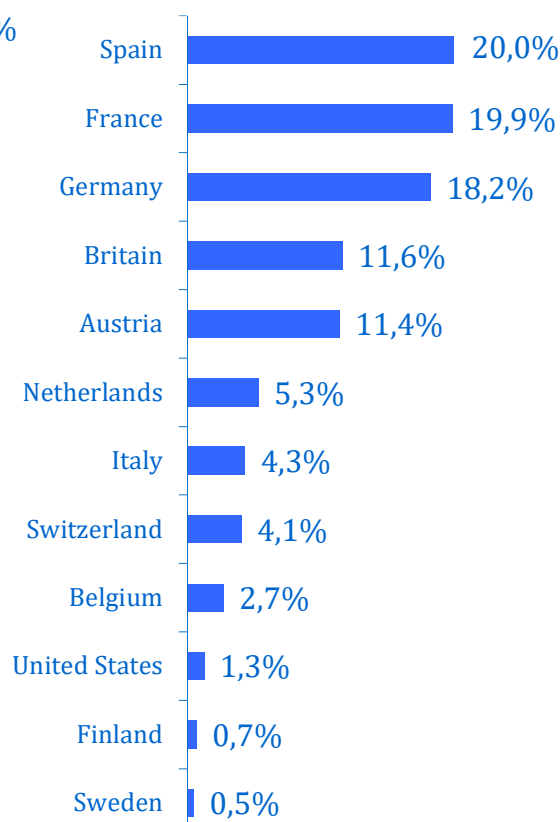
DISTRIBUTION BY ASSET

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 203.4 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 September 30, 2016

DISCLAIMER

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Past returns do not guarantee future returns.