



LIERDE Net Asset Value 31/01/2016: 85.28

OBJECTIVE AND INVESTMENT STRATEGY

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

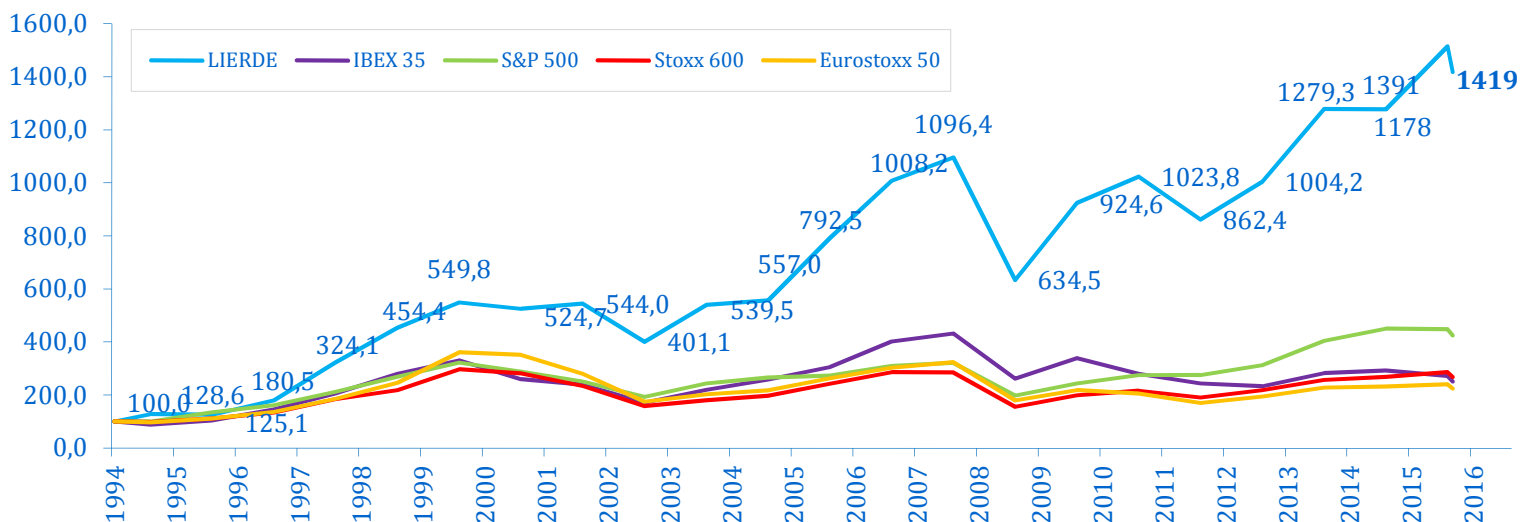
Investment decisions are based on fundamental analysis, analyzing the Return on Capital Employed (ROCE) of companies and its sustainability over time.

RISK DATA

FROM INCEPTION	LIERDE	STOXX 600
Alfa anual	5,17	
Ratio Sharpe	0,85	0,31
Beta	0,83	
Volatility	18%	20%
12 MONTHS	LIERDE	STOXX 600
Beta	0,68	
Volatility	16%	21%

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%
2014	-6,38%	-6,44%	0,05%
Total return	1319,0%	167,9%	1151,1%
Average	16,3%	7,1%	9,3%

TOTAL RETURN (base 100)





LIERDE Net Asset Value 31/01/2016: 85.28

MONTH IN REVIEW

In January LIERDE dropped -6.38% vs. -6.81% Eurostoxx 50, -6.44% Stoxx 600, -7.63% Ibex 35 and -5.07% S&P 500. The NAV of LIERDE at the end of the month was 85.28. In the last twelve months LIERDE accumulated a return of +4.06% vs. -9.14% Eurostoxx 50, -6.75% Stoxx 600, -15.026% Ibex 35 and -2.74% S&P 500. In January LIERDE was invested 92.2% in equities and 7.8% in cash. The Beta of the portfolio was 0.68. The volatility of LIERDE in the last twelve months was 15.7% (well below its volatility since the beginning, 18%) vs. 20.6% Stoxx 600, 23.4% Eurostoxx 50 and 22.0% Ibex 35, all of them at levels somewhat above their historical averages.

On the macro side, the yuan's devaluation earlier this month, increased the fear of a possible "hard landing" of the Chinese economy. The commodity sector slumped to lower levels than those seen in the crisis 2007-2009, and reaching levels of the late 90s. Against this background of growing instability, Mario Draghi reappeared in the peak of panic for remembering that, if new stimulus measures are necessary, they will be taken. Furthermore, against the rumors about the solvency of some European banks (mainly Italian), he assured to be comfortable with the current level of provisions. It is true that the macroeconomic indicators have been somewhat weaker in general, but they still point to economic growth in 2016. However, in February not only we will have new data, but a large number of publications of results of companies. Both sources of information will be useful to evaluate whether the current slowdown is the beginning of a new recession or not.

Regarding the portfolio, we sold out our remaining small position in the Dutch engineering **Arcadis**. The reason for the sale was, apart from the increased uncertainty about the evolution of its business, the loss of confidence in its management team. We also began to undo our **Diageo** position. In this case, the reason was that the company was trading at record highs and its potential had been reduced. However, we still consider that it is a great company. In short, so violent falls are always good opportunities to make adjustments in the portfolio, and they let us looking for better companies with a greater relationship between their average return and their expected level of risk. In this regard, we added two "best-in-class" companies to the portfolio: **Associated British Food** and **Senior**. In November 2015 we sold completely ABF (Primark) because the stock reached its target price. During many years ABF was one of the core values of the portfolio due to its extreme quality and growth potential in the medium term. Nothing has changed in the investment case except the price, which in mid-January was again below 30 pounds. We currently have around 2% of our portfolio. Meanwhile, Senior is an industrial niche company that maintains levels of RoCE over 30% during the economic cycle. After a correction of 50% from the highs in 2015, nowadays it is trading below 9x EV/EBITA 2016. It was in our "waiting list" since mid-2014. We have already started to invest with a position of 0.4%. Finally, we also increased weight in other quality companies in which we already were invested such as **LVMH** or **Danieli**.

Up to December the correlation between companies was reduced and the evolution of their businesses were the main driver of their stock prices. However, since January, the situation has changed and now there are other factors (indices memberships, good performances, lack of buyers, etc.) that move the stocks. Clearly, this environment determines the short-term profitability, but at the same time, this strong volatility (and correlation) is necessary to generate investment opportunities in the long-term. Although in the short term it seems irrelevant, it is necessary to keep in mind that, in the long-term, valuation is always the key driver. Therefore, the fact that Europe is undervalued versus its trend earnings valuation around 40% (almost the highest undervaluation in the history), leads us to believe that, or the world has changed forever, or the margin of safety to invest in European equities is very high. In our opinion, it is even more important to highlight that this theoretical undervaluation is not uniform across companies. Briefly, the market is divided into two main groups: a group of companies which are trading at historically high multiples, either because they are proxies of fixed income or due to their extreme quality; and another large group of companies that are already discounting a new recession. Our investment method is based exclusively on stock picking and that is why our portfolio has a greater bias towards this group of cheaper companies. We do not know when or where the current correction will finish, but our conviction in the potential of our portfolio is very high.

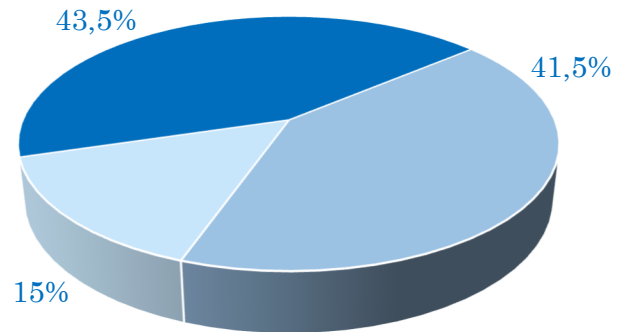


LIERDE Net Asset Value 31/01/2016: 85.28

TOP 10

1.- REALIA	4,84%
2.- LAR ESPAÑA	3,84%
3.- CANCOM	3,34%
4.- MERLIN PROPERTIES	2,86%
5.- CARLSBERG	2,38%
6.- ENGINEERING	2,37%
7.- VINCI	2,34%
8.- S&T	2,24%
9.- DANIELI	2,15%
10.- DANONE	2,12%
TOTAL TOP 10	28,5%

DISTRIBUTION BY MARKET CAP.



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

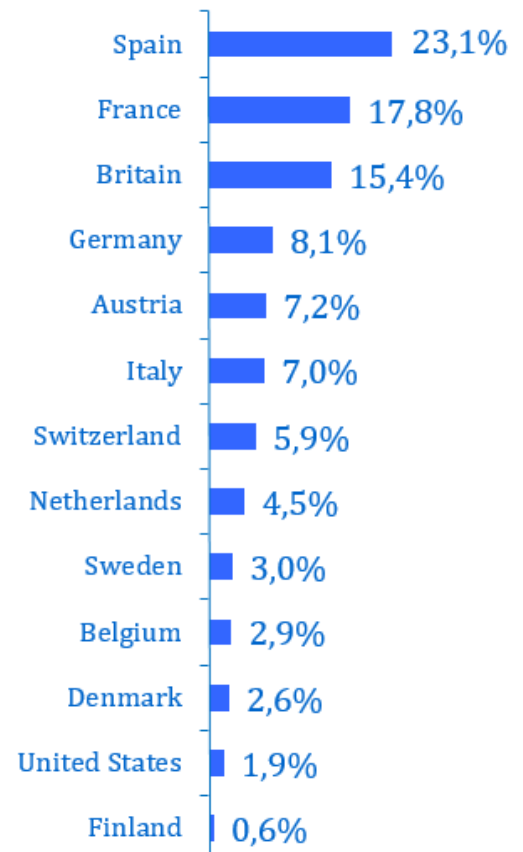
DISTRIBUTION BY ASSET

Equity	92.2%
Cash	7.8%

EXPOSURE BY SECTOR



EXPOSURE BY COUNTRY





LIERDE Net Asset Value 31/01/2016: 85.28

GENERAL INFORMATION

Inception date	1994
Assets under management *	EUR 166.32 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 January 31, 2016

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.