



## LIERDE Net Asset Value 30/06/2017: 108,28

### 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.

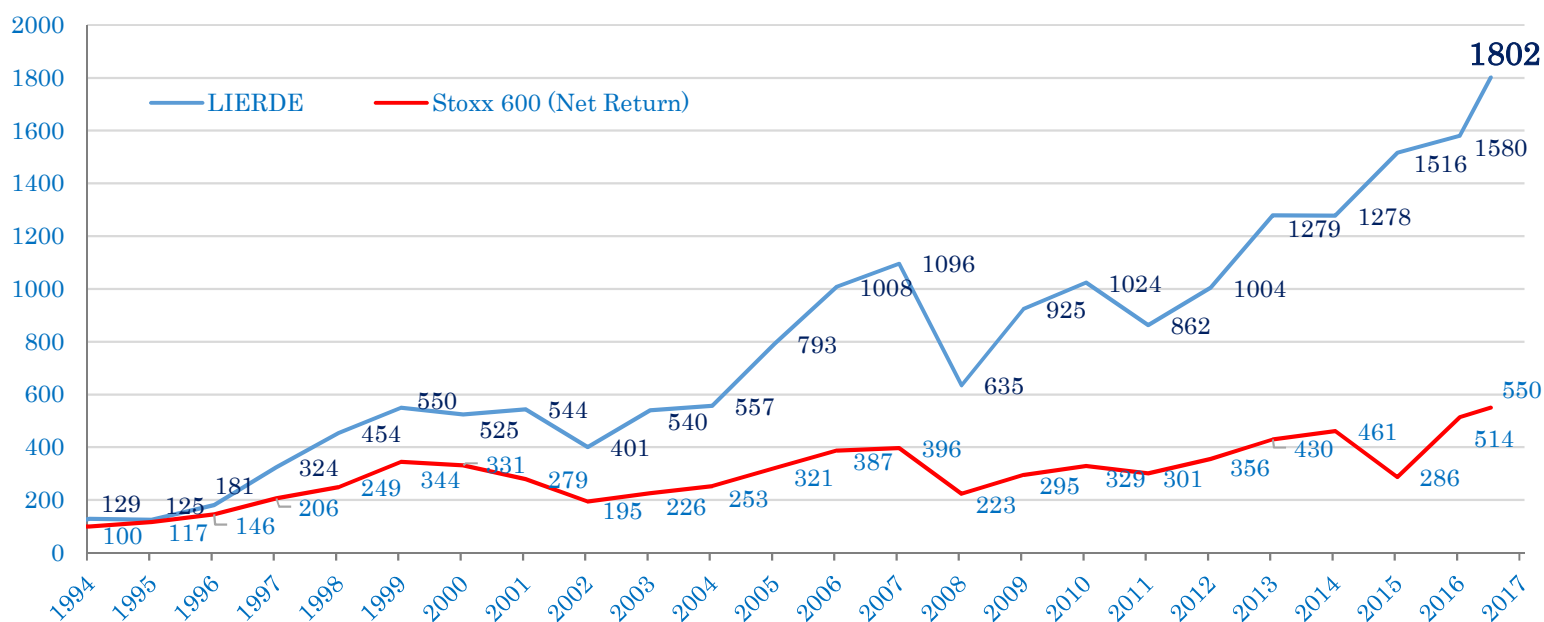
### RISK DATA

FROM INCEPTION	LIERDE	STOXX 600
Alfa anual	5,17	
Beta	0,85	0,31
Ratio Sharpe	0,83	
Volatilidad	17,8%	19,3%
12M	LIERDE	STOXX 600
Beta	0,78	
Volatilidad	8,6%	9,4%

HISTORICAL RETURNS			
YEAR	LIERDE	STOXX 600* (Net return)	Difference
1994	28,6%	-0,3%	28,8%
1995	-2,7%	17,2%	-19,9%
1996	44,3%	24,8%	19,5%
1997	79,5%	41,2%	38,3%
1998	40,2%	21,1%	19,1%
1999	21,0%	38,2%	-17,2%
2000	-4,6%	-3,8%	-0,7%
2001	3,7%	-15,6%	19,3%
2002	-26,3%	-30,4%	4,1%
2003	34,5%	15,9%	18,6%
2004	3,2%	12,2%	-9,0%
2005	42,3%	26,7%	15,6%
2006	27,2%	20,8%	6,4%
2007	8,7%	2,4%	6,4%
2008	-42,1%	-43,8%	1,6%
2009	45,7%	32,4%	13,3%
2010	10,7%	11,6%	-0,9%
2011	-15,8%	-8,6%	-7,2%
2012	16,4%	18,2%	-1,7%
2013	27,4%	20,8%	6,6%
2014	-0,1%	7,2%	-7,3%
2015	18,6%	6,8%	11,8%
2016	4,2%	1,7%	2,5%
2017	14,1%	7,0%	7,0%
<b>Total return</b>	<b>1701,7%</b>	<b>449,9%</b>	<b>1251,8%</b>
<b>Average</b>	<b>15,8%</b>	<b>9,4%</b>	<b>6,5%</b>

\* Stoxx 600, net dividends included.

### TOTAL RETURN (base 100)





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### MONTH IN REVIEW

In June LIERDE's portfolio behaved much better than the indices. LIERDE dropped -1.2% vs. -3.2% Eurostoxx 50 and -2.5% Stoxx 600 (Net Return). LIERDE accumulates +14.1% YTD return vs. +4.6% Eurostoxx 50 and +7.0% Stoxx 600 (Net return). The NAV of Lierde at the end of the month was 108.28. In June LIERDE was invested 87% in equities and 13% in cash. The Beta of the portfolio was 0.77. Last twelve months' volatility of LIERDE dropped to 8.6% vs. 11.9% Eurostoxx 50 and 9.4% Stoxx 600 (Net Return).

On the macro side, the economic recovery continues and some economists already point to growth in the range of 3.5-4% globally. In China, where doubts about the sustainability of growth were the biggest, the data published in June (retail sales, industrial activity and profits) surprised the market positively. In Europe, sentiment and confidence indicators reached 15-year highs in June. In the US, the recovery was also consolidated and, as a result, the FED continued to normalize its monetary policy raising rates another 0.25%. In addition, two new increases were suggested (at the end of 2017 and in 2018). Meanwhile, Draghi -at ECB's monthly meeting-, eliminated the risk of deflation off the communication, but he reiterated that inflation is still very low and far from the target. On the growth side, he maintained a more positive tone and indicated that the end of the asset purchase will begin in January 2018 if the good evolution continues. However, if there is a new relapse, he would not hesitate to reactivate additional purchases (QE). Central banks meetings in June -particularly the ECB meeting-, have been interpreted as a change toward less accommodative policies (end of the QE program), which has led to an appreciation of the Euro against the Dollar, a rebound in profitability of bonds and some corrections in the equity markets. From our point of view, this first step towards normalization should not be negative for markets. We see many similarities between the current environment and the one of the end of the 90s, when the economic growth accelerated without inflation and was driven by the globalization and the development of Internet. Digitalization and Industry 4.0 is having this same effect on today's economy. We remain positive with the European equity market, we do not see that the cycle of growth of profits has come to an end. However, we do not rule out some market consolidation for few more weeks due to higher bond yields and volatility in currencies. The new results seasons of the second quarter is beginning and it will be very important to see the direction of the market in the coming weeks.

Regarding LIERDE's portfolio, in June, 29 companies performed negatively and 24 obtained positive returns. In terms of losses, UK securities with domestic exposure fell the most during the month (DFS Furniture, Wincanton and Pendragon). As for new ideas, we incorporated two companies this month: Grupo Ezentis and Alimak Group.

- **Grupo Ezentis** is specialized in providing support and maintenance to telecommunications, electricity and water companies. Although it is a Spanish company, 90% of its revenues come from Latin America, where it is the leading company, it operates with the main multinationals in the sector both the Spanish and the local ones. The company has been immersed in a restructuring process over the last few years, but this process should culminate this year refinancing the debt. At the end of 2017, the debt will be already around 2x EBITDA target, but the financial cost (average cost of 20%) is still very high. The arrival of the new president, Guillermo Fernández Vidal -from Telefónica-, with a high reputation in the sector, is accelerating the process of restructuring and diversification of the company establishing new contracts outside the telecommunications sector. The company's plans estimate a growth rate of 20%-25% annually over the next three years and progressive margin improvement. This capital-intensive sector is still very atomized, so size and scale are the real barriers to entry. In June, after meeting with the CFO and later with the CEO, we decided to take a position of 1.5% of the fund. The main risks that we see being a Latin American business, concentration of clients and high financial cost, are offset by the attractive valuation at which it is trading.

- **Alimak Group** focuses on providing vertical solutions (elevators, platforms, ladders, cranes, etc.) for maintenance, cleaning and building construction. The company combines very well the organic growth (5%-6% annually) with an active M&A policy that has led it to double its size in two years. It is a leading industrial company with ROCEs around 35% that still trades at very attractive multiples. It is not very well known by analysts because its IPO was only two years ago. We hold a position of 1.4%.

Finally, in June we took advantage of the weakness of the banking sector to increase the weight in our main positions in financials: BNP Paribas and Société Générale.



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### TOP 10

1.-	LAR ESPAÑA	3,8%
2.-	CANCOM	3,8%
3.-	REALIA	3,7%
4.-	S&T	3,7%
5.-	DEVOTEAM	3,2%
6.-	ECONOCOM	2,9%
7.-	VINCI	2,8%
8.-	GLOBAL DOMINION	2,7%
9.-	PALFINGER	2,6%
10.-	HELLA	2,5%
<b>TOTAL TOP 10</b>		<b>31,7%</b>

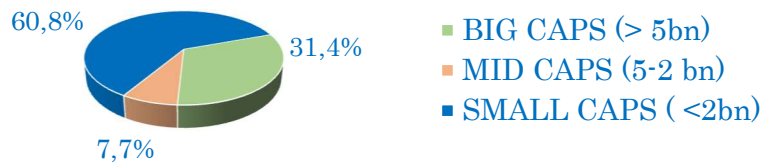
### MONTHLY RETURN (the 5 best vs the 5 worst)



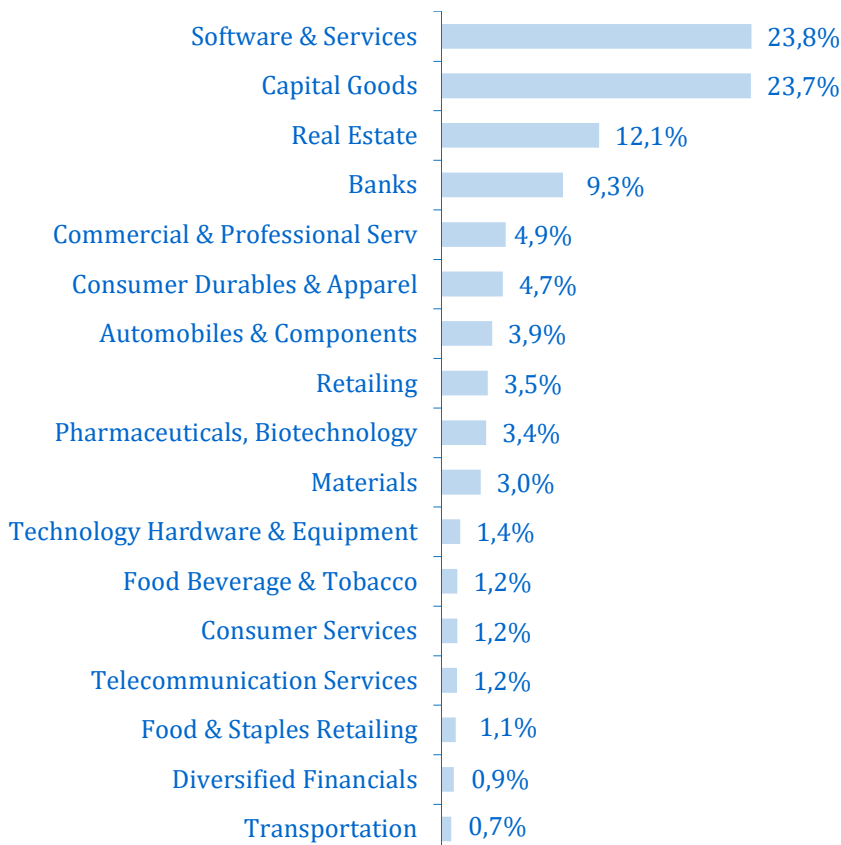
### DISTRIBUTION BY ASSET

Equity	87.0%
Cash	13.0%

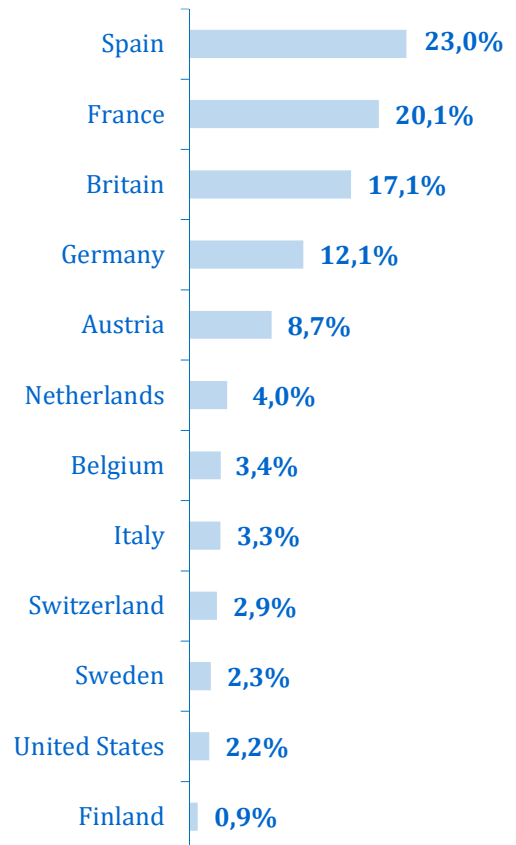
### DISTRIBUTION BY MARKET CAP.



### EXPOSURE BY SECTOR



### EXPOSURE BY COUNTRY





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### GENERAL INFORMATION

Inception date	1994
Assets under management *	EUR 283.4 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 June 30, 2017

### DISCLAIMER

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Past returns do not guarantee future returns.