



LIERDE

Net Asset Value 31/07/2017: 109,57

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.

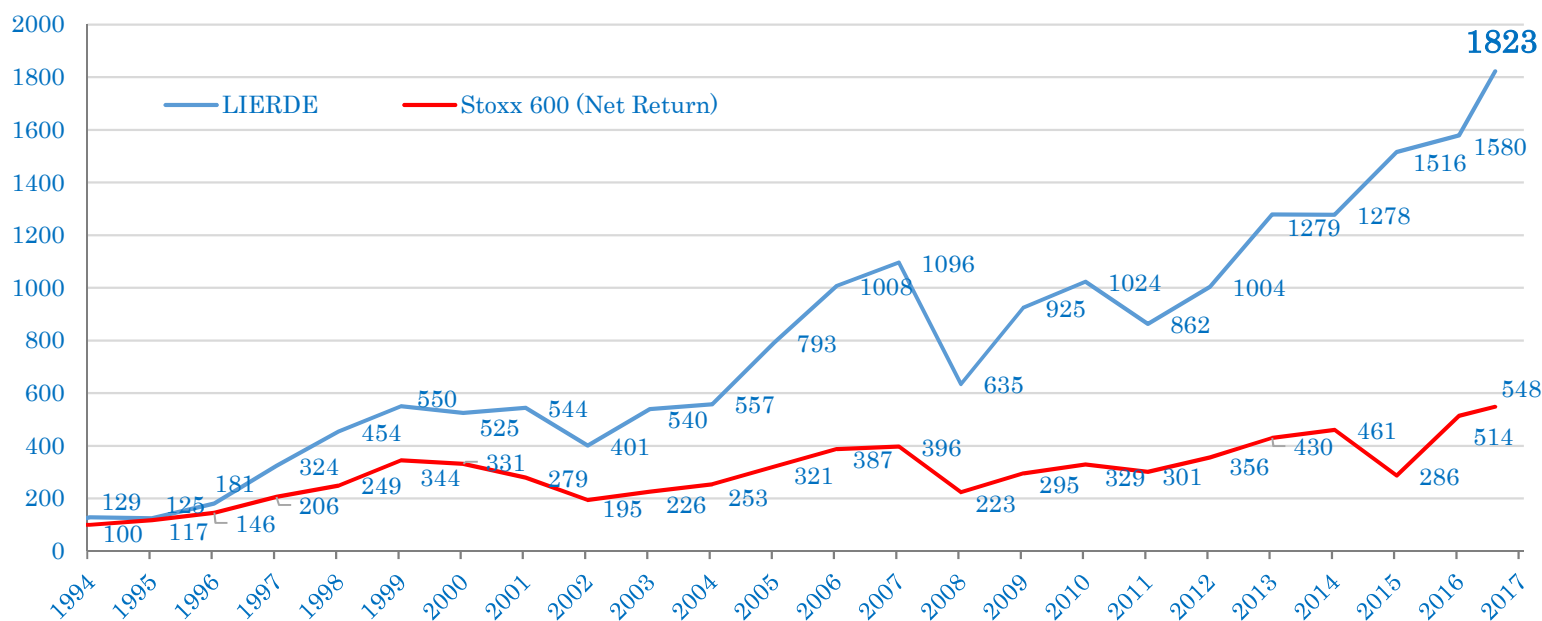
RISK DATA

FROM INCEPTION	LIERDE	STOXX 600
Alfa anual	5,17	
Ratio Sharpe	0,85	0,31
Beta	0,83	
Volatility	17,8%	19,3%
12 MONTHS	LIERDE	STOXX 600
Beta	0,75	
Volatility	8,4%	9,5%

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	15,4%	6,7%	8,7%
Total return	1723,1%	447,9%	1275,1%
Average	15,9%	9,3%	6,5%

* Stoxx 600, net dividends included.

TOTAL RETURN (base 100)





MONTH IN REVIEW

In July LIERDE's portfolio performed much better than the indices. LIERDE rose by +1.2% vs -0.4% Stoxx 600 (Net Return) and +0.2% Eurostoxx 50. LIERDE accumulates +15.4% of return in 2017 vs. +4.8% the Eurostoxx 50 and +6.6% the Stoxx 600 (Net return). The NAV of Lierde at the end of the month was 109.57. In July LIERDE was invested 87.3% in equities and 12.7% in cash. The Beta of the portfolio was 0.75. Last twelve months' volatility of LIERDE dropped to 8.4% vs. 11.7% Eurostoxx 50 and 9.5% Stoxx 600 (Net Return).

On the macro side, the data published in the month continue to show a scenario of economic growth that, up to now, is not generating upward price pressures. In fact, at the last ECB meeting Draghi said that he needs more time to see the evolution of inflation before starting to reduce the Quantitative Easing program. In Spain, the IMF revised its estimate of GDP 2017 up to 3.1% (50 bps). As a slightly negative point in the month, some sentiment indicators -such as the Eurozone PMIs- came out somewhat below expectations, although at levels that they continue pointing to a growth scenario. In short, the publication of the Q2 results will be key to determine if at the operational level companies suffered from the greater political instability of the recent months or the growing uncertainty regarding the change of bias of the central banks policies. The market consensus has gradually moderated its estimates during the recent weeks and this fact has been the main reason for the recent consolidation of the markets. At the end of July 56% of the companies in Europe had published positively with an average profit growth of +7% (+16% including energy and commodities).

Regarding the portfolio, in July the performance was very positive, especially because a reduce number of companies obtained negative returns. Only one company dropped more than -10% (**Econocom**) and only 5 more than -5%. By contrast, 4 companies rose more than +10% (**S&T AG**, **ArcelorMittal**, **Reply** and **Devoteam**) and 10 revalued more than +5% in the month. The sale of the whole position in the Austrian construction company **Porr AG** is the most significant change of the month. Since joining the portfolio in December 2014, this company revalued by 60%, contributing significantly to the evolution of LIERDE. The recent increase in competition in the German market makes us to be more cautious with the evolution of its margins in the medium term and that is why we see a lower potential. On the buy side, we took advantage of the liquidity of the portfolio to increase weight in some positions such as **Reply**, **Assa Abloy**, **Lectra** or **BNP Paribas**.

In terms of companies results, almost half of the portfolio has already published their H1 figures. In summary, we are very satisfied with the published results and, up to now, we did not undo any position due to a negative operating evolution. We would like to highlight the excellent results of the Italian company of IT services **Reply**, accelerating its growth rate of sales to 16.5% from 11.8% in the Q1. All its geographical areas registered positive rates of growth thanks to the excellent momentum of investments in digitalization (Big data, Cloud Computing, Internet of Things or Industry 4.0). The company noted that new trends such as Augmented Reality, Machine Learning or Virtual Reality are already beginning to contribute to its growth. If we consider that Reply is, undoubtedly, one of the most advanced companies in terms of digitalization, this acceleration of growth should be seen in the results of other companies of LIERDE's portfolio during the next quarters (**S&T AG**, **Econocom**, **Neuronas**, **Infotel**, **Devoteam**, **Cancor** or **Dominion**). In short, digitalization is a structural trend that already is directly affecting all sectors.

Finally, within the Spanish real estate sector, we would like to highlight the results of **Lar España** and **Realia** due to their significant increases at operational level. Lar España improved its operating profit by 50% compared to the previous year. This improved performance was reflected in the mid-year NAV (+4.5% like-for-like increase in the value of Lar España's assets in 6 months). In the case of Realia, its NAV also increased this semester (+2.5%); however, the most relevant point was that, for the first time, its lands did not suffer a downgrade of valuation. This year both companies accumulate with returns above 25%, but still at a double-digit discount compared to their respective mid-year NAVs. Our target prices are significantly higher than these NAVs and the main reason is that, at the time of the economic cycle in which we are, the NAVs always go behind the real recovery of the assets' value.



AUGUSTUS CAPITAL

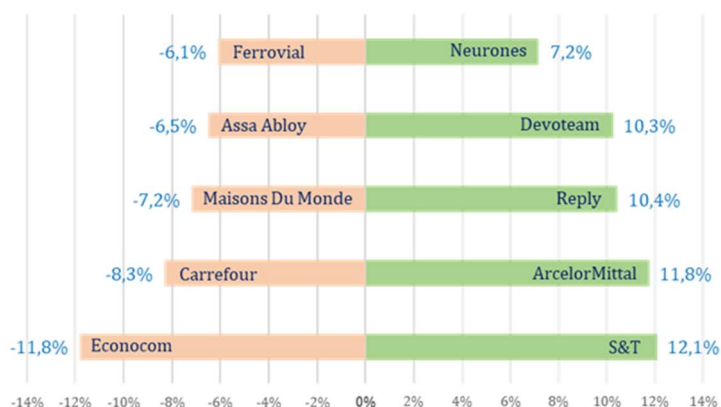
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TOP 10

1.- LAR ESPAÑA	3,9%
2.- REALIA	3,9%
3.- S&T	3,8%
4.- CANCOM	3,8%
5.- DEVOTEAM	3,4%
6.- VINCI	2,7%
7.- BNP PARIBAS	2,6%
8.- DOMINION	2,6%
9.- ECONOCOM	2,5%
10.- PALFINGER	2,5%
TOTAL TOP 10	31,7%

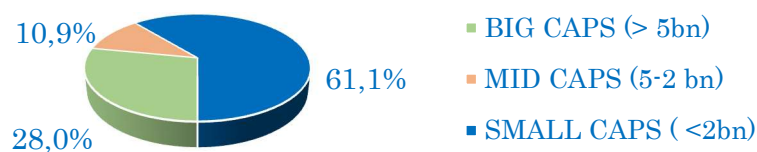
MONTHLY RETURN (the 5 best vs the 5 worst)



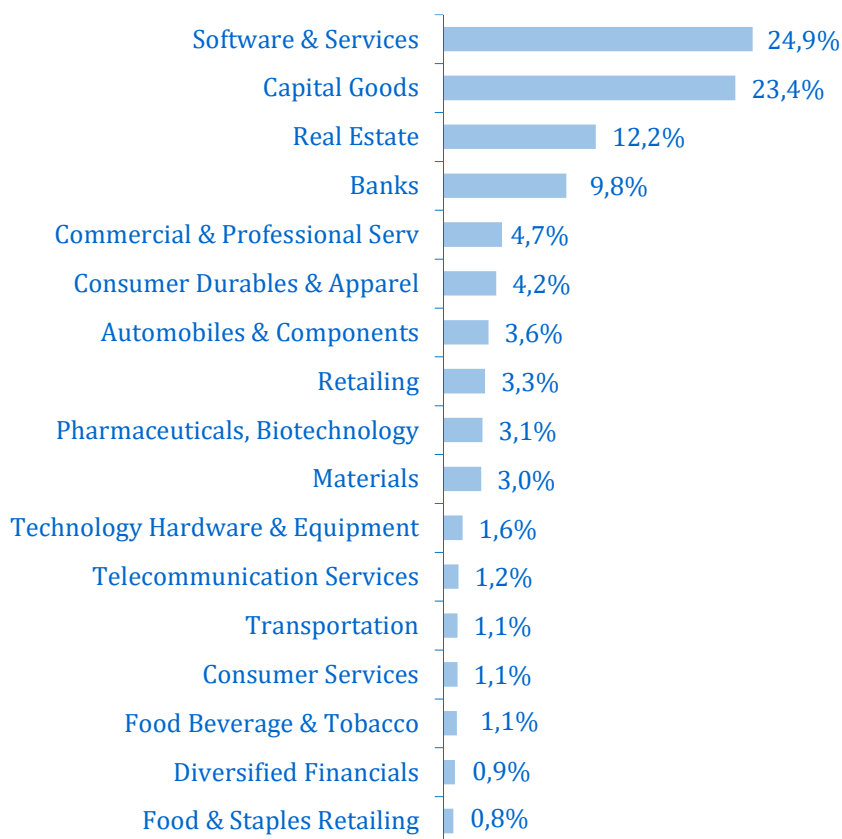
DISTRIBUTION BY ASSET

Equity	87.3%
Cash	12.7%

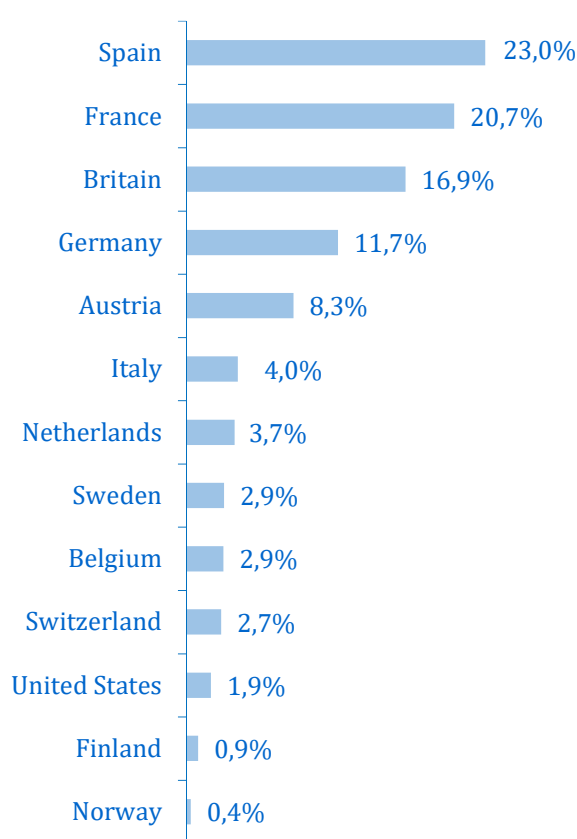
DISTRIBUTION BY MARKET CAP.



EXPOSURE BY SECTOR



EXPOSURE BY COUNTRY





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GENERAL INFORMATION

Inception date	1994
Assets under management *	EUR 293.4 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 July31, 2017

DISCLAIMER

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Past returns do not guarantee future returns.