



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

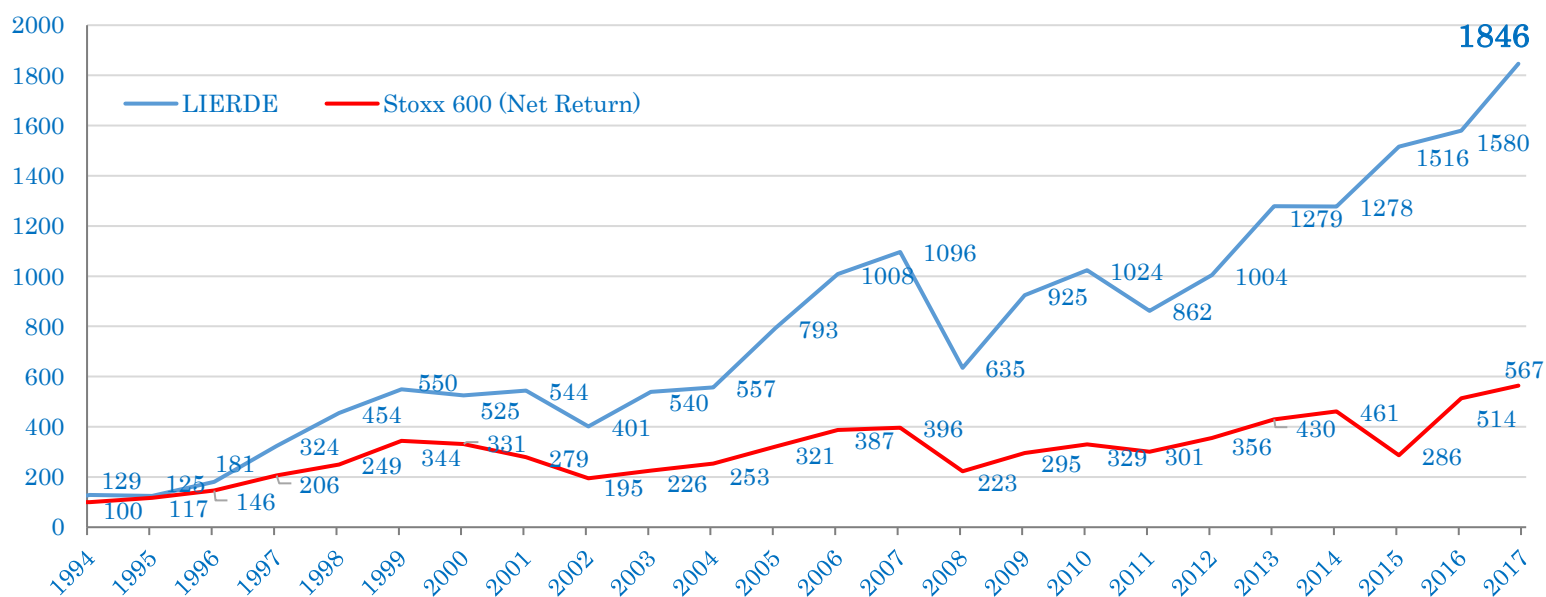
FROM INCEPTION	LIERDE	STOXX 600
Alfa anual	5,17	
Ratio Sharpe	0,85	0,31
Beta	0,83	
Volatility	17,6%	19,2%
12 MONTHS	LIERDE	STOXX 600
Beta	0,79	
Volatility	7,7%	8,2%

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	16,9%	9,8%	7,1%
Total return	1746,4%	464,0%	1282,5%
Average	15,9%	9,4%	6,5%

* Stoxx 600, dividends included.

TOTAL RETURN (base 100)





MONTH IN REVIEW

In November, LIERDE experimented a decrease in profitability of -2.11% vs -2.02% of the Stoxx 600 (Net Return), -2.83% the Eurostoxx 50 and -2.97% the Ibex 35. The YTD profitability remained at 16.9% vs +8.5% of the Eurostoxx 50, +9.8% the Stoxx 600 (Net Return) and +9.2% the Ibex 35. LIERDE's NAV hit 110.97 euros per share and the portfolio's level of investment at the end of the month accounted for 86.5% of the total assets. The twelve-month trailing volatility remained at extraordinary low levels of 7.6% vs 8.1% of the Stoxx 600 and 9.8% the Eurostoxx 50.

On the macro side, in the US the third quarter GDP grew by +3% vs the +2.6% expected by the market, the highest level since 2015. The level of employment in November was in line vs the market expectation, the unemployment rate lowered down again to reach 4.1% without any sign of wage pressure (+0%), the inflation rate remained in line at +2%; although the core inflation came slightly above the one expected by the market (1.8% Vs 1.7%e). In Europe, the GDP in the third quarter posed a +2.5% growth vs +2.4%e, the Eurozone composite PMI came again in positive territory with a spectacular 57.5 vs 56e. The inflation rate registered an increase of +1.5%, showing a slight recovery vs the previous month (+1.4%) although a tad lower than expected (+1.6%). The macroeconomic data YTD may point to a fourth quarter growing above +2.5% and above +2% in 2018. In short, positive economic evolution without inflationary pressures. In the UK the PMI came in positive territory (above 50) beating the market expectations 56.3 vs 55.9e. Lastly, the BoE decided to increase the interest rates to 0.25%, which was already discounted by the market.

Regarding the portfolio, we again took advantage of the weakness of the market to increase our positions in high quality companies like it is the case for **S&T**, that, as we already mentioned in November's report, the weakness of the stock had nothing to do with the company valuation. Additionally, we increased the position in **Lar España, Valeo, Avon Rubber, Software AG, Grammer** and **Santander**. The most important event of the month is the new company that we incorporated to the portfolio, the Swedish company **Dometic**. In a nutshell, after a large acquisition process **Dometic** is currently the global leader in air conditioning, hygiene, sanitary, refrigeration (refrigerators) solutions for mobile living (motorhomes, boats and trucks). The company is the top 1 or 2 in the 75% of the markets in which they operate and 50% of the sales are generated in the aftermarket division. Additionally, the company products represent a tiny cost of the total cost of the final product (motorhome, boat and truck), however they play an essential role for the users (it is critical that the refrigerator or the sanitary in a boat or a motorhome function correctly), ie: the quality is always above the price. In short, the classic example of industrial company that operates in a niche market and is able to sustain high returns on capital (ROCE c.50%). Fortunately for us, right after we built a position in the company, **Dometic** announced the acquisition of **SeaStar Solutions**, leader in the US of control systems for small boats with c.48% of sales in the aftermarket (**Dometic**'s aftermarket in the US represented c.25%) and EBIT margins of 24.5% vs **Dometic**'s 14%. The deal is 20% relative, so, despite the +14% performance since it was incorporated to the portfolio, we see an annual potential of +18% for the next 4 years at the current prices. Last but not least, we have not completely liquidated any position. Instead, we reduced weight in **Dürr** and **Gestamp** (for valuation reasons, we see the current prices approaching our target prices).

During the month of November, we have witnessed a market correction after the Stoxx 600 hit a new annual high and the German DAX registered an all-time high. We see it as a correction within an upward cycle, probably necessary, after the huge optimism before the earnings season. In fact, many companies that reported results in line and reiterating their long-term guidance suffered important drops in the stock, (most of them accumulated performances year to date of above 25-30%). In addition, it is important to highlight the value creation for the Stoxx 600 in 2017 which it will be low (circa +4%), due to important write-downs vs equity by the financial sector. On the other hand, the S&P 500 will close the year with a value creation of +10%. According to consensus estimates, both the Stoxx 600 and the S&P 500 are expected to generate value by 8%. If we take into account the undervaluation of the European market vs the US, it seems reasonable that, with an equal value creation, Europe should have a better relative performance. In any case, a well-diversified portfolio invested in high quality companies that are able to grow (reinvest) in the mid-term will always be the best investment alternative. LIERDE would be a good example with a value creation of +18% in 217 (main reason for the +16.9% YTD in NAV) and an estimated +14% for 2018. All in all, we reiterate our conviction in the great potential of the portfolio (15% annually for the next 4 years) at the current prices.



AUGUSTUS CAPITAL

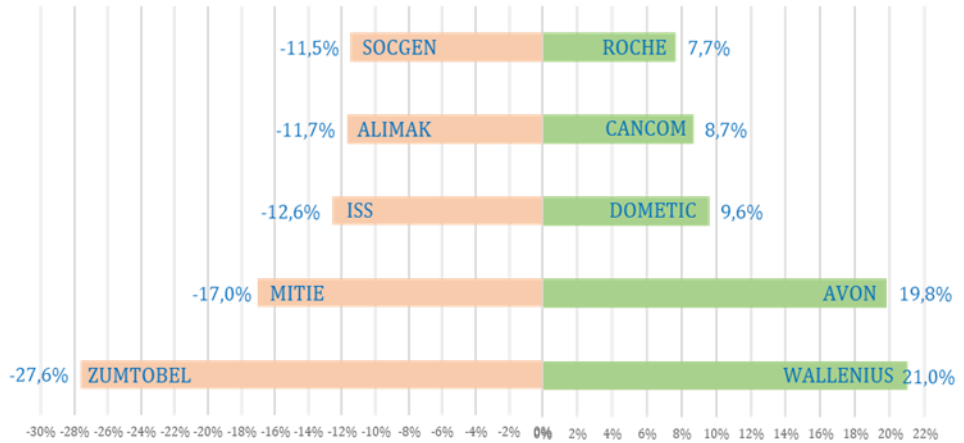
LIERDE Net Asset Value 30/11/2017: 110,97



TOP 10

1.- S&T	4,25%
2.- CANCOM	3,57%
3.- LAR ESPAÑA	3,52%
4.- REALIA	2,99%
5.- DEVOTEAM	2,86%
6.- BNP PARIBAS	2,68%
7.- ECONOCOM	2,58%
8.- VINCI	2,47%
9.- GLOBAL DOMINION	2,47%
10.- BANCO SANTANDER	2,29%
TOTAL TOP 10	29,7%

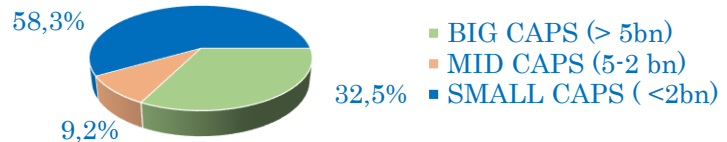
MONTHLY RETURN (the 5 best vs the 5 worst)



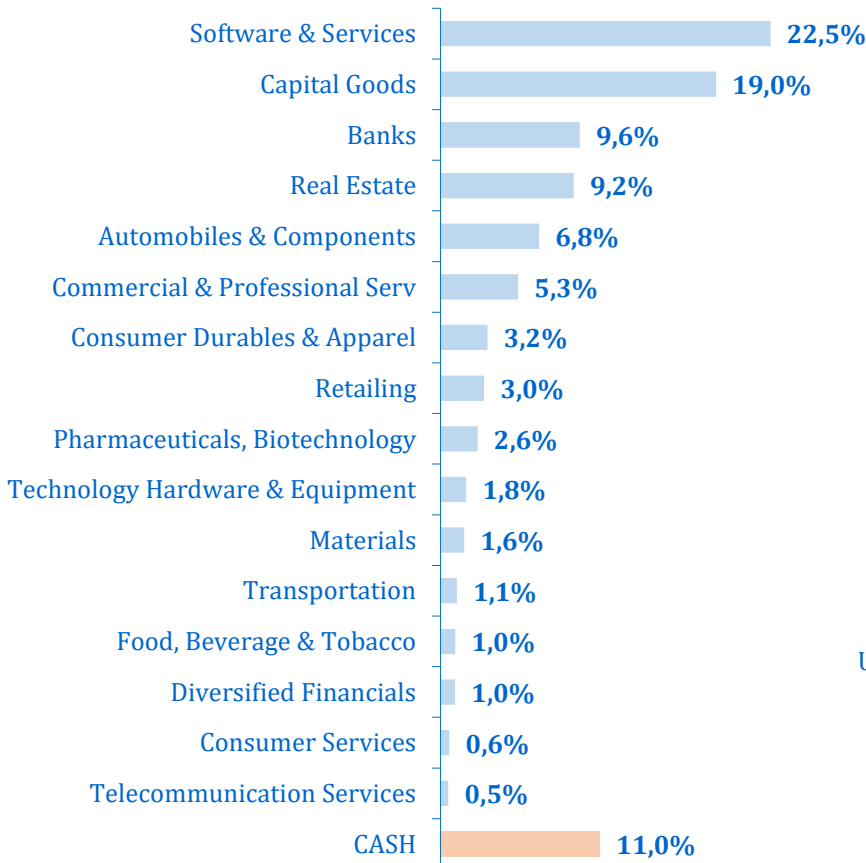
DISTRIBUTION BY ASSET

Equity	86.5%
Cash	13.5%

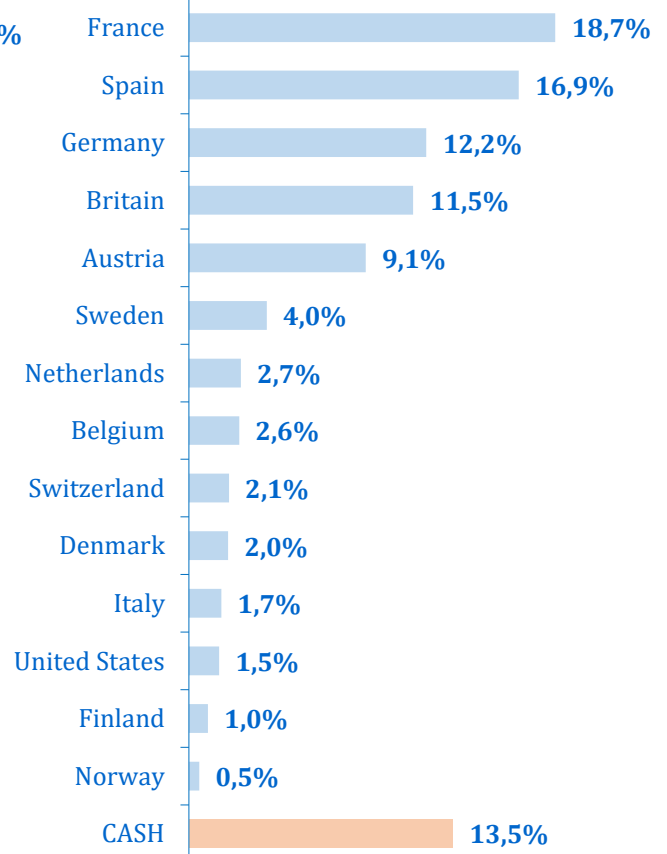
DISTRIBUTION BY MARKET CAP.



EXPOSURE BY SECTOR



EXPOSURE BY COUNTRY





GENERAL INFORMATION

Inception date	1994
Assets under management *	EUR 337 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 November 30th, 2017

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Past returns do not guarantee future returns.