



## LIERDE Net Asset Value 31/03/2017: 102,52

### 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.

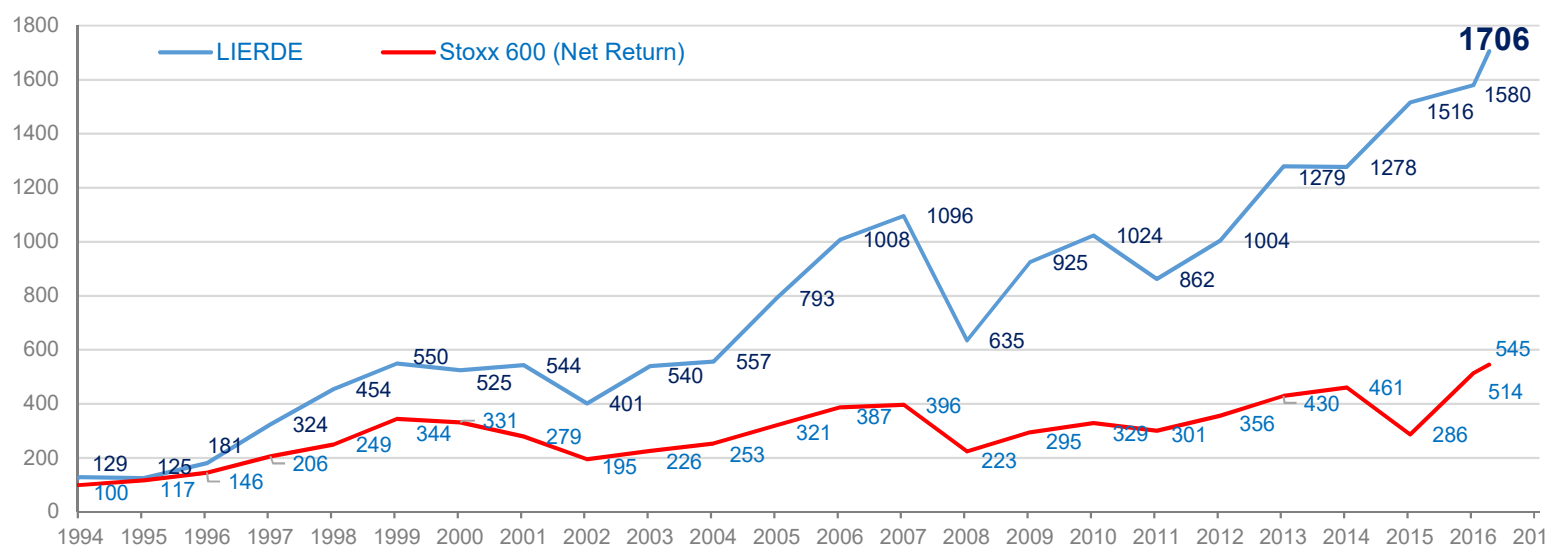
### RISK DATA

| FROM INCEPTION | LIERDE | STOXX 600 |
|----------------|--------|-----------|
| Alfa anual     | 5,17   |           |
| Beta           | 0,85   | 0,31      |
| Ratio Sharpe   | 0,83   |           |
| Volatilidad    | 17,9%  | 19,5%     |
| 12M            | LIERDE | STOXX 600 |
| Beta           | 0,81   |           |
| Volatilidad    | 13,4%  | 15,3%     |

| YEAR                | HISTORICAL RETURNS |                         |                |
|---------------------|--------------------|-------------------------|----------------|
|                     | 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                | <b>8,0%</b>        | <b>6,1%</b>             | <b>1,8%</b>    |
| <b>Total return</b> | <b>1605,8%</b>     | <b>445,2%</b>           | <b>1160,6%</b> |
| <b>Average</b>      | <b>15,8%</b>       | <b>9,4%</b>             | <b>6,4%</b>    |

\* Stoxx 600, net dividends included.

### TOTAL RETURN (base 100)





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### MONTH IN REVIEW

In March LIERDE rose by +3.9% vs +3.3% Stoxx 600 (Net Return) and +5.5% Eurostoxx 50. The NAV of Lierde at the end of the month was 102.52, a new high in the history of LIERDE. YTD LIERDE accumulates +8.0% of return vs +6.1% Stoxx 600 (Net Return) and +6.4% Eurostoxx 50. In March LIERDE was invested 86.9% in equities and 13.1% in cash. The Beta of the portfolio was 0.81. The volatility of the last twelve months went down again to 13.4% vs. 15.3% Stoxx 600 and 17.5% Eurostoxx 50.

On the macro side, global growth begins to synchronize in the main economic areas of the world. Specifically, the IMF estimates that global GDP will growth +3.4% in 2017 and +3.6% in 2018, which represents the highest levels of the last 7 years. In this environment, we would like to highlight the consolidation of the recovery in Europe, where the most significant indicators -PMIs- rose to maximum levels of the last 6 years. Other indicators of economic sentiment also reached their maximum levels since 2010.

On the companies' side, March was very positive in terms of their performance. 12 out of 53 companies in the portfolio had a performance higher than +10% and 25 higher than +5%. Only 10 companies had negative return in the month, and only 2 of these 10 names fell more than -5% (**Arcelor Mittal** y **PORR AG**).

Regarding the monthly sales, we sold two companies: **Prodware**, a French IT services company, reached our target price after the publication of its spectacular results of 2016. On the other hand, we sold our whole position in **Aurelius**. Gotham City Research (a hedge fund specialized in short positions) published a report expressing some doubts about the accuracy of the accounting of the company and the integrity of its CEO. The hedge fund believes that he could have lied about his stake in the company. Given the complex accounting of Aurelius (it is a listed venture capital fund), and considering the Gotham's background, we decided to sell the whole position. The basis of our analysis is the Financial Statements of the companies and if these are questioned we believe that, as managers of others' money, we must reduce the risk of losses as quickly as possible to preserve the capital.

Regarding purchases, we added three new companies to the portfolio: the British **DFS Furniture** and **Avon Rubber**, as well as the Swiss **Rieter**. DFS Furniture is the leading sofas manufacturer and distributor in the UK with a 26% of market share compared to a combined 25% of its four main competitors. It is a very profitable company with negative capital employed. Its business is very well protected against new competitors due to its good combination of sales channels, the traditional one and the online channel. We consider the doubts about the BREXIT impact over consumption in the UK are the reason behind the attractive levels at which the company is trading nowadays. As for Avon Rubber, the company operates in two niche businesses: on the one hand, it sells respiratory protection equipment (masks) and, on other hand, the company sells dairy solutions for cattle. The relationship between both businesses is that in their origin both used rubber as their main raw material. In the respiratory area, the US Department of Defense is its main client, just when the defense budget is expected to increase worldwide. In the milk business, after several years of falling prices and lower investment by farmers, the sector seems to have changed its trend. Finally, Rieter is the worldwide leader in the manufacturing of textile machinery. The company maintains sustainable levels of Return on Capital Employed above 20% and has 30% of its market cap. in cash. After several years of downward activity, we think that the sector is in the lowest part of the cycle, as the average life of the installed machinery is reaching the point where the renewal period has historically begun. The stock reacted very positively after the publication of its results, so we only began to build the position. We will buy more but at lower prices.

Finally, in terms of markets, we are still surprised by its strength despite the political uncertainty in Europe. Earnings revisions are being very positive in Europe after some years of downward revisions, and this fact is already reflecting. Europe is starting to behave better in terms of performance vs the US market. Since 2007 the US market has performed 60% better than the European as its profits have grown 55% more than Europeans.

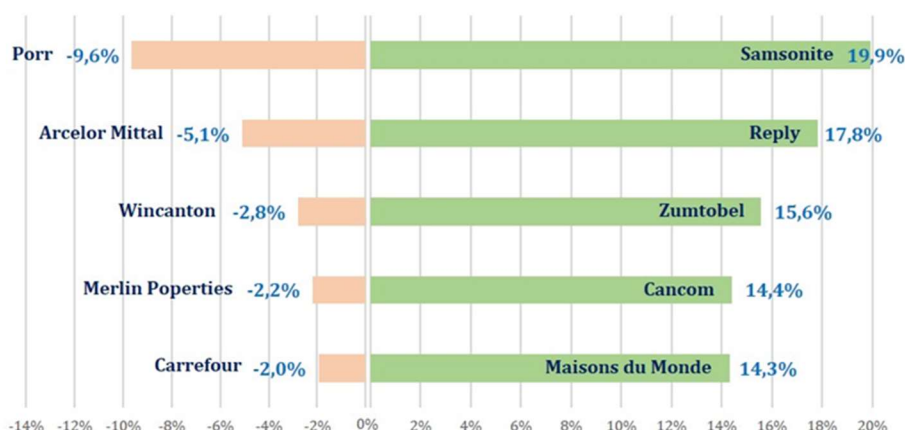


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### TOP 10

|                     |                 |              |
|---------------------|-----------------|--------------|
| 1.-                 | CANCOM          | 4,0%         |
| 2.-                 | S&T             | 3,9%         |
| 3.-                 | REALIA BUSINESS | 3,8%         |
| 4.-                 | LAR ESPAÑA      | 3,3%         |
| 5.-                 | ECONOCOM        | 3,3%         |
| 6.-                 | VINCI           | 3,0%         |
| 7.-                 | DEVOTEAM        | 3,0%         |
| 8.-                 | GLOBAL DOMINION | 2,8%         |
| 9.-                 | REPLY           | 2,6%         |
| 10.-                | BNP PARIBAS     | 2,5%         |
| <b>TOTAL TOP 10</b> |                 | <b>32,1%</b> |

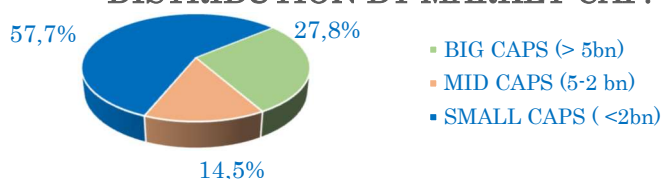
### MONTHLY RETURN (the 5 best vs the 5 worst)



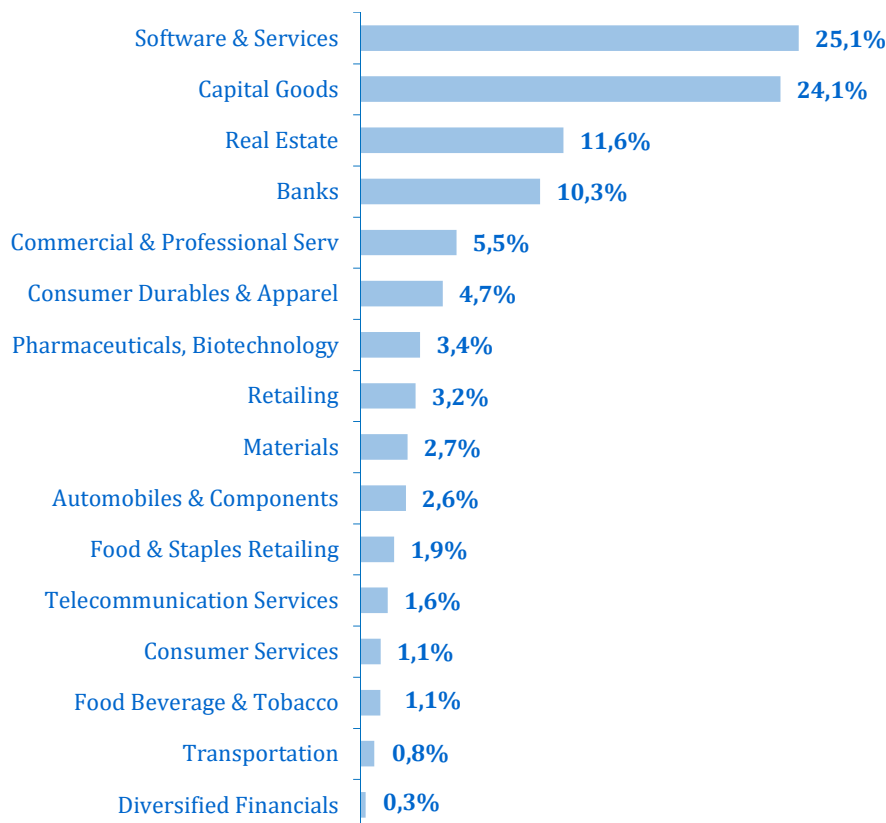
### DISTRIBUTION BY ASSET

|        |       |
|--------|-------|
| Equity | 86.9% |
| Cash   | 13.1% |

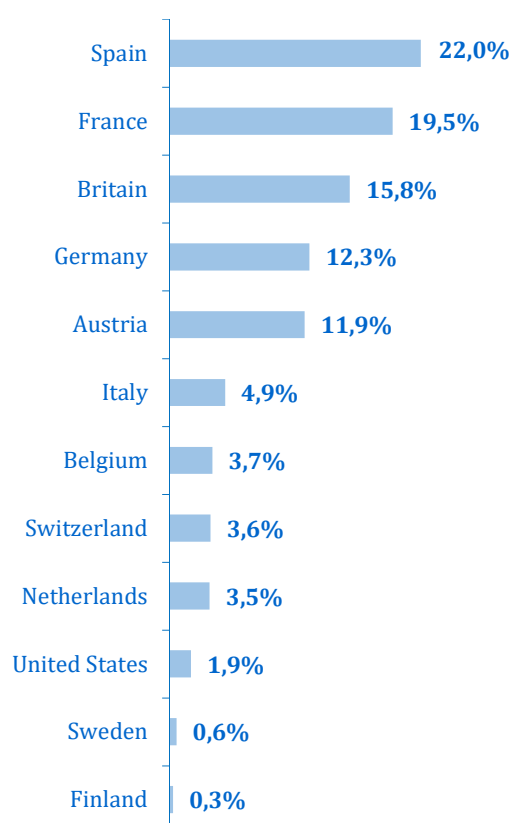
### DISTRIBUTION BY MARKET CAP.



### EXPOSURE BY SECTOR



### EXPOSURE BY COUNTRY





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### GENERAL INFORMATION

|                           |  |
|---------------------------|--|
| Inception date            | 1994   |
| Assets under management * | EUR 250 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 March 31, 2017

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Past returns do not guarantee future returns.