



January 2019

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.

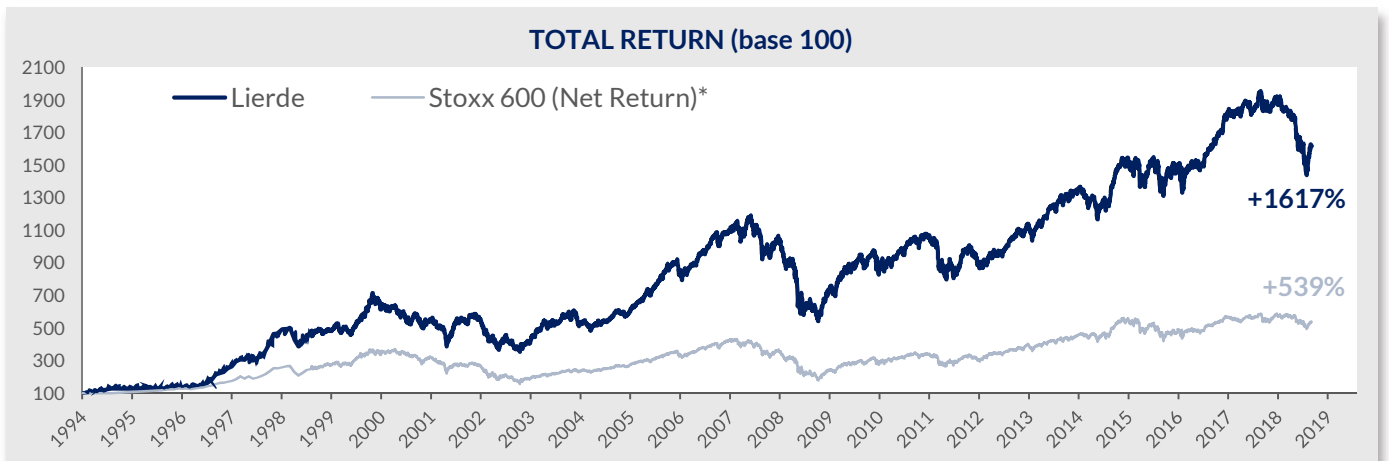
Net Asset Value (31/01/19)	AUM (31/01/19)	MORNINGSTAR® ★★★★★
97.20	EUR 324.8 Mn	

RISK INDICATOR						
1	2	3	4	5	6	7

RISK DATA		
From Inception	LIERDE	Stoxx 600 NR*
Alfa anual	5.17	
Ratio Sharpe	0.85	
Beta	0.83	
Volatility	17.4%	18.8%
12 Months	LIERDE	Stoxx 600 NR*
Beta	0.84	
Volatility	11.6%	12.2%

HISTORICAL RETURNS

Year	LIERDE	Stoxx 600 NR*	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	18.2%	10.6%	7.6%
2018	-20.8%	-10.8%	-10.0%
YT2019	9.4%	6.3%	3.1%
Total Return	1517.2%	438.9%	1078.3%
Average	14.5%	8.6%	5.8%

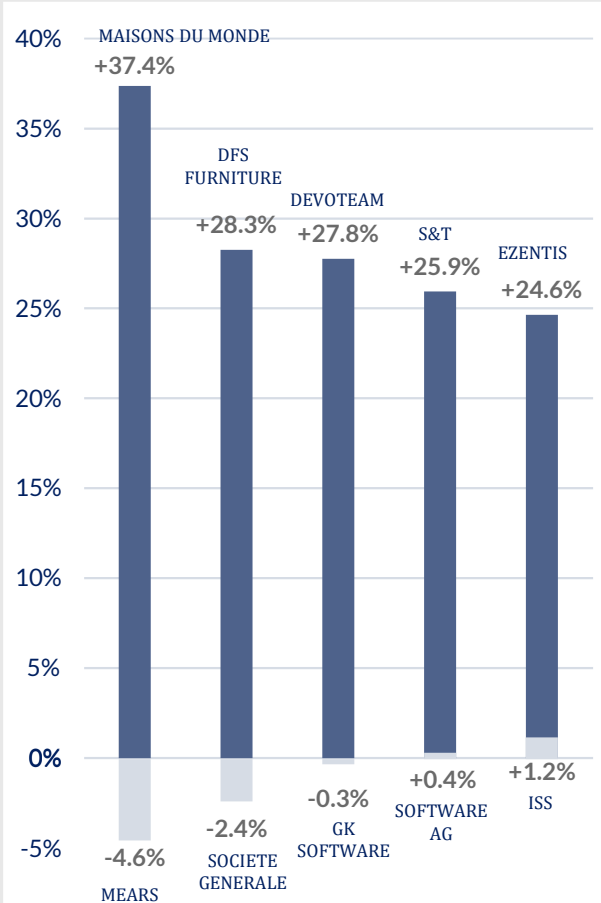


*Stoxx 600 NR (Net Return). Dividends included.

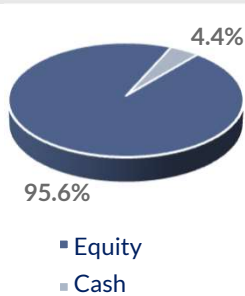
TOP 10 POSITIONS

1	REALIA	3.8%
2	LAR ESPAÑA	3.2%
3	GLOBAL DOMINION	3.2%
4	DEVOTEAM	3.2%
5	MERLIN PROPERTIES	2.9%
6	ROCHE	2.5%
7	COATS GROUP	2.4%
8	MAISONS DU MONDE	2.2%
9	VINCI	2.2%
10	BANCO SANTANDER	2.1%
TOTAL		27.8%

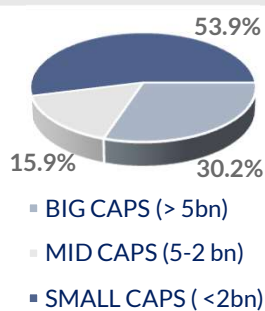
MONTHLY RETURN (the 5 best VS the 5 worst)



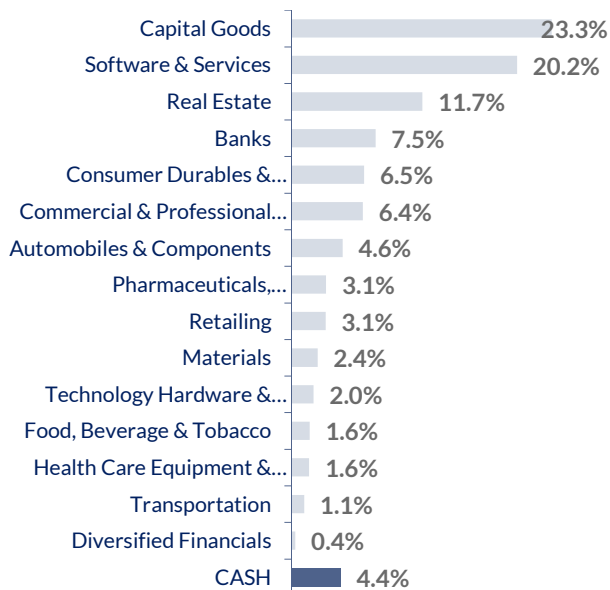
DISTRIBUTION BY ASSET



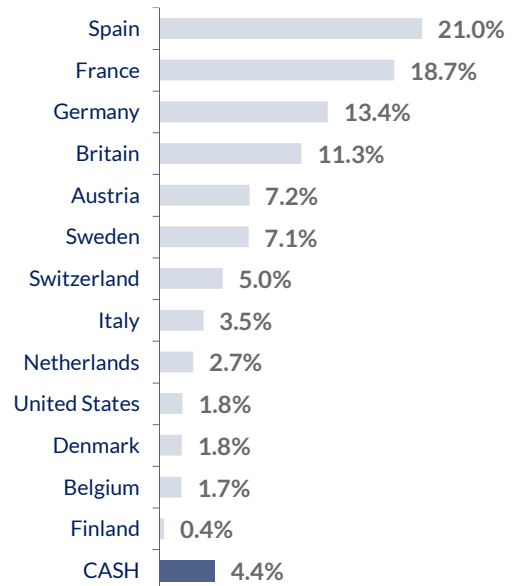
DISTRIBUTION BY MARKET CAP.



DISTRIBUTION BY SECTOR



DISTRIBUTION BY COUNTRY





GENERAL INFORMATION	
Inception Date	1994
CNMV N° of Registration	2467
Liquidity	Daily liquidatio d + 2
Fees	- Management fee 1.40% annual - Depository fee 0,125% annual
Asset Manager	Urquijo Gestión / Mercados y Gestión de Valores
Custodian Institution	Banco de Sabadell
Auditor	Deloitte
Currency	EUR
ISIN Code	ES0158457038
Bloomberg Ticker	LIE SM Equity

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Past returns do not guarantee future returns.

MONTH IN REVIEW

During the month of January, LIERDE's profitability increased +9.4% compared to +5.3% for the Eurostoxx 50 and +6.3% for the Stoxx 600 (Net Return). LIERDE's Net Asset Value at the end of January stood at 97.20 euros/share and the liquidity of the portfolio at 4.4%. Twelve-month trailing volatility remained at 11.6% vs 12.2% for the Stoxx 600 and 13.2% for the Eurostoxx 50.

LIERDE's portfolio showed a very positive performance during the month of January, beating the European reference index Stoxx 600 (Net Return) by 3.1%. In addition, there are 6 companies that showed returns above 20%, 24 with returns above 10%, and 48 above 5%. In short, the portfolio in general terms has behaved well.

Having said that, one might be wondering... Why is this rise so steep? Honestly, we do not have the perfect or right explanation. At the same time that, last year we highlighted in several monthly reports that we were not understanding the tremendous de-rating of many portfolio companies whose businesses were performing well. This year, the performance of LIERDE during the first 4 weeks of the year was +10.1% with hardly any results or news about the evolution of the companies. The portfolio is the same, but it may be that market perception or investor confidence has changed. We do not know. What we do know is that, if we stay away from the market noise and have conviction in our ideas, in the long term the price will recognize the value of the companies and we will obtain good returns for our savings.

As we have mentioned on previous communications, the sensitivity of how expensive or cheap the market is, we perceive it in the number of companies that appear in our company selection filters. After the declines of December, we saw that there were many quality companies trading at multiples not seen for some time. These deviations have allowed us to incorporate new companies to the portfolio, as well as to increase the weight in others, fundamentally during the first week of the year. That is why the level of investment of LIERDE has risen to 95.6% from 92.8% at the end of the year.

We have decided to rebuild a small position in **Reply**, Italian project company for the IT industry, after a de-rating of -30% from maximums. It is an excellent company with which we did very well in the past, and that we know well. In addition, we have incorporated **Aalberts Industries**, an industrial company that operates in several market niches, is owned by a family and has a very clear capital allocation strategy, the main driver of the company's long-term performance (and, therefore, of the price). Like Reply, we were already shareholders of the company in the past, and we had been monitoring the stock for quite a long time, so after the de-rating of -36% we decided to incorporate it again. Finally, we decided to build a position in the software company for Enterprise Resource Planning, **SAP**.

On the other hand, we have gained weight in the Italian company specializing in digital certifications **Tinexta** (the position already represents 1.5% of the portfolio). It is surprising for us to find a company with such potential to develop its business trading at 7.5x EV/EBITA with 100% RoCEs and a very high reinvestment capacity (compounder). Additionally, we have increased weight in **Cancom** and **S&T**. In the latter, we bought shares again at c.15-16 euros/share after selling most of the position around 27 euros/share. A clear example where, if you are disciplined, volatility allows us to take advantage of market inefficiencies in the short term, thus finding excellent entry prices.

On the selling side, we have reduced weight slightly in **Lar España** and **Merlin Properties** to avoid having an excessive weight, and in **Devoteam** and **Bucher** after the re-rating of the stock from minimums (+29% and +19% respectively). In addition, we have lowered weight in **Banco Santander** and **Fresenius**.