



## LIERDE Net Asset Value 31/12/2016: 94,94

### 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.

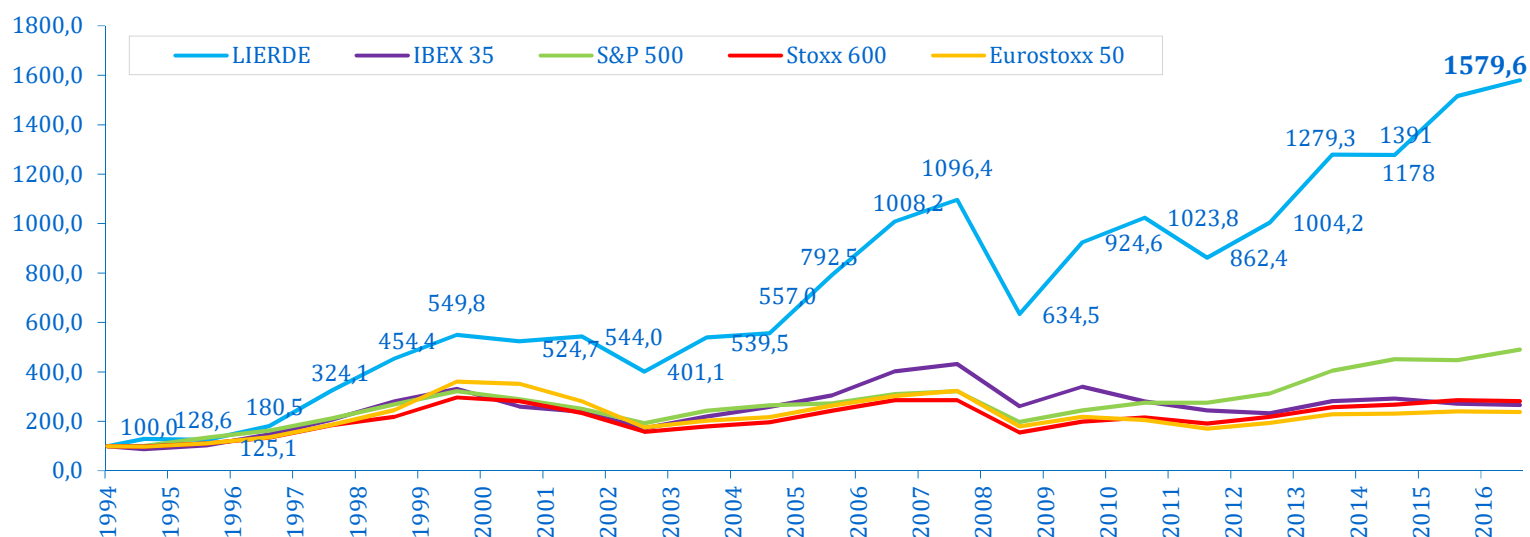
### RISK DATA

FROM INCEPTION	LIERDE	STOXX 600
Alfa anual	5,17	
Beta	0,85	0,31
Ratio Sharpe	0,83	
Volatilidad	18,0%	19,6%
12M	LIERDE	STOXX 600
Beta	0,80	
Volatilidad	17,0%	19,6%

HISTORICAL RETURNS			
YEAR	LIERDE	STOXX 600*	Difference
1994	28,55%	-2,12%	30,67%
1995	-2,67%	13,30%	-15,97%
1996	44,30%	20,90%	23,39%
1997	79,50%	37,64%	41,86%
1998	40,22%	18,41%	21,81%
1999	20,98%	35,92%	-14,94%
2000	-4,56%	-5,19%	0,63%
2001	3,68%	-16,97%	20,65%
2002	-26,26%	-32,47%	6,21%
2003	34,50%	13,68%	20,82%
2004	3,24%	9,51%	-6,27%
2005	42,28%	23,46%	18,81%
2006	27,22%	17,81%	9,40%
2007	8,75%	-0,17%	8,92%
2008	-42,13%	-45,60%	3,47%
2009	45,72%	27,99%	17,73%
2010	10,72%	8,63%	2,09%
2011	-15,76%	-11,34%	-4,42%
2012	16,44%	14,37%	2,07%
2013	27,39%	17,37%	10,02%
2014	-0,12%	4,35%	-4,47%
2015	18,63%	6,79%	11,84%
2016	<b>4,22%</b>	<b>-1,20%</b>	<b>5,42%</b>
<b>Total return</b>	<b>1479,6%</b>	<b>182,9%</b>	<b>1296,7%</b>
<b>Average</b>	<b>15,9%</b>	<b>6,7%</b>	<b>9,1%</b>

\* Stoxx 600 without dividends. Annualized dividend 2.7%

### TOTAL RETURN (base 100)





### MONTH IN REVIEW

In December LIERDE rose by +4.4% vs +5.7% Stoxx 600, +7.8% Eurostoxx 50 and +7.6% Ibex 35. LIERDE finished 2016 with an accumulative return of 4.22% vs. -1.20% Stoxx 600, +0.70 % Eurostoxx 50, -2.01% Ibex 35 and +9.5 S&P 500. The NAV of Lierde at the end of the month and year was 94.94, a new high in the history of Lierde. In December LIERDE was invested 93.6% in equities and 6.4% in cash. The Beta of the portfolio was 0.8. The volatility of the last twelve months was 17.0% vs. 19.6% Stoxx 600, 21.7% Eurostoxx 50 and 25.9% Ibex 35.

On the macro side, the first data known in 2017 were very encouraging as they pointed to a good growth rate in the main geographical areas. In the USA, both manufacturing and service PMI remained at levels of economic expansion. In China, the Caixin PMI, which reflects the evolution of small and medium-sized companies, surprised positively entering clearly in the recovery zone. In the UK, PMIs and car sales remained also very strong so, at least for the moment, the Brexit effect is not affecting too much economically and in the rest of Europe the last PMIs confirmed a very good rate of growth too. Finally, we would like to highlight a good data of retail sales in Germany and an excellent data of unemployment rate in Spain, that allowed to finish 2016 with the biggest historical fall of unemployment.

On the companies' side, we did not make major changes in the portfolio. We sold the whole position in the Dutch company **Aalberts Industries** after reaching our target price. We also reduced part of the position in companies that had an excellent performance at the end of 2016 (**LVMH**, **Arcelor** or **Valeo**). In terms of purchases, we increased weight in some quality companies (**Aurelius**, **Reply**, **Roche**, **RPS Group**, etc.) since, at their current prices, they offer attractive returns based on our valuation models. Finally, we increased weight in **Realia** (close to 4%) after subscribing the last capital increase. This company has revalued more than 80% since we bought it in January 2015, but still does not reflect the real value of its assets. In these two years, the company has successfully restructured its balance sheet without selling any part of its extraordinary portfolio. Up to now, analysts just spoke about the value of its assets, and its land portfolio and promotion activity remained in the background. The latest capital increase leaves the company in an excellent position to resume its residential activity, just when the sector begins to recover in Spain (increase of the housing prices, job creation, increase of the Spanish population after three years of falls, etc.).

In general, the performance of the portfolio was very positive in December. Only 3 companies had returns below -5% and none with returns below -10%. By contrast, 14 companies had a monthly return of more than 10%: **RPS Group** (+ 19%), **Danieli** (+ 18%), **Lectra** (+ 16%) or **Société Générale** (+ 15%), among others.

As far as equity markets, we expect a good performance of the European stock markets in 2017. The main reason is that it seems that this year we will see earnings growth in Europe, which according to the current consensus could reach double digit rates (around 10%). European earnings are the ones with the worst evolution since 2007 at a global level, with a drop of 30% in the decade. This lack of earnings growth is the main reason why the European stock markets are trading with discounts very close to their historical minimums against their trends. Therefore, if the recovery is finally confirmed, that gap in valuation will decrease. A good example to understand the extreme levels at which the European stock markets are trading currently, is to compare the current situation of Europe with Japan after 1989, when it took 15 years to recover the previous high. To avoid a worse scenario, Europe needs to record an earnings growth of 43% over the next 5 years.



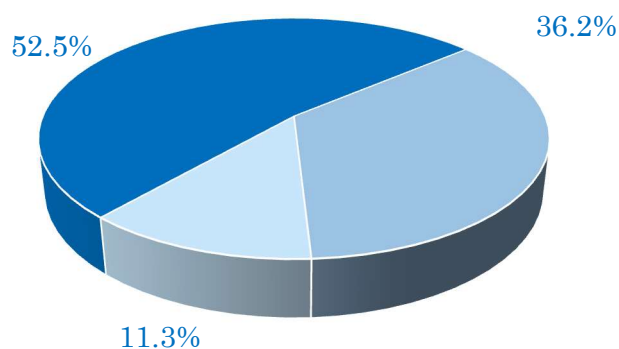
# AUGUSTUS CAPITAL

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### TOP 10

1.-	REALIA BUSINESS	3,95%
2.-	S&T	3,69%
3.-	CANCOM	3,64%
4.-	SOCIETE GENERALE	3,53%
5.-	BANCO SANTANDER	3,11%
6.-	AURELIUS EQUITY	2,77%
7.-	MERLIN PROPERTIES	2,72%
8.-	REPLY	2,66%
9.-	DEVOTEAM	2,57%
10.-	VINCI	2,52%
<b>TOTAL TOP 10</b>		<b>31,2%</b>

### DISTRIBUTION BY MARKET CAP.

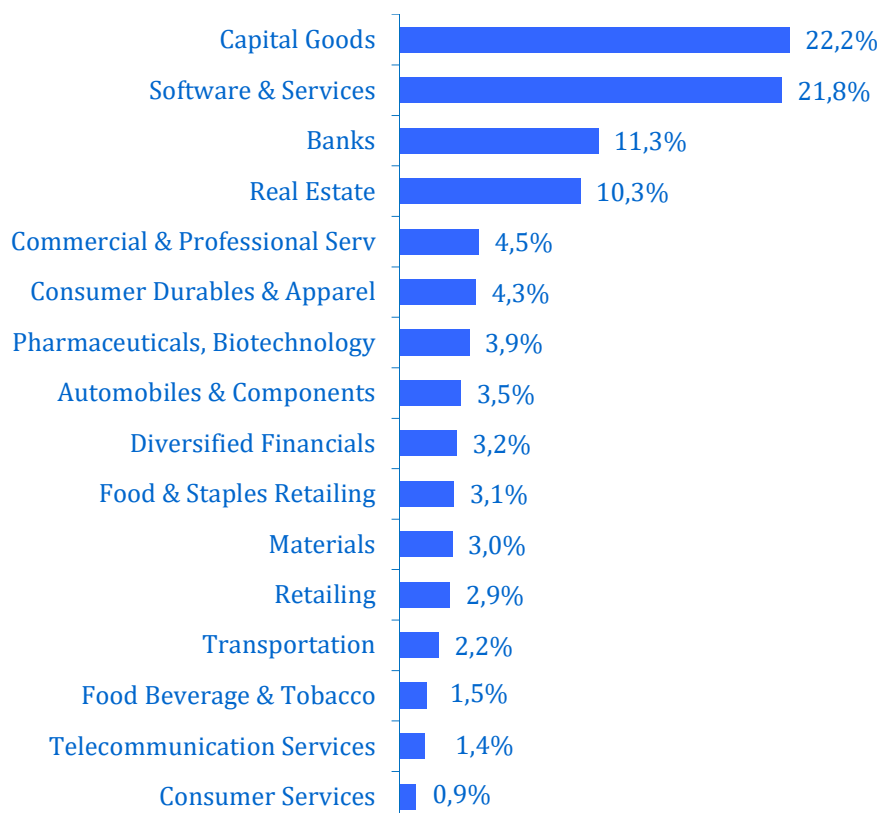


■ BIG CAPS (> 5bn) ■ MID CAPS (5-2 bn) ■ SMALL CAPS (<2bn)

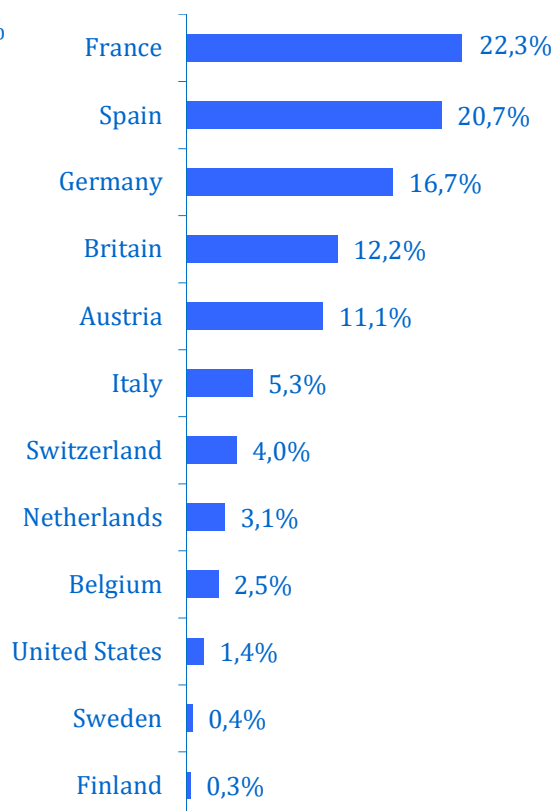
### DISTRIBUTION BY ASSET

Equity	93.6%
Cash	6.4%

### EXPOSURE BY SECTOR



### EXPOSURE BY COUNTRY





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### GENERAL INFORMATION

Inception date	1994
Assets under management *	EUR 220 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 December 31, 2016

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Past returns do not guarantee future returns.