



### 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

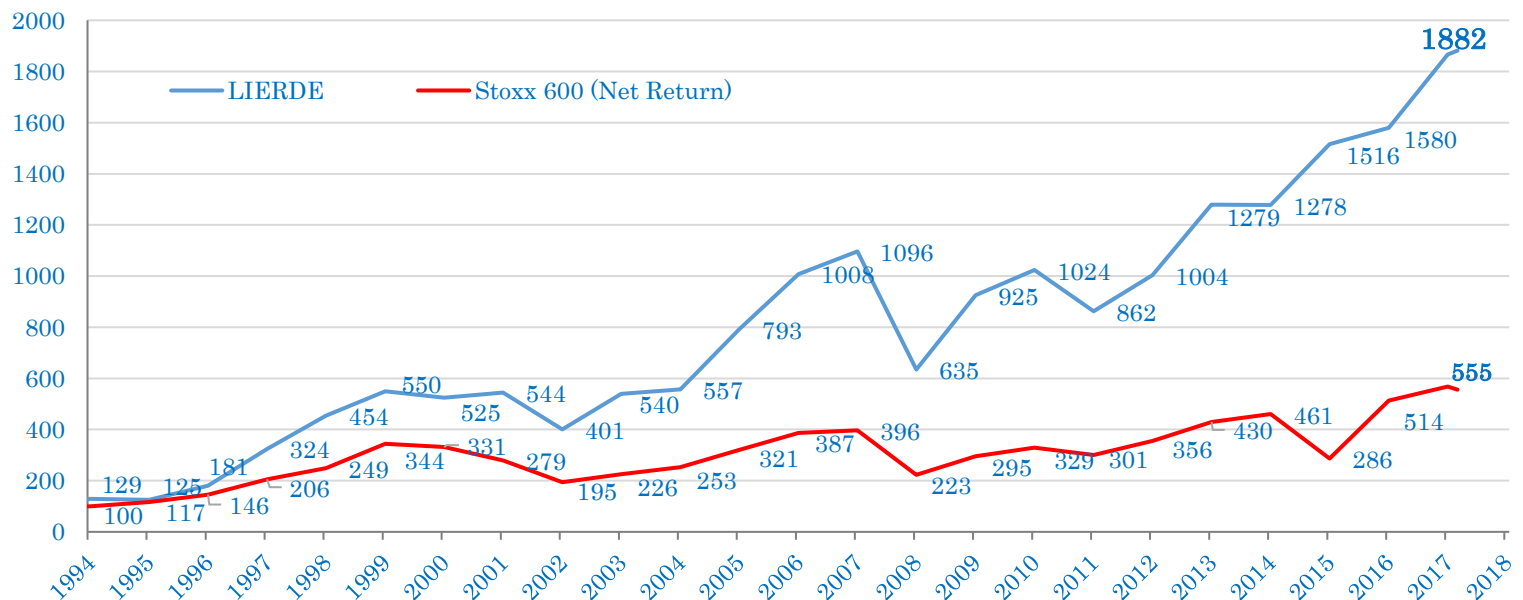
FROM INCEPTION	LIERDE	STOXX 600
Alfa anual	5,17	
Ratio Sharpe	0,85	0,31
Beta	0,83	
Volatility	17,6%	19,1%
12 MONTHS	LIERDE	STOXX 600
Beta	0,80	
Volatility	8,5%	9,3%

### 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	18,2%	10,6%	7,6%
2018	0,8%	-2,2%	3,0%
<b>Total return</b>	<b>1781,7%</b>	<b>455,5%</b>	<b>1326,3%</b>
<b>Average</b>	<b>16,0%</b>	<b>9,5%</b>	<b>6,5%</b>

### TOTAL RETURN (base 100)

\* Stoxx 600, dividends included.





### MONTH IN REVIEW

In February, LIERDE experimented a decrease in profitability of -2.22% vs -3.81% of the Stoxx 600 (Net Return) and -4.72% the Eurostoxx 50. The YTD profitability remained at +0.81% vs -1.86% of the Eurostoxx 50, -2.21% the Stoxx 600 (Net Return). LIERDE's NAV hit 113.09 euros per share and the portfolio's level of investment at the end of the month accounted for 85.9% of the total assets. The twelve-month trailing volatility spiked to 8.5% vs 9.3% of the Stoxx 600 and 11.0% the Eurostoxx 50.

On the macro side, very good data in all geographical areas. In the **USA**, the economic indicators released in the month continue to underpin the strength in the economy. Both employment rate and headline inflation growth rate (2.1% Vs 1.9%) beat the market expectations, putting an upward pressure on the bond market and creating havoc in the stock markets. In summary, the data points to a growing economy of circa +4% in nominal terms in 2018. In **Europe**, the set of economic indicators during the month of February in the Eurozone still point to a nominal GDP growth above +4% in 2018. In the **UK**, the Bank of England decided to maintain the interest rates at +0.5% but increased both the GDP growth (at +4.0% in nominal terms) and inflation prospects for the year. Mark Carney's more optimistic outlook caused a strong rise of the pound.

On the portfolio side, the better relative performance of the fund vs the main European indices in February widened (in a bearish market) vs January's upward trend market. LIERDE already accumulates a +3% of better relative performance vs the Stoxx 600 during the first two months of the year. The reason behind this is that, most companies in the portfolio are showing a positive evolution of their businesses in their quarterly results presentations. In fact, our value creation estimates for the portfolio for 2018 has increased in February to +14.4% vs the +13.6% at the beginning of the year, same situation experimented in 2017. In any case, in a month with downward trend stock exchanges is difficult to not have companies in the portfolio that have suffered double-digit negative performance during the month (**Valeo, RPS Group...**). The good news is that our investment thesis has been kept intact in all companies, so we used the market drop to either maintain or increase the weight in the portfolio. Finally, 22 companies registered a positive performance in a month in which the stock exchanges suffered, a good indicator, no doubt. Again, another example of how a diversified portfolio is the best formula so that the method prevails over the individual ideas. As we already stated in January, the diversification entails a greater analysis effort, but the risk vs adverse and unpredictable conditions is considerably reduced.

Regarding changes in the portfolio, it is important to highlight the companies where we increased weight: **Merlin Properties, Roche, ING, SII and Dometic** and a new company incorporated to the portfolio, the Swedish company **Granges**. **Merlin Properties** published very good results for the year 2017, surprising the market with a NAV (13.25 euros per share) above the expectations. After reviewing the company strategy with its CEO Ismael Clemente, our initial investment thesis remains intact and we estimate that 2018 and 2019 will be years with a double-digit value creation for the shareholders. With regards to Granges, we should highlight that it is the global leader in the manufacturing of aluminium plates for heat exchangers with a market share over 20% in the auto sector. This market niche benefits from two structural trends. On the one hand, both hybrid and electric cars need more heat exchangers and, on the other hand, the traditional cooling appliances (made out of copper) are being substituted by aluminium ones. These are much more efficient and reliable, being both conditions crucial for new applications such as cooling systems for data centres (cloud computing & big data). Lastly, we continue to be selling of **S&T AG** shares, despite offering a very attractive potential in the mid-term. The stock Price continue to be in an upward trend (+350% since it was incorporated to the portfolio), being necessary to sell in order to maintain its weight around 3% of the portfolio.

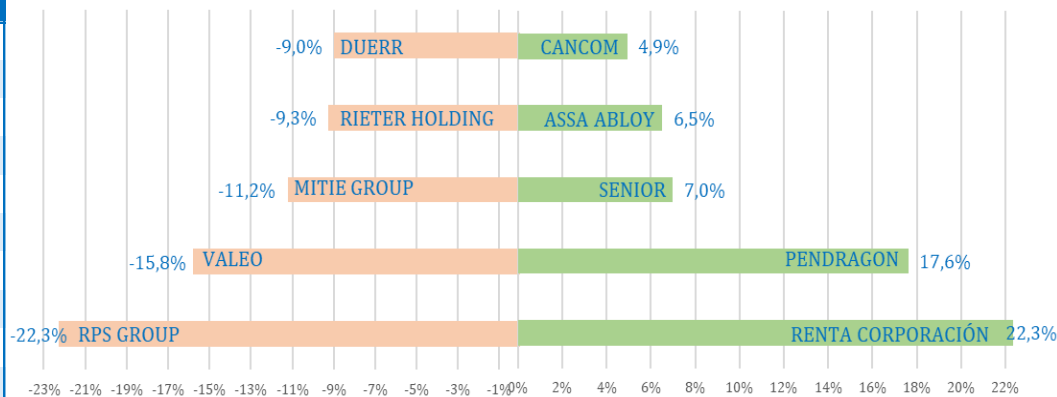
Finally, we still think that 2018 will be a good year for equity investment. All main geographical areas show a good GDP growth rate and the companies' estimated growth in profits continue to point to a double-digit rate in Europe. In any case, as we already pointed out in January, we should not forget about the high valuations, that could limit that those higher earnings would translate in value creation for the shareholder in some companies. That is why, we have been highlighting for months how the stock picking is going to be critical in order to obtain a good performance in the mid-long term. With regards to LIERDE, we continue to take advantage of the market drops to include high quality companies that are able to generate high degree of value for the shareholder above the portfolio average.



### TOP 10

TOP 10	
1.- LAR ESPAÑA	3,4%
2.- MERLIN PROPERTIES	3,2%
3.- S&T AG	2,9%
4.- DEVOTEAM	2,9%
5.- REALIA BUSINESS	2,8%
6.- BNP PARIBAS	2,6%
7.- CANCOM	2,6%
8.- ECONOCOM	2,4%
9.- SOCIETE GENERALE	2,4%
10.- SOFTWARE AG	2,4%
<b>TOTAL TOP 10</b>	<b>27,6%</b>

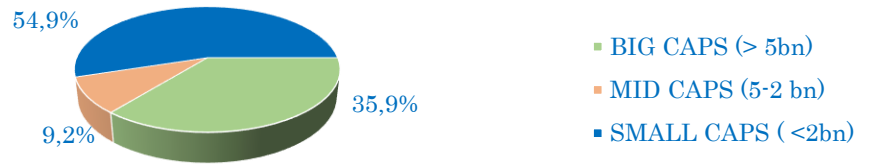
### MONTHLY RETURN (the 5 best vs the 5 worst)



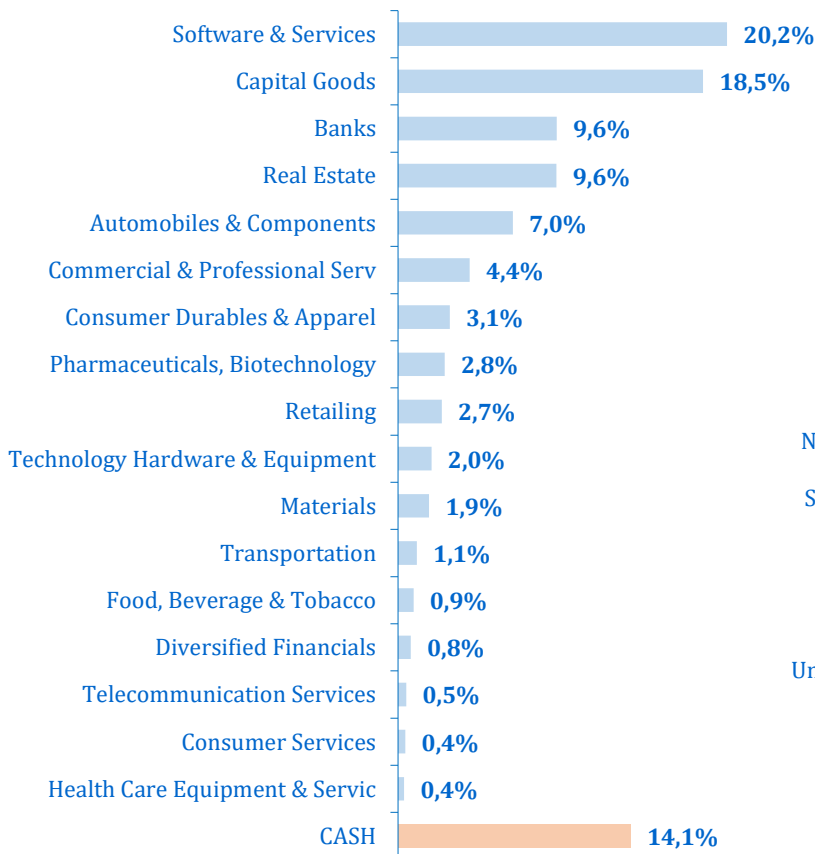
### DISTRIBUTION BY ASSET

Equity	85,9%
Cash	14,1%

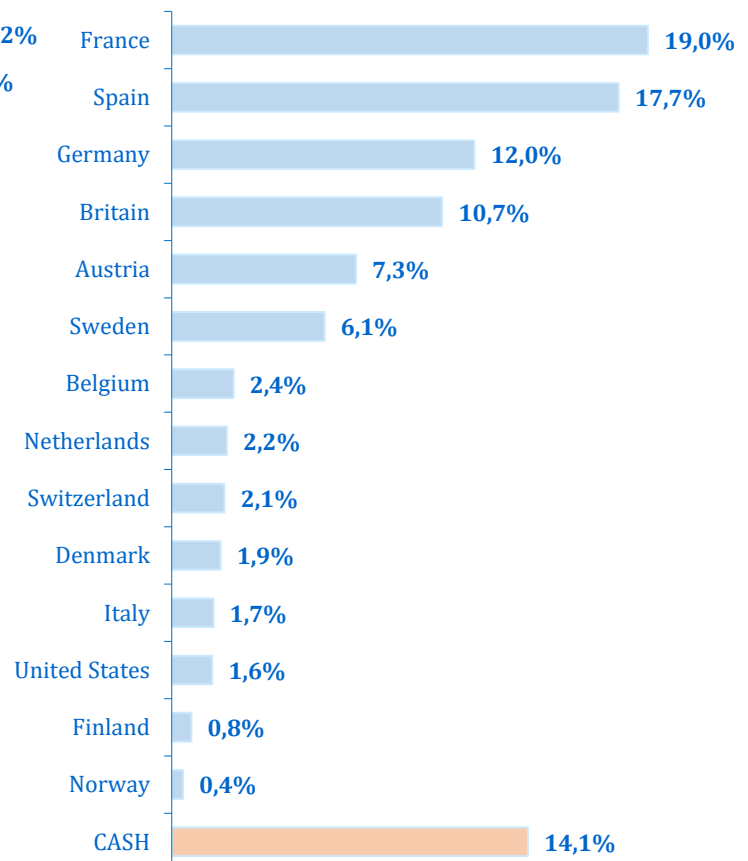
### DISTRIBUTION BY MARKET CAP.



### EXPOSURE BY SECTOR



### EXPOSURE BY COUNTRY





### GENERAL INFORMATION

Inception date	1994
Assets under management *	EUR 377,1 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 February 28<sup>th</sup>, 2018

### DISCLAIMER

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Past returns do not guarantee future returns.