



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

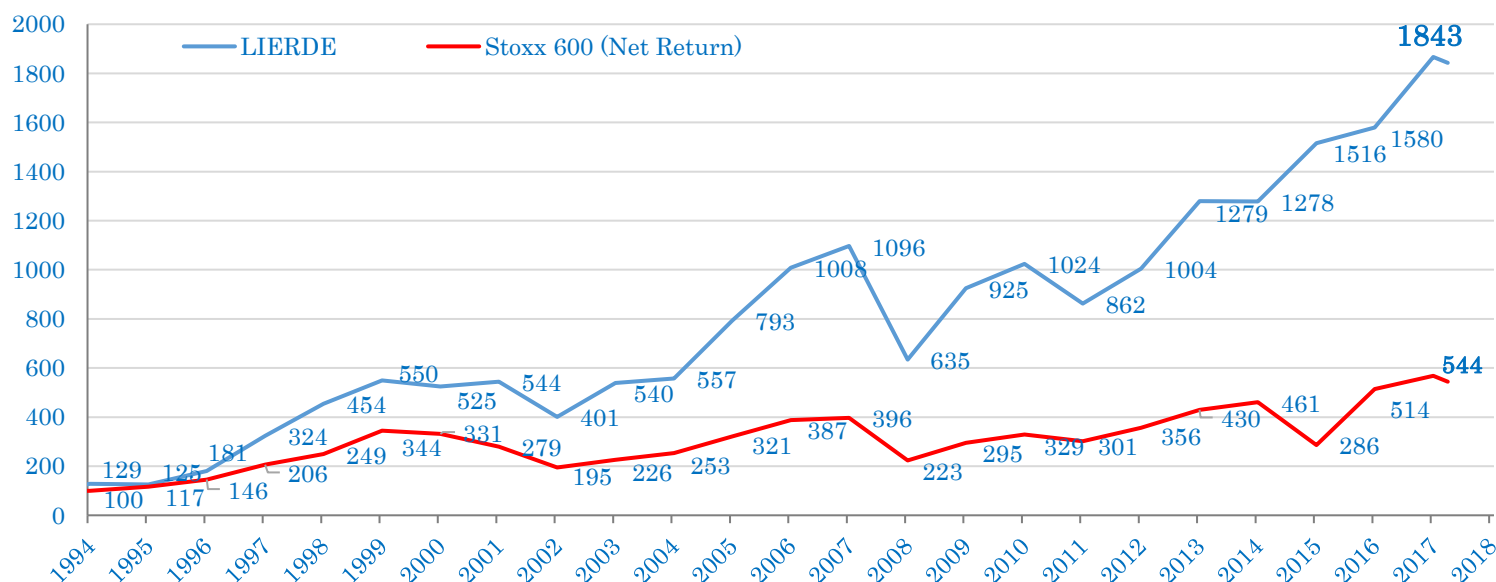
FROM INCEPTION	LIERDE	STOXX 600
Alfa anual	5,17	
Ratio Sharpe	0,85	0,31
Beta	0,83	
Volatility	17,5%	19,1%
12 MONTHS	LIERDE	STOXX 600
Beta	0,77	
Volatility	8,8%	10,0%

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	-1,3%	-4,2%	2,9%
Total return	1742,9%	444,4%	1298,5%
Average	16,0%	9,5%	6,5%

* Stoxx 600, dividends included.

TOTAL RETURN (base 100)





MONTH IN REVIEW

In March, LIERDE experimented a decrease in profitability of -2.06% vs -1.99% of the Stoxx 600 (Net Return) and -2.25% the Eurostoxx 50. The YTD profitability remained at -1.27% vs -4.07% of the Eurostoxx 50, -4.16% the Stoxx 600 (Net Return). LIERDE's NAV hit 110.76 euros per share and the portfolio's level of investment at the end of the month accounted for 86.7% of the total assets. The twelve-month trailing volatility spiked to 8.8% vs 10.0% of the Stoxx 600 and 11.6% the Eurostoxx 50.

On the macro side, in the USA the data released in the month continue to show the strength of the American economy. The most significant event was the FED meeting and first appearance of its new president Jerome Powell. Who debuted raising rates from 1.5% to 1.75%, in line with the market expectations. His message didn't leave any trace of doubt about the strength of the American economy "economic outlook has strengthened in recent months", raising GDP growth and employment prospects. In Europe, February PMIs ended well above 50, confirming the recovery momentum in most countries. The strength in the Eurozone was also tangible in Draghi's speech that, despite maintaining the "dovish" tone, Super Mario reiterated the "easing bias" of the "quantitative easing" (QE). Anyhow, Draghi will not remove the asset purchases as long as the objective of a sustainable inflation below but close to 2% is not met.

On the portfolio side, despite the corrections of the indices all over the world, during the first quarter LIERDE has had a better relative performance vs the main indices. The portfolio accumulates a +2.9% of better relative performance vs the Stoxx 600 in the first three months of the year. As we highlighted on February, 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 was raised to +14.9% vs the +13.6% of the beginning of the year. A bear market is the perfect environment to test the resilience of the risk management policy carried out by the managers. Despite the fall of some portfolio heavyweights like **Econocom** (-10.6%), **S&T AG** (-13.3%) and **Dometic** (-10.8%) the portfolio had a better relative performance vs the main indices. Again, another month that serves to show how a diversified portfolio is the best formula so that the method prevails over the individual ideas. As we already stated many times in the past, the diversification entails a greater analysis effort, but the risk vs adverse and unpredictable conditions is considerably reduced.

With respect to changes in the portfolio, we have increased weight in **Dürr**. We liquidated most of the position around 110-115 eur/sh as the revaluation potential was narrowing, however, in a matter of one month the stock suffered a huge derating (85-90 eur/sh), so we decided to buy some shares (current position of 0.9%). Additionally, we continued to reduce weight in **Cancom** (+20.5% YTD) as the stock price was reaching our target price. We have also reduced further our position in **S&T AG** around levels of 20-22 eur/sh just before the sudden drop at the end of the month, that was in fact, from our point of view, unjustified as the company loosely beat the both the company guidance and our expectations (well above consensus). Finally, we incorporated a new company to the portfolio, **Fresenius SE & Co**. It is one of the best companies in Europe with regards to "track record" with more than 20 years growing above +10% and operating in a defensive sector and in a structural trend, as it is the healthcare sector. However, the stock has had a derating due to some bad news in the OTCs, the weakness of the dollar and the doubts about their last acquisition (**Akorn**), now positioning the stock at an attractive level for the long term (+8% FCF yield '19). The company operates through four divisions which we consider them to deliver positive growth: Medical (medical equipment for dialysis treatment), Kabi (OTC, nutritional products and medical solutions), Helios (hospitals) and Vamed (projects y and hospital management). The average value creation of the company over the last 10 years is +14.6%, given that the company reinvests most of their earnings (at very attractive ROCEs of c.20%) or in relative acquisitions as has been proved along those years.

March has left us colourful news that have propitiated turmoil in the stock exchanges around the globe. On the other side of the Atlantic, president Trump decided to impose tariffs on Aluminium and Steel imports. At the same time, the American administration is studying imposing further tariffs of 25% over Chinese imports (amounting to \$50bn, 10% of total US imports) and limit Chinese investments in the USA (more details to come in the next 60 days).

Our understanding of the rationale behind imposing tariffs on Chinese imports, in our modest opinion, responds to a ferrous defence of the industrial property of American companies. Additionally, we would like to bring out Facebook users data leakage. Both situations have a common denominator: the growing value of intangible assets (industrial



AUGUSTUS CAPITAL

LIERDE Net Asset Value 31/03/2018: 110,76



property and data) in the world. In June 2017 we wrote an article where we explained that the value creation of the companies depends more and more on their intangible assets (brand positioning, its human capital or the management of the data (digitization)). In summary, these events reinforce our conviction in our investment philosophy and that LIERDE is well positioned in the medium and long term in this increasingly digital world.

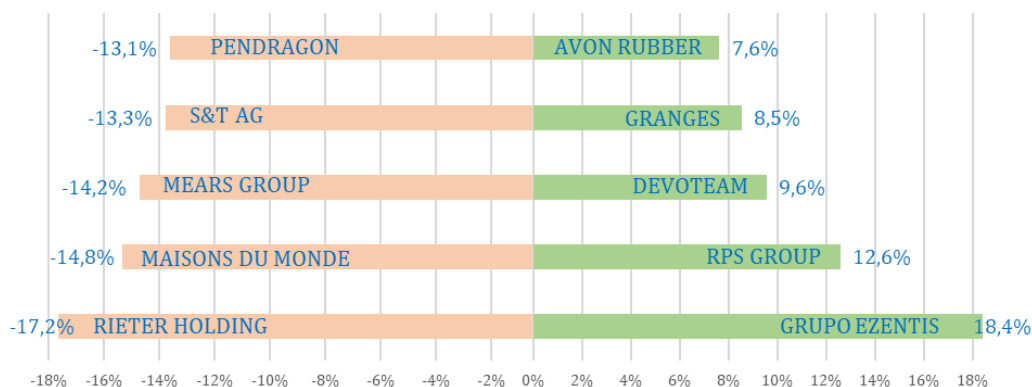
Finally, in Europe, the market sentiment towards the old continent is, from our understanding, excessively negative given the positive evolution of the companies' fundamentals and the economic recovery. It is true that volatility has spiked since the beginning of the year (it was necessary and generated buying opportunities), but the underlying recovery remains intact. We continue to be optimistic with the favourable operating evolution of the business in the portfolio, being this the single most important factor in order to expect a good profitability in the year.



TOP 10

TOP 10	
1.- LAR ESPAÑA	3,53%
2.- MERLIN	3,35%
3.- DEVOTEAM	3,10%
4.- REALIA	2,76%
5.- GRUPO EZENTIS	2,63%
6.- S&T AG	2,53%
7.- BNP PARIBAS	2,45%
8.- SOFTWARE AG	2,44%
9.- BANCO SANTANDER	2,39%
10.- GLOBAL DOMINION	2,26%
TOTAL TOP 10	27,4%

MONTHLY RETURN (the 5 best vs the 5 worst)



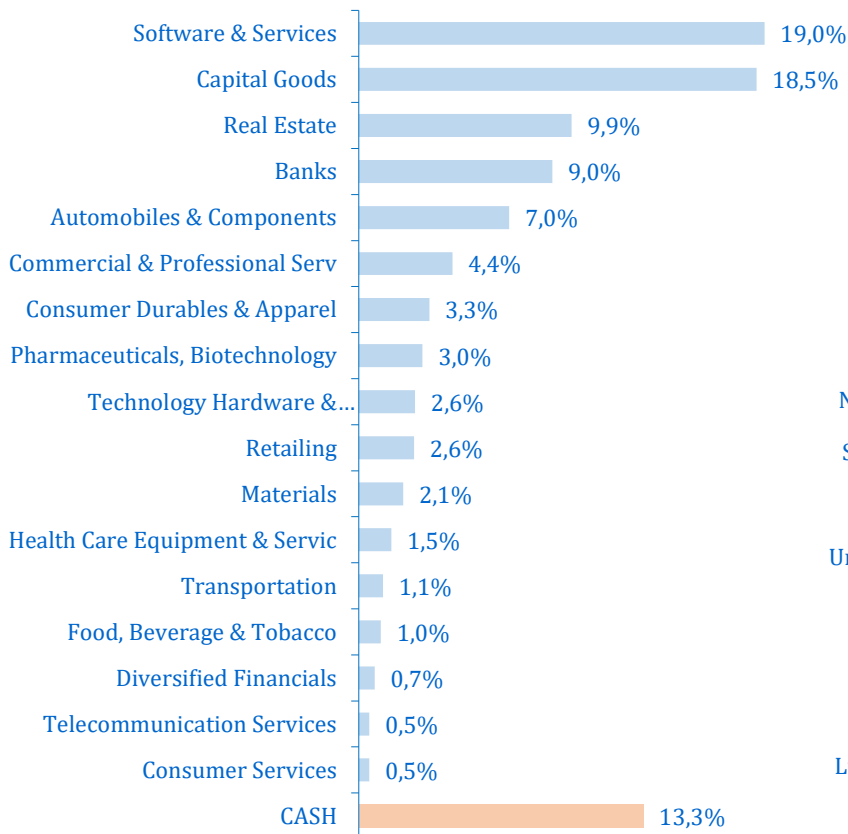
DISTRIBUTION BY ASSET

Equity	86,7%
Cash	13,3%

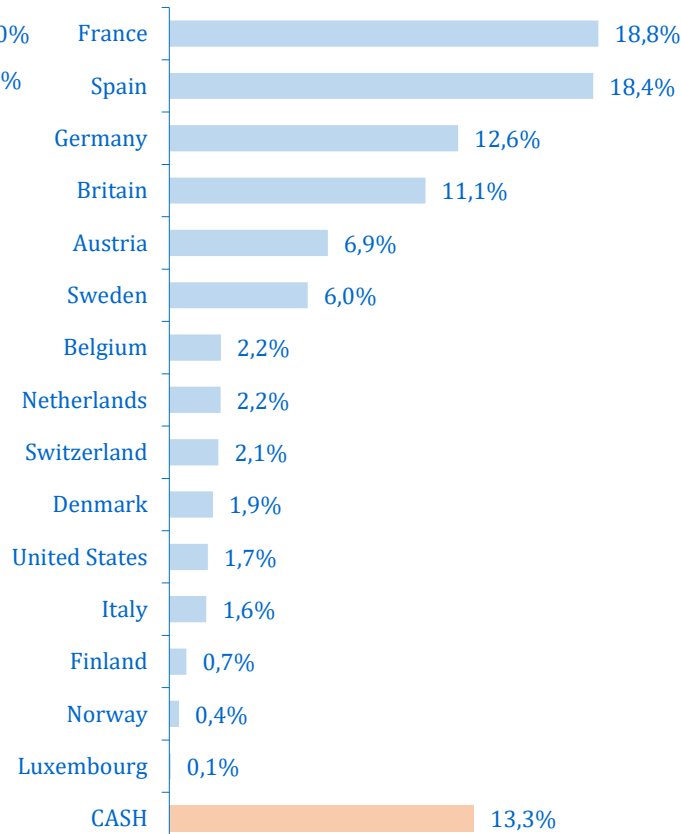
DISTRIBUTION BY MARKET CAP.



EXPOSURE BY SECTOR



EXPOSURE BY COUNTRY





GENERAL INFORMATION

Inception date	1994
Assets under management *	EUR 377,7 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 31st, 2018

DISCLAIMER

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Past returns do not guarantee future returns.