



### 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

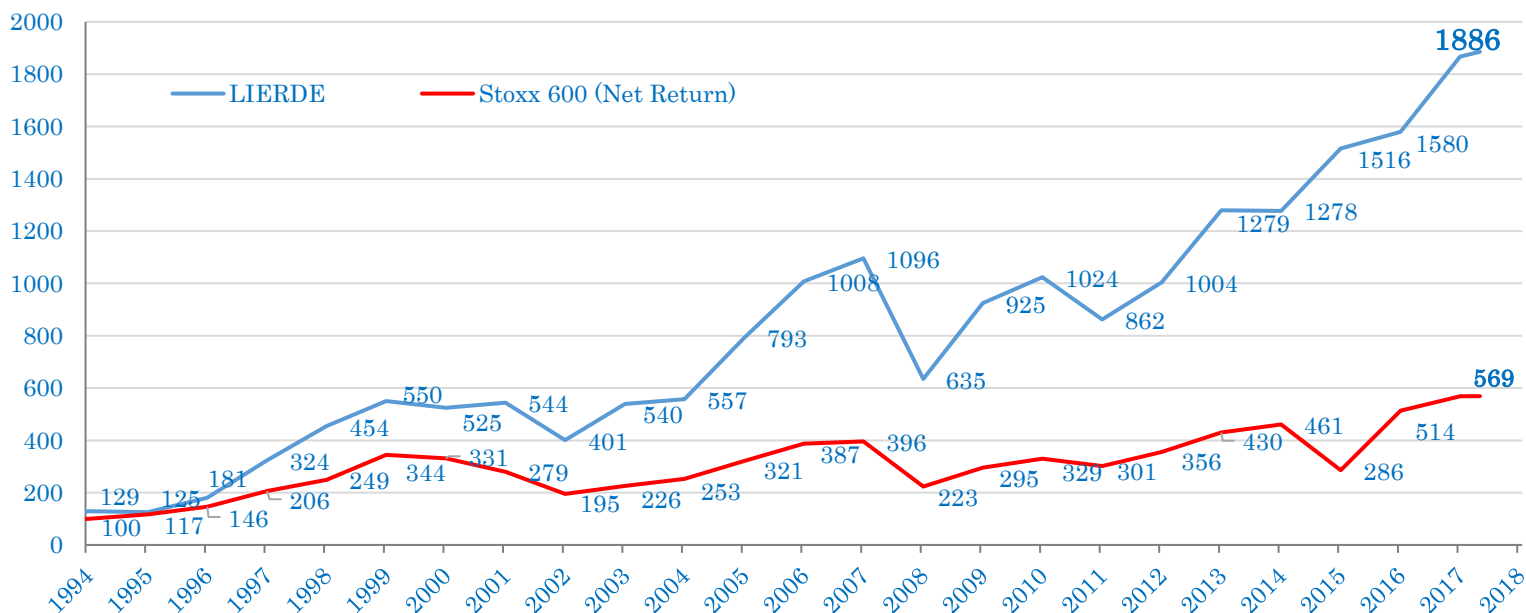
FROM INCEPTION	LIERDE	STOXX 600
Alfa anual	5,17	
Ratio Sharpe	0,85	0,31
Beta	0,83	
Volatility	17,5%	19,1%
12 MONTHS	LIERDE	STOXX 600
Beta	0,75	
Volatility	8,6%	10,1%

### 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	<b>1,0%</b>	<b>0,1%</b>	<b>0,9%</b>
<b>Total return</b>	<b>1785,8%</b>	<b>468,9%</b>	<b>1317,0%</b>
<b>Average</b>	<b>16,0%</b>	<b>9,5%</b>	<b>6,5%</b>

\* Stoxx 600, dividends included.

### TOTAL RETURN (base 100)





### MONTH IN REVIEW

In April, LIERDE experimented an increase in profitability of +2.3% vs +4.5% of the Stoxx 600 (Net Return) and +5.2% the Eurostoxx 50. The YTD profitability remained at +1.0% vs +0.9% of the Eurostoxx 50, +0.1% the Stoxx 600 (Net Return). LIERDE's NAV hit 113.34 euros per share and the portfolio's level of investment at the end of the month accounted for 85.7% of the total assets. The twelve-month trailing volatility remained a tad lower to 8.6% vs 10.1% of the Stoxx 600 and 11.3% the Eurostoxx 50.

On the macro side, no news about the end of the QE in Europe. The most relevant thing to mention is Draghi's change of language showing more confidence in the Eurozone growth, describing it as "strong" vs "solid" from the former meeting.

Regarding the portfolio, we have considerably lowered weight in **Cancom**. It is an excellent company that anticipated the structural trend of the migration of on-premises servers to the cloud. Since it was incorporated to the portfolio, **Cancom** has managed to improve margins, and hence, their returns. The stock has revalued more than 40% YTD and 200% since the beginning. Thus, in our opinion, the current valuation is demanding and already reflects part of future growth. Additionally, we have decided to reduce weight in the British company **Avon Rubber**. It is one of the best industrial companies in Europe, operating in two market niches (respiratory marks for the army and products for milk extraction in cattle) that allow the company to have very high RoCEs (40-50%). However, after the rerating of the stock (more than +40% in the last twelve months), the valuation starts to be a bit demanding.

On the other hand, we have increased weight in **Dürr**, where we liquidated most of the position around 110-115 eur/sh as the revaluation potential was narrowing, however, the stock suffered a huge derating (85-90 eur/sh), so we decided to rebuild the position and continue to buy some shares. Likewise, we decided to increase weight in **DFS Furniture**, British company leader in the UK in the manufacturing and distribution of sofas. After meeting with the management at the beginning of the month, we left the meeting feeling even more confident in the business and its long-term strategy. In fact, we would like to share one sentence of its CEO, Ian Filby, that we subscribe completely "The market doesn't differentiate between domestic UK companies. I don't know when the stock will go up, but I keep buying every month (he already has almost 3 million pounds invested) because I have confidence that the business is worth much more than its current price". In fact, there are 3 companies in the portfolio quoting in the LSE where we suffered during a long time but, have rerated considerably during the month of April: **Pendragon** (+28.7%), **DFS Furniture** (+23.5%) and **Restaurant Group** (+19.5%). We would like to take the opportunity to highlight that, the extremely negative view of the market about the UK (mainly due to the Brexit), is another example of the inefficiencies generated in the stock market in the short run. As very well explained by Ian Filby, the market has not discriminated between companies. There is no doubt that have been difficult months, but once more, this shows that being invested in high quality businesses, that generate value over time is the best way for, not only being protected against any kind of eventuality, but to being able to generate returns in the medium to long term. Last but not least, we have also increased weight slightly in **Infotel** and **GK Software**.

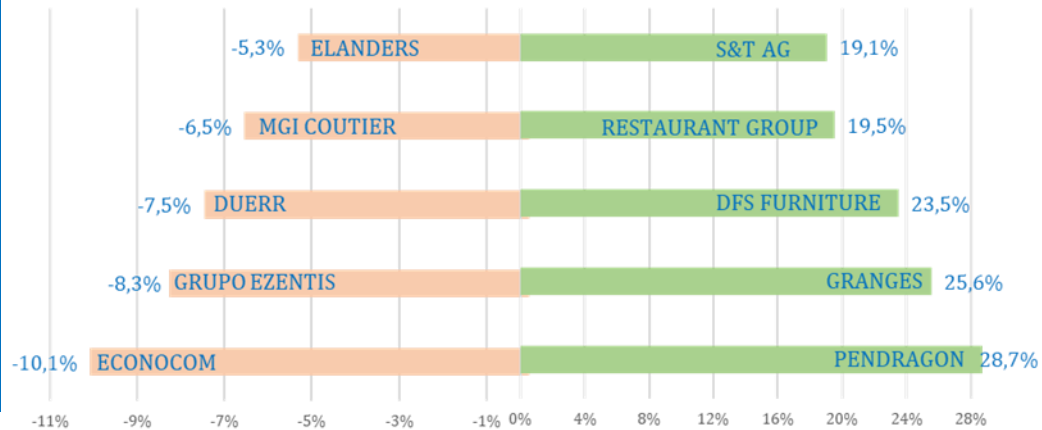
The European indices ended up positive in the month despite the weakness of the American stock exchange. The reason is that the company results season in Europe has clearly improved after a weaker start. The good company's results have been the main driver, being the best news for the long-term investor. The volatility of the last few months for political matter (political leaders statements) have affected many companies despite the good performance of their businesses. This situation is what lead us to continue being positive with the evolution of the portfolio during the rest of the year. In our opinion, there are three differentiated factors that make us be especially optimistic. First, last year, the growth in the first quarter was incredibly high in Europe, the comp bases this quarter is demanding. Second, during the last 10 years, from January to May the profit estimates in Europe have revised downwards on average by 5% and this year we already recorded a +0.5% upward revision. Third, in the industrial sector, the order intake is surprising upwards, ie: the sales will improve as we move along the year. So, to sum up, 2018 has started its way of becoming a year of double digit growth in profits in Europe, and so far, the stock exchanges continue to be flat or slightly negative in the year. 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.- MERLIN PROPERTIES	3,28%
2.- LAR ESPAÑA	3,23%
3.- DEVOTEAM	3,08%
4.- S&T AG	2,76%
5.- REALIA BUSINESS	2,72%
6.- BNP PARIBAS	2,57%
7.- BANCO SANTANDER	2,43%
8.- ING GROEP	2,36%
9.- GLOBAL DOMINION	2,34%
10.- SOFTWARE AG	2,29%
<b>TOTAL TOP 10</b>	<b>27,1%</b>

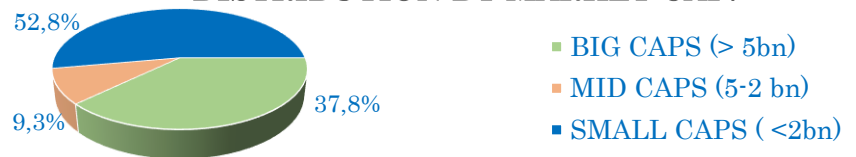
### MONTHLY RETURN (the 5 best vs the 5 worst)



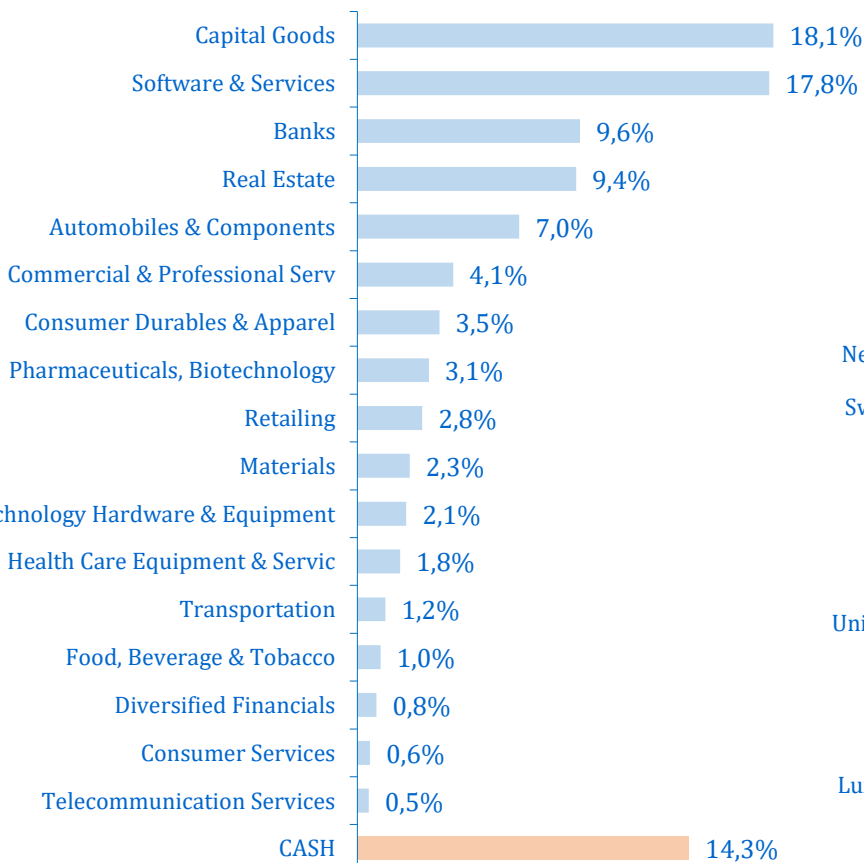
### DISTRIBUTION BY ASSET

Equity	85,7%
Cash	14,3%

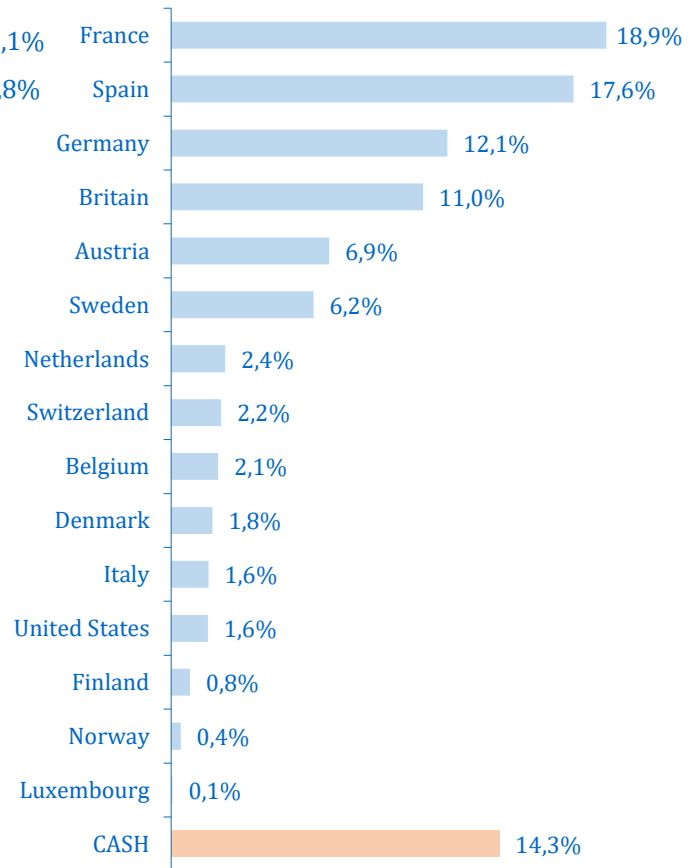
### DISTRIBUTION BY MARKET CAP.



### EXPOSURE BY SECTOR



### EXPOSURE BY COUNTRY





### GENERAL INFORMATION

Inception date	1994
Assets under management *	EUR 393,9 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 April 30<sup>th</sup>, 2018

### DISCLAIMER

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Past returns do not guarantee future returns.