



### 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

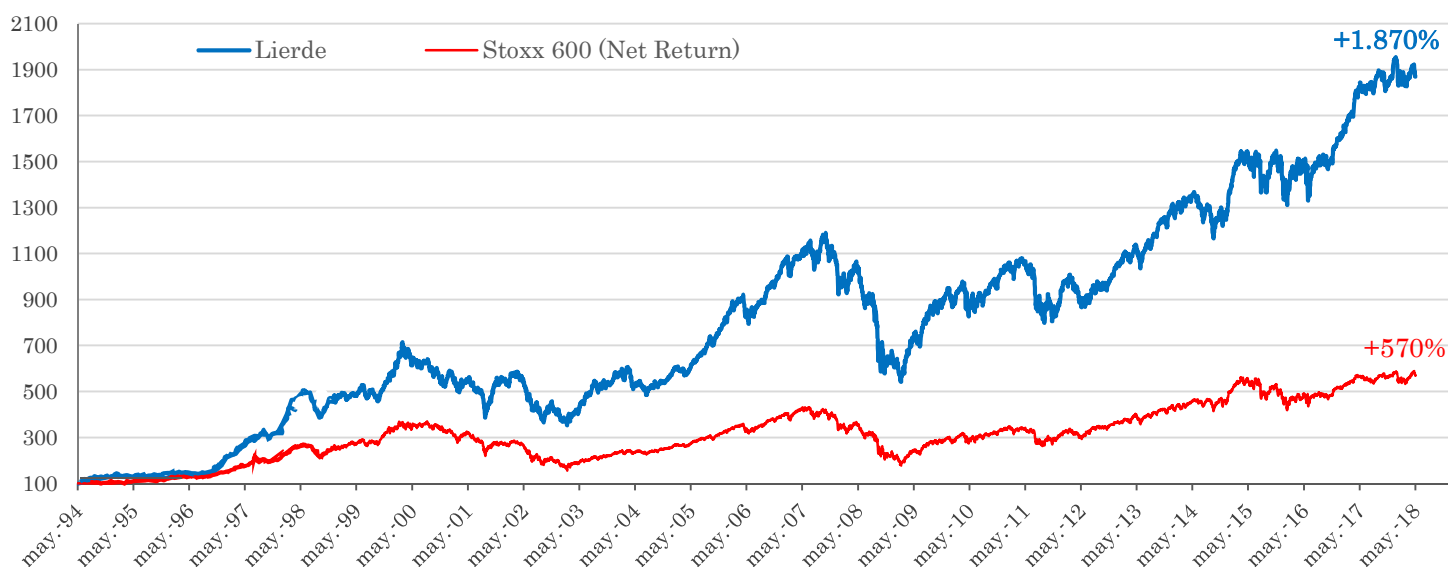
FROM INCEPTION	LIERDE	STOXX 600
Alfa anual	5,17	
Ratio Sharpe	0,85	0,31
Beta	0,83	
Volatility	17,5%	19,0%
12 MONTHS	LIERDE	STOXX 600
Beta	0,72	
Volatility	8,3%	10,2%

### 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	0,2%	0,3%	-0,1%
Total return	1769,7%	469,6%	1300,1%
Average	16,0%	9,5%	6,5%

\* Stoxx 600, dividends included.

### TOTAL RETURN (base 100)





### MONTH IN REVIEW

In May, LIERDE experimented a decrease in profitability of -0,9% vs -3,7% del Eurostoxx 50 and +0,1% of Stoxx 600 (Net Return). The YTD profitability remained at +0,2% vs +0,3% del Stoxx 600 (Net Return) y un -2,8% del Eurostoxx 50. LIERDE's NAV stood at 112,37 euros/share and the portfolio's level of investment at the end of the month accounted for +84,0% of the total assets. The twelve-month trailing volatility remained a tad lower to 8,3% vs 10,2% del Stoxx 600 and 11,3% of the Eurostoxx 50.

Regarding the portfolio, we decided to increase weight in Samsonite, the global leading company in the manufacturing and distribution of suitcases, after a sharp drop of the stock price of -24%. The reason behind it being the publication of a report from the short fund Blue Orca where they made several statements questioning the credibility of some accounting items after Tumi acquisition. The report questioned the valuation of inventories and accounts receivables, as well as the integrity of the CEO, accusing him for deceiving in the Curriculum Vitae (false PhD) and for trading between his personal businesses and Samsonite. The stock price remained suspended several days, during which time we were in permanent contact with the company while analysing point by point all the accusations. Eventually we came up to the conclusion that most of them seemed biased, with little or no foundation, as well as not meaningful for the valuation of the company, so we remained calmed. Finally, the company published an overwhelming report dismantling all the accusations one by one and announced Kyle Gendreu as the new CEO, after the resignation of Ramesh Tainwala for personal reasons. After that, we decided to increase our position in the fund.

On the other hand, Coats Group celebrated a Capital Markets Day where the company detailed their new strategic plan (until 2020) where they expect to achieve a further increase in margins (+170bp vs our estimates that reflected a normalization in margins). The company contemplates a reduction of their network from 45 countries to only 10 and to centralise global functions (legal, finance, HHRR, etc.). Coats operates in a yet atomized market, where their competitive advantages allow them to increase market share year by year vs the competition. We revised upwards the company valuation given the new guidance, thus we decided to increase slightly the position in this excellent company.

We decided to incorporate to the portfolio Quabit Inmobiliaria. We have been following the company since their previous capital increase, and the promises they made back then this year were already a reality, so we took advantage of the recent capital increase to build a position of 2% of the portfolio. The CEO and principal shareholder, Félix Abánades, positioned the company with a land portfolio of 1 million square meters with the capacity to build 8.700 households (they expect to deliver 5.000 until 2022). Should they comply with their business plan (deliver c.3.000 households per year, generating EUR600M of sales and EUR100M EBITDA) the current valuation of the company is highly attractive at the current prices (quotes below book value). In relation of the viability of the plan, we think it is realistic. As a reference, the households built on 2017 in Spain amounted to c.55.000 (and growing at double digit), and in a normalized environment the country would need between 150.000-200.000 per year (the peak in 2006 stood around 600.000). The risk we are exposed is the effective execution of the plan. However, we think it is a controlled risk given the extensive experience of the CEO, a "survivor" of the biggest and most harmful crisis in the sector, and, unlike other companies in the sector, has the necessary human resources to carry it out.

On the selling side, we continue reducing our position in Avon Rubber, the reason behind this is the reduction in the potential due to the positive rally of the stock price. On the other hand, despite the excellent performance of the business, we decreased the exposure in Devoteam (after a revaluation of the stock of +39% YTD) to avoid the overexposure to the company. Lastly, we considerably reduced our position in Grammer, the auto supplier received an offer for the 100% of the company for a 20% premium over the closing price in the last session. The buyer was the main shareholder, the Chinese group Ningbo Jifeng. The Bosnian family made clear that the offer (61,25 euros per share) did not reflect fair value of the company. According to the family, Grammer is worth 100 euros per share and didn't rule out to increase their share in the company. The stock price hit 67 euros/share and, some questions emerged: ¿Could the OEMs cancel their contracts to put pressure on the Hastor family again? ¿Could the German regulator hamper the ownership control by a Chinese corporation? ¿Could the Chinese raise the offer? ... In conclusion, if something we have clear is that we are long term investors and no speculators. We think that the business is worth much more operating under normal conditions, and the current one isn't, so the risk of losing what was already earned is high. That is why, we considerably reduced our position with the intention to liquidate it in its entirety. In the end, we ended up with a positive performance of +50% in barely 9 months, frankly, we are satisfied.

Finally, during the month of May the stock markets have been governed by the political instability in Spain and Italy, generating a great deal of volatility (always welcomed, as it allows us to find very attractive prices). Be it as it may, as we have mentioned several times in the past, being invested in high quality businesses, that over time are able to generate value for the shareholders is the best way not only to be protected before these kind of unpredictable events, but also to generate high and sustainable returns in the long run.



# AUGUSTUS CAPITAL

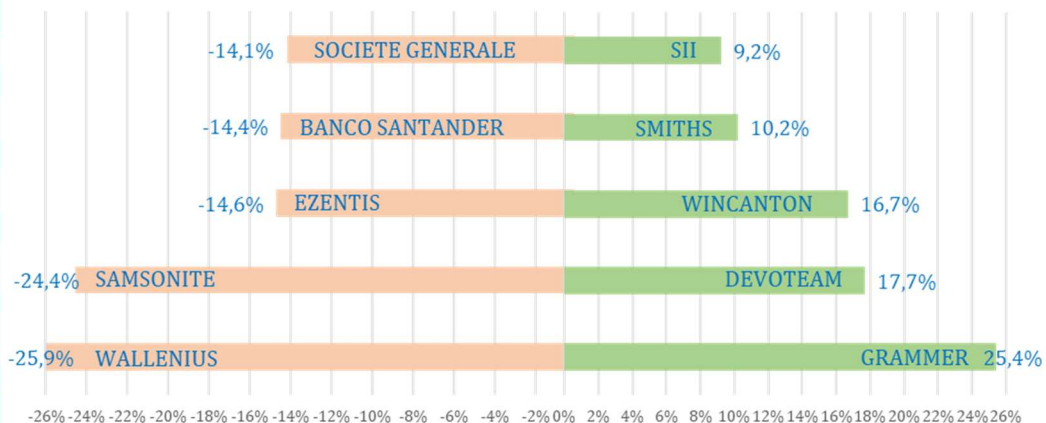
**LIERDE** Net Asset Value 31/05/2018: 112,37



## TOP 10

TOP 10	
1.- LAR ESPAÑA	3,0%
2.- MERLIN PROPERTIES	3,0%
3.- DEVOTEAM	2,9%
4.- REALIA BUSINESS	2,6%
5.- MAISONS DU MONDE	2,4%
6.- S&T AG	2,3%
7.- GLOBAL DOMINION	2,3%
8.- SOFTWARE AG	2,3%
9.- ING GROEP	2,2%
10.- VINCI	2,2%
<b>TOTAL TOP 10</b>	<b>25,3%</b>

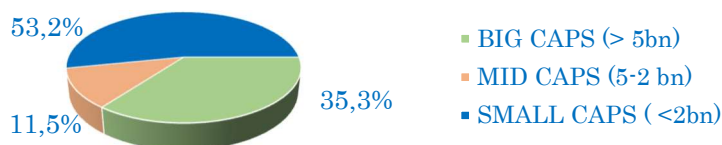
## MONTHLY RETURN (the 5 best vs the 5 worst)



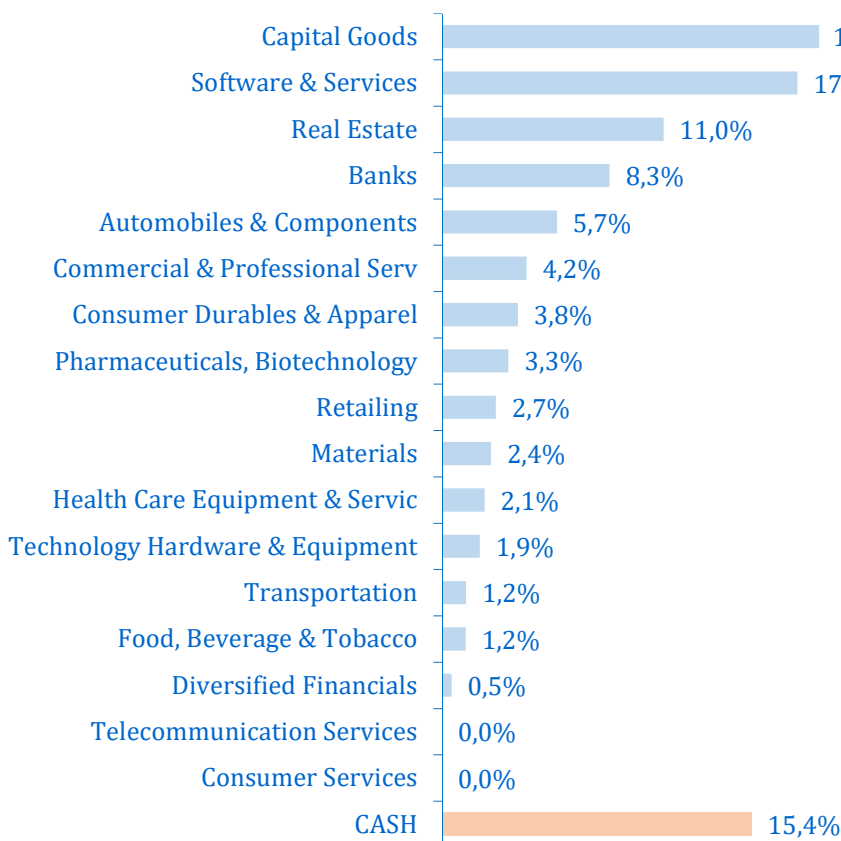
## DISTRIBUTION BY ASSET

Equity	84,0%
Cash	16,0%

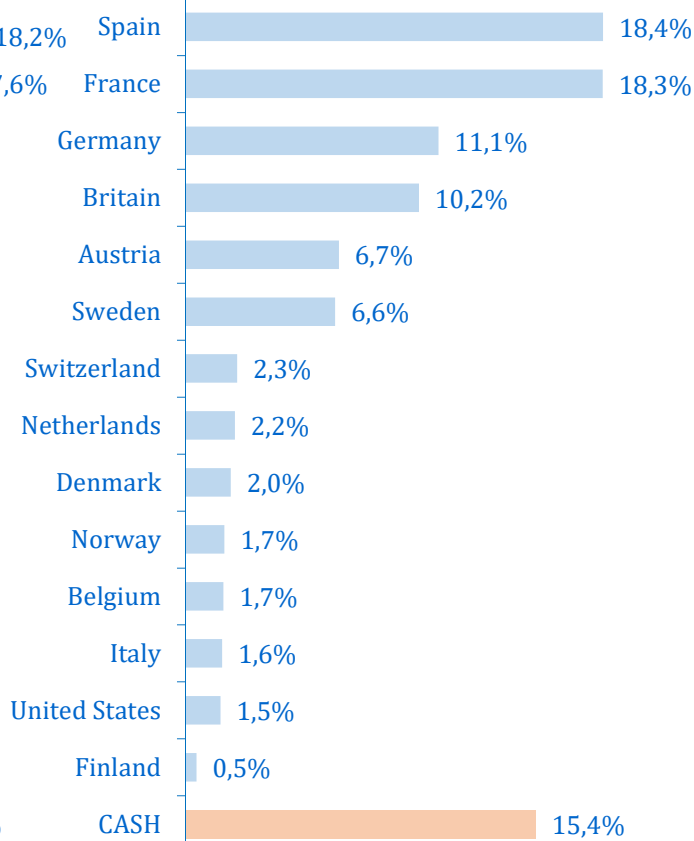
## DISTRIBUTION BY MARKET CAP.



## EXPOSURE BY SECTOR



## EXPOSURE BY COUNTRY





# AUGUSTUS CAPITAL

## LIERDE Net Asset Value 31/05/2018: 112,37



### GENERAL INFORMATION

Inception date	1994
Assets under management *	EUR 387,1 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 May 31<sup>st</sup>, 2018

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