



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

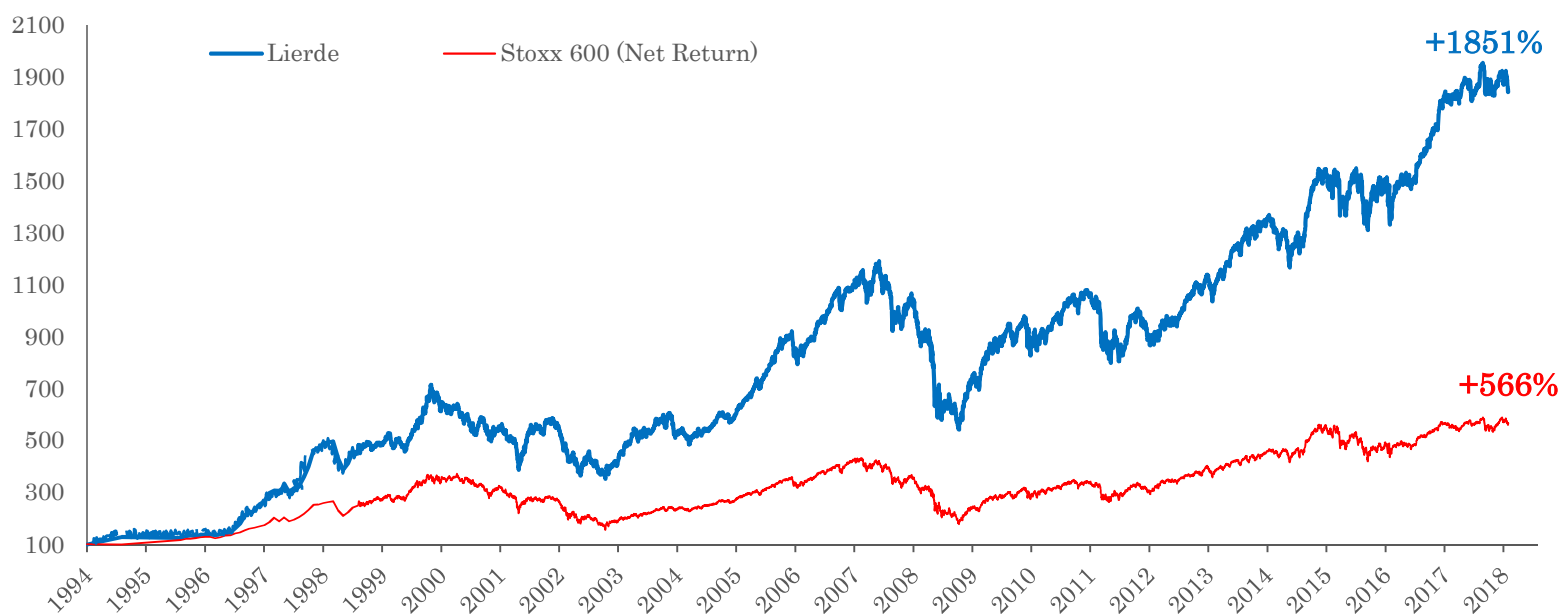
FROM INCEPTION	LIERDE	STOXX 600
Alfa anual	5,17	
Ratio Sharpe	0,85	0,31
Beta	0,83	
Volatility	17,5%	19,0%
12 MONTHS	LIERDE	STOXX 600
Beta	0,71	
Volatility	8,4%	10,4%

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	-0,9%	-0,3%	-0,5%
Total return	1750,7%	466,0%	1284,7%
Average	16,0%	9,5%	6,5%

* Stoxx 600, dividends included.

TOTAL RETURN (base 100)





MONTH IN REVIEW

In June, LIERDE experimented a decrease in profitability of -1,0% vs -0,6% of the Stoxx 600 (Net Return) and -0,3% of Eurostoxx 50. The YTD profitability remained at -0,8% vs -0,3% del Stoxx 600 (Net Return) and -3,1% del Eurostoxx 50. LIERDE's NAV hit 111,23 euros/share and the portfolio's level of investment at the end of the month accounted for +84,5% of the total assets. The twelve-month trailing volatility remained at 8,4% vs 10,4% del Stoxx 600 and 11,4% of the Eurostoxx 50.

On the macro side, the Federal Reserve raised rates by 25bps in line with expectations and modified upwards the GDP and inflation estimates for 2018. The ECB surprised announcing the extension of the QE until December 2018 and with a very clear message about when they would start raising rates, starting on summer 2019 (depending on the business activity and inflation data). The BOJ also sent a dovish message, maintaining the monetary stimulus and lowering their inflation estimates in Japan.

Regarding the portfolio, LIERDE's worse relative performance during the month is explained partly to Ferratum's profit warning, as well as the lacklustre performance of some heavy weights comprised in the portfolio, that have registered falls above the benchmark without any relevant news on the front in many cases. Valeo and Hella are good examples.

On the one hand, Ferratum announced an adjustment to their 2018 guidance, cutting both Sales and EBIT estimates by 9%. The company justified the lower growth to a fall in the credit ratio granted (12% vs the 22% of last year) in the first half of the year. The reason behind it was that the analysis system (algorithms) started the year excessively conservative, but the company emphasized that it was already amended. The truth is that the slower growth in 2018 was somewhat anticipated by the market since the publication of the Q1 results, as the -30% fall in the stock price reflected. That is why, the further -23% drop the day the profit warning was announced took us by surprise. After all, Ferratum grows at 20% rate yoy with a RoE of 25-27% and quotes and quotes below 10x P/E 2019. On the other hand, the profit warning of the Osram, German manufacturer of lighting systems that we do not own, affected quite significantly to all auto suppliers. Companies in the portfolio such as Valeo or Hella suffered the contagion and already plummeted -20% from the peaks of May-June. Hella quotes around 9x EV/EBITA 2019 and Valeo below 8x. Again, the market does not discriminate between companies in the same sector, without taking into account the quality of the business, the exposure to structural trends and the quality of the management.

We have also included in the portfolio the company Link Mobility. After our trip to Stockholm in June and meet with the CFO, Thomas Berge, we decided to start constructing a position in this Norwegian company specialized in "Mobile Messaging". It is the European leader in the mobile messaging (B2C) by SMS as well as through other channels (WhatsApp, Facebook Messenger...) whereby the companies send their clients all kind of information as well as notifications to their clients (packages, promotions, fares, schedules, etc). The company grows organically at +25% annually and the net income grows at a faster rate due to the high operating leverage of the company. In addition, the company combines the huge organic growth with numerous acquisitions with the idea to reach a 40% market share in the areas where they operate in Europe. The company's strategy is focused on buying competitors at highly attractive multiples (average of 6x EV/EBITDA) that already have a good relationship with the operators within the area of operations. Likewise, the company is agnostic to technology, if any new form of communication were to appear it would be as simple as integrating it within its software (and thus in their client's systems) as a new way of communication. It is also important to highlight that the contracts they sign with their clients are not bound to a specific geographic area (their biggest client, DHL, is present in 200 countries worldwide) and that 99% of their clients are sole clients, not shared with any other competitor. With regard to the sustainability of the business, being Link Link a messaging system aggregator it presents a pricing advantage vs the current market operators or even vs WhatsApp, as their target clients is much narrower (only those clients that use WhatsApp will be able to receive messages every time they receive a package from Amazon). All the above is combined with the company quoting at an attractive price. We started buying at EV/EBIT 8.5x 2019, with the intention to increase our position to 2% of the portfolio funds. Nonetheless, at the beginning of the month of July, in the midst of the construction of the position, the Private Equity fund "Abry Partners" launched a public offer with a 30% premium (NOK 225) that left us with a bittersweet flavour, because the offered price was way off our target price.

Lastly, we increased weight in Dürr, the stock suffered again during the month (-7.4%, and already represents 1.7% of the portfolio funds). We continue to think that it is not justified that this high-quality company (industrial business with RoCEs of 30-40%) to be quoting at 8x EV/EBITA'19. Likewise, we decided to increase positions in Danone, Ferrovial, Roche, Samsonite and Dominion.

On the selling side, as we mentioned on the last report in May, we completely liquidated the positions in Grammer and Renta Corporación. Their contribution to the portfolio profitability has been very attractive, +50% in 9 months in Grammer and +230% for Renta Corporación since we started to buy the shares in May 2015. Likewise, we also decided to liquidate the residual position we had in Restaurant Group. Lastly, we continue to reduce weight in Avon Rubber. The stock has had an excellent behaviour and we think that the potential has reduced considerably at the current prices.

The politics and geopolitics has generated turmoil in the stock exchanges worldwide. At the beginning of the month we experienced the political situation in Italy and the uncertainty about a possible new government in Spain. Then, the stock exchanges suffered another beating in the face of escalating trade tension between the US and China. Trump threatened with the possibility of putting tariffs of 10% over 200.000 million on Chinese imports, and also threatened with further tariffs of 20% over imported cars coming from the European Union. After Reading all kinds of headlines in the newspapers we are patiently waiting the European earnings season to start so we can evaluate to what extent this was simple market noise or otherwise it really affected our company's business. After all, market corrections generated by noise generate excellent buying opportunities.



AUGUSTUS CAPITAL

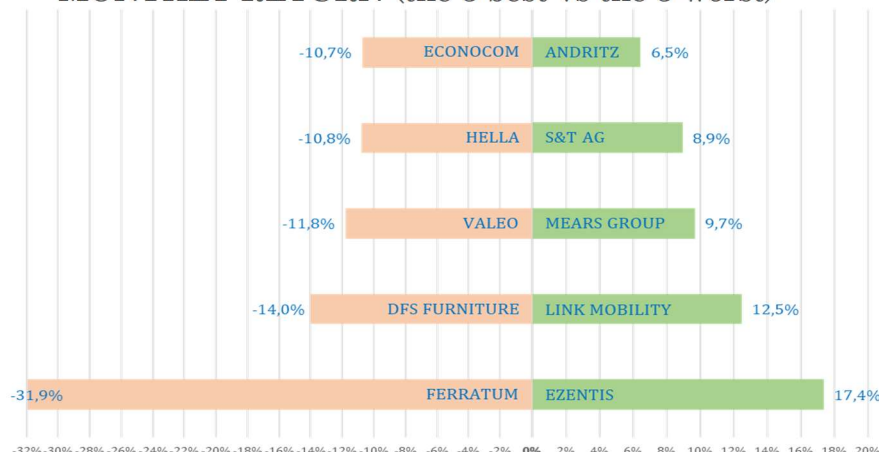
LIERDE Net Asset Value: 30/06/2018: 111,23



TOP 10

TOP 10	
1.- LAR ESPAÑA	3,3%
2.- MERLIN PROPERTIES	3,1%
3.- DEVOTEAM	2,9%
4.- REALIA BUSINESS	2,6%
5.- S&T	2,5%
6.- GLOBAL DOMINION	2,4%
7.- VINCI	2,2%
8.- SOFTWARE AG	2,2%
9.- ING GROEP	2,2%
10.- FRESENIUS SE & CO	2,1%
TOTAL TOP 10	25,5%

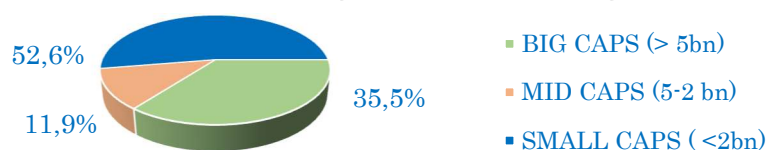
MONTHLY RETURN (the 5 best vs the 5 worst)



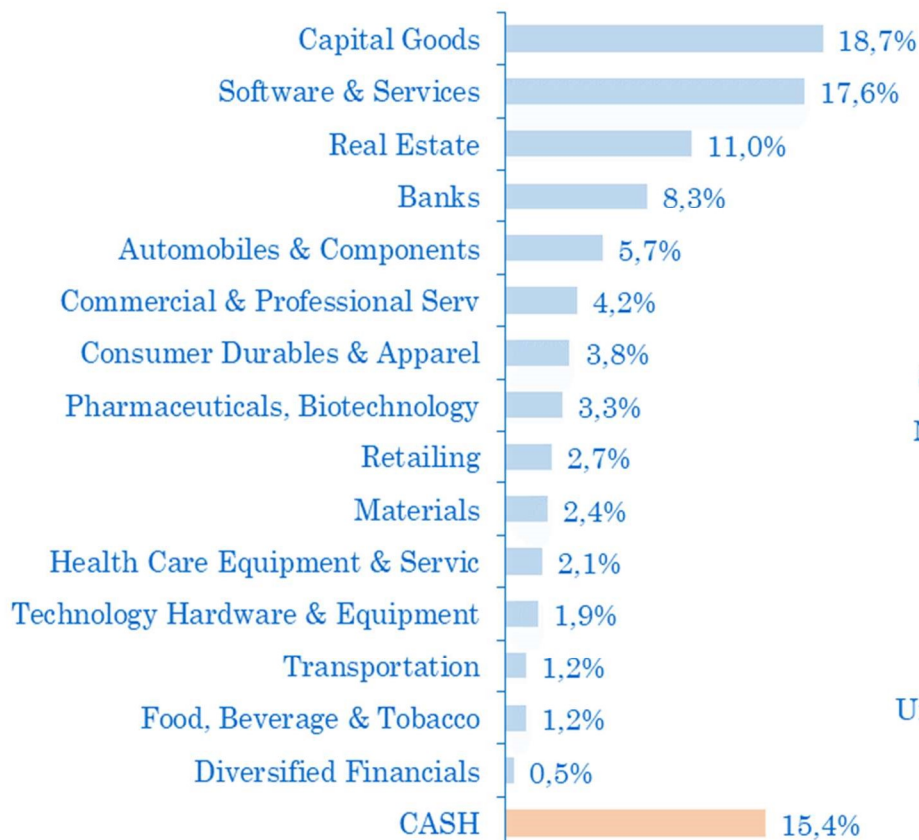
DISTRIBUTION BY ASSET

Equity	84,6%
Cash	15,4%

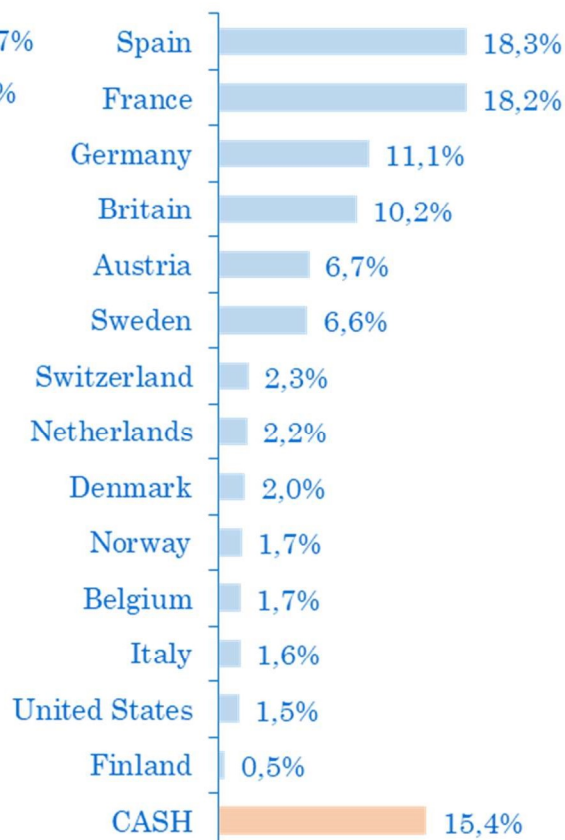
DISTRIBUTION BY MARKET CAP.



EXPOSURE BY SECTOR



EXPOSURE BY COUNTRY





AUGUSTUS CAPITAL

LIERDE Net Asset Value: 30/06/2018: 111,23



GENERAL INFORMATION

Inception date	1994
Assets under management *	EUR 390,3 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 June 30th, 2018

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