



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

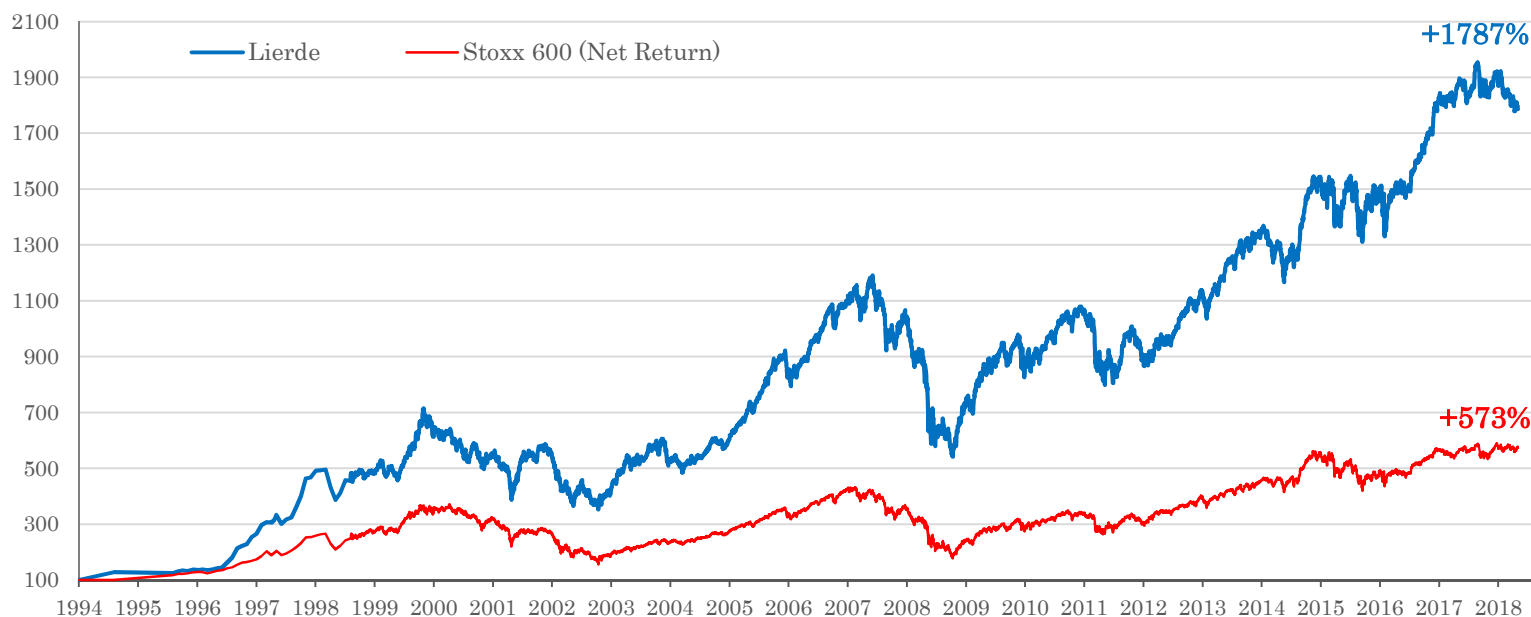
FROM INCEPTION	LIERDE	STOXX 600
Alfa anual	5,17	
Ratio Sharpe	0,85	0,31
Beta	0,83	
Volatility	17,4%	18,9%
12 MONTHS	LIERDE	STOXX 600
Beta	0,70	
Volatility	8,4%	10,4%

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	-4,3%	0,9%	-5,2%
Total return	1686,9%	473,2%	1213,8%
Average	15,8%	9,5%	6,3%

* Stoxx 600, dividends included.

TOTAL RETURN (base 100)





MONTH IN REVIEW

In September LIERDE experimented a decrease in profitability of -2.0% vs +0.2% of the Eurostoxx50 and +0.3% of the Stoxx 600 (Net Return). The YTD profitability is -4.3% vs +0.9% Stoxx 600 (Net Return) and -3.0% Eurostoxx 50. LIERDE's NAV at the end of the month was 107,40 euros/share and the portfolio's level of investment accounted for +90.7% of the total assets and the cash part of the portfolio at 9.3%. The twelve-month trailing volatility remained at 8,4% vs 10,4% of the Stoxx 600 (Net return) and 11,9% of the Eurostoxx 50.

On the macro side, the Federal Reserve increased interest rates by +25bp to 2,25% as expected, also announced a new raise before year end, three more in 2019 and a final one in 2020. The FED also confirmed that the unemployment rate will continue to fall and increased the estimated GDP growth of the economy for 2018 and 2019. In Europe, the Italian government finally announced the deficit proposal that will send to Brussels in which they were willing to increase the foreseen deficit for Italy to 2,4% of the GDP for the years 2019-2021 vs the 0.8% of the former prime minister. The market reacted very negatively to the news with strong falls in the Italian stock exchange, with a focus on Italian banks (and European by contagion). In addition, the Italian 10y bond widen the risk premium vs the German bund.

The political and macroeconomic instability continue to affect the prices of the portfolio companies, specially the companies "more leveraged to the cycle" and of lower capitalization. Nonetheless, the high degree of knowledge that we have in the businesses and of their management teams, along with the follow-up that we pursue (we schedule conference calls every week) make us feel confident in the revaluation potential of the portfolio. In fact, despite the performance of the portfolio this month, LIERDE's value creation maintained prior month's rate at 12,2%. While it is true that we have made an adjustment in their valuations since the beginning of the year, we think that the market corrections are exaggerated. On the one hand, most of the businesses continue to perform well, and the ones that are not, it is because they undergone through temporal problems that we believe they will be correcting the short term (as it is the case for the auto companies and some specific IT services companies with regards to wage inflation). In any case, this is not the first time we undergone these kind of situations (in previous monthly reports we put Brexit as an example), nor it will be the last. We have always seen these situations as an opportunity, and this time is no different, therefore we have increased our level of investment of the portfolio from 86,8% to 90,7%. One of the fundamental skills to have when investing in listed businesses is patience. We believe that the difference between value and price of the companies in the portfolio is greatest since the beginning of the year. As we have mentioned in several occasions, the market has a tendency towards efficiency in the long term and recognizes the intrinsic value of the companies. This has happened across the history and there isn't anything that tell us that will not be happening in the future.

Considering we have just outlined, whatever the economic situation, the best way to maintain our purchasing power is by investing in good businesses that generate value year by year. Therefore we feel very comfortable being shareholders of high-quality companies, with strong balance sheets (many of them have a net cash position), with best in class management teams and with an excellent capital allocation. This is shown in the companies' value creation (every year the companies are worth more), thus, if the price doesn't go up, they have suffered a de-rating and the revaluation potential will be larger.

Regarding the changes in the portfolio, we have increased weight in: Société Générale, ING, Danieli, Strabag, BNP Paribas, Banco Santander, Hella, Infotel, Coats Group y Alimak. Additionally, we have started constructing a position in the Italian company Tecnoinvestimenti. On the selling side, we have lowered the weight in Bayer after the open risk due to the lawsuit filed by an American judge to Monsanto (their last acquisition) about the characteristics of the Glyphosate.

Finally, during the month of September we have had net inflows in LIERDE. Therefore, we do not want to miss the opportunity to greatly appreciate the trust of our shareholders and co-investors. Without it we wouldn't be able to properly position the portfolio adequately for the future.



AUGUSTUS CAPITAL

LIERDE

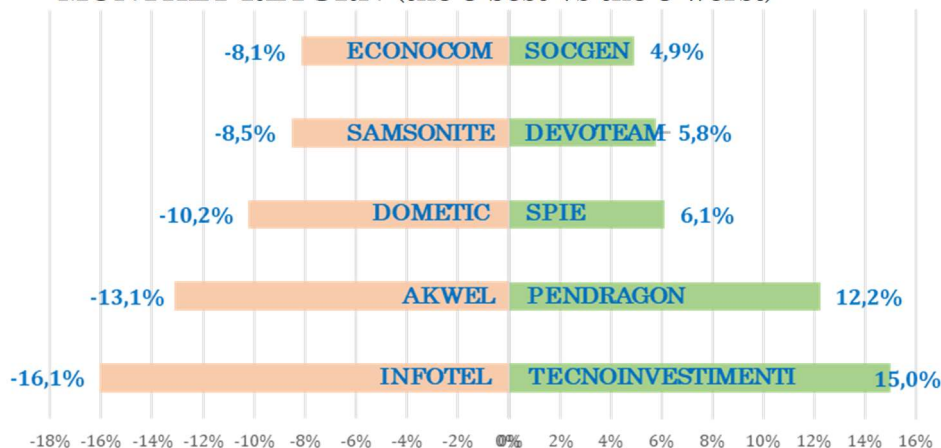
Net Asset Value: 30/09/2018: 107,40



TOP 10

1.-	DEVOTEAM	3,2%
2.-	LAR ESPAÑA	3,1%
3.-	MERLIN PROPERTIES	3,0%
4.-	GLOBAL DOMINION	2,9%
5.-	REALIA BUSINESS	2,6%
6.-	VINCI	2,5%
7.-	SOCIETE GENERALE	2,4%
8.-	BANCO SANTANDER	2,4%
9.-	SOFTWARE AG	2,3%
10.-	FRESENIUS SE & CO	2,2%
TOTAL TOP 10		26,6%

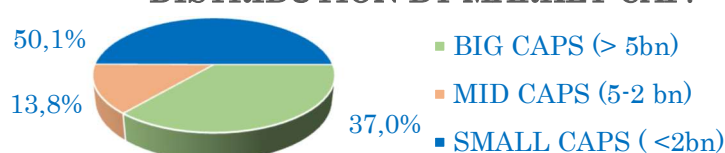
MONTHLY RETURN (the 5 best vs the 5 worst)



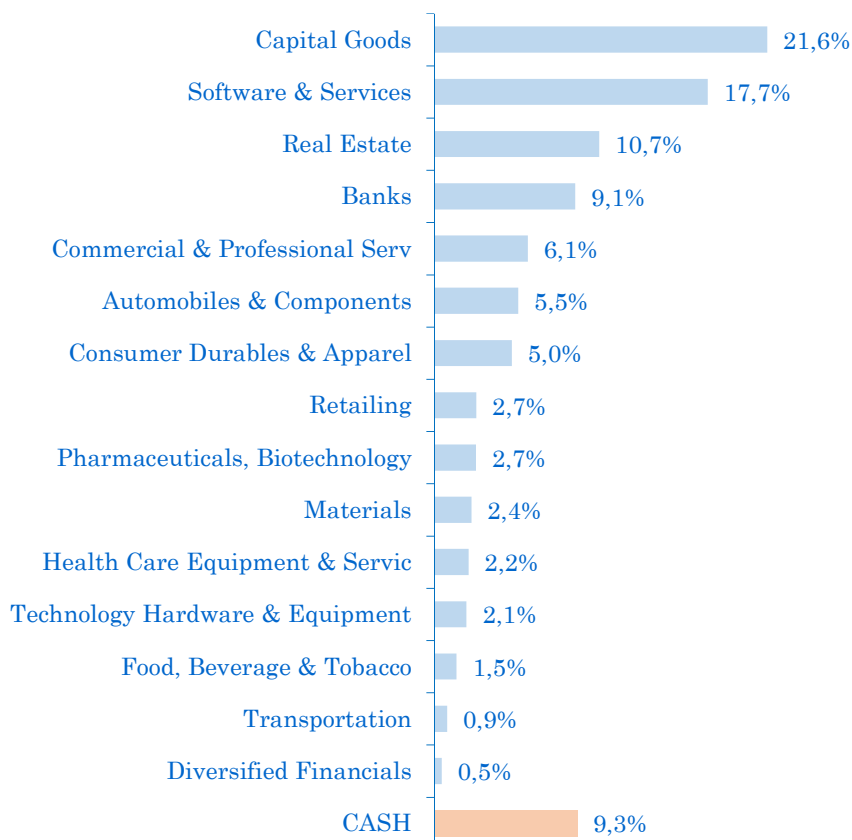
DISTRIBUTION BY ASSET

Equity	90,7%
Cash	9,3%

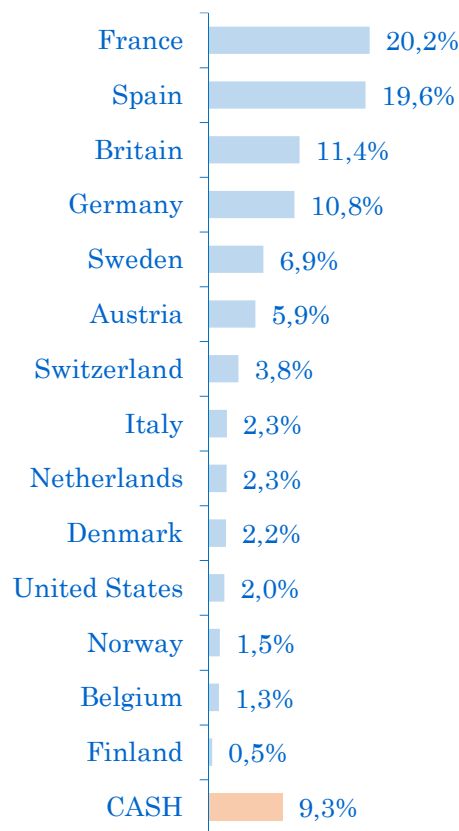
DISTRIBUTION BY MARKET CAP.



EXPOSURE BY SECTOR



EXPOSURE BY COUNTRY





AUGUSTUS CAPITAL

LIERDE Net Asset Value: 30/09/2018: 107,40



GENERAL INFORMATION

Inception date	1994
Assets under management *	EUR 378 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 September 30th, 2018

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