



Augustus Capital AM

September 2019

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.

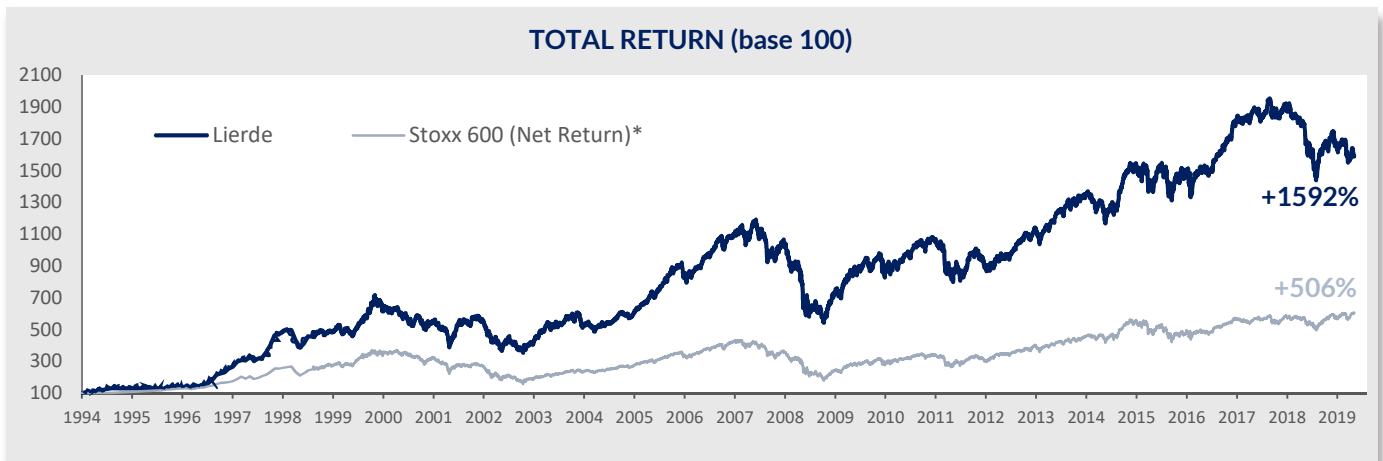
Net Asset Value (30/09/19)	AUM (30/09/19)	MORNINGSTAR® ★★★★★
95.65 €/share	EUR 239.6 Mn	

RISK INDICATOR						
1	2	3	4	5	6	7

RISK DATA		
From Inception	LIERDE	Stoxx 600 NR*
Alfa anual	5.17	
Ratio Sharpe	0.85	
Beta	0.83	
Volatility	17.2%	18.6%
12 Months	LIERDE	Stoxx 600 NR*
Beta	0.96	
Volatility	13.4%	12.3%

HISTORICAL RETURNS

Year	LIERDE	Stoxx 600 NR*	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	-20.8%	-10.8%	-10.0%
YT2019	7.7%	19.5%	-11.8%
Total Return	1491.5%	505.7%	985.7%
Average	14.3%	9.0%	5.3%



*Stoxx 600 NR (Net Return). Dividends included.

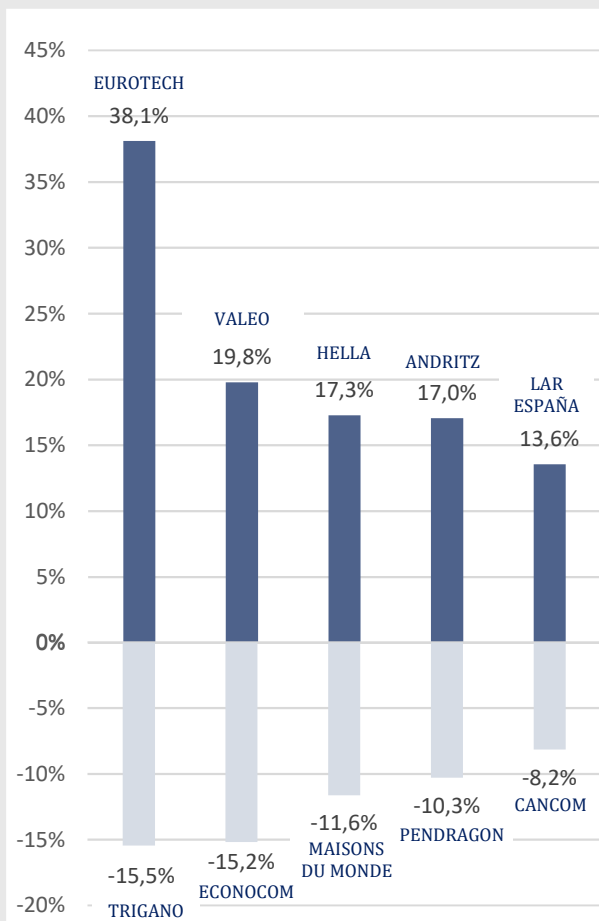


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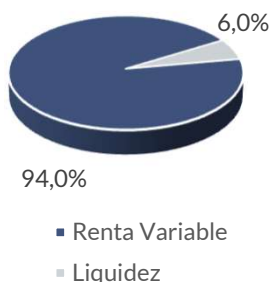
TOP 10 POSITIONS

1	REALIA	4.6%
2	LAR ESPAÑA	4.0%
3	GLOBAL DOMINION	3.3%
4	S&T	3.2%
5	TINEXTA	3.1%
6	ROCHE	2.7%
7	DEVOTEAM	2.5%
8	MERLIN PROPERTIES	2.5%
9	RICHEMONT	2.3%
10	CANCOM	2.3%
TOTAL		30.5%

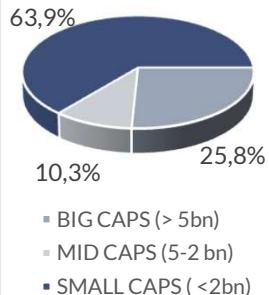
MONTHLY RETURN (the 5 best VS the 5 worst)



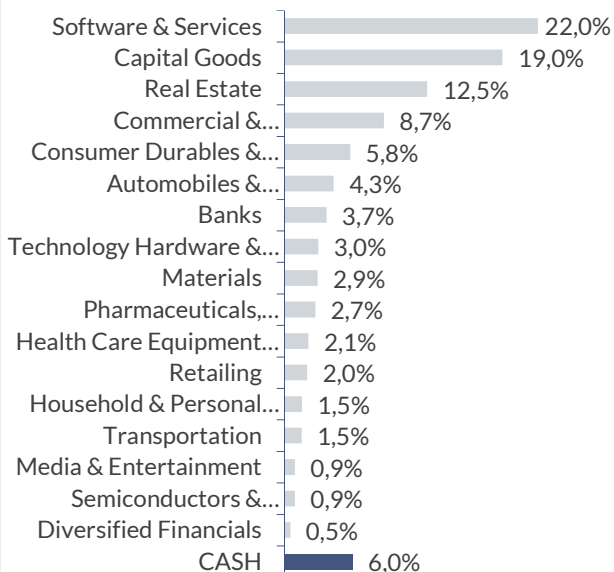
DISTRIBUTION BY ASSET



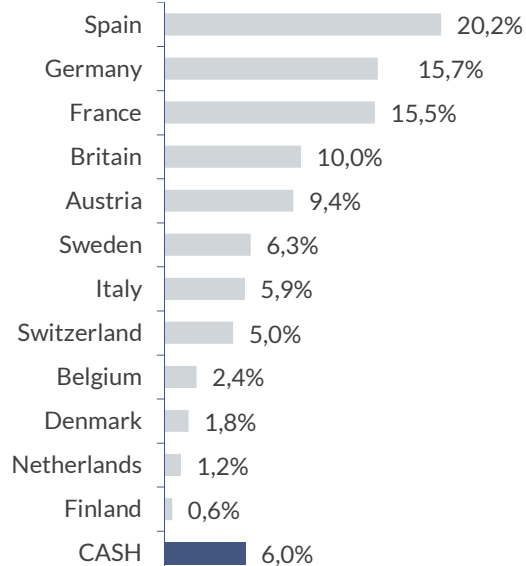
DISTRIBUTION BY MARKET CAP.



DISTRIBUTION BY SECTOR



DISTRIBUTION BY COUNTRY





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GENERAL INFORMATION

Inception Date	1994
CNMV N° of Registration	2467
Liquidity	Daily liquidatio d + 1
Fees	- Management fee 1.40% annual - Depository fee 0,125% annual
Asset Manager	Augustus Capital, A.M.
Custodian Institution	Banco de Sabadell, S.A.
Auditor	Deloitte, S.L.
Currency	EUR
ISIN Code	ES0158457038
Bloomberg Ticker	LIE SM Equity

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Past returns do not guarantee future returns.

MONTH IN REVIEW

During the month of September, LIERDE's profitability increased +0.7% compared to +3.7% for the Stoxx 600 (Net Return) and +4.2% for the Eurostoxx 50 and. LIERDE's profitability YTD remained at +7.7% vs +18.9% of the Eurostoxx 50 and vs +19.5% of the Stoxx 600 (Net Return). LIERDE's Net Asset Value at the end of September stood at 95.65 euros/share and the liquidity of the portfolio at 6%. The twelve-month trailing volatility increased slightly to 13.4% vs 12.3% for the Stoxx 600 (Net Return) and 13.7% for the Eurostoxx 50.

In September, the published data have been mixed. On one hand, USA and China showed a more reconciling message regarding their trade war and the latest macroeconomic data in the USA showed some stabilization.

On the other hand, the economic situation in Europe continues deteriorating. The ECB, at its monthly meeting, has announced its intention to start buying again sovereign debt under a new purchasing program and a new TLTRO. The FED also exposed the possibility of another cut in interest rates before the end of 2019. Additionally, the oil refineries attack in Saudi Arabia has led to increase oil prices. In fact, the price of the Brent skyrocketed to 69.02 \$/barrel although at the end of the month it was again at pre-attack levels, 59 \$/barrel.

In terms of the portfolio, most of the companies have reported their financial results and, in general terms, they have been good. At the end of September, the estimated value creation of the portfolio remains above +13% for 2019; once again, higher than the market performance. The difference between 'value creation' and 'market performance' keeps increasing as investors are afraid of cyclical or small cap companies. In this regard, recently, plenty of studies have been published to show the huge valuation spread between bond proxies and defensive and utility companies compared with 'value' sectors. This spread is wider than the previous levels achieved in the 2000s during the .com bubble.

As for the changes in the portfolio, we have built a new small position in the German company **Infineon**. Infineon is a leading semiconductor manufacturing company for the industrial and automotive sectors. The company has good organic growth (+8%/+9%) and keeps a sustainable 20% RoCe. Precisely, its relationship with the automotive sector and a highly priced acquisition in USA, gave us a good buying opportunity since the stock had been extremely penalized by the market.

Finally, on the sales side, we decided to reduced weight in **Ferrovial** and **Vinci**. Both stocks were near to our objective price after their good performance. We have also reduced our position in the German company **Cancom** due to its lower potential return and we have reduced our participation in **Realia** to 4.1% during the first week of October.