



Augustus Capital AM

October 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
(31/10/19)

98.29 €/share

AUM
(31/10/19)

EUR 228.6 Mn



RISK INDICATOR

1 2 3 4 **5** 6 7

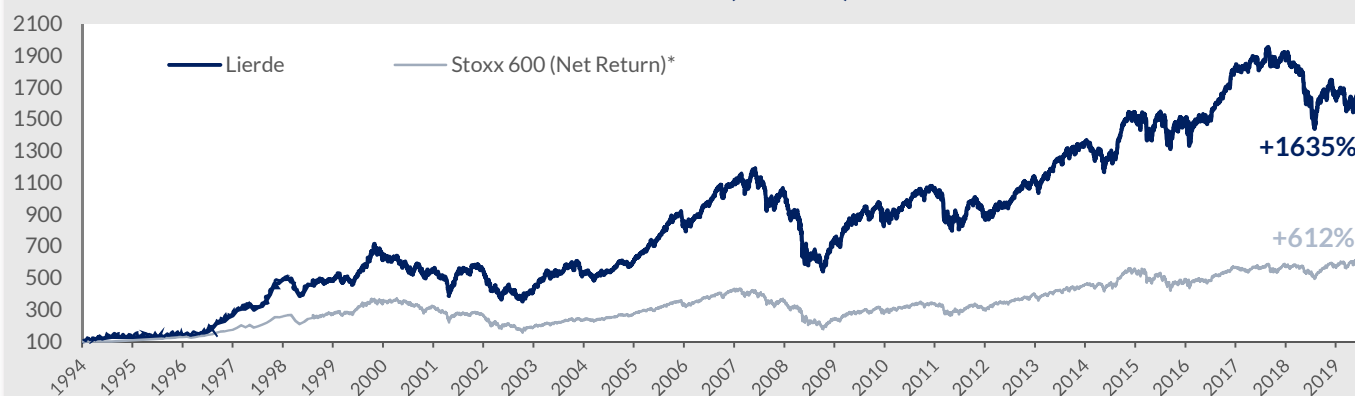
RISK DATA

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	0.92	
Volatility	13.2%	12.5%

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	10.7%	20.8%	-10.1%
Total Return	1535.4%	512.2%	1023.3%
Average	14.4%	9.0%	5.4%

TOTAL RETURN (base 100)



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

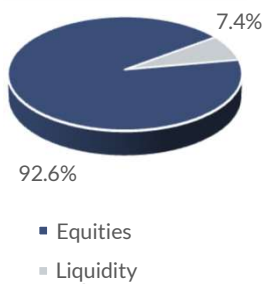


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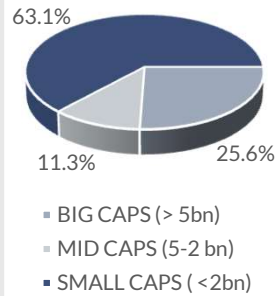
TOP 10 POSITIONS

1	LAR ESPAÑA	4.2%
2	REALIA	3.8%
3	TINEXTA	3.5%
4	S&T	3.3%
5	GLOBAL DOMINION	3.3%
6	DEVOTEAM	2.6%
7	RICHEMONT	2.5%
8	MERLIN PROPERTIES	2.4%
9	CANCOM	2.4%
10	SAP	2.3%
TOTAL		30.3%

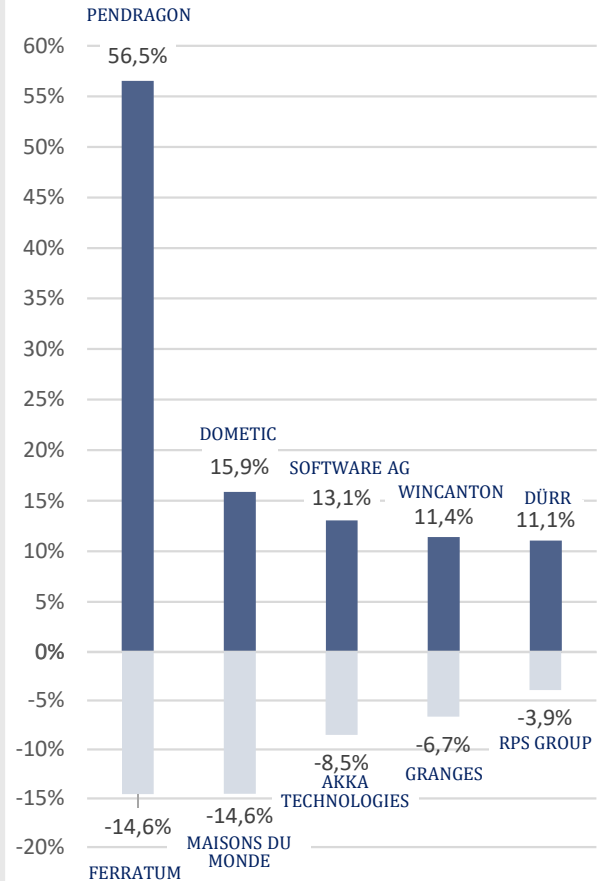
DISTRIBUTION BY ASSET



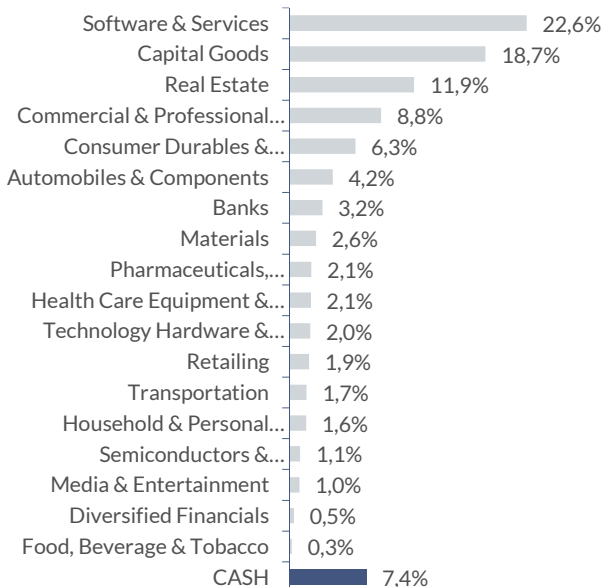
DISTRIBUTION BY MARKET CAP.



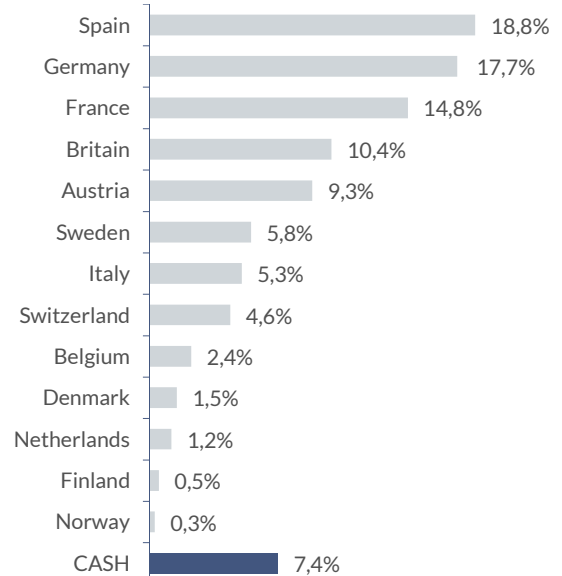
MONTHLY RETURN (the 5 best VS the 5 worst)



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 - Depositary 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 October, LIERDE's profitability has increased by +2.76% compared to +0.98% for the Eurostoxx 50 and +1.04% for the Stoxx 600 (Net Return). LIERDE's portfolio shows a profitability YTD of +10.7% vs +20.1% of Eurostoxx 50 and +20.8% of Stoxx 600 (Net Return). The Net Asset Value at the end of October has raised up to 98.29 euros/share and the liquidity of the portfolio up to 7.4%. The twelve-month trading volatility has slightly decreased to 13.2% against 12.5% for the Stoxx 600 (Net Return) and 13.9% for the Eurostoxx 50.

During this month, the European economy has shown weaknesses in terms of economic data. We emphasize the farewell of Mario Draghi as the president of the ECB and the introduction of the new president, Christine Lagarde, whose profile, although more political, is still similar to Draghi's. The USA macroeconomic data still show stabilization, highlighting the decrease of the unemployment rate to 3.5%. The FED has cut the interest rate for the third time in a row down to 1.5-1.75% as markets expected. The rate will be maintained in this stripe for a while. China trade war discussion seems to be progressing positively which is, in our opinion, strictly needed for improving the economic outlook.

Most of the companies in our portfolio have published good results during this month, which has positively surprised investors, since their pessimism level was quite high. Two months before the end of the year, we expect a value creation of the portfolio around 12%, a similar level of current LIERDE's portfolio return. Nonetheless, the bad behavior of the portfolio last year compared with the value creation of 2018 (+11.4%) make us feel positive for the following months.

As for the portfolio, during the month we have started building a position in the Franco-Italian company **Essilor Luxotica**, a global leader company in the optical lenses sector where we see excellent growth perspectives. Essilor Luxotica is currently trading with demanding multiples but, with a ROCE of 75%, the value creation of the company is high, which increases the value of the company's year by year (compounder). The acquisition of GrandVision (currently not incorporated by analysts in their estimations) will have a positive impact if it is finally approved. Moreover, the CEO and main shareholder (30%), Leonardo del Vecchio, is buying shares in the market -even having limited voting rights to 30%- , which shows the value he sees in the company.

On the other hand, we have reduced weight in **Valeo** and **Eurotech** as both companies have experienced a sharp escalation in their price during the month reducing their potential. Finally, we have sold all our position in **Ferrovial** as the company has increased 48% YTD achieving our target price.