



Augustus Capital AM

March 2020

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 (31/03/20)	AUM (31/03/20)	
72,9 €/share	EUR 134 Mn	

RISK INDICATOR

1 2 3 4 **5** 6 7

RISK DATA

From Inception	LIERDE	Stoxx 600 NR*
Alfa anual	4.49	
Ratio Sharpe	0.49	
Beta	0.83	
Volatility	16.3%	17.6%
12 Months	LIERDE	Stoxx 600 NR*
Beta	0.88	
Volatility	22%	23.3%

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%
2019	16,3%	26,8%	-10,5%
YTD2020	-29,4%	-23,8%	-5,6%
Total Return	1088,8%	389,7%	699,1%
Average	14,1%	9,0%	5,1%

TOTAL RETURN (base 100)



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

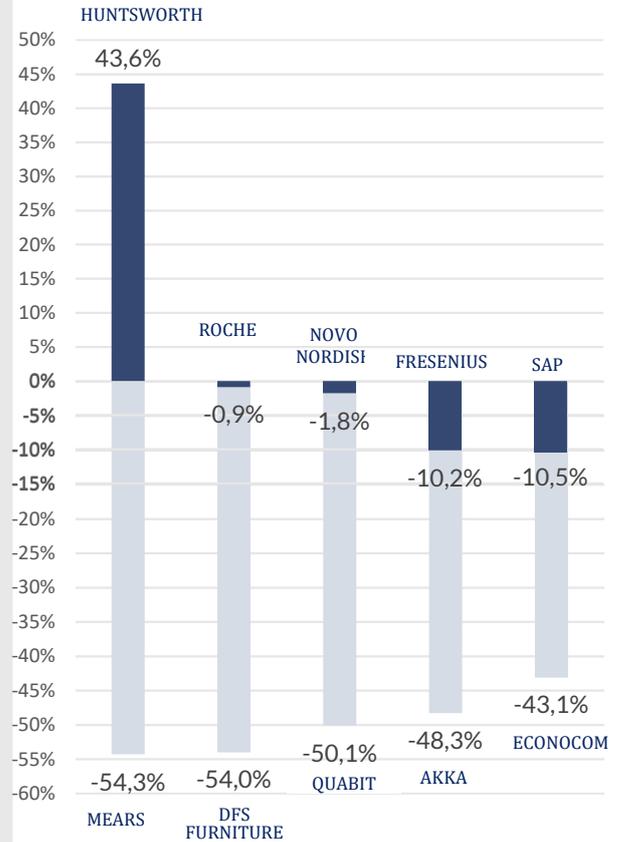


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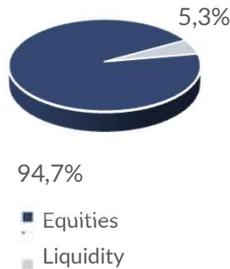
TOP 10 POSITIONS

1	REALIA	4.6%
2	GLOBAL DOMINION	4.0%
3	CANCOM	3.3%
4	S&T	3.2%
5	ROCHE	3.1%
6	TINEXTA	3.0%
7	DEVOTEAM	3.0%
8	SAP	3.0%
9	STRABAG	2.7%
10	FRESSENIUS	2.5%
TOTAL		32.4%

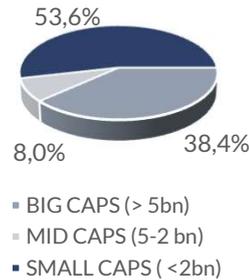
MONTHLY RETURN (the 5 best VS the 5 worst)



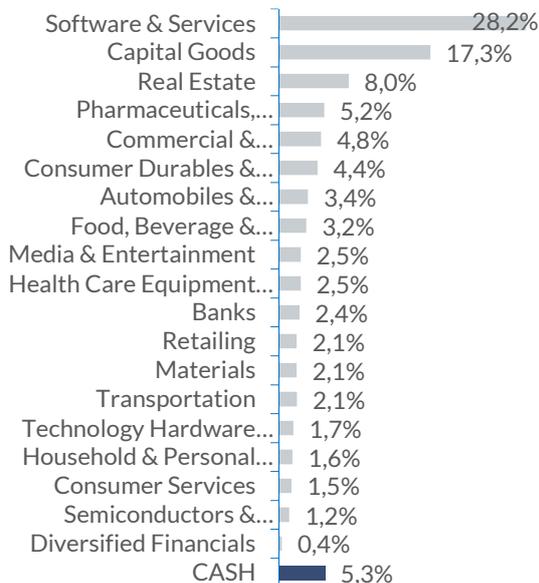
DISTRIBUTION BY ASSET



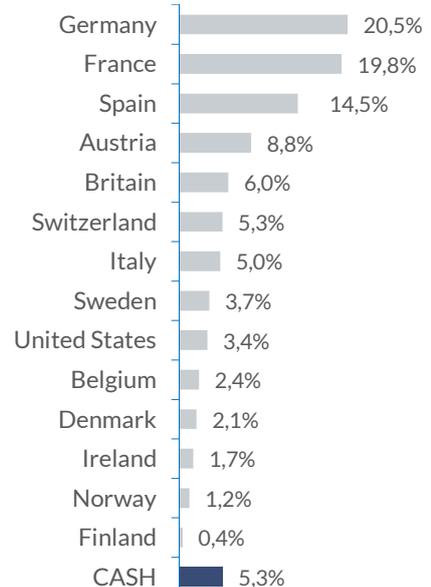
DISTRIBUTION BY MARKET CAP.



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 March, LIERDE's profitability has decreased by -20.7% compared to -16.3% of Eurostoxx 50 and -16% of Stoxx 600 (Net Return). Until March LIERDE's has had a profitability of -29% vs -26% of Eurostoxx 50 and vs -23 of Stoxx 600 (Net Return). The Net Asset Value at the end of March was 72.9 euros/share and the liquidity of the portfolio has been decreased to 5.3%. During the first two weeks of April LIERDE has recovered an 8% until a NAV of 78.8 euros/share. The twelve-month trading volatility has slightly increased to 21.1% against 22.2% for Stoxx 600 (Net Return) and 24.7% Eurostoxx 50.

As of the market, the market decreases have been one of the fastest of the history as they are forecasting a deep depression in 2020. The restrictive measures that are been applied will decreased economic growth in the second trimester as we have never seen in non-belic periods. Historically profits from European companies have decreased a -32% during financial crises. Nevertheless, it is hard to forecast the real impact which COVID will have in companies' profits. We think that profits will not decrease more than -32% while the markets have decreased -40% until minimums at 23 of March. The price of a public company it is based in the value of the future cash flows that the company will generate, so a decrease in 2020 cash flow should not affect to the price of the stocks if the situation normalizes in a couple of years. Therefore, the decrease of the prices has been led by panic which increases the risk premium and increases the discount rate which investors ask for investing in a company. As the principal effect in the valuations has been fear, the price will start to recover as fear disappears and the risk premium start to decrease. The short term loses become permanent when we sell, it is vital to keep calm during these situations. As it has happened in past crises, fear will start decreasing progressively and price will start increasing at the same time.

As of the portfolio, we have a portfolio with quality companies, well positioned and well managed with a healthy balance sheet. We have taken advantage of current attractive prices to buy companies we have always liked but that past valuations were not attractive. At the same time, we have reduced our position in less liquid stocks to be more flexible under current situation.

As of the sales, we sold Hunstworth during the first week of the month. Hunstworth is a British company of marketing and communication for the pharmaceutical industry. The company received an offer from the Private Equity Clayton, Dubilier & Rice, paying a 50% premium for the company. Moreover, we sold all out position in Dometic before the market fell dramatically, as the price was not reflecting the bad evolution of the movilehome and yacht division. We have also reduced our position in the banking sector, it only represents 2,5% of the total portfolio, as we think this year is going to be hard for the banking industry.

On the other hand, we have added several companies to the portfolio. We initiated a position in Compass, outsourcing company (catering, cleaning, building maintenance...) We know well the company as we were shareholders in the past. The organic growth of the company is +5/+6% plus de growth of their acquisitions. It has a reduced debt and a good redistribution policy to shareholders. We have also bought Accenture, a global technological consultancy- It is one of the most value creating company (+20% annual) which has fell more than -30%. Taking advantage of the huge share price loses (-40%) we have bought again the franco-italian company Essilor Luxottica. The ophthalmological sector is growing and it is quite defensive. Moreover, we have built a small position on Booking Holdings. The company was extremely punished as it is related with touristic sector. Their core business will be deteriorated in the short term, but their cost structure is really flexible and it has net cash so the company can end reinforced. Finally, we have started a position in the technological German company LPKF, a specialist in laser utilisation for products in the solar, electronic and plastic industry.