



# Augustus Capital AM

since 1994

**LIERDE**

creating value

October 2020

# DISCLAIMER

---

This document and the information, opinions, estimations and recommendations contained herein have been prepared by Augustus Capital AM in order to provide to its clients with general information regarding the date of issue of the report. Augustus Capital AM reserves the right to update, modify or remove this information. Neither this document nor its content constitutes an offer, invitation or purchase request or subscription of securities. Neither constitutes a deal or investment cancellation, and it can not be used as the basis of any contract, commitment or any kind of decision. The investor who has access to this document should be aware that the securities, instruments or investments referred could be not be suitable for their specific investments, financial position or risk profile, which have not been taken into consideration for the preparation of this report. Therefore, investors should make their own investment decisions considering these circumstances and obtaining the necessary specialized advice. Furthermore, Augustus Capital AM may not be held responsible for the truthfulness, integrity or validity of this information. Investors should note that past returns do not guarantee future returns. The price of the securities, instruments or the results of the investments could fluctuate against the investors' interests and even result in a loss of the initial investment. Therefore, before closing any transaction with these kind of instruments, investors should be aware of their operating mode, the rights, the obligations and the risks involved, as well as be aware of the rights and obligations of the underlying values. It could not exist secondary market for these instruments. Augustus Capital AM or any other entity of the group, as well as its directors or employees may have a position in any of the securities that this document refers to, directly or indirectly, or in any other related, previous to the publication or after, to the extent allowed by the applicable Law. Employees of Augustus Capital AM or other entity of the Group may provide market comments, orally or by writing, or investment strategies to its clients even if those opinions are contrary to the opinions expressed in this document. Augustus Capital AM or any other entity of the Group also may adopt their own investment decisions even if they are inconsistent with the recommendations expressed in this document. Any part of this document may be (i) copied, photocopied or duplicated by any other form (ii) redistributed or (iii) quoted, without the previous written permission of Augustus Capital AM. Any part of this presentation may be reproduced, taken or transmitted to those countries (or persons or entities) where distribution may be forbidden by law. The failure to comply these restrictions may involve breaking the laws of the relevant jurisdiction.

# INDEX

---

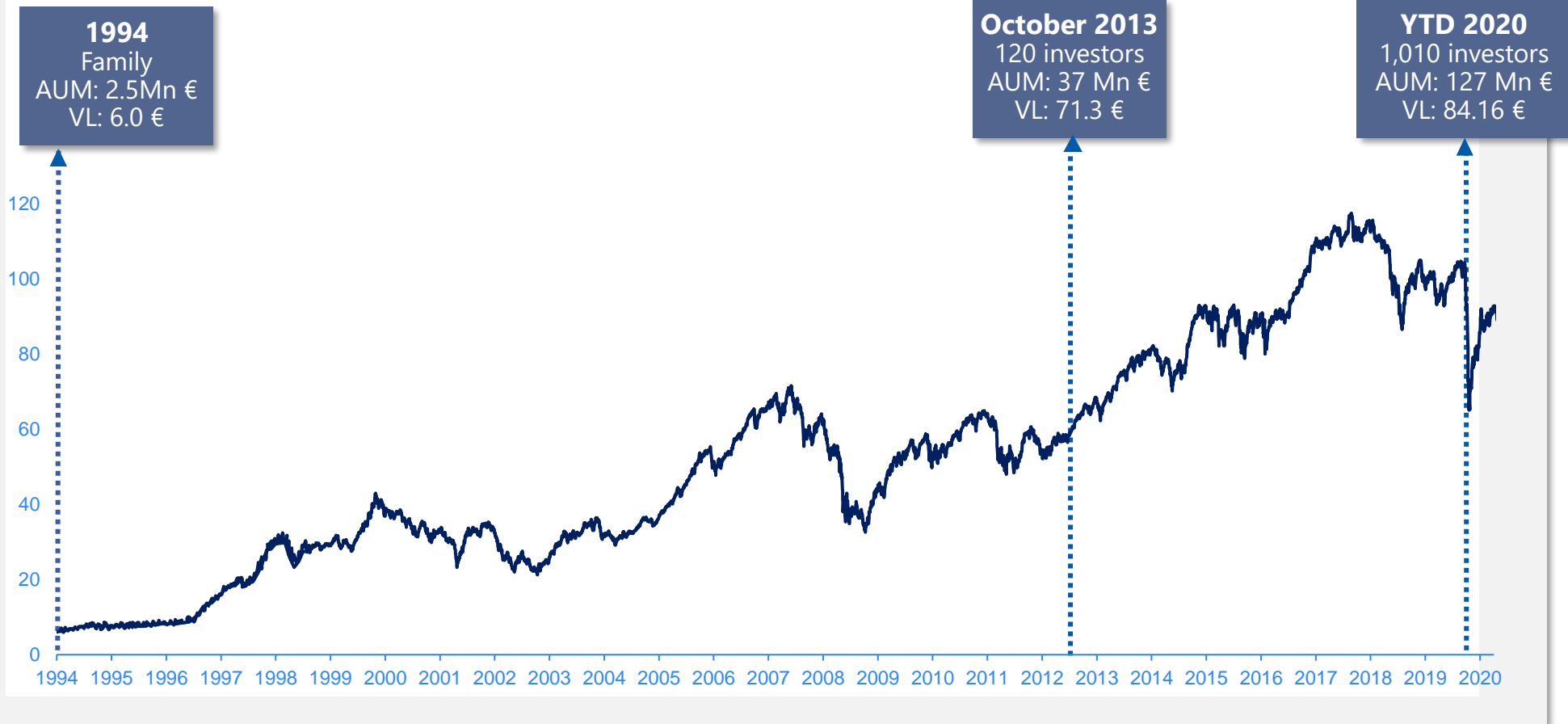
1. History
2. Description
3. What makes LIERDE different?
  - 3.1. TRACK RECORD: 26 years beating the indices
  - 3.2. LIERDE METHOD: Investment Philosophy
4. Potential
5. General Information
6. Team



# 1. HISTORY

FAMILY INVESTMENT VEHICLE

ACTIVE DISTRIBUTION



**TOTAL RETURN 1,300.2% (13.50% annual return)**

## 2. DESCRIPTION

---

- Well-diversified portfolio: 50-60 high quality companies
- Average position 2%-3%
- Target price is established ex-ante

**ACTIVELY MANAGED SINCE  
1994**



**DIRECTIONAL OPEN-ENDED  
INVESTMENT FUND**

- Investment exposure: min. 80% - max. 100%
- Global with European bias
- Proximity to companies

**WELL-DIVERSIFIED & LOW  
TURNOVER**

- Without index benchmark
- No size restriction
- Own valuation models based on Return on Capital Employed



### 3. AFTER 26 YEARS... What makes LIERDE different?

---



# TRACK-RECORD



***"It's easier to look back than to look into the future."***

**WARREN BUFFETT**

# 3.1. TRACK-RECORD: 26 years beating the indices



26 years with the same strategy reinforces the investment model

Lower risk vs. market



FROM INCEPTION	LIERDE	STOXX 600 NR*
Beta	0.83	
Volatility	17.6%	19.1%
12 MONTHS	LIERDE	STOXX 600 NR*
Beta	0.88	
Volatility	24.8%	27%



Only 5 years with negative returns over -5%!!!

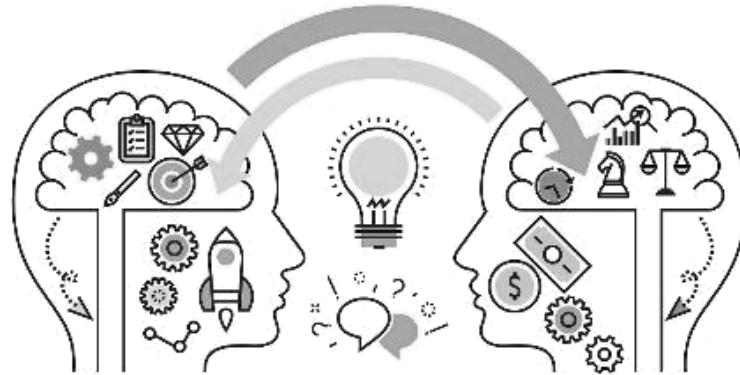
## HISTORICAL RETURNS

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%
2019	16.3%	26.8%	-10.5%
<b>YTD2020</b>	<b>-18.5%</b>	<b>-16.1%</b>	<b>-2.4%</b>
Total return	1300.2%	439.5%	860.8%
Average	13.5%	8.6%	5.0%





# METHOD



***“Growth and Value are not opposed to each other.***

***Growth is an input to the calculation of value.”***

**BILL MILLER, CIO Legg Mason Capital Management**

## 3.2. METHOD



*“We invest in **businesses** that **generate value** on a sustainable basis, that are **able to grow** and are **well managed**.”*

1

### GOOD BUSINESSES

*“The ideal business is one that earns very high returns on capital and that keeps using lots of capital at those high returns.*

*That becomes a **COMPOUNDING MACHINE**.”*

WARREN BUFFETT

2

### GOOD MANAGERS

*“The **TEAM** with the best players wins.”*

JACK WELCH, CEO General Electric  
(1981-2001)

3

### CAPACITY TO GROW

*“We prefer businesses with exposure to **STRUCTURAL TRENDS**.”*

AUGUSTUS CAPITAL AM

4

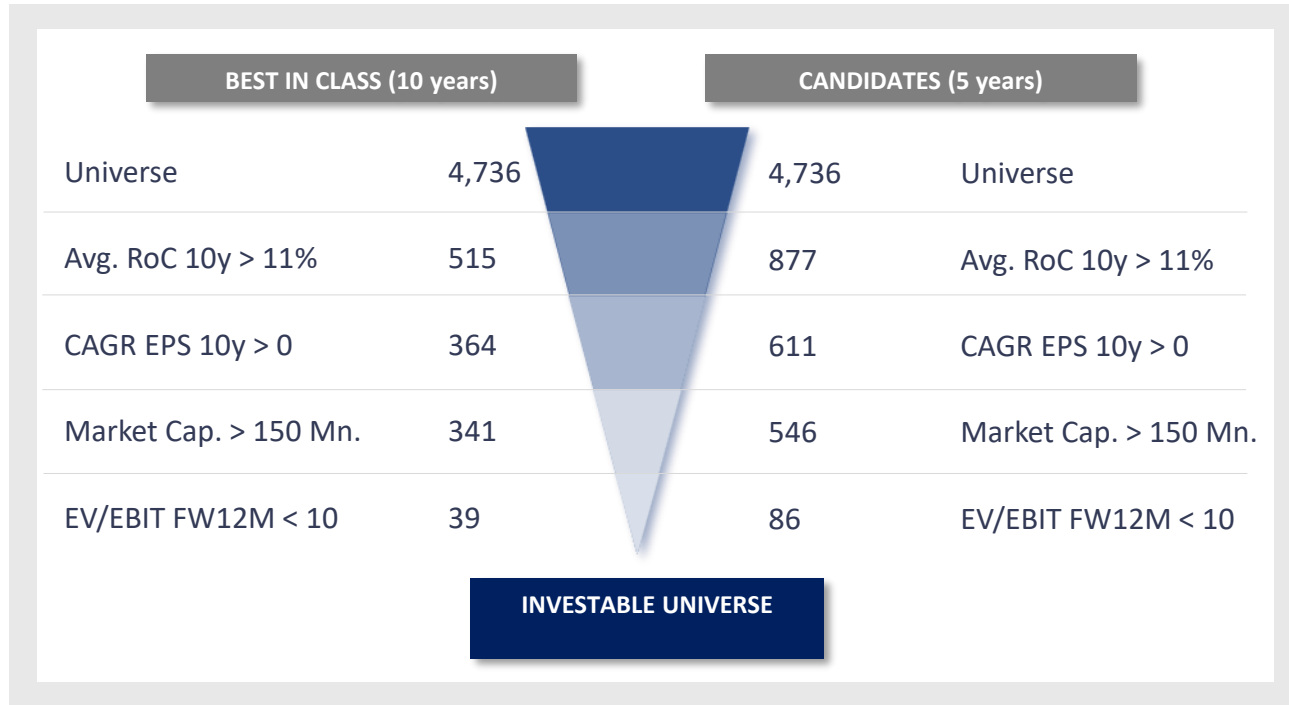
### GOOD PRICE

*“**BUYING CHEAP** is great, but buying good businesses cheap is even better.”*

JOEL GREENBLATT



## 3.2. METHOD: Investment Universe



### IN-HOUSE SCREENINGS (bottom up)

- Best-in-class
- Value Creation

### SCREENINGS TO LOOK FOR MARKET INEFFICIENCIES

- Laggards
- Small becoming Big
- Under the Radar

**BE FOCUSED !!**



## 4. THE OUTCOME, a high quality portfolio ...

---



**Family origin or with a  
reference shareholder**



**Low leverage  
companies  
(net cash)**



**Companies with more  
than 10 years of track-  
record**



## 4. ...with great capability to CREATE VALUE ...

### LIERDE's POTENTIAL in 4 years\*

#### VALUE CREATION

**54,9%**  
**(11.6% annualized)**

**+**

#### UNDERVALUATION

*(re-rating)*

**20.3%**

- Depends on the business
- Recurrent

- Depends on the market
- One-off

Data as of 30/10/2020

\*2020-2024, based on our RoCE's models



## 4. ... and HIGH POTENTIAL on the long-term.

	VALUE CREATION OF LIERDE VS MARKET PERFORMANCE OF LIERDE									
	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Value Creation	14.9%	17.4%	19.6%	17.5%	13.7%	18.0%	11.4%	12.0%	7.7%	11.6%
Market Performance	16.4%	27.4%	-0.1%	18.6%	4.2%	18.2%	-20.8%	16.3%	YTD -18.5%	
	✓	✓	✗	✓	✗	✓	✗	✓		

	VALUE CREATION OF LIERDE VS INDICES									
	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
LIERDE	14.9%	17.4%	19.6%	17.5%	13.7%	18.0%	11.4%	12.0%	7.7%	11.6%
STOXX 600	5.2%	1.4%	14.6%	7.6%	5.4%	4.1%	4.7%	6.3%	7.8%	7.5%
EUROSTOXX 50	5.1%	-1.8%	9.7%	3.9%	2.3%	5.6%	1.9%	5.1%	6.9%	8.1%
S&P 500	11.0%	9.5%	3.8%	3.9%	5.9%	10.0%	5.3%	7.0%	8.6%	8.6%
	✓	✓	✓	✓	✓	✓	✓	✓		

$$\text{VALUE CREATION} = \text{BOOK VALUE INCREASE PER SHARE} + \text{CASH DIVIDEND YIELD}$$

Data as of 30/10/2020



## 5. GENERAL INFORMATION

---

<b>Inception Date</b>	31/05/1994
<b>AUM</b>	EUR 127 Mn.
<b>CNMV nº of Registration</b>	2467
<b>Liquidity</b>	Daily
<b>Fees</b>	Management fee 1.40% annual Depository fee 0.125% annual
<b>Asset Manager</b>	Augustus Capital AM
<b>Custodian</b>	Banco de Sabadell
<b>Auditor</b>	Deloitte
<b>Currency</b>	EUR
<b>ISIN Code</b>	ES0158457038
<b>Bloomberg Ticker</b>	LIE SM Equity

Data as of 30/10/2020



## 6. TEAM



**Juan Uguet de Resayre,  
FOUNDER & PORTFOLIO  
MANAGER**

Juan began his career at Beta Capital Fortis where he worked for 8 years. He was Head of the Analysis Team before being appointed CIO in 1998. From 2000 – 2007, he worked as CIO at Ibercaja Gestión, managing over EUR9.500MM AUM. Later, he joined BBVA & Partners, where he became Partner in 2007. During this period, Juan managed Augustus Equity Fund and Augustus Neutral Plus, Total Return. Juan holds a bachelor's degree in Economics and Business Administration by the University of Zaragoza (Spain) and was awarded with an MBA Degree by the University of San Francisco (California).



**Francisco Tajada, FUND  
MANAGER**

Before joining Augustus Capital AM, Francisco has been Partner at Preon Capital in Geneva, Switzerland. Preon is Jari Ovaskainen's single family office, awarded by the European Business Angels Network as the business angel of the year in 2014. Preon Capital also advises in liquid assets investments.

From 2011 to 2014, Francisco was Partner at ONEtoONE Corporate Finance, working in Investment Banking and M&A roles. From 2008 to 2011, he worked as buy-side analyst for Strategic Investment Advisors in Geneva. Previously, Francisco worked as Business Manager in Adidas Spain and as independent Strategic Consultant and Financial Advisor.

Francisco holds an MSc degree in Mechanical Engineering by the University of Zaragoza and an MBA by IESE in Barcelona.



**Daniel Porte, ANALYST**

Prior to joining Augustus Capital AM, Daniel began his career as junior analyst at GAR Investment Advisors EAFI where he worked for 1 year.

Daniel holds a bachelor's degree in Economics and Business Administration from CEU Abad Oliba University of Barcelona.



**Maria Elena Morales,  
BUSINESS DEVELOPMENT**

In 2002, Maria Elena began her career in the auditing industry working for KPMG (USA) and Deloitte (Mexico). In 2008, she moved to the finance industry, working as Data Analyst for Bloomberg (Mexico) and later in 2010 as Relationship Manager for HSBC Private Banking. Before joining Augustus Capital AM, Maria Elena was part of the Wells Fargo Advisors' team (USA).

Maria Elena holds a Bachelor's degree in Accounting and Finance by ITESM (Mexico) and a Master's degree in Finance & Banking by Universidad de Alcala de Henares (Spain).