

AURIS - Sélection Défensive Class I EUR

FIXED INCOME FUND

REPORT
DECEMBER 2018

UCITS BONDS AND OTHERS MONEY MARKET INSTRUMENTS

ISIN Code	LU1599120356
Bloomberg	AURSLD1 LX
Launch Date	01/10/2015
Minimum investment	1 share
Subscriptions / Redemptions	Daily Cut off, 12.00 am Luxembourg Time
Euro Diversified Bonds (R Class rating)	Quantalys ★★★★★
Euro Conservative Allocation (R Class rating)	MORNINGSTAR ★★★★★
Reference Index	EONIA capitalised + 200 bp since 01/10/2015
Subscription Fees	2.0% (maximum sales commission)
Management Fees (max)	0.70% (tx. incl.) + 15.00% (tx. incl.) of the outperformance above the Reference Index (if performance > 0)
Redemption fees	None
Sources	Bloomberg
Fund Manager	Stéphane Chossat Alexandre Hezez
Custodian	CACEIS Bank Luxembourg
Statutory auditor	Deloitte & Associés
Legal status	UCITS IV - SICAV
Countries of distribution	France, Switzerland, Luxembourg, Spain
NAV / Assets	€10,621.55 / €100M
Nb of holdings	Bonds : 50 Equities : 14
Net exposure	Bonds : 90.70% Equities : 7.83%

OBJECTIVES

- The objective of the fund is to outperform its reference Index Eonia +200bp over a period exceeding 3 years keeping a limited level of risk (measured by the 3 years volatility).

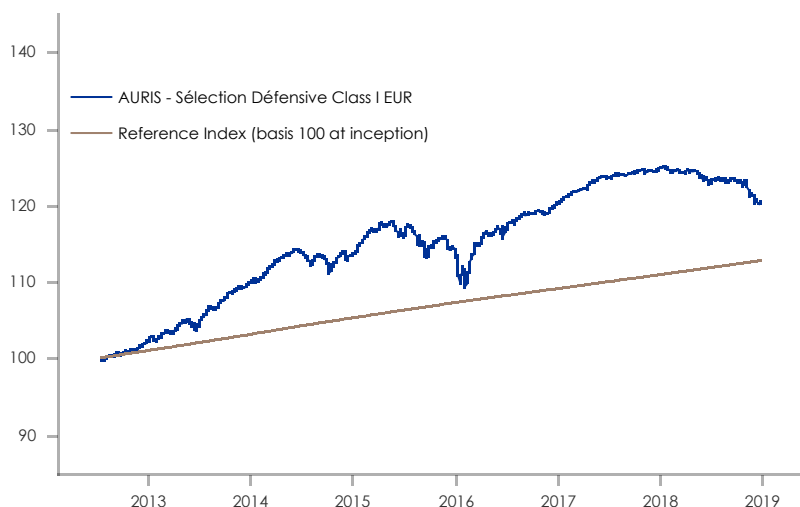
PERFORMANCES

Monthly

YTD

The presented performances are compared with the fund's current benchmark

AURIS - Sélection Défensive Class I EUR	-0.64%	-3.36%
Reference Index	0.14%	1.69%



	Cumulative performance (%)				Annualized performance (%)		
	1 year	3 years	5 years	Since inception	3 years	5 years	Since inception
AURIS - Sélection Défensive Class I EUR	-3.36%	5.14%	9.72%	20.41%	1.68%	1.87%	2.92%
Reference index	1.69%	5.14%	9.38%	12.71%	1.68%	1.81%	1.87%

The presented performances are compared with the fund's current benchmark

KEY FIGURES / RISK

	AURIS - Sélection Défensive	Reference index
Volatility 3 years	2.74%	0.01%
Sharpe Ratio	0.85	

INTEREST RATE RISK OF THE FUND

	AURIS - Sélection Défensive
Average Maturity	2.01
Duration*	1.45
Sensitivity	1.38
Yield to Maturity	3.54%
Average rating	BB+

* Excluding Floating Rates Non Dated Bonds

The fund is exposed to the following risks : risk of capital loss, discretionary management risk, interest rate risk, credit risk, convertible bonds-related risk, market shares, risk related to equity investments small cap. For the investors residing outside the Eurozone, the return may increase or decrease as a result of currency fluctuations.

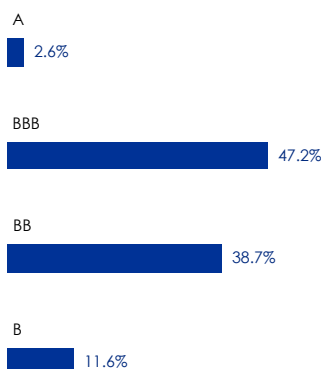
Risk & reward profile 1 2 3 4 5 6 7

HISTORICAL PERFORMANCE % (NET OF FEES)

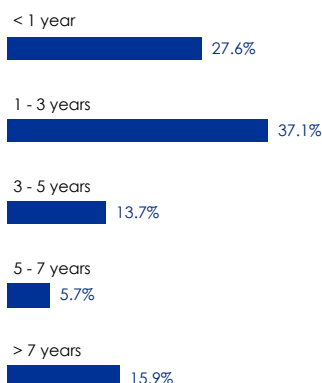
		jan.	feb.	mar.	apr.	may	june	july	aug.	sept.	oct.	nov.	dec.	Annual/YTD
2012	Funds							-0.24%	0.48%	0.19%	0.46%	0.40%	0.60%	1.91%
	Reference index							0.65%	1.28%	1.09%	1.10%	1.86%	0.94%	7.12%
2013	Funds	0.31%	0.96%	0.08%	1.03%	0.57%	-0.68%	1.56%	0.52%	0.92%	1.14%	0.61%	0.42%	7.68%
	Reference index	0.04%	0.19%	0.57%	2.87%	-0.47%	-2.08%	1.67%	-0.67%	1.50%	1.79%	0.28%	-0.53%	5.16%
2014	Funds	0.25%	1.07%	0.94%	0.79%	0.53%	0.15%	-0.73%	0.20%	-0.35%	-0.42%	1.03%	-0.19%	3.30%
	Reference index	1.52%	1.48%	0.85%	1.18%	0.98%	0.77%	0.15%	2.07%	0.32%	-0.41%	1.76%	0.48%	11.69%
2015	Funds	1.19%	1.47%	0.21%	0.56%	0.27%	-1.40%	1.18%	-1.18%	-2.27%	1.55%	0.73%	-1.20%	1.02%
	Reference index	2.97%	1.84%	1.47%	-1.17%	-1.17%	-2.76%	2.85%	-2.12%	0.59%	0.15%	0.16%	0.15%	2.80%
2016	Funds	-2.46%	0.32%	2.63%	1.09%	0.36%	-0.24%	1.30%	0.71%	0.01%	0.41%	-0.28%	0.90%	4.76%
	Reference index	0.14%	0.15%	0.14%	0.13%	0.14%	0.14%	0.13%	0.15%	0.14%	0.14%	0.13%	0.13%	1.68%
2017	Funds	0.73%	0.66%	0.24%	0.63%	0.60%	0.07%	0.27%	-0.04%	0.19%	0.35%	-0.09%	0.18%	3.86%
	Reference index	0.14%	0.13%	0.14%	0.13%	0.15%	0.13%	0.14%	0.14%	0.13%	0.14%	0.14%	0.13%	1.65%
2018	Funds	0.17%	-0.26%	-0.20%	0.13%	-0.60%	-0.61%	0.49%	-0.44%	0.29%	-0.49%	-1.25%	-0.64%	-3.36%
	Reference index	0.15%	0.13%	0.13%	0.14%	0.14%	0.13%	0.14%	0.14%	0.13%	0.15%	0.14%	0.14%	1.67%

Since 01/10/2015, the reference Index changed to EONIA + 200 bp. Since 02/11/2015, the strategy and the risk profile of the fund changed.

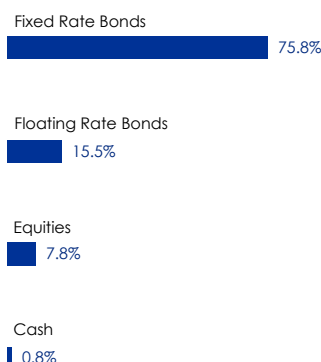
RATING BREAKDOWN



MATURITY BREAKDOWN



TYPE OF ASSETS BREAKDOWN



TOP HOLDINGS

ORANGE 4,25% PERP
GROUPAMA 7,875% PERP
COFINOGA TV PERP
NATIXIS TV PERP
ARKEMA 4,75% PERP

MANAGER'S COMMENTARY

In the last month of the year, the market continued its major correction initiated in the last quarter. Thus, some indices saw their worst month or even their worst year since 2011 or even 2009. This sharp decline is explained by fears of a global economic growth slowdown due to the continuing strong trade tensions between the United States and China, as well as persistent signs of slowdown in China's economic growth. In addition, investors cannot rely on the support from the main central banks for now. Indeed, in line with expectations, the FED increased its interest rates again and indicated that it wants to maintain the path of its monetary policy tightening, and the ECB will end its asset purchase programme from the first of January 2019.

Oil price continued to decline in December (\$54 for the Brent, i.e. -8% and -19% in 2018), due to an abundant supply and worries about a lower demand in the event of a global economic slowdown.

European government bonds played the role of safe haven, with a stability of the French interest rates (10-year OAT at 0.71%) due to the upward revision of the public deficit for 2019 (impact of measures taken following the "yellow vest" movement) while German interest rates fell (Bund at 0.24% against 0.31%). Note the decrease in Italian 10-year rates to 2.74% (against 3.21%) thanks to an agreement with the European Commission on the 2019 budget.

European stock markets fell sharply over the month (EuroStoxx: -5.9%) and over the year (EuroStoxx: -14.8%).

The credit market has also suffered particularly from this maelstrom (Itraxx index went from 81 to 87bps) amplified by outflows and some technical phenomena of the end of the year (book cuts of some counterparties).

In this difficult environment, the fund Auris Sélection Défensive lost -0.64% in December and -3.36% in 2018. This is the first calendar year with a negative performance since the fund's creation in 2012. This is mainly due to the bad performance of some positions (Vallourec 2022, Casino 4.87% perp, Tereos, Cofinoga perp).

Historically, such corrections (essentially reflecting an increase in risk premiums on bonds) on a fund managed in this way have been recovered within the next twelve to fifteen months.

We took advantage of the current market conditions to invest in new bonds (Credit Agricole 6.5% perp ATL, Engie 4.75% Perp).

The equity exposure has been increased to 7.9% of the portfolio (new investment in Michelin and Saint Gobain, strengthening in BNP Paribas and Lagardère). Thus, the cash is at a historically low level (less than 1% of asset).

The yield to maturity of the bond portfolio reaches now 3.5%, for a still low sensitivity (at 1.4). The weighted average rating (BB+) remains one notch lower than the Investment Grade classification.

The current environment, even if it can suffer in the short term from high volatility, appears particularly attractive from a medium-term horizon.

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