

# AURIS - Sélection Défensive Class R EUR

FIXED INCOME FUND

REPORT  
NOVEMBER 2018

## UCITS BONDS AND OTHERS MONEY MARKET INSTRUMENTS

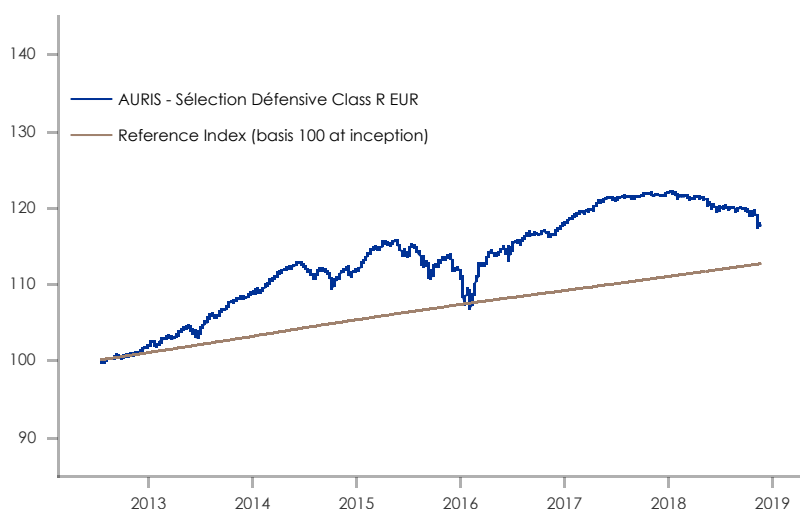
ISIN Code	LU1599120273
Bloomberg	AURSEDR LX
Launch Date	20/07/2012
Minimum investment	1 share
Subscriptions / Redemptions	Daily Cut off, 12.00 am Luxembourg Time
Euro Diversified Bonds (R Class rating)	<b>Quantalys</b> ★★★★★
Euro Conservative Allocation (R Class rating)	<b>MORNINGSTAR</b> ★★★★★
Reference Index	EONIA capitalised + 200 bp since 01/10/2015
Subscription Fees	2.0% (maximum sales commission)
Management Fees (max)	1.40% (tx. incl.)
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	€117.53 / €109M
Nb of holdings	Bonds : 49 Equities : 12
Net exposure	Bonds : 86.90% Equities : 5.61%

## 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 R EUR	-1.30%	-3.40%
Reference Index	0.14%	1.55%



	Cumulative performance (%)				Annualized performance (%)		
	1 year	3 years	5 years	Since inception	3 years	5 years	Since inception
AURIS - Sélection Défensive Class R EUR	-3.29%	3.36%	8.53%	17.53%	1.11%	1.65%	2.57%
Reference index	1.68%	5.15%	9.43%	12.55%	1.69%	1.82%	1.87%

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

## KEY FIGURES / RISK

	AURIS - Sélection Défensive	Reference index
Volatility 3 years	2.91%	0.01%
Sharpe Ratio	0.61	

## INTEREST RATE RISK OF THE FUND

	AURIS - Sélection Défensive
Average Maturity	2.03
Duration*	1.45
Sensitivity	1.30
Yield to Maturity	3.18%
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

# AURIS - Sélection Défensive Class R EUR

FIXED INCOME FUND

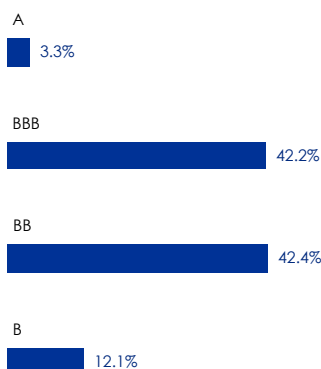
AURIS  
INVESTMENT MANAGERS

## HISTORICAL PERFORMANCE % (NET OF FEES)

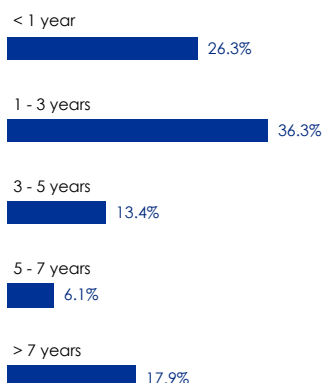
		jan.	feb.	mar.	apr.	may	june	july	aug.	sept.	oct.	nov.	dec.	Annual/YTD
2012	Funds							-0.26%	0.42%	0.14%	0.40%	0.35%	0.54%	1.60%
	Reference index							0.65%	1.28%	1.09%	1.10%	1.86%	0.94%	7.12%
2013	Funds	0.26%	0.90%	0.03%	0.97%	0.52%	-0.74%	1.51%	0.46%	0.86%	1.08%	0.57%	0.36%	6.97%
	Reference index	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	0.19%	1.02%	0.88%	0.74%	0.47%	0.10%	-0.78%	0.14%	-0.41%	-0.48%	0.98%	-0.25%	2.61%
	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	1.13%	1.42%	0.15%	0.51%	0.23%	-1.46%	1.13%	-1.23%	-2.32%	1.73%	0.77%	-1.50%	0.44%
	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	-2.52%	0.26%	2.88%	1.20%	0.34%	-0.38%	1.46%	0.74%	-0.07%	0.40%	-0.40%	0.97%	4.89%
	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	0.78%	0.70%	0.19%	0.67%	0.61%	0.01%	0.23%	-0.12%	0.14%	0.34%	-0.16%	0.12%	3.56%
	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	0.10%	-0.32%	-0.26%	0.06%	-0.66%	-0.67%	0.43%	-0.50%	0.24%	-0.56%	-1.30%		-3.40%
	Reference index	0.15%	0.13%	0.13%	0.14%	0.14%	0.13%	0.14%	0.14%	0.13%	0.15%	0.14%		1.53%

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.

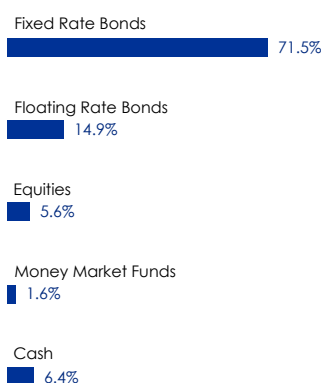
## RATING BREAKDOWN



## MATURITY BREAKDOWN



## TYPE OF ASSETS BREAKDOWN



## TOP HOLDINGS

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

## MANAGER'S COMMENTARY

In November, there was no relief in financial markets which have continued to decline. Indeed, trade tensions between the United States and China remain strong with the consequences that this could have on global economic growth. In addition, the pace of Chinese economic growth remains a subject of concern. In Europe, the political risk remains high because of uncertainties about the implementation of the Brexit and the tense relation between Italy and the European Commission. This lack of visibility on the global economic growth, combined with an excess of supply in the oil market, caused a sharp correction (-22% in November) of the price of the barrel to a lower of two years (\$59 for the Brent). Central banks (both the Fed and the ECB) reiterate their willingness to normalise their monetary policies in a gradual manner.

Concerns about the economic growth robustness and increased caution towards riskiest assets caused a fall in sovereign bonds rates (10-year OAT and Bund -7bps at 0.68% and 0.31% respectively), Italy taking advantage of hopes about an agreement on its budget plan (the 10-year rate lost 21bps to 3.21%). The 10-year treasury yield decreased as well (-14bps) to 2.99%.

European equity markets decline again (EuroStoxx index: -1.2%).

The credit market (notably its high yield components or subordinated debts) suffered particularly (Itraxx index went from 74 to 81pbs) of this environment with risk aversion accentuated by a significant reduction in liquidity (book cuts of some counterparties as the year-end approaches).

### The fund Auris Sélection Défensive lost 1.31% in November.

In particular, it was impacted by the sharp drop of Valloirec 2022 (-20%) after the publication of the third quarter results (high cash consumption reviving fears about its financial situation). The position was kept after re-studying the lines of credit available and other possible measures in case of necessity (capital increase, disposal of assets).

The weakness of the credit market has been the opportunity to use some of the cash to strengthen some holdings or invest in new securities among corporate hybrids (Solvay call 2019, Arkema call 2020), subordinated financial debts (BBVA 7% call 2019, Credit Agricole call 2019), or high yield bonds (Wienerberger 2020, Smurfit Kappa 2020). However, the position in Aryzta Perp was sold after its bounce back.

The yield to maturity of the bond portfolio is now 3.2%, for a still low sensitivity (at 1.3). The weighted average rating (BB+) remains one notch lower than the Investment Grade classification.

Equity exposure increased to 5.6% of the asset (new position in Faurecia and Manutan).

In the current environment, where liquidity is reduced and some corrections exaggerated, the fund will seek to take advantage of opportunities by continuing to be selective. For a medium-term horizon, the current situation, although difficult due to volatility, offers attractive revaluation potentials while maintaining a reduced sensitivity.

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