

AURIS - Sélection Défensive Class R EUR

FIXED INCOME FUND

REPORT
OCTOBER 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)	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)	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	€119.08 / €112M
Nb of holdings	Bonds : 48 Equities : 10
Net exposure	Bonds : 81.90% Equities : 4.41%

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).

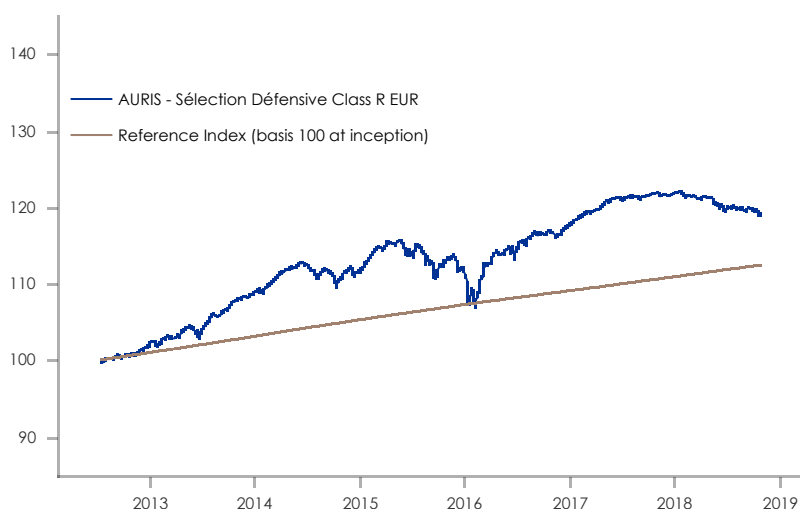
PERFORMANCES

Monthly

YTD

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

AURIS - Sélection Défensive Class R EUR	-0.56%	-2.13%
Reference Index	0.15%	1.39%



	Cumulative performance (%)				Annualized performance (%)		
	1 year	3 years	5 years	Since inception	3 years	5 years	Since inception
AURIS - Sélection Défensive Class R EUR	-2.17%	5.53%	10.59%	19.08%	1.81%	2.03%	2.82%
Reference index	1.68%	5.17%	9.46%	12.39%	1.69%	1.82%	1.88%

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

KEY FIGURES / RISK

	AURIS - Sélection Défensive	Reference index
Volatility 3 years	2.87%	0.01%
Sharpe Ratio	0.66	

INTEREST RATE RISK OF THE FUND

	AURIS - Sélection Défensive
Average Maturity	2.32
Duration*	1.62
Sensitivity	1.41
Yield to Maturity	2.82%
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

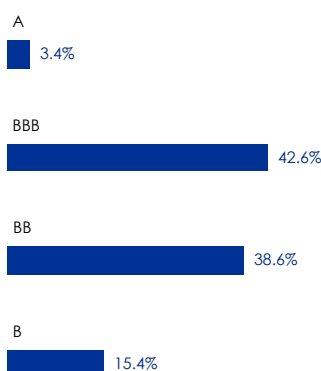
AURIS
INVESTMENT MANAGERS

HISTORICAL PERFORMANCE % (NET OF FEES)

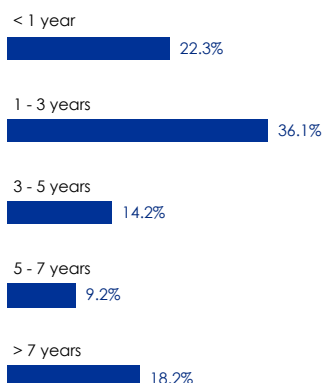
		jan.	feb.	mar.	apr.	may	june	july	aug.	sept.	oct.	nov.	dec.	Annual/YTD
2012	Funds							-0.26%	0.42%	0.14%	0.40%	0.35%	0.54%	1.60%
	Reference index							0.65%	1.28%	1.09%	1.10%	1.86%	0.94%	7.12%
2013	Funds	0.26%	0.90%	0.03%	0.97%	0.52%	-0.74%	1.51%	0.46%	0.86%	1.08%	0.57%	0.36%	6.97%
	Reference index	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%			-2.13%
	Reference index	0.15%	0.13%	0.13%	0.14%	0.14%	0.13%	0.14%	0.14%	0.13%	0.15%			1.39%

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.

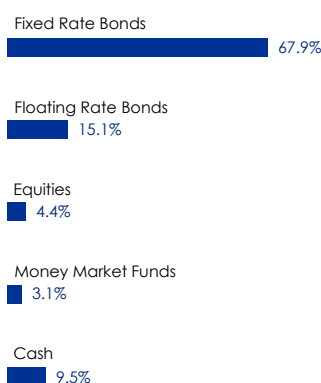
RATING BREAKDOWN



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 October, financial markets saw a sharp correction, particularly among stock markets. Indeed, even if American growth is robust and creates jobs, investors are concerned about the consequences of trade tensions between the United States and China (materialized by the introduction of tariffs) which could have an impact on companies' profitability and global growth, as well as on the Chinese economy which shows signs of slowdown. In Europe, the situation in Italy is still uncertain, while the European Commission has rejected its budget plan. In addition, third-quarter results have sometimes been severely sanctioned, either because they were not strong enough to justify levels of valorisation or because of profit warnings, and this, in a variety of sectors. Oil price corrected as well (-9% this month for the Brent at \$75) after having reached its higher level in four years in September.

European government bonds yields have reflected this clear rise in risk aversion with a decrease in the strongest countries (10-year OAT -5bps to 0.75% and Bund -8bps to 0.39%), while Italian rates rose sharply at their highest of six months at 3.43%. The US rates increased as well (due to the expectation of the tightening of the monetary policy), to a higher from 2011 to 3.14%.

The fall in European equities was sharp (EuroStoxx index: -6.7%).

The credit market suffered also from this environment (the Itraxx index increased from 69 to 74bps), particularly on its risky components (high yield and financial subordinated debts).

The fund Auris Sélection Défensive lost 0.56% in October, mainly due to the fall of some bonds and to a lesser extent of its equity component.

During the month, the exchangeable bond Rallye/Casino was redeemed (exercise of the put 2018). A new position was initiated in Rallye 2019 after obtaining a new credit line in September, so as to secure its redemption.

The other important movements were the investment in Banque Postale 2020, the strengthening of Dufry 2023 and the cut in Picard TV 2023.

The yield to maturity of the bond portfolio is 2.8% (2.4% excluding the perpetual bonds Aryzta and Casino), for a still low sensitivity (at 1.41). The weighted average rating (BB+) remains one notch lower than the Investment Grade classification.

Equity exposure increased slightly to 4.4% of the asset (new position in BNP Paribas).

In the current environment, the fund maintains its conservative positioning in terms of duration. The fund continues to focus on high yield bonds with short maturities (and usually with a high coupon) and corporate hybrids with close early redemption dates. The yield to maturity of the portfolio offers an attractive carry for a limited duration, and the revaluation of some bonds (Aryzta, Casino), so far costly for the fund, remains possible.

DISCLAIMER. This document is established by Auris Gestion, an asset management company incorporated in Paris under French law. It contains information, opinions and data which Auris Gestion believes to be pertinent and accurate as of the date of their production and taking into account the economic, financial and market environment. It is produced for the sole purpose of information and should not be considered as an offer for sale or a recommendation.

It does not constitute a convention or a commitment of whatsoever nature. This document is furnished without our knowledge of your risk profile, which shall be established upon a test of adequacy prior to any contractual commitment. Prior to any investment decision you should: (i) read carefully the Key Investor Information Document or the Prospectus established under the control of the supervisory authority (Autorité des Marchés Financiers « AMF ») and available upon request to Auris Gestion or any other distributors of the fund, (ii) enquire about the detailed rules of the fund, including its last available periodical disclosures established by the asset management company, Auris Gestion, (iii) consult your own legal and tax advisors to validate the suitability of a subscription in the fund with your own financial situation and objectives.

Taking into account economic and market's risks Auris Gestion cannot guarantee any objective of performance. The value of your investment can as well go up or down and past performances are not an indicator of future performances.

AURIS INVESTMENT MANAGERS is a trade name for the fund management activity of AURIS GESTION.

Additional Information for Switzerland : The prospectus and the Key Investor Information Documents for Switzerland, the fund contract, the annual and semi-annual report, in French, and further information can be obtained free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, CH-1204 Geneva, Switzerland, web: www.carnegie-fund-services.ch. The Swiss paying agent is: Banque Cantonale de Genève, 17, quai de l'Île, CH-1204 Geneva. The last unit prices can be found on www.fundinfo.com. For the units of the Funds distributed to non-qualified investors in and from Switzerland and for the units of the Funds distributed to qualified investors in Switzerland, the place of performance is Geneva.