

AURIS - Sélection Défensive Class R CHF Hedged

FIXED INCOME FUND

REPORT
OCTOBER 2017

UCITS BONDS AND OTHERS MONEY MARKET INSTRUMENTS

| | |
|---|---|
| ISIN Code | LU1599120430 |
| Bloomberg | ASDCHFR LX |
| Launch Date | 07/02/2017 |
| 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% max (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 | CHF102.38 / €120M |
| Nb of holdings | Bonds : 51 Equities : 9 |
| Net exposure | Bonds : 79.67% Equities : 2.88% |

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

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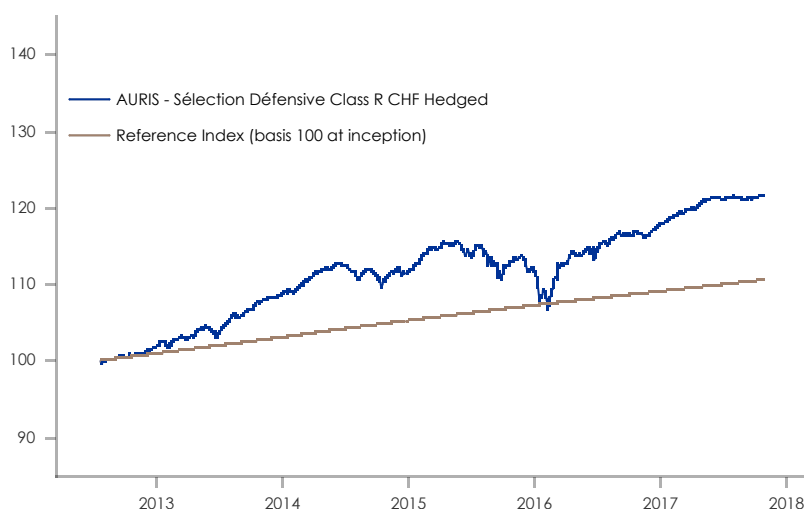
0.27%

3.37%

Reference Index

0.14%

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 CHF Hedged | 3.96% | 9.69% | 20.61% | 21.45% | 3.13% | 3.82% | 3.75% |
| Reference index | 1.67% | 5.41% | 9.88% | 10.53% | 1.77% | 1.90% | 1.91% |

KEY FIGURES / RISK

| | AURIS - Sélection Défensive | Indicateur de référence |
|--------------------|-----------------------------|-------------------------|
| Volatility 3 years | 3.25% | 0.01% |
| Sharpe Ratio | | |

INTEREST RATE RISK OF THE FUND

| | AURIS - Sélection Défensive |
|-------------------|-----------------------------|
| Average Maturity | 2.45 |
| Duration* | 2.08 |
| Sensitivity | 1.55 |
| Yield to Maturity | 1.89% |
| 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

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FIXED INCOME FUND

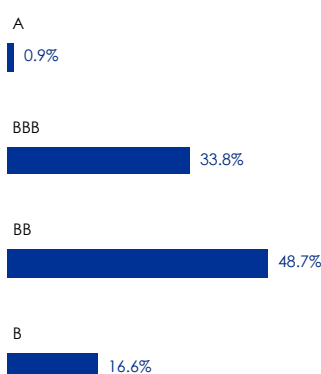
AURIS
INVESTMENT MANAGERS

HISTORICAL PERFORMANCE % (NET OF FEES)

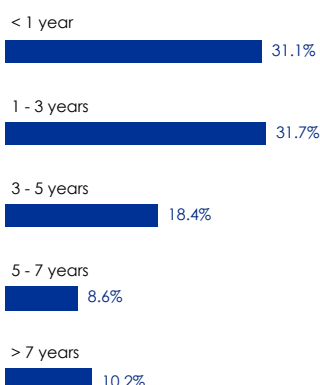
| | | jan. | feb. | mar. | apr. | may | june | july | aug. | sept. | oct. | nov. | dec. | Annual/YTD |
|------|-----------------|--------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|
| 2012 | Funds | | | | | | | -0.26% | 0.42% | 0.14% | 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% | 0.68% | 0.43% | 0.61% | 0.57% | -0.06% | 0.17% | -0.19% | 0.06% | 0.27% | | | 3.37% |
| | Reference index | 0.14% | 0.13% | 0.14% | 0.13% | 0.15% | 0.13% | 0.14% | 0.14% | 0.13% | 0.14% | | | 1.38% |

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.

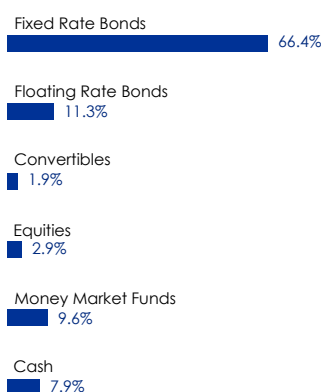
RATING BREAKDOWN



MATURITY BREAKDOWN



TYPE OF ASSETS BREAKDOWN



TOP HOLDINGS

GROUPAMA 7,875% PERP
ENGIE 3,875% PERP
TELEFONICA 6,5% PERP
AXA TV PERP
ENCE 5,375% 2022

MANAGER'S COMMENTARY

Economic statistics published last month reassured investors. Indicators show an acceleration in economic recovery in Europe and a stabilisation of growth at high levels in the USA and in China. For now, central banks' monetary policies remain quite accommodative. The ECB gave more details about its Asset Purchase Programme: the pace of monthly purchases will be cut from 2018 but the ECB specified that it could further extend the asset buying programme, increase its size, or both if the outlook for inflation in the eurozone deteriorated. This announcement led to a fall in sovereign bond yields in the euro zone (10-year OAT at 0,76% and Bund at 0,36%) which stay at historical low levels. Oil price (brent) gained 7% in the month to reach 61\$ per barrel in the anticipation of the prolongation of the OPEP agreement to reduce oil production. European companies' third quarter results were broadly good but had already been anticipated.

Credit market benefited from investors' risk appetite who were looking for yield following the ECB announcement (the Itraxx index went from 57 to 50 bps). European stock market also benefitted from this environment (Eurostoxx +2,3%). The fund Auris Sélection Défensive gained 0.27% in October thanks to the good performance of the high yield and corporate hybrid bonds in the portfolio.

The fund has maintained its conservative positioning in terms of duration and continues to prefer short maturities (especially in high yield) or specific securities (floating rate bonds, perpetual financials, hybrids).

During the month, the fund proceeded to some adjustments on the high yield segment and was active on Vallourec 2024 and on the newly issued 2022 bonds. Other high yield bonds whose yield appears now too low have been sold (Eramet 2024, Neopost 2021). Cash level is still high (18% of assets).

The fund has a yield to maturity of 1.9% for a sensitivity which has stayed low at 1.6. The weighted average rating is still BB+, one-step below the Investment Grade category.

Equity exposure has been reduced to less than 3% of the portfolio (sale of the holdings in Dassault Aviation and Seb).

In the current environment (low interest rates and yield spreads in the credit market), the fund keeps a cautious investment policy with more than 40% of the portfolio (including liquidity) which has a maturity inferior to 1 year.

This wait-and-see approach, combined with bond picking and an active management of the positions in the portfolio should allow to deliver a steady performance while minimizing the risk.

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