


Auris Investment Fund

Auris Institutional Evolution Europe Fund Unit I

REPORT
OCTOBER 2018

EUROPEAN EQUITIES MULTICAPS

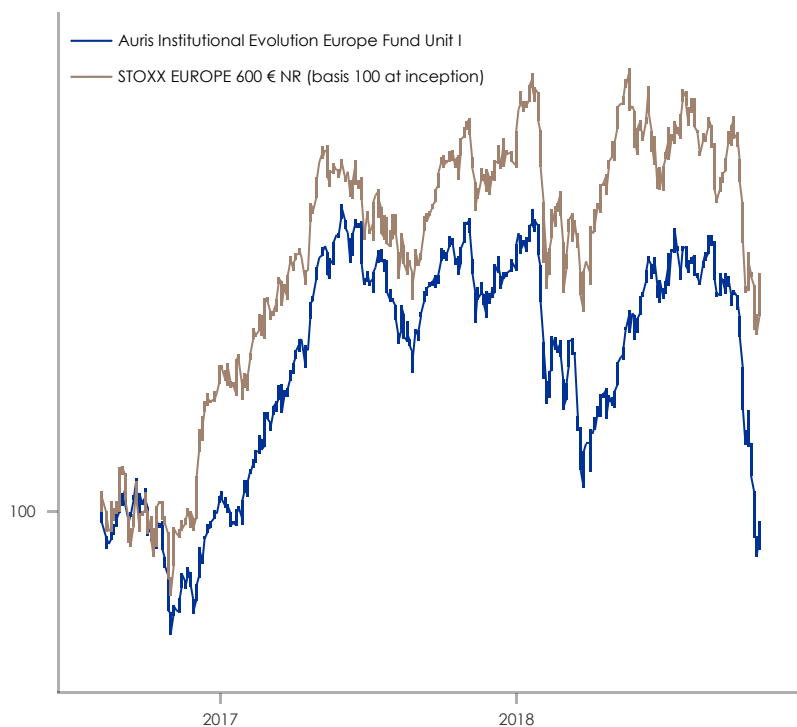
UCITS EUROPEAN UNION EQUITIES

ISIN Code	FR0013157344
Bloomberg	AIEEIEU FP
Launch Date	10/08/2016
Minimum investment	10M€
Subscriptions / Redemptions	Daily Cut off, 11.00 am Paris Time
Pierre Fournier : 3 years : 329th / 424 5 years : 63th / 375	
Reference Index	DJ STOXX 600 € NRt (dividends reinvested)
Subscription Fees	5% (maximum sales commission)
Management Fees (max)	1.25% (tx. incl.) + 20.00% (tx. incl.) of the outperformance above the DJ STOXX EUROPE 600 NRt (if performance > 0)
Redemption fees	None
Sources	Internals
Fund managers	Pierre Fournier Daniel Fighiera
Custodian	CIC
Statutory auditor	Deloitte & Associés
Legal status	UCITS
Domicile	France
Countries of distribution	France
NAV / Assets	€99,447.23 / €21M
Mean/Median capitalization	€18 328M / €5 871M
Nb of holdings	43
Net equity exposure	94.41%

OBJECTIVES

- The fund's investment universe is the European Community's equities.
- The objective is to outperform its reference index over a period exceeding 5 years, with volatility below its index and a source of alpha derived primarily from stock picking.

PERFORMANCES	Monthly	YTD
Auris Institutional Evolution Europe Fund Unit I	-10.06%	-11.26%
Reference Index	-5.53%	-4.68%



	Cumulative performance (%)				Annualized performance (%)		
	1 year	3 years	5 years	Since Inception	3 years	5 years	Since Inception
Auris Institutional Evolution Europe Fund Unit I	-12.65%	NA	NA	-0.55%	NA	NA	-0.25%
Reference Index	-5.93%	NA	NA	11.43%	NA	NA	4.98%

KEY FIGURES / PERFORMANCE INDICATORS

	Auris Institutional Evolution Europe Fund	Reference index
Volatility 3 years	10.45%	11.24%
Nb positive months	15	15
Nb negative months	12	12
Max. monthly gain	4.39%	5.75%
Max. monthly loss	-10.06%	-5.53%
Average weekly perf. (with positive index)	0.73%	1.06%
Average weekly perf. (with negative index)	-0.89%	-1.10%

The fund is exposed to the following risks : risk of capital loss, equity risk, liquidity risk, risk linked to investing in equities in emerging markets, interest rate risk, credit risk, risks related to the use of speculative (high-yield) securities, exchange rate risk, counterparty risk, risk associated with the use of derivatives and risk associated with the subordination of certain debt securities.

For the investors residing outside the Eurozone, the return may increase or decrease as a result of currency fluctuations.

Risk and reward profile **1 2 3 4 5 6 7**

Auris Institutional Evolution Europe Fund Unit I

AURIS
INVESTMENT MANAGERS

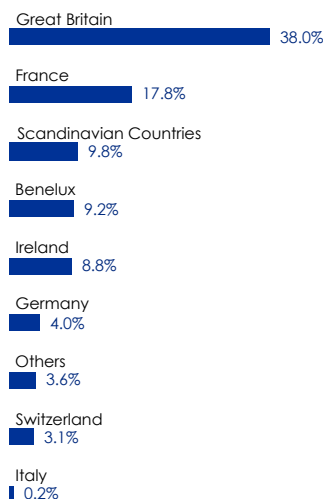
EUROPEAN EQUITIES MULTICAPS

HISTORICAL PERFORMANCE % (NET OF FEES)

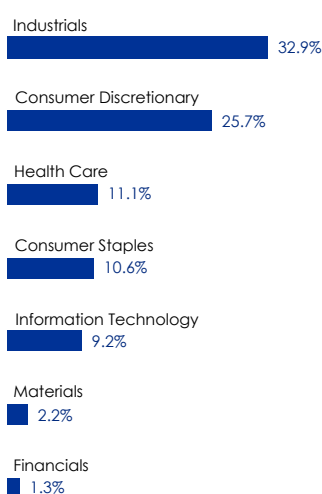
	jan.	feb.	mar.	apr.	may	june	july	aug.	sept.	oct.	nov.	dec.	Annual/YTD
2016 Fund								-0.33%	0.80%	-3.51%	-0.55%	3.63%	-0.09%
Reference index								0.06%	-0.11%	-1.03%	1.05%	5.75%	5.71%
2017 Fund	-0.53%	4.39%	2.90%	3.30%	2.79%	-1.91%	-0.90%	-1.44%	2.51%	2.27%	-2.99%	1.47%	12.17%
Reference index	-0.31%	3.05%	3.32%	1.98%	1.45%	-2.53%	-0.35%	-0.79%	3.90%	1.91%	-2.02%	0.72%	10.58%
2018 Fund	0.33%	-4.40%	-3.93%	1.87%	3.33%	2.20%	1.17%	0.42%	-2.02%	-10.06%			-11.26%
Reference index	1.66%	-3.81%	-1.99%	4.49%	0.13%	-0.63%	3.14%	-2.14%	0.32%	-5.53%			-4.68%

*Reference index STOXX EUROPE 600 € NR

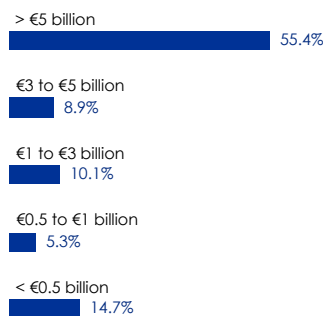
COUNTRY BREAKDOWN



INDUSTRY BREAKDOWN



BREAKDOWN BY MARKET CAPITALIZATION



TOP HOLDINGS

GVC HLDGS
SCHIBSTED B
RYANAIR HOLDINGS
MICRO FOCUS INTERNATIONAL
KONINKLIJKE PHILIPS NV

RISK INDICATORS (3 YEARS)

Sharpe Ratio -0.09
Beta 0.79

MANAGER'S COMMENTARY

Auris Institutional Evolution Europe ended October lower in a bear market that fell victim to macroeconomic concerns. In that irrational market, the fund underperformed its benchmark index, despite market conditions that are usually beneficial to the defensive nature of our investments.

Sectoral performances did not favour Evolution Europe, since the most resilient sectors were utilities and telecoms, which the fund is absent from, whereas service companies, which we are highly invested in, trailed the pack at -9.26%.

There are other reasons for this underperformance, however. As convinced investors, a point explained in our previous reports, we have started taking positions in companies that had already been impacted, losing up to 50% of their value in some cases (Tarkett and Maisons du Monde). That said, it is never possible to identify when a stock will bottom out, even when it has very high upside potential. For example we invested in Sopra at €70 when it bought Steria, and it reached €180 this year, but it had begun falling at €50 (i.e. -30%) in the months following the acquisition. We bought into the stock again at between €125 and €150 this year, consequently suffering from the sell-off following the recent profit warning (impact: -85bps). **Tarkett's** share price also fell despite a decent trading update, but we preferred to sell this position because the business environment (prices/raw materials) appeared less supportive. We remain confident in the success of the reinvestments made during the sell-off, some of which are already in positive territory.

Micro Focus International lost 14% after rallying strongly in the previous months, costing the fund around 80bps. Its recent results were slightly ahead of forecasts, and the stock has since rebounded. To illustrate how jittery the markets are, **Philips** lost 16% (impact: -75bps) despite reporting results ahead of forecasts at constant exchange rates, with an investment case that has not changed one iota.

The only real disappointments were **Fresenius SE** and **Fresenius Medical Care**, whose respective results revealed difficulties that appear structural to us, prompting us to divest our stakes in the two companies, with a negative impact on the fund of approximately 50bps.

While the current market environment is prone to anxiety, it represents an opportunity for us since, for the first time in several years, we are able to reinvest in quality and value-creating companies with high upside potential of over 40% in some cases. We therefore buy from "weak hands", who sell for technical reasons (funds outflows) or for lack of understanding of the stocks they hold, while taking a close look at the macroeconomic and liquidity risks. We truly believe that our current investments will pay off handsomely. For illustrative purposes, the fund's upside potential is at a five-year high of over 40%. The fund has clawed back ground relative to its benchmark index in November at the time of writing this investment commentary.

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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.