




AURIS - Evolution Europe Class R (EUR)

EUROPEAN EQUITIES MULTICAPS

REPORT
MARCH 2018

| | |
|--|---|
| ISIN Code | LU1250158919 |
| Bloomberg | EEVREUR LX |
| Launch Date | 15/12/2008 |
| Minimum investment | 1 share |
| Subscriptions / Redemptions | Daily Cut off, 12.00 am Luxembourg Time |
| European equities (R Class) |  |
| European equities Flex caps (5 years) |  |
| Pierre Fournier : 3 years : 105th / 341 5 years : 59th / 269 |  |
| Reference Index | DJ STOXX 600 € NRT (dividends reinvested) |
| Subscription Fees | 2.50% (maximum sales commission) |
| Management Fees (max) | 2.15% (tx. incl.) + 20.00% (tx. incl.) of the outperformance above the DJ STOXX EUROPE 600 NRT (if performance > 0) |
| Redemption fees | None |
| Sources | Bloomberg & Statpro Révolution |
| Fund managers | Pierre Fournier Alexis Arquie |
| Custodian | CACEIS Bank Luxembourg |
| Statutory auditor | Deloitte & Associés |
| Legal status | UCITS IV - SICAV, eligible for the PEA savings plan |
| Domicile | Luxembourg |
| Countries of distribution | France, Switzerland, Luxembourg, Spain |
| NAV / Assets | €297.57 / €158M |
| Mean/Median capitalization | €23,972M / €6,029M |
| Nb of holdings | 40 |
| Net equity exposure | 92.69% |

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.

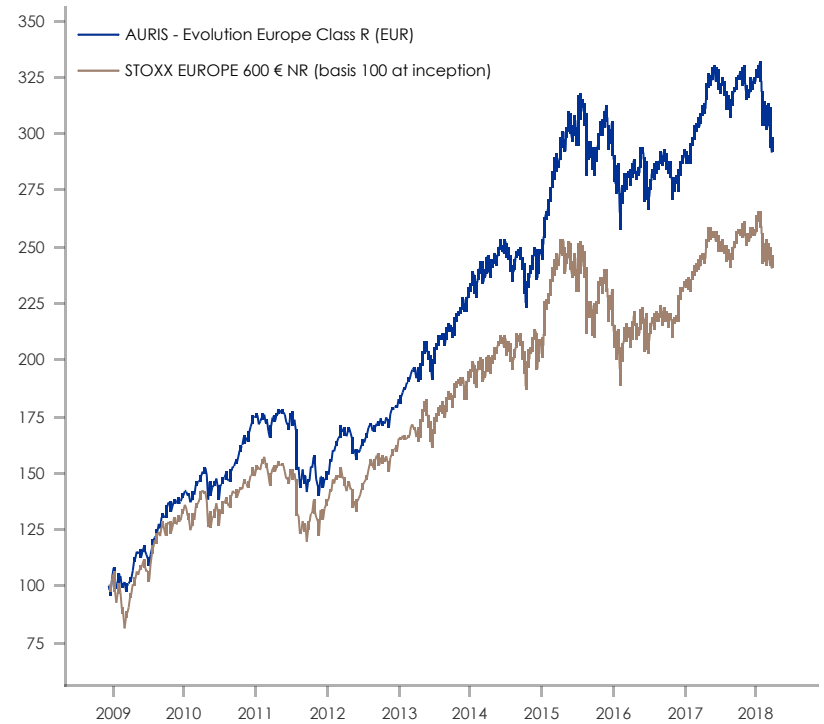
For the investors residing outside the Eurozone, the return may increase or decrease as a result of currency fluctuations.

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

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 - Evolution Europe Class R (EUR) | -3.91% | -8.08% |
| Reference Index | -1.99% | -4.16% |



| | Cumulative performance (%) | | | | Annualized performance (%) | | |
|--|----------------------------|---------|---------|-----------------|----------------------------|---------|-----------------|
| | 1 year | 3 years | 5 years | Since Inception | 3 years | 5 years | Since Inception |
| AURIS - Evolution Europe Class R (EUR) | -3.55% | 4.38% | 52.12% | 197.57% | 1.44% | 8.74% | 12.45% |
| Reference Index | -0.15% | 1.29% | 44.76% | 145.30% | 0.43% | 7.67% | 10.14% |

KEY FIGURES / PERFORMANCE INDICATORS

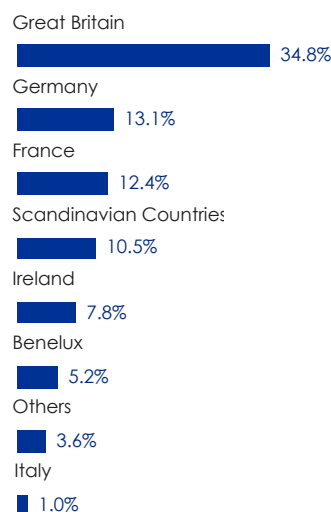
| | AURIS - Evolution Europe | Reference index |
|--|--------------------------|-----------------|
| Volatility 3 years | 12.47% | 15.10% |
| Nb positive months | 75 | 68 |
| Nb negative months | 37 | 44 |
| Max. monthly gain | 10.99% | 13.84% |
| Max. monthly loss | -13.08% | -14.77% |
| Average weekly perf. (with positive index) | 1.29% | 1.68% |
| Average weekly perf. (with negative index) | -1.17% | -1.75% |

HISTORICAL PERFORMANCE % (NET OF FEES)

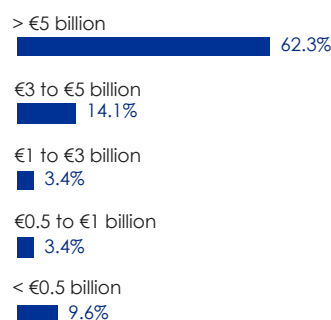
| | | jan. | feb. | mar. | apr. | may | june | july | aug. | sept. | oct. | nov. | dec. | Annual/YTD |
|------|-----------------|--------|--------|--------|--------|--------|--------|--------|---------|--------|--------|---------|--------|------------|
| 2011 | Fund | -1.03% | -0.30% | -0.85% | 3.91% | -0.38% | -1.02% | -3.42% | -13.08% | -0.40% | 7.38% | -10.42% | 4.94% | -15.40% |
| | Reference index | 1.78% | 1.48% | -2.63% | 3.39% | -0.85% | -1.98% | -2.70% | -14.77% | 0.46% | 10.16% | -10.80% | 10.48% | -8.61% |
| 2012 | Fund | 4.97% | 5.45% | 3.65% | 0.20% | -5.56% | 1.36% | 2.80% | 0.97% | 1.67% | 0.20% | 3.65% | 0.46% | 21.17% |
| | Reference index | 4.57% | 3.81% | -0.14% | -1.04% | -5.61% | 3.93% | 3.54% | 2.74% | 0.99% | 0.86% | 2.12% | 1.15% | 17.80% |
| 2013 | Fund | 3.73% | 2.66% | 2.80% | 1.07% | 3.12% | -2.92% | 4.91% | -0.41% | 2.88% | 3.16% | 3.25% | 1.93% | 29.26% |
| | Reference index | 4.04% | -0.27% | 2.20% | 1.66% | 2.04% | -5.07% | 5.21% | -0.51% | 4.52% | 3.93% | 1.03% | 1.03% | 21.18% |
| 2014 | Fund | -0.37% | 5.42% | 0.26% | 0.08% | 2.18% | -0.62% | -1.67% | 1.02% | -0.41% | -3.02% | 4.05% | 0.62% | 7.49% |
| | Reference index | -1.66% | 5.00% | -0.79% | 1.57% | 2.60% | -0.52% | -1.64% | 2.03% | 0.41% | -1.74% | 3.26% | -1.28% | 7.20% |
| 2015 | Fund | 5.72% | 6.86% | 1.62% | 3.66% | 2.82% | -1.94% | 4.46% | -5.10% | -2.79% | 4.41% | 3.80% | -2.47% | 22.21% |
| | Reference index | 7.25% | 6.98% | 1.68% | 0.10% | 1.67% | -4.49% | 4.01% | -8.23% | -4.06% | 8.08% | 2.81% | -5.03% | 9.60% |
| 2016 | Fund | -6.12% | -3.53% | 2.73% | 0.09% | 3.72% | -6.82% | 3.79% | 1.34% | 0.68% | -3.33% | -0.59% | 3.93% | -4.83% |
| | Reference index | -6.37% | -2.21% | 1.40% | 1.75% | 2.50% | -4.83% | 3.73% | 0.74% | -0.11% | -1.03% | 1.05% | 5.75% | 1.73% |
| 2017 | Fund | -0.55% | 4.41% | 2.88% | 3.25% | 2.50% | -2.11% | -0.91% | -1.44% | 3.06% | 2.13% | -3.14% | 1.73% | 12.10% |
| | 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 | 0.47% | -4.78% | -3.91% | | | | | | | | | | -8.08% |
| | Reference index | 1.66% | -3.81% | -1.99% | | | | | | | | | | -4.16% |

*Reference index STOXX EUROPE 600 € NR

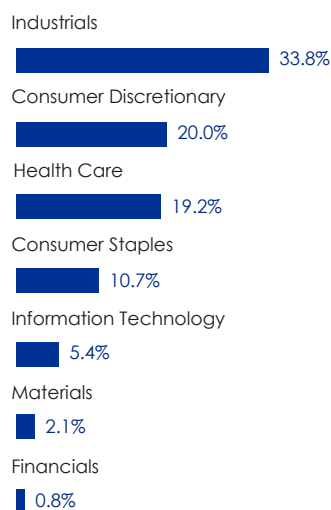
COUNTRY BREAKDOWN



BREAKDOWN BY MARKET CAPITALIZATION



INDUSTRY BREAKDOWN



AMONG THE MAIN HOLDINGS

| Company | Percentage |
|------------------------|------------|
| RYANAIR HOLDINGS | |
| FRESENIUS MEDICAL CARE | |
| ELIS | |
| SHIRE | |
| THALES | |

RISK INDICATORS (3 YEARS)

| | |
|----------------|-------|
| Sharpe Ratio | -0.04 |
| Beta | 0.74 |
| Jensen's Alpha | |

MANAGER'S COMMENTARY

In March, with the market favoring bond proxies (utilities, real estate) while banks are struggling (-6.44%), Evolution Europe underperformed its benchmark mainly because of the sharp decrease in the share price of Micro Focus (UK, software, £6bn), which remains a strong conviction of ours. Such an event is thankfully extremely rare in the history of the fund (only 2 such intraday drops in the 10 years of its existence), but tough to completely avoid. This is exactly why the fund has never invested and will never invest more than 5% of its assets in one company.

In this particular case, the good news is that we believe the market was too harsh in punishing the last earnings release that was mostly impacted by temporary issues with the integration of the large 2017 acquisition (Hewlett Packard Enterprise Software). This does not impact the value that should be created by this operation or the objectives of annual shareholder value creation stated long ago – and repeatedly achieved – by the current management team. Also, let's note that the company has a healthy balance sheet, without any issues with covenants on their debt.

Among our best performers, let's note **Shire plc** (UK, healthcare, £33bn), which, after a disappointing performance, is up 17% on the month. Indeed, after a drop of more than 35% of its value since the Baxalta acquisition in January 2016 – notably because of new entrants in its hemophilia segment and downward revisions from previously bullish analysts – the stock now trades at a large discount to peers. We continue to like this company specialized in rare diseases, segment with high barriers to entry and better pricing power than most of the pharmaceutical space.

Despite the fact that we are quite cautious in making our forecasts, our estimate of intrinsic value was a lot higher than the market value. It seems we were not the only ones as Takeda has said that it is evaluating a bid for the company (though, no figures have been communicated yet). Takeda would thus benefit from the market disinterest for the company to buy high-quality assets which are a good fit for the existing business and would increase its exposure to the US market, a relative weakness of the Japanese group.

We took advantage of the recent decline in markets to invest in companies that became good value like **AB Inbev** (Belgium, beer, €180bn), as well as some reinvestments in **Thalès** (France, defense, €20bn) and **Unilever** (Netherlands, staples, €134bn) earlier this year. We also added to our position in **Philips** (Netherlands, healthcare, €30bn), whose undervaluation should be highlighted by the Siemens Healthineers IPO.

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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 shares of the Funds distributed to non-qualified investors in and from Switzerland and for the shares of the Funds distributed to qualified investors in Switzerland, the place of performance is Geneva.