

Monday, April 17, 2017

Dear investor,

We were up 4.6% in the first quarter of the year. Most of our return was made in our core longs, while we suffered some significant losses in our contrarian bets. It could have been better but we are happy to be back in money making mode after a bad 16.

Our net exposure remains slightly above 50%, which reflects our constructive outlook on risk assets and especially on our core markets in the European periphery. Despite political uncertainties credit markets continue to hold up well, emerging economies seem to be doing better and industrial commodity prices are for the most part rising. All of this point to a strong cyclical trade, and though valuations are a bit stretched in the US, we don't find that to be the case in Europe.

In the last few weeks bond yields have gone down, in my opinion as a result of apparent stall of the Trump agenda. Without fiscal reform I would expect that to continue, but my feeling is that republicans will rally around the US President to lower taxes and the reflationary trade will be back on. A variety of sectors will do well in that scenario, but we continue to like financials the most, which remain our biggest bet. We are comfortable owning them even if rates don't go up, but obviously we will do a lot better if rates do actually go up.

I don't see a scenario where US rates don't go up in the face of significant fiscal reform, and I cannot foresee US yields going up without pushing rates in Europe significantly higher. We like most Santander and Sabadell among banks. Maisons du Monde remains our biggest position and we like Talgo, Telecom Italia, Ence and Opap among other non-financial stocks.

As usual we remain available for any questions you might have.

Best regards,

José María Aznar Botella

AURIGA INVESTORS - AZ TOTAL RETURN FUND

31-Mar-2017

NAV as of 31-Mar-2017: 130,85

FUND FACTS

Investment advisor	Poniente Capital
Structure	UCITS IV Fund
Domicile	Luxembourg
Launch date	February 2012
Fund size	c. EUR 18m
Liquidity	Daily
Management fee	1,00%
Performance fee	10,00%
Minimum investment	EUR 50,000
ISIN	LU0725183734
Bloomberg code	AUAZTRA LX

INVESTMENT STRATEGY

AZ Total Return Fund has a double objective: to preserve capital whilst maximizing risk-adjusted returns through a long short strategy.

To achieve said goals, the fund will equally invest in listed equities, fixed income securities and in the most liquid futures, mainly focusing in the European periphery.

When fully invested, equities will represent 60-80% of the portfolio, while credit will range 0-40%. Average long position will be 2-5% while average short will be 1-3%.

MONTHLY PERFORMANCE TO DATE (NET OF FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017													
AZ Tot Return	1,1%	-0,2%	3,6%										4,6%
EuroStoxx	-1,8%	2,8%	5,5%										6,4%
Periphery ¹	-2,1%	2,4%	6,9%										7,1%
Hedge Funds ²	0,5%	1,1%	0,0%										1,6%
2016													
AZ Tot Return	-1,9%	-1,6%	0,0%	-0,1%	1,1%	-1,9%	0,2%	0,1%	0,0%	-0,9%	-0,3%	-0,4%	-5,6%
EuroStoxx	-6,8%	-3,3%	2,0%	0,8%	1,2%	-6,5%	4,4%	1,1%	-0,7%	1,8%	-0,1%	7,8%	0,7%
Periphery ¹	-7,2%	-2,9%	2,1%	1,9%	0,5%	-7,9%	4,8%	0,4%	-0,4%	2,7%	-0,6%	7,9%	0,2%
Hedge Funds ²	-2,8%	-0,3%	1,2%	0,4%	0,5%	0,2%	1,5%	0,2%	0,6%	-0,6%	0,9%	0,9%	2,5%
2015													
AZ Tot Return	3,4%	2,5%	1,9%	-1,0%	1,6%	-1,9%	-0,7%	0,6%	1,6%	0,3%	-0,2%	-1,7%	6,4%
EuroStoxx	6,5%	7,4%	2,7%	-2,2%	-1,2%	-4,1%	5,2%	-9,2%	-5,2%	10,2%	2,6%	-6,8%	3,8%
Periphery ¹	5,6%	8,2%	2,2%	-0,1%	-0,5%	-4,2%	5,1%	-8,4%	-4,5%	8,6%	0,7%	-6,5%	4,6%
Hedge Funds ²	-0,3%	2,0%	0,3%	0,2%	0,3%	-1,2%	0,0%	-2,3%	-2,1%	1,5%	-0,7%	-1,3%	-3,6%
2014													
AZ Tot Return	-1,2%	2,8%	0,2%	-0,9%	1,0%	0,5%	-0,4%	0,5%	0,8%	-1,7%	1,6%	-0,2%	3,0%
EuroStoxx	-3,1%	4,5%	0,4%	1,2%	1,4%	-0,5%	-3,5%	1,8%	1,7%	-3,5%	4,4%	-3,2%	1,2%
Periphery ¹	-1,1%	4,9%	1,6%	1,5%	0,9%	-1,3%	-3,6%	1,6%	1,0%	-4,3%	2,9%	-3,7%	-0,1%
Hedge Funds ²	-0,2%	1,6%	-0,2%	-0,7%	0,5%	0,9%	-0,9%	1,1%	-0,8%	-1,3%	0,3%	-0,8%	-0,6%
2013													
AZ Tot Return	1,6%	-0,6%	2,0%	-0,6%	1,1%	-1,1%	1,7%	-0,5%	3,0%	1,6%	1,4%	1,0%	10,9%
EuroStoxx	2,5%	-2,6%	-0,4%	3,4%	2,1%	-6,0%	6,4%	-1,7%	6,3%	6,0%	0,6%	0,7%	17,9%
Periphery ¹	3,3%	-2,3%	-1,9%	5,7%	1,3%	-6,9%	7,4%	-0,9%	6,4%	6,2%	-0,4%	0,2%	18,5%
Hedge Funds ²	2,0%	0,4%	0,7%	0,6%	0,7%	-1,3%	1,0%	-0,9%	1,0%	1,2%	0,6%	0,6%	6,7%
2012													
AZ Tot Return	0,8%	1,1%	0,1%	1,3%	-1,0%	-0,1%	0,1%	0,6%	1,7%	1,7%	2,5%		9,1%
EuroStoxx	3,9%	-1,4%	-6,9%	-8,1%	6,9%	2,7%	4,9%	0,6%	2,0%	2,9%	2,4%		9,1%
Periphery ¹	3,1%	-2,2%	-8,2%	-9,2%	9,5%	-0,2%	6,4%	0,2%	2,3%	2,5%	3,0%		5,7%
Hedge Funds ²	1,4%	0,0%	0,1%	-1,7%	-0,3%	0,5%	0,5%	0,4%	-0,5%	0,4%	0,9%		1,8%

KEY RISK METRICS

Beta	0,51
Volatility	6,2%
Sharpe ratio ³	1,0
Sortino ratio ³	1,2
Var 95 ⁴	0,64%
TVar 95 ⁴	0,94%
Var 99 ⁴	1,05%
TVar 99 ⁴	1,57%

NET EXPOSURE BY ASSET CLASS

Long positions	30	Short positions	9
Total long	76,6%	Total short	-13,9%
Equity	70,2%	Equity	-13,9%
Credit	6,4%	Credit	0,0%
Unenc. cash	9,5%		

PERFORMANCE ATTRIBUTION (GROSS RETURN)

Regional	Asset type	Sector
EU Periphery 34,0%	Equity long 31,8%	Financials 14,8%
Rest of Europe 1,5%	Equity short 1,4%	Consumer 9,8%
North America 2,2%	Credit 4,4%	Utilities 4,4%
		Other 8,6%
Total 37,6%	Total 37,6%	Total 37,6%

Notes:

1. "Periphery" is an ad-hoc market cap weighted index composed of CAC, IBEX, MIB and FSI (weights are updated yearly). As of 2015, index also includes ASE

2. "Hedge Funds" is the HFRX Global Hedge Fund Index

3. Average Germany 10yr sovereign used as the risk free rate for Sharpe ratio and the required return for Sortino ratio

4. All Value at Risk metrics are calculated on a daily basis based on historicals

Return and risk metrics are historicals, since the fund's inception

Disclaimer: This fact sheet contains a short summary description of the above mentioned UCITS and is for discussion purposes only. Past performance is not a reliable indicator of future results, prices of investment and the income from them may fall as well as rise. This publication only contains brief information on the fund. The Fund Prospectus and the Key Investor Information Document (KIID) provide more detailed information as well as the risks of investing. These documents are available on our website www.aurigasv.es. This does not constitute an offer or solicitation to anyone in a jurisdiction where such offer is not authorized or lawful.