AURYN FUNDS
STEP FURTHER

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AURYN ABSOLUTE RETURN

AURYN ABSOLUTE RETURN. THE FUND.


DESCRIPTION

Auryn Absolute Return SICAV SIF is a multistrategy fund with a quantitative approach aimed for absolute return. Its main purpose is the achieving of stable, positive returns with no correlation with the equity market. It has the Bund volatility as a target but it has no rates risk, becoming a substitute for fixed income. This is achieved by the use and management of a portfolio of strategies designed to profit from sustainable market inefficiencies and not from the direction of the market, thus lowering market correlation while keeping returns and volatility stable.

FUND PERFORMANCE
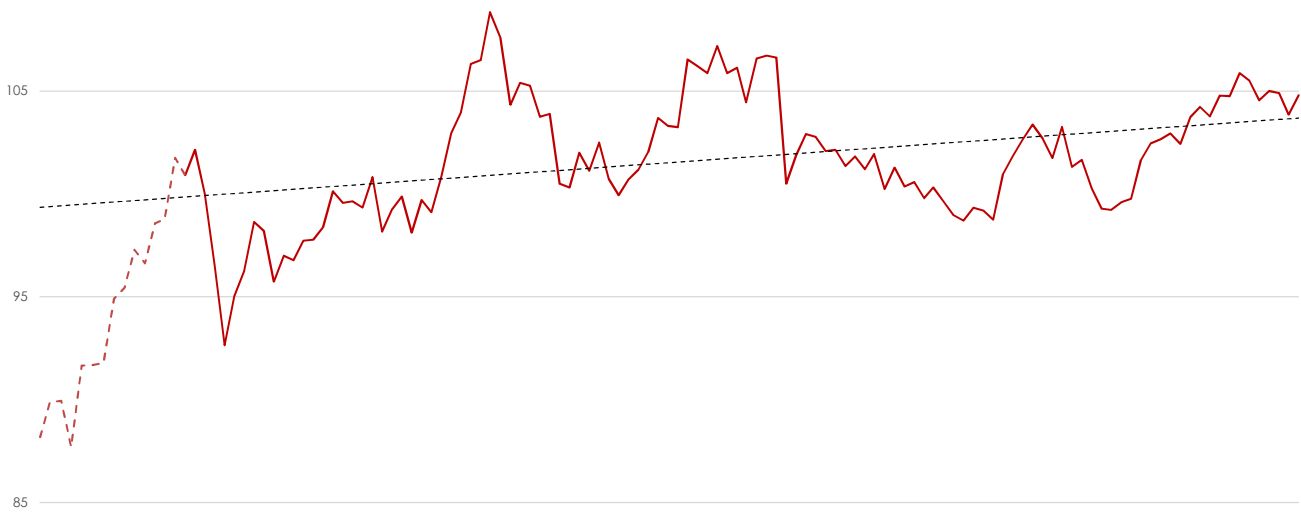
*Dotted line shows Proforma

VOLATILITY
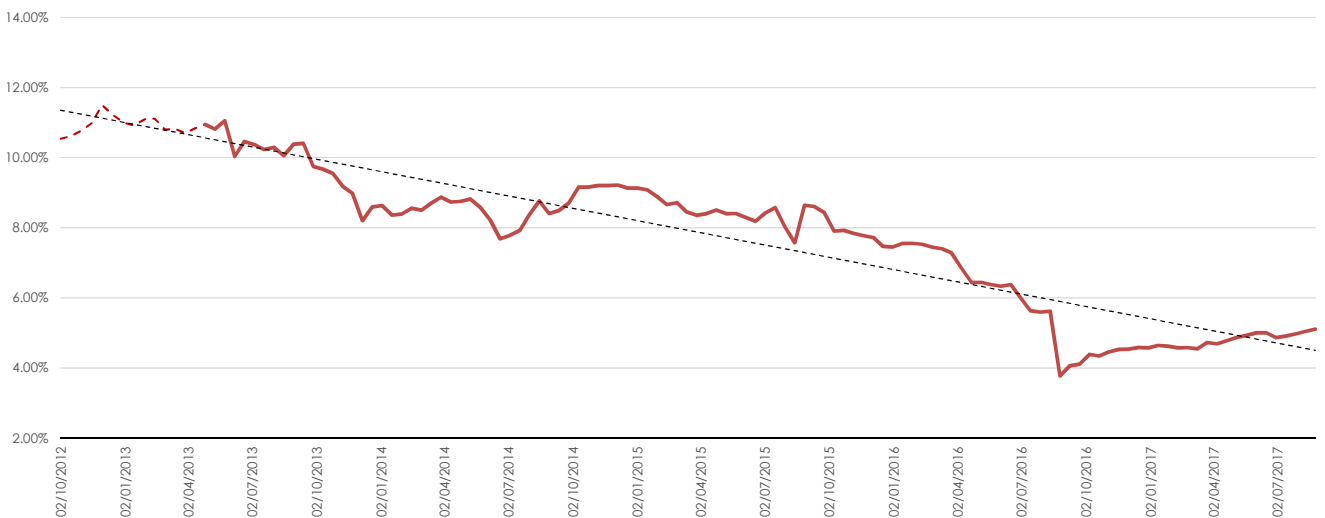
*Dotted line shows Proforma
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AURYN FUNDS
STEP FURTHER

MONTHLY COMMENTS — Agosto 2017

August has been another dull month for equity markets in spite of the mounting geopolitical tensions. Europe finished a -0.81% lower while the S&P 500 was up a 0.29%, and the EURUSD is still shining with a 15% return for the year.

Auryn Absolute Return (AAR) achieved a positive performance of +0.13% for the month and a +5.28% return year to date, with a minimum correlation with the markets and a bond-like volatility.

Positive returns are spread among strategies and assets. Entry points in AAR below its linear regression (during corrections) have signaled a great entry setup historically.

Volatility remains close to its target value (5.16%) thanks to the constant improving of existing strategies and the developing of new ones. The Beta of AAR is kept neutral (0.27), showing a strong independence of market movements.

As usual we take no views on the market, we just manage the evolution of markets through quantitative strategies.

NAV	105.05
% return last month	0.13%
% return since inception	5.05%
Return YTD	5.28%
Return 3 months	-0.78%
Return 6 months	2.07%
Return 12 months	1.57%
Annualized volatility 12 months	5.12%
Sharpe Ratio 12 months (0%)	0.31
Beta 12 months	0.27
Annualized volatility since inception	5.46%

MONTHLY RETURNS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DIC	YEAR
2014	-1.81%	1.72%	0.12%	1.13%	3.81%	1.85%	1.00%	-2.25%	-1.30%	-2.84%	0.67%	-0.94%	0.66%
2015	0.51%	2.49%	-0.43%	2.87%	0.55%	0.48%	-0.53%	-5.84%	2.56%	-0.62%	-0.77%	0.45%	2.00%
2016	-0.65%	-0.69%	-0.43%	-1.50%	0.48%	1.83%	1.67%	0.76%	-0.54%	-1.53%	-1.67%	0.17%	-2.12%
2017	2.70%	0.44%	1.15%	0.58%	0.74%	-0.88%	0.34%	0.13%					5.28%

BETA 12M ROLLING
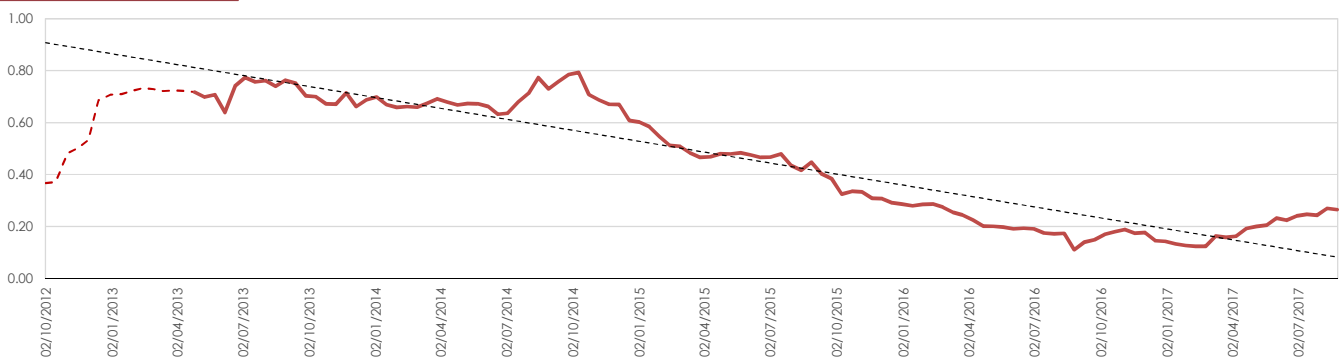
*Dotted line shows Proforma

HISTORIC PARAMETERS

Maximum volatility	11.64%	Average return positive months	1.43%
Minimum volatility	2.84%	Average return negative months	-1.78%
Positive months	58.82%	% positive months when positive markets	75.00%
Average monthly return	0.11%	% positive months when negative markets	20.00%

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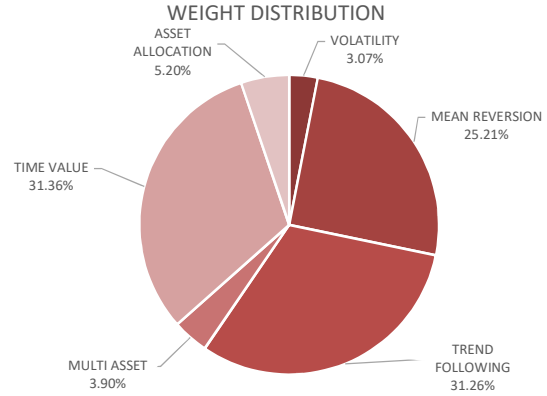
STRATEGIES COMMENTS   Agosto 2017

The current configuration of strategies is the best since the inception of the fund, not only for its ability for preserving capital but also for its potential in lateral markets.
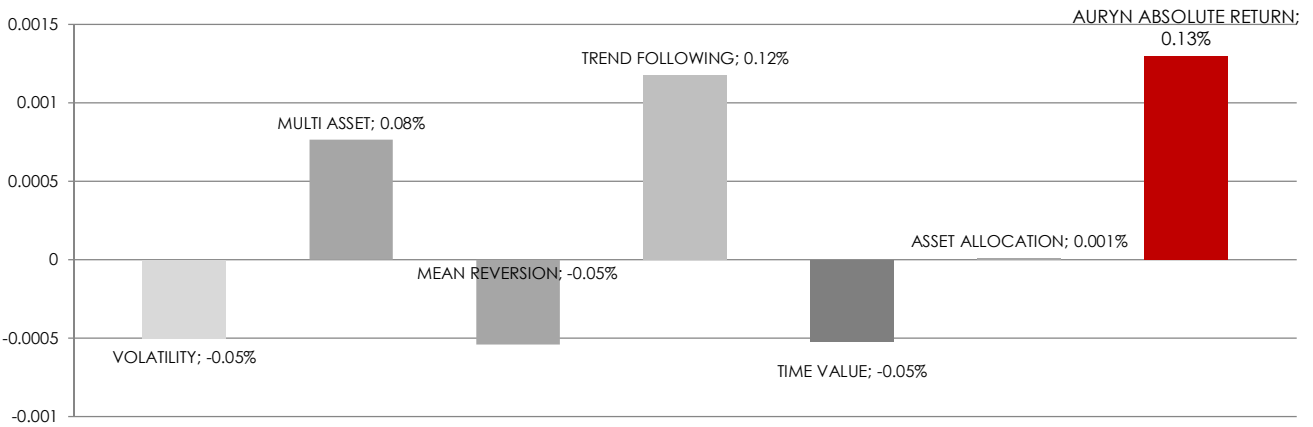
The best performing strategy has been the TREND FOLLOWING GROUP, adding a 0.12% to the fund with a 31.26% weight. The worst performer has been MEAN REVERSION GROUP, substracting 0.05%.

The addition of the new time value strategies with a significant weight in the fund is a great improvement in terms of convexity, specially in absence of extreme trends.

Entries below the linear regression lines (in corrections) have been the best, historically.

WEIGHT DISTRIBUTION

- ASSET ALLOCATION 5.20%
- VOLATILITY 3.07%
- MEAN REVERSION 25.21%
- TIME VALUE 31.36%
- MULTI ASSET 3.90%
- TREND FOLLOWING 31.26%

PERFORMANCE ATTRIBUTION

- AURYN ABSOLUTE RETURN; 0.13%
- TREND FOLLOWING; 0.12%
- MULTI ASSET; 0.08%
- ASSET ALLOCATION; 0.001%
- MEAN REVERSION; -0.05%
- VOLATILITY; -0.05%
- TIME VALUE; -0.05%

STRATEGIES DESCRIPTION

VOLATILITY GROUP: Strategies that profit from different characteristics of volatility derivatives, such as the asymmetrical distribution of returns, negative correlation with the markets and its behaviour during contango periods

MEAN REVERSION GROUP: Strategies that profit from mean reversion behaviours after extreme movements, either euphorias or panics.

TREND FOLLOWING GROUP: Market Neutral strategies that invest in U.S.A equity (based on fundamental criteria) and Europe equity (based on relative low volatility). Both strategies use technical criteria to open and close trades. Addtionally, beta of both strategies is neutralized in order to obtain the alpha provided by the design of the strategies.

MULTI ASSET GROUP: Strategy that invest in a diversified universe of assets using quantitative models based on Momentum (risk adjusted returns) criteria.

TIME VALUE GROUP: Strategies that profit from calm markets exploiting time decay of options.

ASSET ALLOCATION GROUP: Strategies that use third party funds with a monthly rebalance and intramonth adjustments to create a dynamic asset allocation process.

The weight distribution among groups is performed by a Metastrategy which allocates weights dinamically. The main goal is to reduce volatiliy on the ensemble and adapt the fund to market conditions in order to achieve stable positive returns decorrelated with market oscillations.

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