Global Allocation

Monthly Report

@globalallocatio

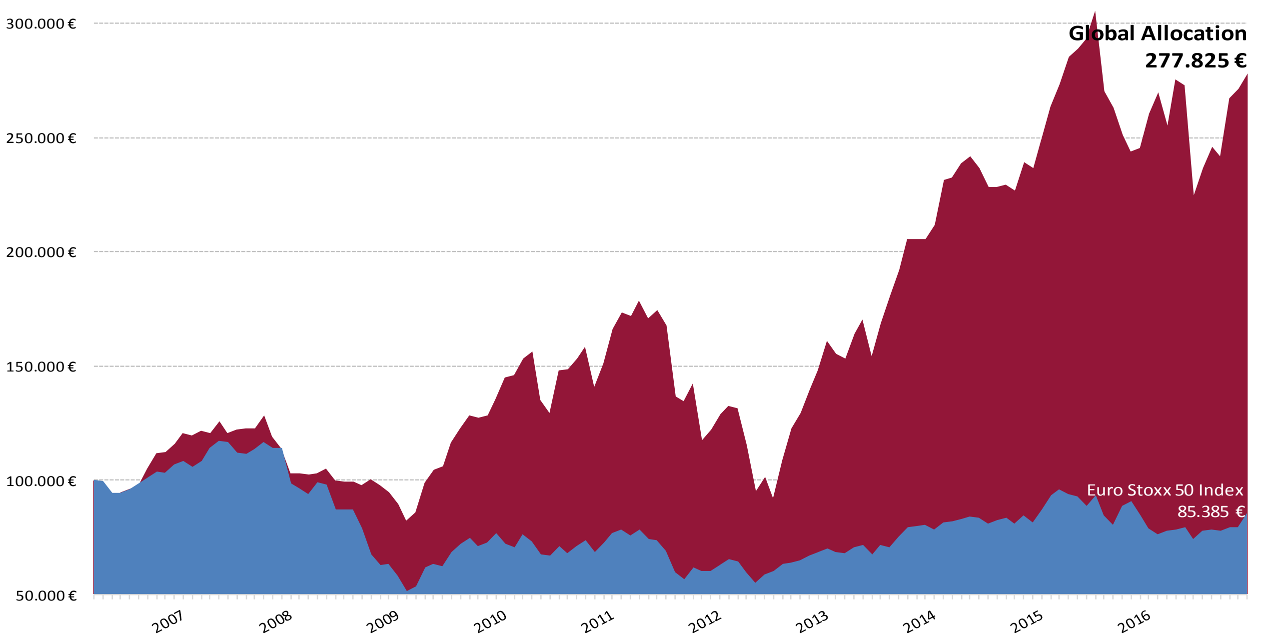
December 2016

Morningstar Rating ™ ★★★★★

	NAV	DECEMBER	2016	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
Global Allocation Fund*	105,43	2,33%	13,17%	13,17%	35,20%	127,66%	177,83%

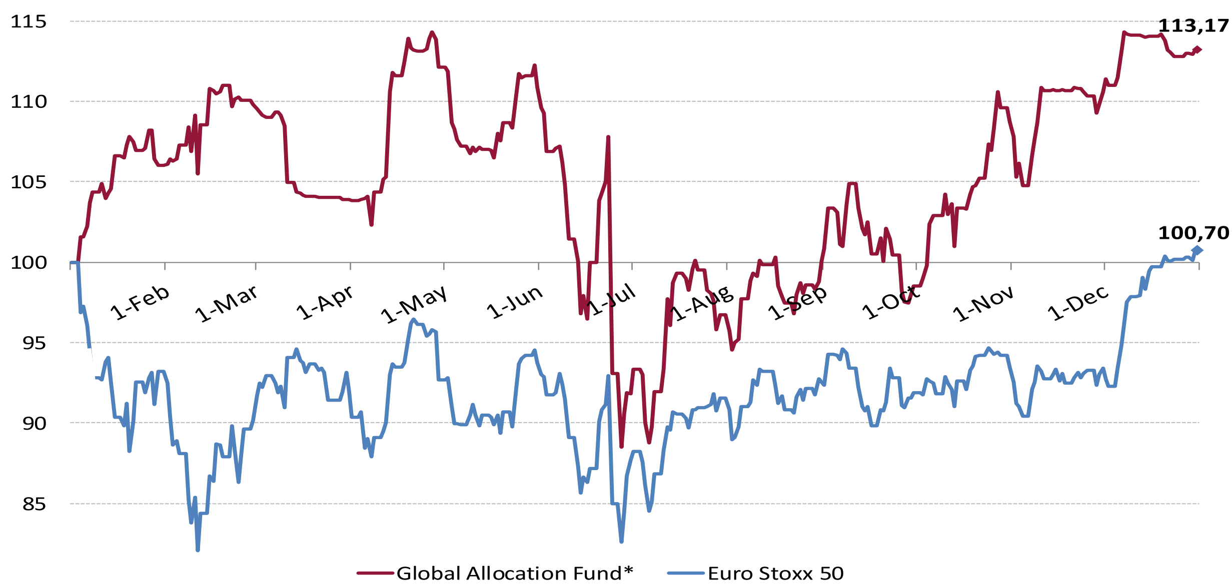
Performance of 100.000 €

March 31, 2006 to December 31, 2016



Global Allocation Fund* vs. Euro Stoxx 50

January 1, 2016 to December 31, 2016



We have just finished 2016 with a reasonable return, tilted to good, even though December was not outstanding. Let´s exercise our memory.

If we can highlight something about this year is that is has not been a linear year at all. Moreover, we have witnessed some quite volatile moments, even extreme at some points. Thus, we started the year with a huge collapse in commodities´ prices, with affected mostly to emerging markets and was very close to become a genuine credit crisis. And the banking sector in freefall (Bank Index has been losing more than 40% at some point during the year), due to negative interest rates, provoked by Central Bank´s new experiment, which made impossible to obtain any return from the so called “risk free” investments.

It has also been the year when “Populism” has entered the “First World”, name it “Brexit”, Trump´s victory and in general the surge of less traditional political parties, both from the extreme right and left. We expect this tendency to continue into 2017, with elections being held in France, Italy and Germany.

We were generally right in our assessment of the market at the beginning of the year and also in the recovery since mid-February. Not that much in the interest rate space, where we introduce a short position quiet before yields started to rise. It took long and made us suffer more than expected. As well, we were long the banking sector way in advance the sharp movement upwards (at the beginning of the year we were short banks). In total, both the short and the long position in the banking sector have been the best performers for us this year, but not exempt from some suffering.

We have been right in our assessment of the Trump´s victory, even though our view was completely contrarian to the market. After being wrong with the effect of a Brexit vote on markets, it took a lot of conviction to keep hold of our positions after the US elections, but it paid as we expected even though the initial reaction was of total panic.

To summarize, more than a difficult year, which as far as we know is how you can describe any year in financial markets, this has been an exhausting one that has been challenging our investments convictions at many different stages. Really exhausting.

We have this bittersweet sensation because even though return was decent, we were not able to predict correctly some extreme reactions in markets and at some point, we have been too early in some trades. Obviously, it is better to have a clear criterion than follow the hysterical herd wherever it takes you, and that finally is reflected in the net return.

For the beginning of 2017, we are a little afraid about market consensus, which seems overextended. The fact that almost every investor expects now interest rates to go higher, precisely what we expected since mid-2016, makes us a little suspicious and we are not comfortable with short positions in bonds in the short term. Even though we still see some bubble-like valuations in some assets, we do not like the short bond risk now.

Where we really see some strong signals is in inflation coming back, which could be good or bad.

Our view is that if interest rates keep going up, this could lead to the next credit crisis. We have record levels of debt, especially government, corporate and emerging markets´ debt. We have seen some years in which the US stock market has lead gains supported mainly by the buybacks funded through cheap credit. This debt needs to be paid, or unpaid, we´ll see. We will keep a close eye on credit spreads which have not been able to narrow further in the last two months. Nothing conclusive so far.

Now that everyone seems to be so euphoric, we are looking more than ever at the emerging dangers, and feel more keen to sell if market gets extremely positive, and prepare for the new crisis which we expect to happen either this year or next. We keep trying to look through all the information and to see beyond the obvious.

Happy new year to all of you, and patience. Most probably we will need it again.

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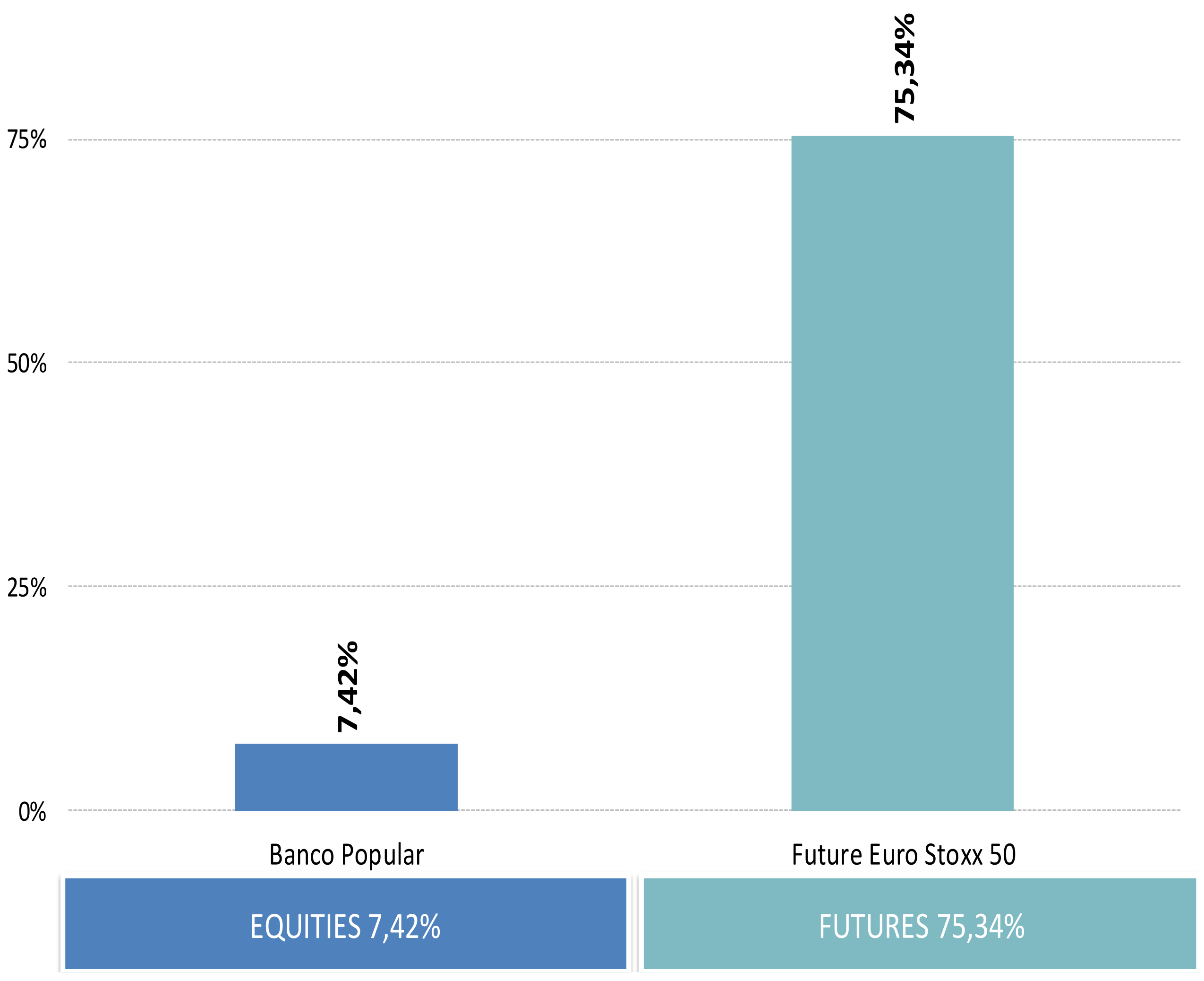
Portfolio 31/12/2016



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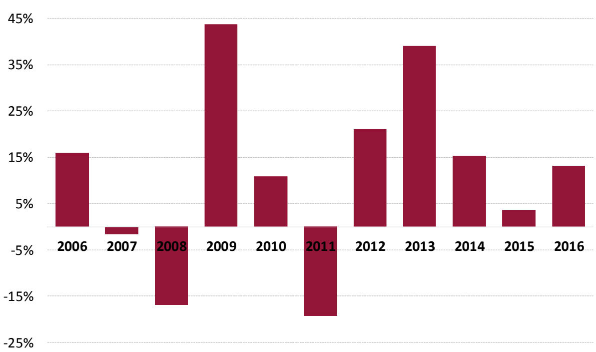
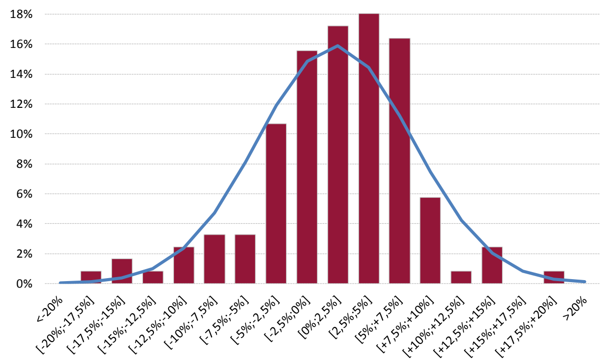
Monthly Performance

	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.	YEAR
2016	6,03%	3,56%	-5,39%	7,97%	-1,12%	-17,22%	5,36%	3,42%	-1,53%	10,33%	1,77%	2,33%	13,17%
2015	5,12%	5,91%	3,72%	4,31%	1,22%	1,53%	4,22%	-11,50%	-2,72%	-4,49%	-3,01%	0,74%	3,65%
2014	3,03%	9,27%	0,64%	2,58%	1,17%	-2,15%	-3,33%	-0,09%	0,44%	-1,20%	5,65%	-1,07%	15,26%
2013	8,93%	-3,41%	-1,45%	7,02%	2,95%	-8,62%	9,46%	6,21%	7,02%	7,13%	-0,11%	0,01%	39,02%
2012	5,46%	2,86%	-0,73%	-12,30%	-17,26%	6,36%	-9,13%	17,91%	12,83%	5,48%	8,10%	5,73%	21,13%
2011	9,90%	4,39%	-0,85%	3,74%	-4,33%	2,29%	-3,83%	-18,49%	-1,74%	5,70%	-17,27%	3,81%	-19,27%
2010	6,34%	0,84%	4,67%	2,13%	-13,65%	-4,04%	14,29%	0,43%	2,99%	3,36%	-10,95%	7,33%	10,91%
2009	-5,60%	-8,70%	6,01%	14,20%	5,98%	1,11%	10,07%	5,04%	4,76%	-0,89%	0,86%	6,25%	43,83%
2008	-9,79%	-0,15%	-0,06%	2,74%	-0,65%	-4,73%	-0,51%	0,20%	-1,95%	2,99%	-2,95%	-2,91%	-16,96%
2007	3,79%	-0,79%	1,78%	-0,86%	4,53%	-4,08%	1,21%	0,26%	0,19%	4,37%	-6,99%	-4,31%	-1,62%
2006				-1,31%	-6,88%	3,01%	1,74%	1,04%	8,11%	6,01%	0,48%	3,49%	16,00%

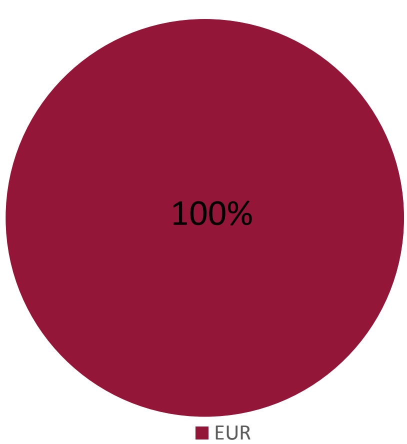
Historical Annual Returns
(March 2006 - December 2016)



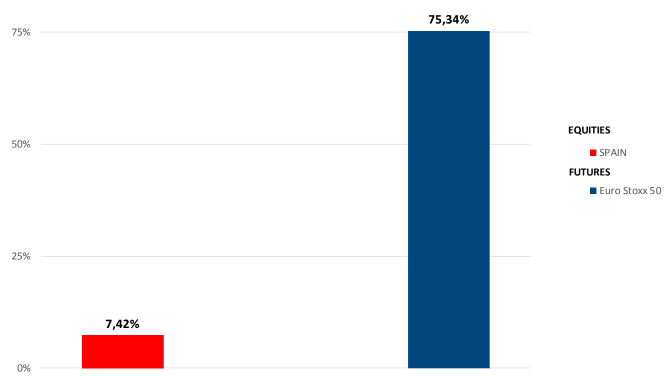
Monthly Returns Distribution
(March 2006 - December 2016)



Currency Exposure



Country Exposure (Equities & Bonds)



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Performance Risk Analyst

	Since Inception	Last 12 months	Last 3 years
Cumulative Return	177,83%	13,17%	35,20%
Average monthly return	1,00%	1,29%	0,99%
Maximum monthly return	17,91%	10,33%	10,33%
Minimum monthly return	-18,49%	-17,22%	-17,22%
Annualized return	9,97%	13,17%	10,57%
Sortino Ratio	0,54		
% Positive months	62,02%	66,67%	63,89%

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GLOBAL ALLOCATION FUND

FUND MANAGER	LUIS BONONATO	
INVESTMENT ANALYST	FRANCESC MARIN	
INVESTMENT MANAGER	AURIGA GLOBAL INVESTORS S.V. , S.A.	
CUSTODIAN	SOCIÉTÉ GÉNERALE BANK & TRUST	
CURRENCY	EUR	
LIQUIDITY	DAILY	
	CLASS A	CLASS B
ISIN CODE	LU1394718735	LU1394718818
BLOOMBERG TICKER	AUGLALA LX	AUGLALB LX
MINIMUM INVESTMENT	10 €	1.000.000 €
FEES		
MANAGEMENT	1,50%	1,00%
PERFORMANCE	9,00%	9,00%
SUBSCRIPTION	NONE	NONE
REDEMPTION	NONE	NONE

Click here for more information

*Performance of Global Allocation FI until 31th of July 2016. Performance of Auriga Investors Global Allocation since then