

# MAP FUND MANAGEMENT

## SUSTAINABLE GLOBAL BONDS (EUR)

As at end of September 2015

### Investment profile

**Assets class** : global bonds

**BM** : 50% Citi WorldBIG TR, 50% Citi WorldBIG EUR TR; currency: 85% EUR

**Reference currency** : EUR

**Minimum credit rating** : «Investment Grade» (BBB-)

**Investment style** : long only, active, fundamental

**Type of investment** : sustainable, integrating ESG criteria

**Number of holdings** : 53 securities

**Approach** : top down and bottom up

**Duration** : min. 2 Y – max. 10 Y

**Foreign currency** : min. 0% - max. 30%

**NAV 30.09.2015** : EUR 102.31

**ISIN / Telekurs** : class S : LU1121107475 / 25648531  
class I : LU1121107558 / 25648534

**Subscription / Redemption** : D+3 / D+5

**Minimum investment** : EUR 10'000 (S) / EUR 100'000 (I)

**Dividend distribution** : capitalization

**Classes** : S, Z, I

**Management fees / TER (p.a.)** : S: 0.8% / 1.0%; I: 0.4% / 0.6%

**Domicile** : Luxembourg

**Registration** : Switzerland, Luxembourg, France

**Representative / Correspondent** : Carnegie Fund Services / BNP Paribas

**Legal form** : SICAV - UCITS - open fund

**Initiator and manager** : 1875 FINANCE, Switzerland - FINMA regulated

**Custodian bank** : Pictet & Cie (Europe) S.A.

**Administrator and transfer agent** : FundPartner Solutions (Europe) S.A.

**Auditor** : Ernst & Young, Luxembourg

**Date of inception** : December 15, 2014

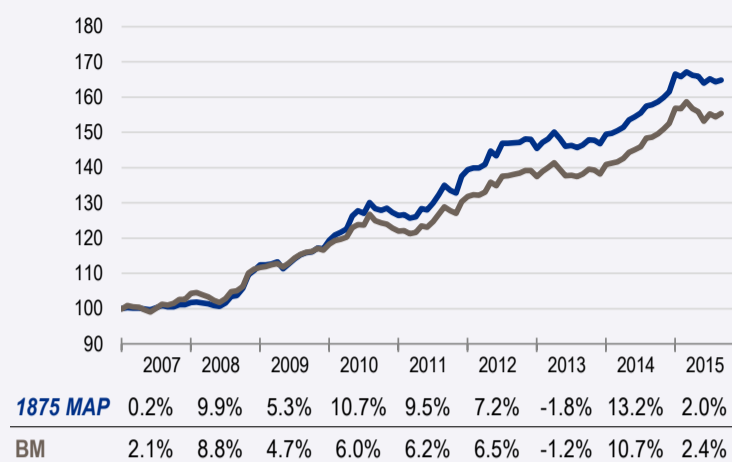
### Benchmark and tactical asset allocation

Markets	BM	Margins		1875 MAP	
		Min.	Max.	Oct.15	Sep.15
Short term	0%	0%	70%	7%	7%
EUR	50%	20%	70%	44%	44%
Duration EUR	6	2	8	5	5
USD	35%	10%	50%	34%	35%
Duration USD	5	2	8	5	6
CHF	0%	0%	5%	2%	2%
Duration CHF	5	2	8	6	7
GBP	4%	0%	10%	4%	4%
Duration GBP	9	2	10	10	10
JPY	9%	0%	20%	4%	4%
Duration JPY	9	2	10	4	4
Miscellaneous	3%	0%	20%	5%	4%
Duration Miscell.	6	2	8	6	6

Currency <sup>1</sup>	BM	Margins		1875 MAP	
		Min.	Max.	Oct.15	Sep.15
EUR	85%	70%	100%	94%	92%
Foreign	15%	0%	30%	6%	9%

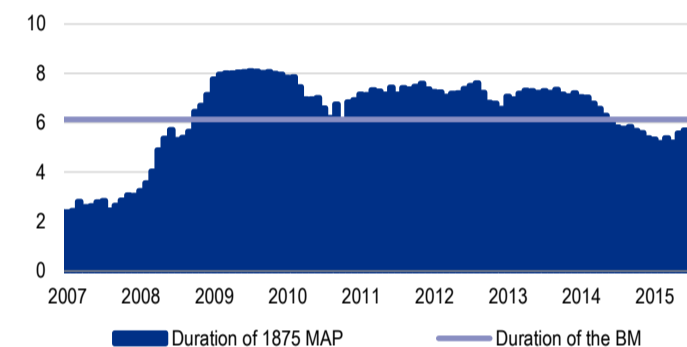
<sup>1</sup> after hedge

### Performance



Pro forma performance until end of December 2014

### Average duration



### Statistics

	1875 MAP	BM
Annual return (2006-2014)*	6.67%	5.42%
<b>YTD</b>	<b>2.03%</b>	<b>2.41%</b>
<b>September 2015</b>	<b>0.27%</b>	<b>0.62%</b>
Maximum Monthly Drawdown*	-1.72%	-1.71%
Volatility*	3.66%	3.46%
Tracking-error*	1.19%	-
Sharpe ratio* <sup>1</sup>	1.23	1.10
Sortino ratio* <sup>1</sup>	3.25	2.59

<sup>1</sup> average risk-free rate (%) : 1.37

\* pro forma statistics

### Investment strategy

Generate regular income while giving special attention to capital preservation in periods of rising yields and appreciation of the Euro.

### Investment philosophy and process

Provide sustainable asset management, generating superior performances versus the domestic bond market through increased international diversification, without increasing risks thanks to dynamic risk management of interest rates, issuer categories and currencies. This dynamic risk management is provided by a multifactorial model (1875 MAP).

## Investment policy

The increase in risk aversion and reduction in inflation anticipations have somewhat sustained government bonds in developed countries. GBP (1.29%), EUR (1.10%) and USD (0.85%) bonds posted the larger gains. Securities in CHF evolved sideways (0.22%) while those in SEK were down (-0.38%). On the contrary, emerging securities kept on underperforming, penalized by capital outflows. Private issuers were once again affected by rising credit risk premiums, high-yield bonds having been the most affected. Foreign-exchange markets saw the yen reinforcement (1.30%) and the continuation of the downward trend in emerging currencies. Commodities-sensitive currencies lost ground (CAD -1.41%, AUD -1.49%). USD appreciated slightly vs. EUR, which in turn was stronger against GBP (1.21%) and CHF (0.61%).

The fund appreciated by 0.27% vs 0.62% for its benchmark, underperforming slightly due to the underweight of EUR bonds.

1875 MAP is neutral on bonds in spite of their overvaluation. In times of deflation and weak nominal growth, they remain an attractive alternative to cash investments. Bonds in CHF are overweight due to persisting deflationist pressure, as those in AUD, NOK and now GBP because of weakening growth perspectives. The model is neutral on CAD-denominated bonds and underweight in JPY denominated and to a lesser extent those in EUR. USD investments are underweight due to the deterioration of their valuation level. Regarding credit, the underweight of USD private bonds is strengthened and benefits Treasury bills, while European corporates issuers are overweight vs. governments. Regarding currencies, the overweight of CHF vs USD has been reinforced due to the narrowing interest rate differential and to the increase of USD overvaluation.

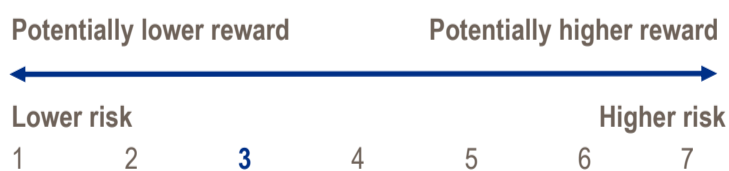
## Investment objectives

**Financial** : outperform the benchmark over 2 years to provide excess return and yield complementary to the domestic bond market.

**Economic** : optimally allocate capital by integrating ESG criteria for the selection of issuers.

## Risk profile

Steady and asymmetrical distribution of returns through reduced market exposures during high-risk periods

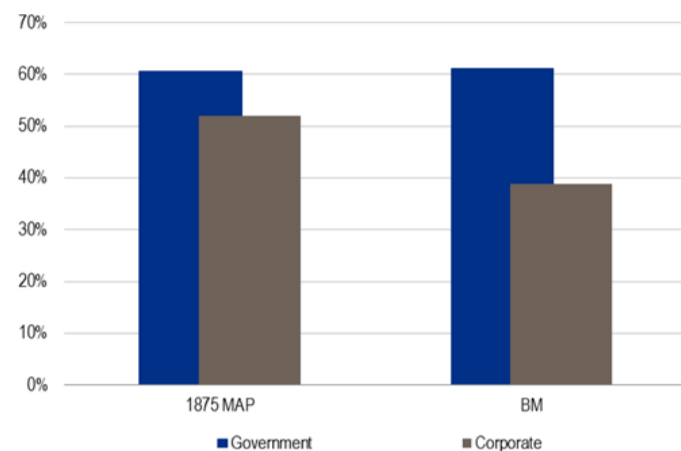


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## Sources of return (in order of importance)



## Glossary

1875 MAP	Market Allocation Process: tactical allocation defined by the 1875 FINANCE process
APT	Portfolio optimization and risk measurement software developed by Sungard
BM	Benchmark
Citigroup WorldBIG	Citigroup World Broad Investment Grade Bond index
PRI	Principles for Responsible Investments

## About 1875 FINANCE

1875 FINANCE is positioned as both an innovative company and a guardian of the Geneva financial tradition, building its difference on three business lines, institutional asset management, private banking and multi family office. As a PRI signatory, 1875 FINANCE provides effective sustainable asset management integrating Environmental, Social and Governance (ESG) criteria for all asset classes. Using a unique proprietary model, 1875 MAP, dedicated to dynamic tactical allocation management, and relying for the selection of securities on the analysis of partners who are pioneers and key players in sustainable investing, 1875 FINANCE offers to pension funds both balanced management and overlay services, but also global equity and global bond mandates.



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