

# MAP FUND MANAGEMENT

## SUSTAINABLE GLOBAL BONDS (EUR)

As at end of May 2015

### Investment profile

**Assets class** : global bonds  
**BM** : 50% Citi WorldBIG, 50% Citi WorldBIG EUR; currency: 85% EUR  
**Reference currency** : EUR  
**Minimum credit rating** : «Investment Grade» (BBB-)  
**Investment style** : traditionnal, active, fundamental  
**Type of investment** : sustainable, integrating ESG criteria  
**Securities / Number of positions** : Single Bonds / 55  
**Approach** : top down and bottom up  
**Duration** : min. 2 Y – max. 10 Y  
**Foreign currency** : min. 0% - max. 30%  
**NAV 31.05.2015** : 102.92  
**ISIN / Telekurs** : class S : LU1121107475 / 25648531  
class I : LU1121107558 / 25648534  
**Subscription / Redemption** : T+3 / T+5  
**Minimum investment** : EUR 10'000 (S) / EUR 100'000 (I)  
**Dividend distribution** : capitalisation  
**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  
**Manager and promoter** : 1875 FINANCE, Switzerland - FINMA regulated  
**Custodian bank** : Pictet & Cie (Europe)  
**Administrator and transfer agent** : FundPartner Solutions  
**Auditor** : Ernst & Young Luxembourg  
**Date of inception** : December 2014 the 15th

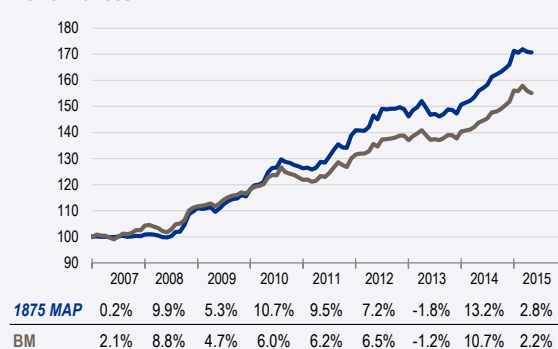
### Benchmark and tactical asset allocation

| Markets           | BM  | Margins |      | 1875 MAP |        |
|-------------------|-----|---------|------|----------|--------|
|                   |     | Min.    | Max. | Jun.15   | May.15 |
| Short term        | 0%  | 0%      | 70%  | 8%       | 8%     |
| EUR               | 50% | 20%     | 70%  | 45%      | 46%    |
| Duration EUR      | 6   | 2       | 8    | 5        | 5      |
| USD               | 32% | 10%     | 50%  | 33%      | 34%    |
| Duration USD      | 5   | 2       | 8    | 6        | 6      |
| CHF               | 0%  | 0%      | 5%   | 2%       | 1%     |
| Duration CHF      | 5.1 | 2       | 8    | 7        | 6      |
| GBP               | 4%  | 0%      | 10%  | 4%       | 4%     |
| Duration GBP      | 9   | 2       | 10   | 9        | 9      |
| JPY               | 11% | 0%      | 20%  | 5%       | 3%     |
| Duration JPY      | 9   | 2       | 10   | 4        | 3      |
| Miscellaneous     | 3%  | 0%      | 20%  | 3%       | 4%     |
| Duration Miscell. | 6   | 2       | 8    | 6        | 6      |

| Currency <sup>1</sup> | BM  | Margins |      | 1875 MAP |        |
|-----------------------|-----|---------|------|----------|--------|
|                       |     | Min.    | Max. | Jun.15   | May.15 |
| EUR                   | 85% | 70%     | 100% | 92%      | 88%    |
| Foreign               | 15% | 0%      | 30%  | 8%       | 12%    |

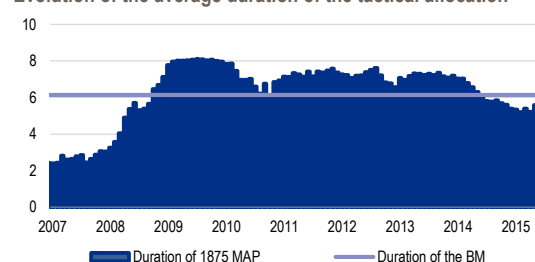
<sup>1</sup> after hedge

### Performances



pro forma performances until December 2014

### Evolution of the average duration of the tactical allocation



### Statistics

|                                   | 1875 MAP      | BM            |
|-----------------------------------|---------------|---------------|
| Annual return (2006-2014)*        | 6.67%         | 5.42%         |
| <b>Return 2015 (MAP Fund)</b>     | <b>2.75%</b>  | <b>2.15%</b>  |
| <b>Return May 2015 (MAP Fund)</b> | <b>-0.16%</b> | <b>-0.59%</b> |
| Maximum Monthly Drawdown*         | -1.92%        | -1.47%        |
| Volatility*                       | 3.95%         | 3.41%         |
| Tracking-error*                   | 0.00%         | -             |
| Sharpe ratio <sup>*1</sup>        | 1.29          | 1.15          |
| Sortino ratio <sup>*1</sup>       | 3.70          | 2.85          |
| <b>ESG rating (MAP Fund)</b>      | -             | -             |

<sup>1</sup> average risk-free rate : 1.44

\* pro forma statistics

### Investment strategy

To focus on obtaining regular income while giving special attention to the preservation of capital in periods of rising yields and appreciation of the Euro.

### Investment philosophy and process

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

## Investment policy

During the month of May, financial markets have evolved homogeneously in an environment marked by a new general rise of USD and the intensification of negotiations between the Eurozone and Greece.

Bond markets fell slightly again (-0.7%). Bonds in DKK (-2.3%), SEK (-1.2%) and EUR (-1.3%) posted the largest monthly declines. Investments in AUD (-0.8%) and JPY (-0.6%) depreciated slightly less. Markets in USD (-0.4%), in GBP (-0.3%) and in CAD (-0.2%) consolidated. Investments in CHF (+ 0.3%) and NOK (+ 0.2%) were alone in posting positive performances.

The fund has depreciated by 0.16% against -0.59% for its benchmark thanks to the underweight of bonds in EUR and in JPY and the overweight of CHF bonds.

In consideration of their excessive valuation, exposures in bonds are reduced to be selectively underweight while maintaining an overall duration consistent to the benchmark. Regarding monetary allocation, bonds in CHF and in AUD and to a lesser extent in USD are overweight or invested in long-term maturities taking into account the important economic uncertainties or deflationary pressures that their economy has to face. Loans denominated in EUR, in JPY and in GBP are now underweight in conjunction with the expected recovery of nominal growth in the euro zone, Japan and United Kingdom.

In terms of credit categories, the exposure on bonds issued by US corporates is significantly underweight following the further deterioration of the financial situation of private sector in the United States. Thanks to an improving profit outlook and their limited debt ratio, European issuers are still favored over their state peers.

On currency markets, the overweight of EUR against USD is increased in view of its growing undervaluation and the reduction of the differential of monetary conditions between the US and the Euro zone, and the overexposure of CHF vis-à-vis EUR is reduced moderately due to the increase of the overvaluation of the CHF and lower interest rate spreads.

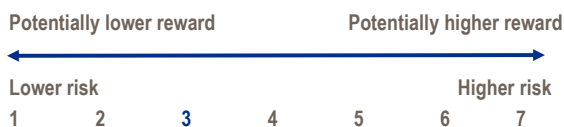
## Investment objectives

**Financial** : to outperform the benchmark, on an investment time horizon of two years to provide excess return and yield complementary to the domestic bond market.

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

## Risk profile

Low risk, ensured by a constant and asymmetric distribution of returns generated by a reduced exposure to risk of interest during rising cost of capital periods and a concentration on the EUR during declining foreign currencies periods.

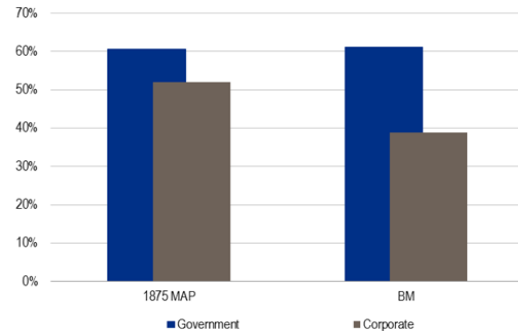


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## Sources of return (in order of importance)



## 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 a effective sustainable asset management integrating the environmental (E), social (S) and governance (G) criteria for all asset classes. Using a unique proprietary model, 1875 MAP, dedicated to the dynamic tactical allocation management, and relying for the selection of titles 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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