

# MAP FUND MANAGEMENT

## SUSTAINABLE GLOBAL BONDS (CHF) - I

As at end of January 2016

### Investment profile

**Assets class** : global bonds

**BM** : 60% Citi WorldBIG TR, 40% SBI TR - currency: 95% CHF

**Reference currency** : CHF

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

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

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

**Number of holdings** : 75 securities

**Approach** : top down and bottom up

**Duration** : min. 2 Y – max. 8 Y

**Foreign currency** : min. 0% - max. 20%

**NAV 01.31.2016** : CHF 100.21

**ISIN / Telekurs** : class S : LU1121107046 / 25648371

class I : LU1121107129 / 25648374

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

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

**Dividend distribution** : capitalization

**Classes** : S, Z, I

**Management fees / TER (p.a.)** : S: 0.9% / 1.1%; I: 0.5% / 0.7%

**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

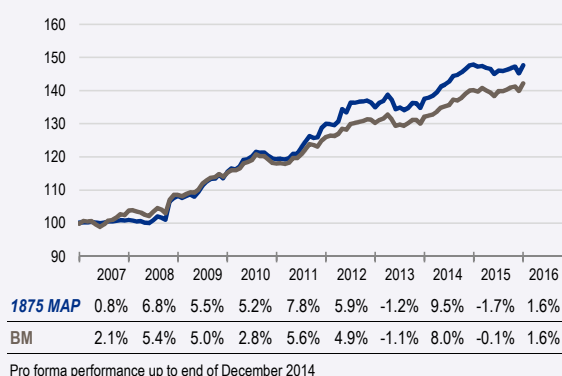
### Benchmark and tactical asset allocation

| Markets           | BM  | Margins |      | 1875 MAP |        |
|-------------------|-----|---------|------|----------|--------|
|                   |     | Min.    | Max. | Feb.16   | Jan.16 |
| Short term        | 0%  | 0%      | 70%  | 0%       | 0%     |
| CHF               | 40% | 10%     | 60%  | 42%      | 41%    |
| Duration CHF      | 6   | 2       | 8    | 7        | 7      |
| USD               | 26% | 15%     | 50%  | 31%      | 32%    |
| Duration USD      | 5   | 2       | 8    | 6        | 6      |
| EUR               | 20% | 5%      | 40%  | 15%      | 14%    |
| Duration EUR      | 6   | 2       | 8    | 5        | 5      |
| GBP               | 3%  | 0%      | 10%  | 3%       | 4%     |
| Duration GBP      | 9   | 2       | 10   | 10       | 10     |
| JPY               | 9%  | 0%      | 20%  | 4%       | 3%     |
| Duration JPY      | 9   | 2       | 10   | 4        | 4      |
| Miscellaneous     | 2%  | 0%      | 20%  | 4%       | 5%     |
| Duration Miscell. | 6   | 2       | 8    | 6        | 6      |

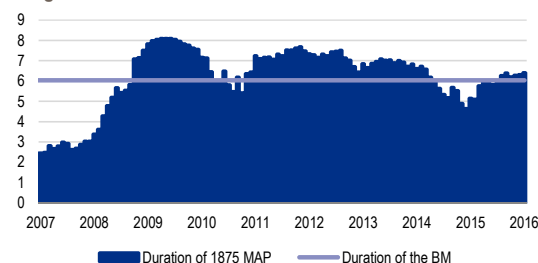
| Currency <sup>1</sup> | BM  | Margins |      | 1875 MAP |        |
|-----------------------|-----|---------|------|----------|--------|
|                       |     | Min.    | Max. | Feb.16   | Jan.16 |
| CHF                   | 95% | 80%     | 100% | 97%      | 96%    |
| Foreign               | 5%  | 0%      | 20%  | 3%       | 4%     |

<sup>1</sup> after hedge

### Performance



### Average duration



### Statistics

|   | 1875 MAP     | BM           |
|---|--------------|--------------|
| Pro forma annual performance 2007-2014 *  | 4.99%        | 4.05%        |
| <b>Annual performance since inception</b> | <b>0.26%</b> | <b>1.95%</b> |
| <b>Performance, YTD</b>                   | <b>1.63%</b> | <b>1.64%</b> |
| <b>Performance, MTD</b>                   | <b>1.63%</b> | <b>1.64%</b> |
| Maximum monthly drawdown*                 | -1.67%       | -1.49%       |
| Volatility*                               | 2.88%        | 2.77%        |
| Tracking-error*                           | 1.04%        | -            |
| Sharpe ratio* <sup>†</sup>                | 1.40         | 1.28         |
| Sortino ratio* <sup>†</sup>               | 3.34         | 2.63         |

<sup>†</sup> average risk-free rate (%) : 0.55

\* pro forma statistics

### Investment strategy

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

### Investment philosophy and process

Provide sustainable asset management, generating superior performances versus the Swiss 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

Government bond markets appreciated in January, due to greater deflationary expectations, and to increasing risk aversion. Performances were differentiated according to states quality and to the indices average duration. Securities in GBP (3.87%) behaved the best, followed by those in SEK (2.37%) and USD (2.09%). EUR-denominated bonds appreciated heterogeneously due to increased risk premiums on certain governments (Bund +2.5%, BTP +1.14%). Assets in CAD (1.04%) and in AUD underperformed, hit by the drop of their currencies. Corporate issuers have been penalized by the general rise in risk premiums. High yield bonds and emerging debts depreciated together with the stock-markets and commodities fall. Forex markets have been shaped by the appreciation of the USD – moderate vs. the EUR (0.22%) and the JPY (0.62%) and sensible vs. commodities-sensitive currencies. The GBP (-3.4%) and the CHF (-2.03%) have weakened markedly vs. the EUR.

The fund appreciated by 1.63%, in line with its benchmark.

Bonds remain overweight, with an average duration consistent with the strategic allocation. The risks coming from tension on yields are strongly attenuated in the short term by the falling nominal growth. Long term is still favored. Assets in USD, CAD, AUD, GBP, CHF and now NOK are overweight. Bonds in EUR are slightly underweight due to excessive valuation level. Securities in JPY are underweight due to a real yield level that is too low. Weight of US corporate issuers have been reduced to accentuate their underweight after the increase in systemic risk. Thanks to improving operational margins in Europe, corporate issuers from this area remain moderately overweight. Regarding currencies, a marked overweight of the EUR vs. the USD is maintained as the overvaluation of the USD is high. The exposure to the EUR vs. the CHF is reduced as the BCE maintains an accommodative monetary policy while the systemic risk has risen.

### Investment objectives

**Financial** : outperform the benchmark over 2 years to provide excess return and yield complementary to the Swiss Bond Index (SBI).

**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.

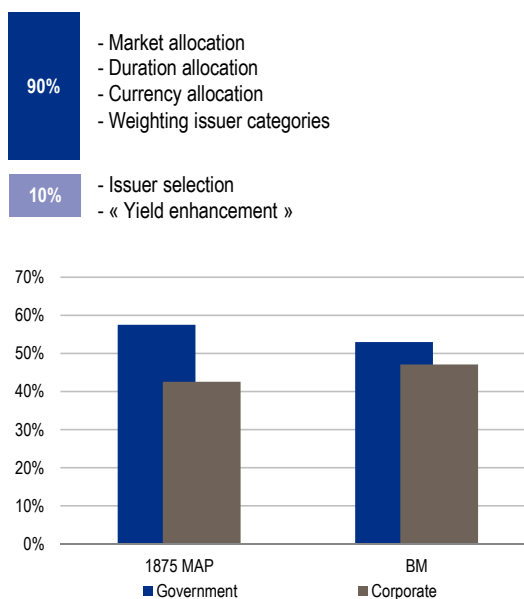


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### Sources of return (in order of importance)



### Glossary

|                    |  |
|--------------------|--|
| 1875 MAP           | Market Allocation Process: tactical allocation defined by the 1875 FINANCE process |
| APT                | Portfolio optimization and risk measurement software developed by Sungard          |
| SAA                | Strategic Asset Allocation   |
| Citigroup WorldBIG | Citigroup World Broad Investment Grade Bond index                                  |
| PRI                | Principles for Responsible Investments   |
| SBI                | Swiss Bond Index   |

### 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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