MAP FUND MANAGEMENT
SUSTAINABLE GLOBAL BONDS (CHF) - I

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NAV 31.07.2017: CHF 97.93

Investment profile

Asset 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
Approach : top down and bottom up
Subscription / Redemption : D+2 / D+5
Minimum investment : CHF 100'000
Dividend distribution : re-invested
Management fees / TER (p.a.) : 0.6% ; 1.09%
Domicile : Luxembourg
Registration : Switzerland, Luxembourg, France
Representative / Correspondent : Carnegie Fund Services / BNP Paribas
Legal form : SICAV - UCITS - open fund
Manager : 1875 FINANCE, Switzerland - FINMA regulated
Custodian bank : Pictet & Cie (Europe) S.A.
Administrator / transfer agent : FundPartner Solutions (Europe) S.A.
Auditor : Ernst & Young, Luxembourg
Inception date : December 15, 2014

Potentially lower reward — Potentially higher reward

Lower risk — Higher risk

1 2 **3** 4 5 6 7

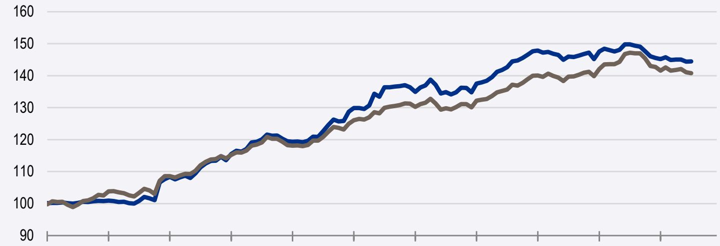
Benchmark and tactical asset allocation

Markets	BM	MAP Fund Aug.17	MAP Fund Jul.17
Short term	-	20.8%	20.8%
CHF	40.0%	33.0%	34.7%
USD	30.1%	25.5%	24.9%
EUR	17.4%	18.6%	17.5%
GBP	2.7%	-	-
JPY	7.7%	-	-
Miscellaneaous	2.1%	2.1%	2.1%
Average duration	7.1	4.3	4.3
Government	52.4%	31.1%	32.4%
Corporate	47.6%	53.3%	51.9%

Currency[1]	BM	MAP Fund Aug.17	MAP Fund Jul.17
CHF	95.0%	97.1%	97.4%
Foreign	5.0%	2.9%	2.6%

[1] after hedge

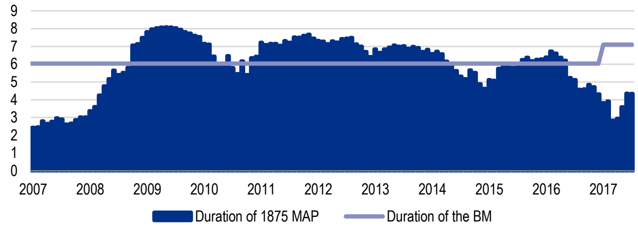
Performance in %



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
MAP Fund	0.8	6.8	5.5	5.2	7.8	5.9	-1.2	9.5	-1.7	0.1	-0.8
BM	2.1	5.4	5.0	2.8	5.6	4.9	-1.1	8.0	-0.1	0.3	-0.7

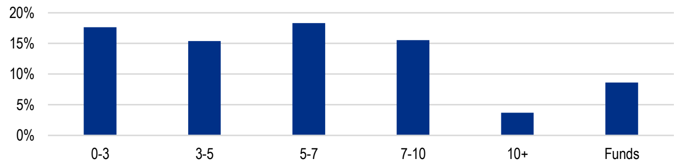
Pro forma performance prior to December 2014

Average duration (min. 2 Y – max. 8 Y)



Pro forma prior to December 2014

Yield curve positioning



Statistics

	MAP Fund	BM
Pro forma annual performance 2007-2014*	4.99%	4.05%
Annual performance since inception	**-0.75%**	**-0.35%**
YTD Performance	**-0.78%**	**-0.69%**
MTD Performance	**0.04%**	**-0.18%**
Maximum monthly drawdown*	-2.01%	-1.67%
Volatility*	3.19%	2.75%
Tracking-error*	1.37%	-
Sharpe ratio* [1]	1.37	1.19
Sortino ratio* [1]	3.02	2.34
Number of holdings	69	

[1] average risk-free rate (%) : 0.36 — * pro forma performance

10 largest direct investments

Weight	Name	Weight	Name
10.9%	1.5% Switzerland 24.7.2025	1.8%	1.75% Canton Of Geneva 22.3.2033
5.8%	Ishares Us Agg Bnd Usd Dist	1.8%	0.2% Lgt Bank Ag 12.10.2026
2.5%	0.1% Roche Kapitalmarkt Ag 23.9.2024	1.7%	1.75% Swisscom Ag 10.7.2024
2.1%	0.125% Novartis Finance Sa 20.9.2023	1.7%	1.25% Bk Nederlandse Gemeenten 30.4.2024
1.8%	Ishares Core Euro Corp Bond	1.7%	1.375% Svenska Handelsbanken Ab 5.10.2022

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Retrospective & perspective

During July, government bond markets in developed countries have generally moved sideways, while emerging debt has continued on its upwards trend. The markets benefited both from the decline in USD-denominated yields and from higher commodity prices. Within advanced nations, dollar investments (0.2%) continued to outperform due to the narrowing of the cyclical gap between the United States and the rest of the world. CAD (-0.3%) and to a lesser extent CHF (-2%) bonds corrected the most. Under the influence of better-than-expected earnings announcements, credit premiums tightened further, as Euro-denominated bonds posted excess returns relative to their counterparts denominated in USD. The high-yield borrowing segment consolidated, penalized by the energy sector.

In the previous month, foreign exchange markets were characterized by the continuation of the decline of the USD against the EUR (-3.4%), which was caused by the narrowing in cyclical spreads. The currency environment was also marked by the overall strengthening of emerging currencies and the sharp rise in currencies linked to commodity price developments such as the CAD (3.3%), AUD (2.4%) and NOK (3.1%). In Europe, we witnessed the pronounced decline of the Swiss franc against the Euro (4.3%).

The fund appreciated by 0.04% vs. -0.18% for its benchmark.

With a still very expensive valuation, government bonds will continue on their downwards trend for the next 6 months. In the short term, bond markets will be affected by the increase in real yields linked to a more intensive use of inputs. In the longer term, they will be penalized by rising inflationary pressures. It is therefore necessary to reduce exposure to reach a more significant underweighting, and to further reduce durations. During the second half of the year, inflation-linked bonds will remain underweight. Conversely, variable-rate borrowings will be privileged. In terms of monetary allocation, assets denominated in AUD remain overweight due to the limited short-term economic recovery and low inflationary pressures in Australia. Investments in USD and NOK should be reduced to be moderately underweight, with the former being affected by higher valuations and the latter by the expected recovery of growth in Norway. Conversely, CAD and JPY commitments can be increased due to a more favourable monetary environment. Investments in EUR, and to a lesser extent in CHF and GBP, are still highly overvalued and must be further reduced in order to be more strongly underexposed and with durations close to their minimum level. Regarding debtor categories, corporate bonds remain overweight in view of the continued improvement in the financial health of companies. Private issuers in EUR continue to be privileged in view of the more marked improvement in their margins and their very low level of debt.

Burdened with a more expensive valuation following its recent increases, the EUR can now be reduced. It must however remain overweight due to the decrease in its risk premium and to the continued narrowing in currency spreads between the United States and the Eurozone. After depreciating in the previous month, the CHF is now benefiting from a lower valuation. In view of the improved economic fundamentals of the Eurozone, the Swiss currency will continue on its downwards trend, but in a more limited way. It should therefore be more moderately underweighted.

Sources of return (in order of importance)

90%	- Market allocation - Duration allocation - Currency allocation - Weighting issuer categories
10%	- Issuer selection - « Yield enhancement »

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).

Glossary

BM	*Benchmark*
Citigroup WorldBIG	*Citigroup World Broad Investment Grade Bond index*
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 (Principles for Responsible Investments) 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 pension funds both balanced management and overlay services, but also global equity and global bond mandates.

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