

MAP FUND MANAGEMENT

SUSTAINABLE GLOBAL BONDS (CHF) - I

ISIN / TELEKURS: LU1121107129 / 25648374

NAV 31.12.2016: CHF 98.70

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+3 / D+5

Minimum investment : CHF 100'000

Dividend distribution : re-invested

Management fees / TER (p.a.) : 0.5% ; 0.9%

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



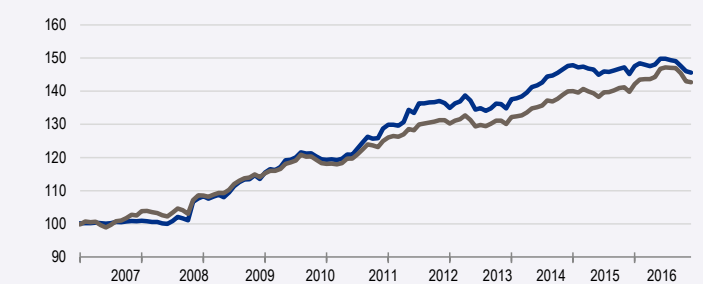
Benchmark and tactical asset allocation

Markets	BM	MAP Fund	
		Jan.17	Dec.16
Short term	-	23.5%	20.6%
CHF	40.0%	28.0%	30.7%
USD	30.1%	27.1%	23.9%
EUR	17.4%	8.8%	11.2%
GBP	2.7%	1.4%	1.4%
JPY	7.7%	4.8%	4.9%
Miscellaneous	2.1%	6.4%	7.2%
Average duration	7.1	4.3	4.7
Government	52.4%	41.8%	43.5%
Corporate	47.6%	41.3%	40.9%

Currency ¹	BM	MAP Fund	
		Jan.17	Dec.16
CHF	95.0%	90.2%	93.7%
Foreign	5.0%	9.8%	6.3%

¹ after hedge

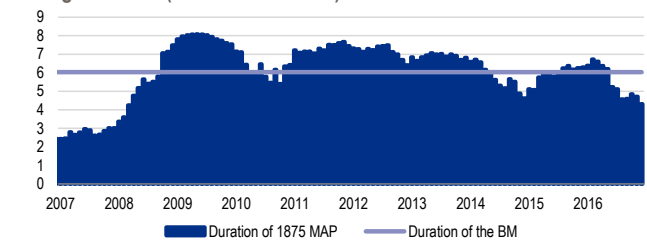
Performance in %



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

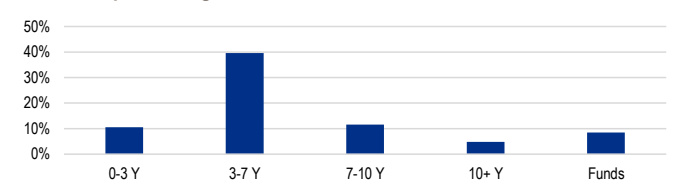
Pro forma performance prior to December 2014

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	-0.59%	-0.20%
YTD Performance	0.10%	0.32%
MTD Performance	-0.34%	-0.20%
Maximum monthly drawdown*	-2.01%	-1.67%
Volatility*	3.25%	2.76%
Tracking-error*	1.39%	-
Sharpe ratio* ¹	1.35	1.21
Sortino ratio* ¹	3.30	2.58
Number of holdings	80	

¹ average risk-free rate (%) : 0.43

¹ pro forma performance

10 largest direct investments

Weight	Name	Weight	Name
10.1%	1.5% Switzerland 24.7.2025	1.8%	1.5% Corp Andina De Fomento 13.8.2020
4.0%	1.375% Us Treasury N/B 31.3.2020	1.8%	0.125% Novartis Finance Sa 20.9.2023
2.3%	0.9% Japan (10 Year Issue) 20.6.2022	1.7%	1.75% Canton of Geneva 22.3.2023
2.0%	1.75% Us Treasury N/B 31.3.2022	1.7%	0.2% Lgt Bank Ag 12.10.2026
1.8%	1% Pfandbrief Schw Kantbk 13.2.2023	1.7%	1.375% Nestle Holdings Inc 13.7.2021

Retrospective & perspective

During December, government bond markets in developed countries (0.10%). Emerging loans (1.7%) recovered following the sharp fall observed during the previous period. Within advanced economies, CAD (-0.8%) and JPY (-0.7%) bonds fell the most. USD-denominated assets consolidated, while Euro investments recovered somewhat. On the credit side, we note the additional lowering of credit premiums.

During the period under review, the foreign exchange environment was characterized by the rebound in emerging currencies (BRL 4%, RUB 4.4%), encouraged by new capital inflows and by the continued rise of the USD vis-à-vis developed currencies (JPY 2.20%, EUR 0.64%, AUD 2.5%, CAD 0.3%) as a result of divergences in monetary policy. In Europe, we note the further recovery of the GBP (0.75%) and the continued strength of the CHF (0.56%).

The fund depreciated by -0.34% vs. -0.20% for its benchmark. This slight underperformance is mainly due to the hedging costs and the lower duration compared to the strategic allocation.

After having depreciated considerably throughout December, bond markets remain oversold but are still burdened with expensive medium-term valuation levels. Economic conditions remain unfavourable to bonds due to the expected strengthening of nominal growth. On the monetary front, fixed-income investments should be kept underweight, with average durations below those of the benchmarks. During rebound phases, they will be reduced in a complementary manner. In terms of currency allocation, AUD and to a lesser extent CAD and NOK loans benefit from less favourable economic indicators. Their GBP and EUR counterparts are the most strongly underexposed. Commitments in USD and JPY remain moderately underexposed. CHF investments are more moderately underweighted.

Inflation-indexed bonds (TIPS) in yen remain an alternative to their fixed-rate counterparts. Following their recent decline, TIPS in USD are becoming more attractive and will prove progressively more resilient than fixed-income commitments. The relative attractiveness of USD-denominated corporate bonds has increased. In terms of debtor categories, it will therefore be necessary to increase the overweighting on corporate bonds.

The widening divergence in monetary policy between the United States and the Eurozone, as well as the growing scarcity of international liquidity, advocate for a further rise of the USD despite its strong overvaluation. The overweighting of the greenback relative to the Euro should therefore be further emphasized. The higher risk premium on the Euro and the continuation of a very expansive monetary policy by the ECB will continue to put pressure on the EUR against the Swiss franc. Despite the interventions by the SNB, the Swiss currency must therefore be overweighted relative to the Euro.

Sources of return (in order of importance)



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

<i>BM</i>	<i>Benchmark</i>
<i>Citigroup WorldBIG</i>	<i>Citigroup World Broad Investment Grade Bond index</i>
<i>SBI</i>	<i>Swiss Bond Index</i>

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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