

MAP FUND MANAGEMENT

SUSTAINABLE GLOBAL BONDS (CHF) - I

As at end of August 2016

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
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 08.31.2016 : CHF 101.45
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 : re-invested
Share 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
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
Inception date : December 15, 2014

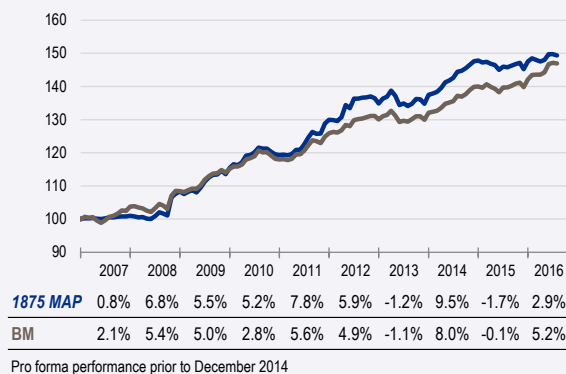
Benchmark and tactical asset allocation

Markets	BM	Margins		1875 MAP	
		Min.	Max.	Sep.16	Aug.16
Short term	0.0%	0.0%	70.0%	6.3%	9.7%
CHF	40.0%	10.0%	60.0%	36.7%	34.9%
Duration CHF	7.0	2.0	8.0	5.8	5.2
USD	29.0%	15.0%	50.0%	26.3%	26.6%
Duration USD	6.0	2.0	8.0	4.4	4.4
EUR	18.0%	5.0%	40.0%	16.2%	15.6%
Duration EUR	7.0	2.0	8.0	4.7	4.7
GBP	2.9%	0.0%	10.0%	1.9%	2.1%
Duration GBP	10.0	2.0	10.0	4.8	5.7
JPY	8.0%	0.0%	20.0%	6.0%	6.0%
Duration JPY	10.0	2.0	10.0	6.5	6.5
Miscellaneous	2.0%	0.0%	5.0%	6.6%	5.1%
Duration Miscell.	5.9	2.0	8.0	6.0	6.0

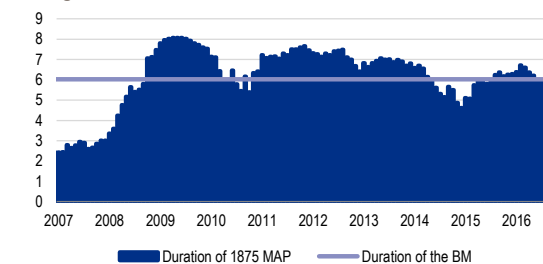
Currency ¹	BM	Margins		1875 MAP	
		Min.	Max.	Sep.16	Aug.16
CHF	95.0%	80.0%	100.0%	95.2%	92.4%
Foreign	5.0%	0.0%	20.0%	4.8%	7.6%

¹ after hedge

Performance



Average duration



Statistics

	1875 MAP	BM
Pro forma annual performance 2007-2014 *	4.99%	4.05%
Annual performance since inception	0.88%	3.27%
YTD Performance	2.89%	5.15%
MTD Performance	-0.28%	-0.11%
Maximum monthly drawdown*	-2.01%	-1.48%
Volatility*	3.24%	2.69%
Tracking-error*	1.40%	-
Sharpe ratio* ¹	1.48	1.37
Sortino ratio* ¹	3.53	2.82

¹ average risk-free rate (%): 0.47

* pro forma performance

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

In August, government bond markets (-0.38%) corrected as a result of the increase in expectations of an interest rate hike in the United States. Conversely, their emerging counterparts - encumbered with a moderate credit risk - continued to rise. GBP-denominated assets (2.92%) progressed the most once again, helped by the easing operated by the Bank of England. EUR bonds issued by peripheral countries such as Italy (0.32%) and Spain (0.05%) also gained, favoured by lower yield spreads. Loans issued by Germany (-0.59%) and France (-0.73%) were penalized by valuation levels which are too expensive. Investments in JPY (-1.24%) and in CHF (-0.43%) were affected by the decrease in risk aversion shown by investors and continued to decline. On the credit side, we note the sideways move for premiums after a sharp contraction the previous month. The foreign exchange markets was characterized by dispersed currency trends. The US dollar consolidated vis-à-vis the EUR (-0.03%).

During the period under review, the fund depreciated by -0.28% vs. -0.11% for its benchmark. This underperformance is mainly related to the underweighting on GBP equities.

Bonds, which are strongly overvalued as a result of quantitative monetary policy, will be gradually affected by the higher expectations of inflation and by the more limited expansion of monetary policies, in particular in the United States. Rising yields will however be mitigated by the moderation of growth and continued excess production resources. Bond investments should therefore be kept underweight and burdened with a duration below that of the benchmark. Because of the significant government debt purchases by central banks, interest rate curves continue to flatten, favouring long maturities and requiring the implementation of so-called barbell strategies. AUD- and to a lesser extent CAD-denominated loans remain overweight due to the continued cyclical risk facing their economy. In view of the deterioration of Norwegian economic indicators, investments in NOK have been increased in a trend towards neutrality. Commitments in USD, EUR, GBP, CHF and JPY remain underweight. We recommend staying underweight on USD-denominated corporate bonds relative to their government counterparts due to the deteriorating financial health of US companies. European corporate bonds are kept selectively overweight compared to public debtors in light of the low corporate debt ratio and the improvement in operating margins. EUR remains moderately overweight towards USD, due to a still-favourable risk premium and valuation. CHF exposure towards EUR increases following the narrowing of interest rate spreads and a more attractive valuation of the franc.

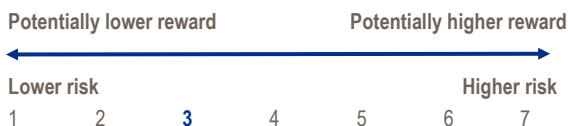
Investment objectives

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.

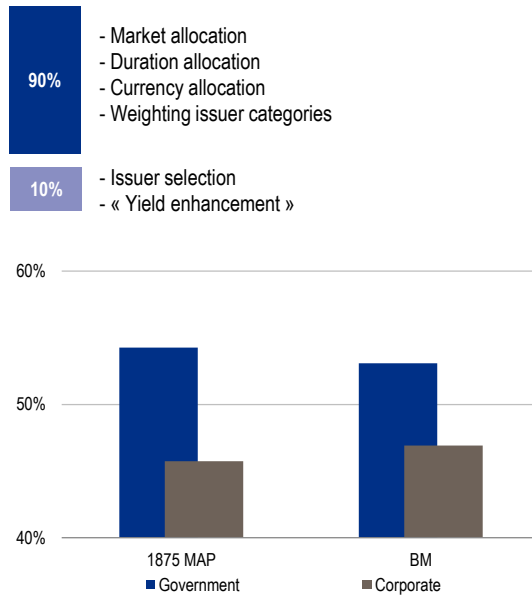


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Sources of return (in order of importance)



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 pension funds both balanced management and overlay services, but also global equity and global bond mandates.



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