

MAP FUND MANAGEMENT

SUSTAINABLE GLOBAL BONDS (CHF) - I

As at end of October 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 : 77 securities
Approach : top down and bottom up
Duration : min. 2 Y – max. 8 Y
Foreign currency : min. 0% - max. 20%
NAV 10.28.2016 : CHF 100.26
ISIN / Telekurs : LU1121107129 / 25648374
Subscription / Redemption : D+3 / D+5
Minimum investment : CHF 100'000
Dividend distribution : re-invested
Share classes : S, Z, I
Management fees / TER (p.a.) : 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

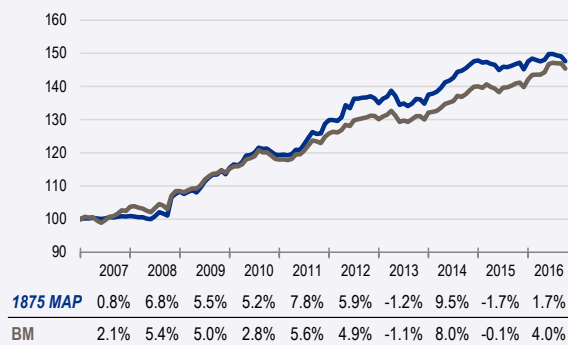
Benchmark and tactical asset allocation

Markets	BM	Margins		1875 MAP	
		Min.	Max.	Nov.16	Oct.16
Short term	0.0%	0.0%	70.0%	7.8%	6.0%
CHF	40.0%	10.0%	60.0%	36.4%	35.5%
Duration CHF	7.0	2.0	8.0	5.7	5.4
USD	29.0%	15.0%	50.0%	26.3%	27.0%
Duration USD	6.0	2.0	8.0	4.2	4.6
EUR	18.0%	5.0%	40.0%	14.2%	15.1%
Duration EUR	7.0	2.0	8.0	4.0	4.5
GBP	2.9%	0.0%	10.0%	2.1%	1.9%
Duration GBP	10.0	2.0	10.0	5.7	5.0
JPY	8.0%	0.0%	20.0%	6.9%	6.9%
Duration JPY	10.0	2.0	10.0	7.9	7.9
Miscellaneous	2.0%	0.0%	5.0%	6.3%	7.6%
Duration Miscell.	5.9	2.0	8.0	6.0	6.0

Currency ¹	BM	Margins		1875 MAP	
		Min.	Max.	Nov.16	Oct.16
CHF	95.0%	80.0%	100.0%	93.6%	93.5%
Foreign	5.0%	0.0%	20.0%	6.4%	6.5%

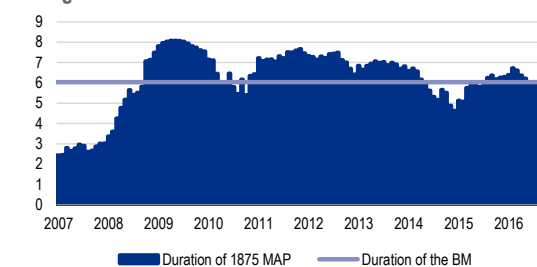
¹ after hedge

Performance



Pro forma performance prior to December 2014

Average duration



Statistics

	1875 MAP	BM
Pro forma annual performance 2007-2014 *	4.99%	4.05%
Annual performance since inception	0.18%	2.39%
YTD Performance	1.68%	4.01%
MTD Performance	-1.00%	-1.06%
Maximum monthly drawdown*	-2.01%	-1.48%
Volatility*	3.25%	2.71%
Tracking-error*	1.39%	-
Sharpe ratio* ¹	1.43	1.30
Sortino ratio* ¹	3.44	2.72

¹ average risk-free rate (%) : 0.45

* 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 October, government bond markets (-1.4%) continued on their downward trend as a result of increased expectations of an interest rate hike in the United States and of a more rapid normalization of monetary policies. Having weathered the rise of USD-denominated bond yields, emerging bonds (-0.5%) corrected. GBP bonds suffered the most (-4%), their EUR counterparts also declined significantly (-1.7%). USD-denominated assets continued to be affected by higher short-term interest rates. JPY (-0.3%) and to a lesser extent CHF (-0.7%) commitments were the most resilient. On the credit side, we note moderate premium increases, with the exception of the high-yield and European banking segments. The environment in the foreign exchange markets was characterized by the recovery of the USD against most currencies (EUR 2.4%, JPY 3.5%, CAD 2.2%, AUD 0.7%, CNY 1.5%). In Europe, we note the continued decline of the pound sterling (EUR/GBP 3.6%) and the strengthening of the Swiss Franc (EUR/CHF -0.5%).

The fund depreciated by 1.00% vs. 1.06% for its benchmark. This overperformance is due to the maturities lower than the underlying benchmarks.

Despite their correction, bond markets remain overvalued in the medium term. Under the effect of the stronger recovery in global nominal growth over the coming quarters, yields will continue on an upward trend. As a result, the improvement in economic prospects and the decrease of their relative attractiveness compared to equities require that their underweighting be scaled up. In consideration of the significant holdings of government bonds by central banks, and following the recent rise in long-term yields, interest rate curves will flatten, favoring long maturities and demanding the implementation of barbell strategies. In terms of currency diversification, AUD- and to a lesser extent CAD-denominated loans are kept overweight due to the decline in inflation which still benefits their respective economies. The acceleration in economic activity and the significant reduction in deflationary pressures in the Eurozone require a further decrease in EUR commitments to achieve a more significant underweighting. USD, GBP, CHF and JPY investments remain underweight and inflation-linked bonds (TIPS) remain underexposed. In terms of debtor categories, considering the improvement in profit outlooks, we continue to overweight corporate bonds, with a more moderate underweighting of US private bonds and a more limited overweighting of their European counterparts due to the deterioration in their valuation levels.

On the foreign exchange market, we stay moderately overweighted on the EUR towards the USD, due to a still-favourable risk premium and valuation. In light of the deterioration of the valuation level of the CHF, its underweight towards the EUR stays.

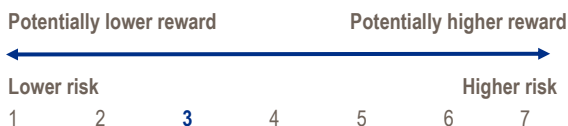
Investment objectives

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.

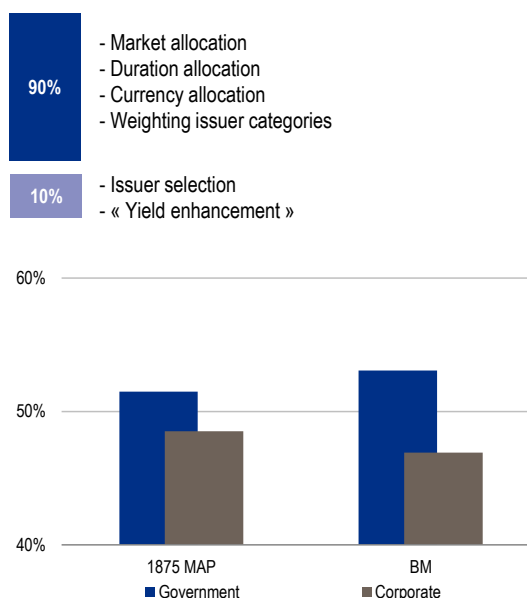


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Sources of return (in order of importance)



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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