

# MAP FUND MANAGEMENT

## SUSTAINABLE GLOBAL BONDS (USD) - S

ISIN / TELEKURS: LU1121107715 / 25684600

NAV 31.01.2017: USD 99.29

### Investment profile

**Asset class** : global bonds

**BM** : 40% Citi WorldBIG TR, 60% Citi WorldBIG USD TR - currency: 90% USD

**Reference currency** : USD

**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** : USD 10'000

**Dividend distribution** : re-invested

**Management fees / TER (p.a.)** : 0.9% ; 1.59%

**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** : October 16, 2015

Potentially lower reward ← → Potentially higher reward

Lower risk 1 2 3 4 5 6 7 Higher risk

### Benchmark and tactical asset allocation

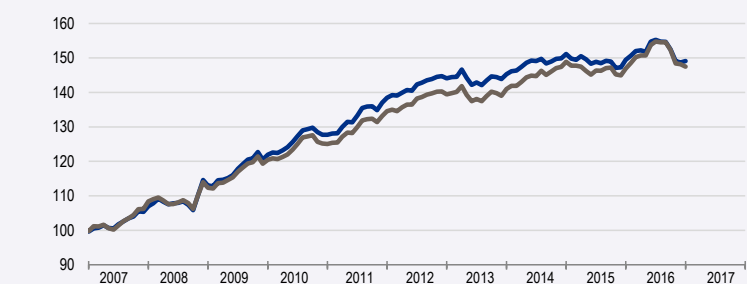
Markets	BM	MAP Fund	
		Feb.17	Jan.17
Short term	-	48.7%	34.0%
USD	60.0%	31.6%	43.5%
EUR	23.2%	7.0%	9.1%
CHF	0.1%	-	-
GBP	3.5%	0.7%	0.7%
JPY	10.3%	6.9%	6.7%
Miscellaneous	2.9%	5.3%	6.0%
Average duration	6.7	2.7	3.8

Government	54.6%	41.5%	52.6%
Corporate	45.4%	36.0%	35.8%

Currency <sup>1</sup>	BM	MAP Fund	
		Feb.17	Jan.17
USD	90.0%	89.9%	88.9%
Foreign	10.0%	10.1%	11.1%

<sup>1</sup> after hedge

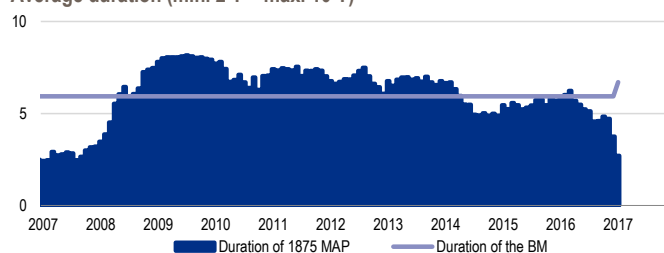
### Performance in %



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
MAP Fund	5.0	9.7	5.4	9.1	9.4	5.7	-0.8	6.2	-1.4	2.0	0.3
BM	7.0	7.4	5.0	4.9	6.4	5.2	-1.2	4.8	-1.6	1.7	-0.5

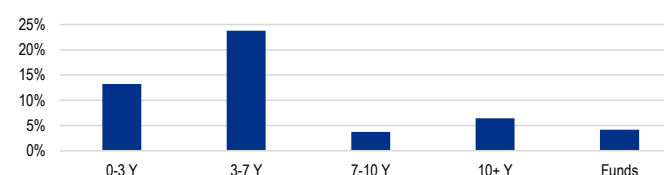
Pro forma performance prior to December 2014

### Average duration (min. 2 Y – max. 10 Y)



Pro forma prior to December 2014

### Yield curve positioning



### Statistics

	MAP Fund	BM
Pro forma annual performance 2007-2014*	6.16%	4.98%
<b>Annual performance since inception</b>	<b>-0.47%</b>	<b>-0.87%</b>
<b>Performance, YTD</b>	<b>0.28%</b>	<b>-0.46%</b>
<b>Performance, MTD</b>	<b>0.28%</b>	<b>-0.46%</b>
Maximum monthly drawdown*	-2.22%	-2.61%
Volatility*	3.30%	3.33%
Tracking-error*	0.83%	-
Sharpe ratio* <sup>1</sup>	1.07	1.00
Sortino ratio* <sup>1</sup>	2.17	1.91
Number of holdings	67	

<sup>1</sup> average risk-free rate (%): 0.93

\* pro forma performance

### 10 largest direct investments

Weight	Name	Weight	Name
4.4%	2.45% Ontario (Province Of) 29.6.2022	2.6%	3.3% Coca-Cola Co/The 1.9.2021
3.4%	0.75% Us Treasury N/B 15.4.2018	2.5%	2.5% Us Treasury N/B 15.2.2045
2.8%	0.9% Japan (10 Year Issue) 20.6.2022	2.4%	1.375% Nestle Holdings Inc 13.7.2021
2.8%	1.375% Us Treasury N/B 31.3.2020	2.3%	2.65% British Columbia Prov Of 22.9.2021
2.7%	2% Us Treasury N/B 15.2.2025	2.2%	2.5% Buoni Poliennali Del Tes 1.12.2024



## Retrospective & perspective

In January, government bond markets in developed countries (-0.82%) continued on their downward trend. Under the effect of the new capital inflows, emerging borrowing (2.33%) once again appreciated. Within advanced economies, USD bonds (0.22%) with lower valuation levels have appreciated somewhat. On the other hand, EUR- (-1.51%) and GBP- (-1.98%) denominated assets, again fell significantly. Investments in CHF were down 0.18%. In terms of credit, we note the further lowering of premiums, especially on bank debtors, with the exception of the high-yield segment.

During the period under review, the foreign exchange environment was characterized by a weak USD (-3.1%) against the majority of currencies. The fall in the greenback was more significant against emerging currencies and those of commodity-exporting countries such as Australia (-4.7%). It also materialized against the yen (-3.1%) and the Euro (-2.3%). In Europe, the Euro depreciated against the Norwegian Krone (-2%) and the Swiss franc (-0.4%). On the contrary, it regained ground against the pound sterling (0.4%), supported by the higher probability of a "hard Brexit".

The fund appreciated by 0.28% vs. -0.46% for its benchmark. This performance results from the shorter duration on the portfolio.

Real yields, which are undervalued, will continue to rise in the first half of the year. The underweighting of fixed-rate assets must therefore be increased and durations reduced in a complementary manner in order to more substantially strengthen portfolios against the recovery in the cost of capital. In terms of currency allocation, AUD and NOK borrowings are now slightly overweight. Investments in GBP, in EUR and to a lesser extent in JPY are more strongly underexposed. Commitments in CAD and CHF are more moderately underweighted. USD bonds are reduced in a complementary manner. Inflation-linked bonds (TIPS) must be kept underweight and do not yet represent an attractive alternative to fixed-income commitments. The overweighting of corporate bonds is increased by further exposure to European private bonds and to a lesser extent to their US counterparts.

The narrowing of the spread between monetary conditions in the United States and the Eurozone, couple with the increase in the risk premium on the USD, advocate for a decrease in the overweighting of the greenback.

## Sources of return (in order of importance)

90%

- Market allocation
- Duration allocation
- Currency allocation
- Weighting categories debtor

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 US Dollar

## Investment philosophy and process

Provide sustainable asset management, generating superior performances versus the domestic 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>Citi WorldBIG</i>	<i>Citibank World Broad Investment Grade Bond index</i>
<i>PRI</i>	<i>Principles for Responsible Investments</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.



### 1875 FINANCE

Rue du 31-Décembre 40 – CH-1207 Genève  
T +41 22 595 18 75 – [mapfund@1875.ch](mailto:mapfund@1875.ch)

[www.mapfunds.com](http://www.mapfunds.com) [www.1875.ch](http://www.1875.ch)

### Important Legal Information

This publication is intended for information purposes only, and should not be construed as an offer, recommendation or solicitation for sale, purchase or engagement in any other transaction. Furthermore, by offering information, products or services via this publication, no solicitation is made to any person to use such information, products or services in jurisdictions where the provision of such information, products or services is prohibited by law or regulation. All material is provided without express or implied warranties or representations of any kind and no liability for any direct or indirect damages arising out of the use of this information is accepted.

All information contained in this publication has been prepared by 1875 FINANCE SA on the basis of publicly available information, internally developed data and other sources believed to be reliable. It is for general informational purposes only and should not be construed as an individualised recommendation or personalised investment, tax or legal advice. The information is subject to change without notice. Reasonable care has been taken to ensure that the materials are accurate and that the opinions stated are fair and reasonable. All opinions and estimates constitute our judgment as of the date of publication and do not constitute general or specific investment advice.

Investments in the asset classes mentioned herein may not be suitable for all recipients. Past performance is no guarantee or indication for future results. The price, value of, and income from investments in any asset class mentioned in this publication may experience upward and downward movement and investors may not get back the amount invested. International investing includes risks related to political and economic uncertainties in foreign countries, as well as currency risk.

Any investment should be made only after thoroughly reading the current prospectus and/or other documentation/information available. Nothing contained in this document constitutes legal, tax or other advice, nor should any investment or any other decisions be made solely based on this document.

This publication is not intended for distribution to, or use by, any person or entity in any country or jurisdiction where such distribution or use would be contrary to applicable local laws or regulations or would subject 1875 FINANCE SA to any registration requirement within such country or jurisdiction. Persons or entities in respect of whom such prohibitions apply must not use this publication. This document is not intended for distribution in the U.S. or to U.S. persons.

Additional Information for Switzerland : The prospectus and the Key Investor Information Documents for Switzerland, the articles of incorporation, the annual and semi-annual report, in French and further information can be obtained free of charge from the representative in Switzerland: Carnegie Fund Services S.A., 11, rue du Général-Dufour, 1204 Geneva, Switzerland, web: [www.carnegie-fund-services.ch](http://www.carnegie-fund-services.ch). The Swiss paying agent is: Banque Pictet & Cie SA, 60, Route des Acacias, 1211 Geneva 73. The last share prices can be found on [www.fundinfo.com](http://www.fundinfo.com). For the shares of the Funds distributed to non-qualified investors in and from Switzerland and for the shares of the Funds distributed to qualified investors in Switzerland, the place of jurisdiction is Geneva.