

# MAP FUND MANAGEMENT

## SUSTAINABLE GLOBAL BONDS (USD) - S

ISIN / TELEKURS: LU1121107715 / 25684600

NAV 28.02.2017: USD 99.34

### 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

Higher risk

1 2 3 4 5 6 7

### Benchmark and tactical asset allocation

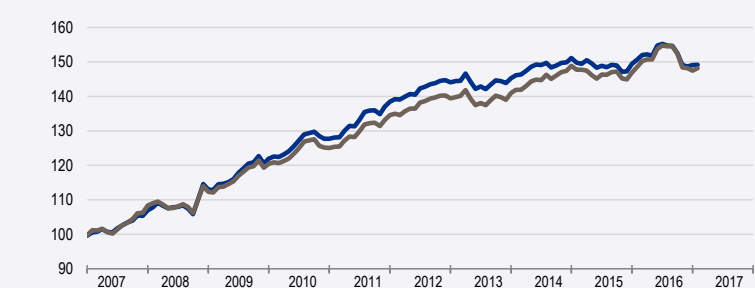
Markets	BM	MAP Fund	
		Mar.17	Feb.17
Short term	-	49.0%	48.7%
USD	60.0%	30.8%	31.6%
EUR	23.2%	7.1%	7.0%
CHF	0.1%	-	-
GBP	3.5%	0.7%	0.7%
JPY	10.3%	7.1%	6.9%
Miscellaneous	2.9%	5.3%	5.3%
Average duration	6.7	2.7	2.7

Government	54.6%	39.7%	41.5%
Corporate	45.4%	38.0%	36.0%

Currency <sup>1</sup>	BM	MAP Fund	
		Mar.17	Feb.17
USD	90.0%	94.5%	89.9%
Foreign	10.0%	5.5%	10.1%

<sup>1</sup> after hedge

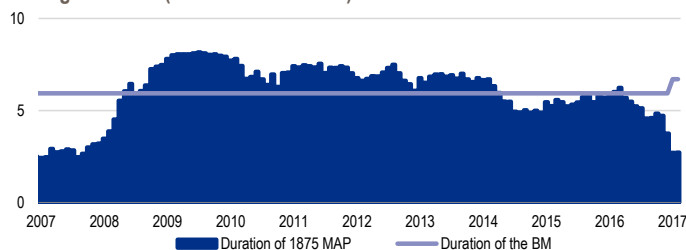
### Performance in %



	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	0.0

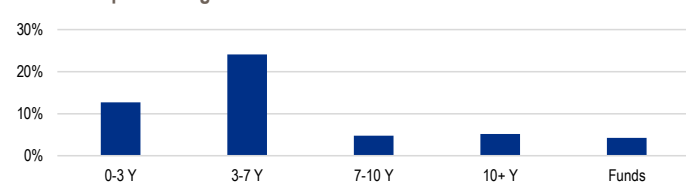
Pro forma performance prior to December 2014

### 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%
Annual performance since inception	-0.41%	-0.49%
Performance, YTD	0.33%	0.00%
Performance, MTD	0.05%	0.47%
Maximum monthly drawdown*	-2.22%	-2.61%
Volatility*	3.29%	3.32%
Tracking-error*	0.84%	-
Sharpe ratio* <sup>1</sup>	1.08	1.02
Sortino ratio* <sup>1</sup>	2.17	1.94
Number of holdings	66	

<sup>1</sup> average risk-free rate (%): 0.92

\* pro forma performance

### 10 largest direct investments

Weight	Name	Weight	Name
4.5%	2.45% Ontario (Province Of) 29.6.2022	2.6%	2.5% Us Treasury N/B 15.2.2045
3.5%	0.75% Us Treasury N/B 15.4.2018	2.5%	1.375% Nestle Holdings Inc 13.7.2021
2.9%	0.9% Japan (10 Year Issue) 20.6.2022	2.3%	2.65% British Columbia Prov Of 22.9.2021
2.8%	1.375% Us Treasury N/B 31.3.2020	2.3%	3.35% Apple Inc 9.2.2027
2.7%	3.3% Coca-Cola Co/The 1.9.2021	2.2%	2.5% Buoni Poliennali Del Tes 1.12.2024



## Retrospective & perspective

During February, government bond markets in developed countries (0.8%) benefited from a technical upturn fostered by position hedging. As a result of further capital inflows, emerging loans (2.3%) further appreciated. Within advanced economies, GBP (3.3%) and to a lesser extent EUR (1.6%) bonds gained the most, while their counterparts in JPY (0.4%), USD (0.5%) and CHF (0.5%) underperformed. In terms of credit, we note, through the evolution of CDS, a further reduction of CDS reduction, particularly on bank debtors, with the exception of the high-yield segment.

During the period under review, the environment on the foreign exchange markets was characterized by the weakness of the EUR against all currencies, particularly the USD (-1.7%). On the other hand, emerging currencies rose again (RUB 2.8%, BRL 1.8%, TWD 1.8%). The AUD (1.4%) and the CAD (-1.8%) moved in the opposite direction. We note the renewed firmness of the yen (0.9%) vis-à-vis the greenback. In Europe, the EUR declined against the GBP (0.4%) and the CHF (0.4%).

The fund appreciated by 0.05% vs. 0.47% for its benchmark. This underperformance results from the shorter duration on the portfolio.

Due to the gradual reduction of available productive resources and the increase in the banking multiplier, yields, which are now undervalued, will continue their upwards trend during the first half of the year. While remaining at historically low levels, inflation will gradually recover by evolving in a differentiated manner according to the monetary zones. The combination of rising real interest rates and rising inflationary pressures advocates for a decline in bonds. As a result, it requires a lowering of both their weighting and duration in order to underexpose them more significantly and to reduce, in a complementary manner, the sensitivity of the portfolios to interest rates. In terms of currency allocation, the divergence in performance will falter as a result of the synchronized recovery in the global economy. Against this backdrop, excess exposure to AUD borrowings is reduced in a trend towards neutrality and the underweighting of CHF and CAD commitments is increased. Investments in GBP, EUR and JPY are more markedly underexposed due to their valuation levels, which remain very high. USD bonds remain underweight in expectation of the acceleration of economic activity in the United States and the gradual normalization of US monetary policy. Given the expected rise in real interest rates during the first half of the year and the more gradual recovery in inflation, inflation-indexed bonds (TIPS) must remain underweight and do not yet present an attractive alternative to fixed-income commitments. In terms of debtor categories, the overweighting of corporate bonds is strengthened by an increase in exposure to European private bonds and, to a lesser extent, to their US counterparts. Despite their recent decline, credit premiums will continue to decrease as a result of the significant improvement in corporate financial positions, particularly within the banking sector.

The greenback may at the current level appreciate only moderately and should therefore be only slightly overweighted.

## 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 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

BM	Benchmark
Citi WorldBIG	Citibank World Broad Investment Grade Bond index
PRI	Principles for Responsible Investments

## 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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