

# MAP FUND MANAGEMENT

## SUSTAINABLE GLOBAL BONDS (USD) - S

ISIN / TELEKURS: LU1121107715 / 25684600

NAV 31.03.2017: USD 99.10

### 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



### Benchmark and tactical asset allocation

Markets	BM	MAP Fund	
		Apr.17	Mar.17
Short term	-	63.9%	49.0%
USD	60.0%	29.3%	30.8%
EUR	23.2%	4.7%	7.1%
CHF	0.1%	-	-
GBP	3.5%	1.8%	0.7%
JPY	10.3%	-	7.1%
Miscellaneous	2.9%	0.3%	5.3%
Average duration	6.7	2.0	2.7

Government	54.6%	30.7%	39.7%
Corporate	45.4%	34.8%	38.0%

Currency <sup>1</sup>	BM	MAP Fund	
		Apr.17	Mar.17
USD	90.0%	96.6%	94.5%
Foreign	10.0%	3.4%	5.5%

<sup>1</sup> after hedge

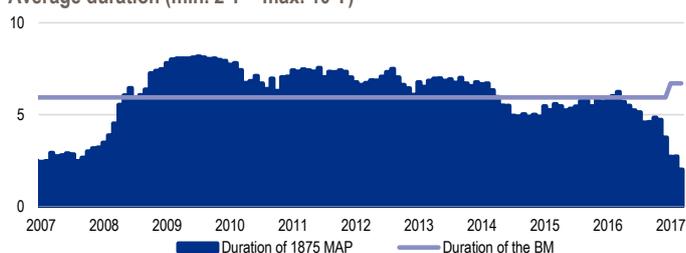
### Performance in %



	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	0.1
BM	7.0	7.4	5.0	4.9	6.4	5.2	-1.2	4.8	-1.6	1.7	0.5

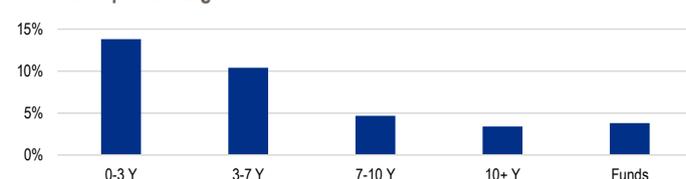
Pro forma performance prior to December 2014

### 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%
Annual performance since inception	-0.55%	-0.18%
Performance, YTD	0.09%	0.45%
Performance, MTD	-0.24%	-0.63%
Maximum monthly drawdown*	-2.22%	-2.61%
Volatility*	3.28%	3.32%
Tracking-error*	0.85%	-
Sharpe ratio* <sup>1</sup>	1.07	1.01
Sortino ratio* <sup>1</sup>	2.16	1.93
Number of holdings		50

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

\* pro forma performance

### 10 largest direct investments

Weight	Name	Weight	Name
4.6%	2.45% Ontario (Province Of) 29.6.2022	2.5%	1.375% Nestle Holdings Inc 13.7.2021
3.5%	0.75% Us Treasury N/B 15.4.2018	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
2.6%	2.5% Us Treasury N/B 15.2.2045	2.1%	Ishares Core Euro Corp Bond

## Retrospective & perspective

In March, the government bond markets in developed countries (-0.19%) consolidated. Emerging bonds (2.35%) once again appreciated. Within the developed markets, EUR Bonds corrected the most (Bund -1.03%), while their counterparts in GBP (0.37%) appreciated only slightly. Assets denominated in USD moved sideways, while investments in AUD (0.50%) and CAD (0.14%) improved somewhat under the effect of declining commodity prices. We note the set-back of borrowings in CHF (-0.79%), influenced by the upturn of German yields. On the credit level, we note profit-taking on private debtors and a continuing reduction of risk premiums in the banking sector and high yield bonds.

In March, the environment in the foreign exchange market was characterized by the weakness of the greenback and the decline of currencies sensitive to commodity prices. Affected by political uncertainties, the USD dropped by 0.84% against the EUR and by 0.56% relative to the JPY. On the contrary, it increased against the CAD and AUD, respectively by 0.19% and 0.43%. In Europe, the EUR fell against the GBP (-0.16%) and strengthened relative to the CHF (0.53%).

The fund depreciated by -0.24% vs. -0.63% for its benchmark. This slight over performance results from the shorter duration on the portfolio and the overweighting on short term.

As a result of more intensive use of inputs and the gradual normalization of monetary policies, the real yields will continue their bullish trend during the first half of the year. Given the very gradual increase of inflation and the decline of their overvaluation, the bond markets will decline in a less pronounced fashion during the coming months. In such a context, the aim is therefore to selectively reduce the strong underweight of bonds and, in a targeted manner, increase the very short duration that we have recommended over the course of recent quarters. In terms of monetary allocation, assets denominated in USD with a less expensive valuation and temporarily weaker credit demand could be increased so as to be more moderately underweighted. On the contrary, commitments in CHF were once again reduced after the improvement of the Swiss economic situation and the upturn of price indices in Switzerland, meaning that they are henceforth appreciably underexposed. Investments in GBP, EUR and JPY remained strongly under-invested as a result of their continuing high valuation, while their counterparts in CAD, AUD and in NOK are close to neutrality. In terms of debtor categories, the pronounced overweight of corporate bonds was somewhat decreased as a result of the more expensive valuation of private bonds and the increasing level of corporate debt, most specifically in the United States.

The contraction of the risk premium linked to the improvement of cyclical prospects in the Eurozone and the decline of monetary divergences point in favour of reducing the overweighting of the EUR relative to the USD, while leaning towards a neutral exposure.

## 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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