

MAP FUND MANAGEMENT

SUSTAINABLE GLOBAL BONDS (USD) - S

ISIN / TELEKURS: LU1121107715 / 25684600

NAV 31.05.2017: USD 99.62

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

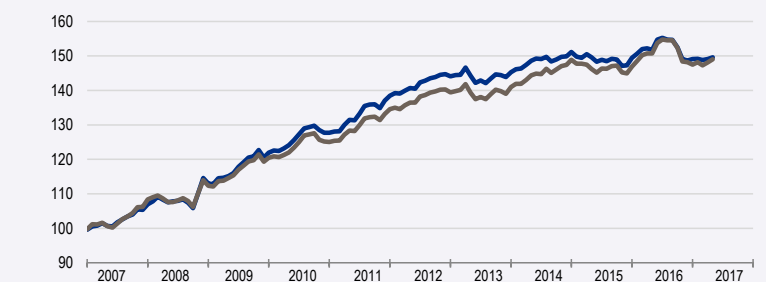
Markets	BM	MAP Fund	
		Jun.17	May.17
Short term	-	42.3%	51.0%
USD	60.0%	45.8%	38.1%
EUR	23.2%	10.2%	8.8%
CHF	0.1%	-	-
GBP	3.5%	1.5%	1.9%
JPY	10.3%	-	-
Miscellaneous	2.9%	0.2%	0.2%
Average duration	6.7	3.0	3.0

Government	54.6%	31.3%	31.0%
Corporate	45.4%	32.1%	35.1%

Currency ¹	BM	MAP Fund	
		Jun.17	May.17
USD	90.0%	97.6%	97.7%
Foreign	10.0%	2.4%	2.3%

¹ after hedge

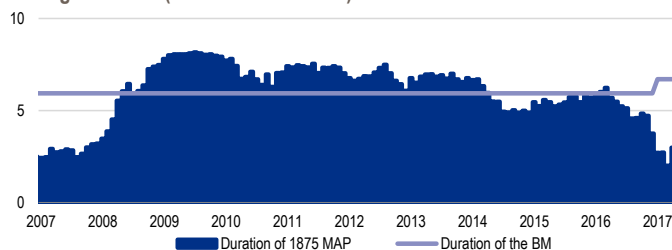
Performance in %



MAP Fund	BM
5.0	7.0
9.7	7.4
5.4	5.0
9.1	4.9
9.4	6.4
5.7	5.2
-0.8	-1.2
6.2	4.8
-1.4	-1.6
2.0	1.7
0.6	2.1

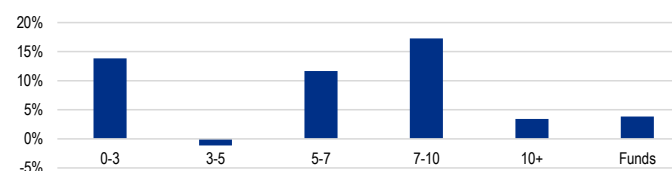
Pro forma performance prior to December 2014

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	-0.18%	0.83%
Performance, YTD	0.62%	2.12%
Performance, MTD	0.31%	0.63%
Maximum monthly drawdown*	-2.22%	-2.61%
Volatility*	3.26%	3.29%
Tracking-error*	0.85%	-
Sharpe ratio* ¹	1.05	1.02
Sortino ratio* ¹	2.12	1.94
Number of holdings	49	

¹ average risk-free rate (%): 1.01

* pro forma performance

10 largest direct investments

Weight	Name	Weight	Name		
4.6%	2.45% Ontario (Province Of)	29.6.2022	2.4%	2.5% Buoni Poliennali Del Tes	1.12.2024
3.5%	0.75% Us Treasury N/B	15.4.2018	2.3%	3.35% Apple Inc	9.2.2027
2.8%	(Fixed) 2.25% Nestle Holdings Inc	10.5.2	2.3%	2.65% British Columbia Prov Of	22.9.2021
2.8%	1.375% Us Treasury N/B	31.3.2020	2.2%	Ishares Core Euro Corp Bond	
2.6%	2.5% Us Treasury N/B	15.2.2045	1.7%	1% Bundesrepub. Deutschland	15.8.2024



Retrospective & perspective

During May, government bond markets (0.4%), in particular in the US (0.6%), continued to recover under the influence of the decrease in inflationary expectations linked to the price drop of raw materials and to the temporary slowing-down of growth in the United States. Despite the setback on Brazilian assets, emerging debt continues to generate excess performance (1.7%). At the level of the advanced economies, we observe the underperformance of EUR commitments, which have been affected by the price fall on borrowings issued by the German government (-0.04). Within the Eurozone, we note however the further narrowing of yield gaps. While CHF-denominated bonds consolidated (0.2%), their AUD counterparts progressed strongly (1.4%). From a credit perspective, we note the further reduction in risk premiums on private debtors, particularly European banks.

During the previous month, the environment on the foreign exchange markets was marked by the further rise of the Euro. The single currency continued to benefit from the improvement of economic conditions for member countries in the zone. The greenback weakened again under the influence of the decline in USD bond yields. Pound sterling fell further following the publication of polls which were less favorable to the Conservative party. In emerging countries, we note the fall of the Brazilian Real, penalised by the corruption scandals facing president Michel Temer.

The fund appreciated by 0.31% vs. 0.63% for its benchmark.

Burdened by an expensive valuation, government bonds will pursue on their downward trend. Excessive valuations combined with an unfavorable economic environment militate accordingly for remaining underweight on fixed-income assets and implementing reduced durations. Regarding currency allocation, AUD- and NOK-denominated assets remain overweight due to still-favourable domestic conditions, namely very moderate inflation for the first and relatively weak growth for the second. USD investments - affected by a deterioration of their valuation levels and CAD investments - penalised by an acceleration of activity - were again reduced to be more appreciably underexposed. Burdened by a less expensive valuation, commitments in EUR, in GBP, in JPY and in CHF are less strongly underweighted. Regarding debtor categories, the overweighting of corporate bonds was increased following the improvement in profit forecasts. EUR-denominated private borrowings are still preferred over their USD counterparts.

The additional decrease in the risk premium on the Euro, as well as the reduction of monetary differences, militate in favour of an increase in the overweighting of the EUR against the USD.

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.



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