



Finreon Fixed Income Risk Control® EUR Aggregate

28/02/2025

Strategy

Finreon Fixed Income Risk Indicator (FIRI) measures systematically the interest rate and credit risk in the European bond market on a daily basis with a variety of different market factors.

FIRI combines interest rate and credit risks to a robust solution. Based on the current market environment, it allows to position a bond portfolio versus its benchmark systematically and in a rule based manner.

Based on the credit risk measurement (CRI), the fund invests in long-term corporates bonds (investment grade) or high quality treasury bonds (min. rating of AA). Additionally, based on the interest rate risk measurement (IRI), the fund's duration is reduced by the use of liquid, exchange-traded interest rate futures (Bobl & Bund). In case of low interest rate risk, there is no reduction of the fund's duration, in case of neutral interest rate risk, the duration is adjusted to the benchmark (Bonds Euro Aggregate) while in case of high interest rate risk, the fund's duration is reduced for another 2.5 years.

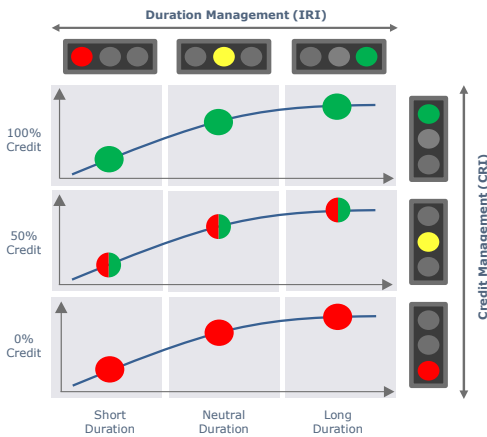
Current Month

Comment

The month of February was characterized by falling euro interest rates and constant credit spreads on European corporate bonds. The Interest Rate Indicator remained at high interest rate risks and stood at red ("short duration") at month-end. Simultaneously, the Credit Risk Indicator consistently remained green ("long credit"). As of 28/02/2025 the solution was therefore fully invested in corporate bonds with short duration. Overall, the Finreon Fixed Income Risk Control® EUR Aggregate solution returned 0.3% in February, underperforming the benchmark return of 0.5%.

	Fixed Income Risk Control (CHF-hedged)	Bonds Euro Aggregate TR (CHF-hedged)
Return current month	0.3%	0.5%
Return year-to-date	0.9%	0.3%

Finreon Fixed Income Risk Control® concept

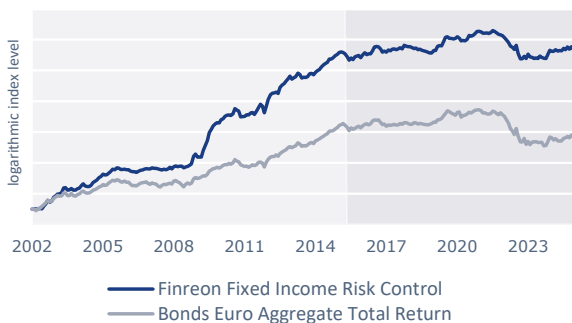


- **Finreon Fixed Income Risk Indicator:** Interest rate and credit risk is measured daily, based on a multitude of factors from the categories Downside, Volatility, Trend and Macro and is shown in a risk signal.
- **Credit Management (CRI):** The Credit Risk Indicator shows the current credit risk as low (green), normal (yellow) and high (red). Depending on the risk indication the fund invests in long-term corporate bonds (Bonds Euro Aggregate: Corporates 7-10y) or in high quality long-term treasury bonds (Bonds Euro Aggregate: Treasury 7-10y min. AA).
- **Duration Management (IRI):** The Interest Rate Indicator shows regimes of falling (green), stable (yellow) and increasing (red) interest rates. The duration is managed within a defined bandwidth (ca. 3 to 7.5) using liquid, exchange traded 5 and 10 year Eurex futures (Bobl, Bund).
- **Efficient Implementation:** The systematic Finreon Fixed Income Risk Control concept has been developed with the aim to control and reduce turnover, trading costs and liquidity risks. For hedging of credit risk liquid CDS Itraxx indices may be used.
- **Benchmark:** Bonds Euro Aggregate Total Return

Return / Risk figures

	01/2002 - 02/2025		Since inception FIRI (05/2014)	
	Finreon Fixed Income Risk Control® EUR Aggregate	Bonds Euro Aggregate Total Return	Finreon Fixed Income Risk Control® EUR Aggregate	Bonds Euro Aggregate Total Return
Return p.a.	4.6%	2.1%	1.2%	0.0%
Modified Duration	5.72	5.94	6.08	6.72
Volatility	4.9%	4.1%	4.7%	4.8%
Sharpe Ratio	0.91	0.47	0.32	0.09
Information Ratio	0.87	n.a.	0.42	n.a.
Tracking Error	3.0%	n.a.	2.7%	n.a.
Max. Drawdown	-16.8%	-20.9%	-16.8%	-20.9%
Positive months	61.2%	61.2%	52.7%	57.4%

Performance



Risk figures as of 28.02.2025

	Finreon Fixed Income Risk Control® EUR Aggregate	Bonds Euro Aggregate Total Return
Duration	3.90	6.20
Current yield	3.78%	2.77%
Current coupons	3.11%	2.13%

All figures are annualised.

Performance Finreon Fixed Income Risk Control® EUR Aggregate: Live signals since 05/2014;

Finreon Fixed Income Risk Control® EUR Aggregate Fund Class-DH since 03/2015 (net performance, CHF-hedged), backtesting unhedged.

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Finreon Fixed Income Risk Control® EUR Aggregate 1|4

Monthly returns in %

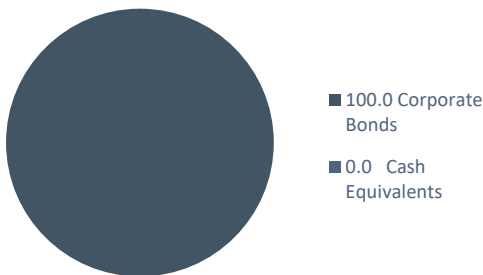
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	0.1	0.7	-0.3	0.1	-0.3	-0.4	-0.4	0.6	-0.4	0.6	0.9	-1.0	0.0
2008	1.4	0.7	-0.6	0.4	-0.1	-1.0	0.5	0.4	0.7	0.9	5.1	1.5	10.1
2009	-2.0	0.0	0.1	4.2	3.5	3.1	5.4	1.9	2.4	1.2	0.9	-0.3	22.3
2010	2.3	0.4	1.7	0.7	0.2	-0.4	1.2	3.4	-0.9	-0.8	-3.6	0.2	4.3
2011	0.2	0.9	-0.1	1.3	0.3	-1.4	2.1	2.6	2.2	-1.2	-4.2	4.2	6.8
2012	4.6	2.9	1.2	0.2	0.5	-0.8	4.0	1.4	1.1	1.7	1.4	1.7	21.6
2013	-1.9	1.0	0.7	2.3	-0.9	-2.4	0.6	-0.1	0.4	2.1	0.2	-0.9	0.9
2014	1.6	1.0	0.7	1.6	1.5	0.9	0.8	2.2	0.0	0.8	1.2	1.0	14.1
2015	1.3	0.3	-0.3	-1.0	-1.5	-2.4	1.4	-1.2	1.9	0.5	0.3	-1.4	-2.2
2016	2.0	1.4	-1.3	0.4	0.1	2.0	2.4	0.4	-0.3	-1.3	-2.1	0.7	4.5
2017	-0.7	1.4	-0.6	1.1	0.2	-0.5	0.6	0.7	-0.7	2.3	-0.5	-0.4	2.8
2018	0.1	-0.6	-0.7	0.4	-1.2	0.4	-0.6	-0.4	-0.5	-0.5	-0.6	0.1	-4.0
2019	1.5	0.1	2.6	0.6	-0.2	2.6	2.9	0.5	-1.2	0.1	-0.3	0.2	9.8
2020	1.1	-0.8	-1.9	0.4	-0.4	1.1	2.5	-0.4	0.4	1.0	1.5	0.3	4.9
2021	-0.4	-1.0	0.1	0.1	-0.3	0.5	1.4	-0.6	-1.0	-0.9	-0.3	-0.5	-2.8
2022	-1.3	-1.6	-1.6	-2.3	-0.8	-1.3	2.7	-5.2	-3.4	0.0	1.7	-1.4	-13.8
2023	2.8	-1.8	-0.4	-0.6	0.3	-0.3	1.5	-0.9	-0.6	-0.1	2.7	2.7	5.4
2024	-0.6	0.0	1.0	-0.8	0.2	-0.1	1.6	-0.8	1.8	-1.5	1.8	-1.8	0.6
2025	0.6	0.3											0.9

YTD: year-to-date

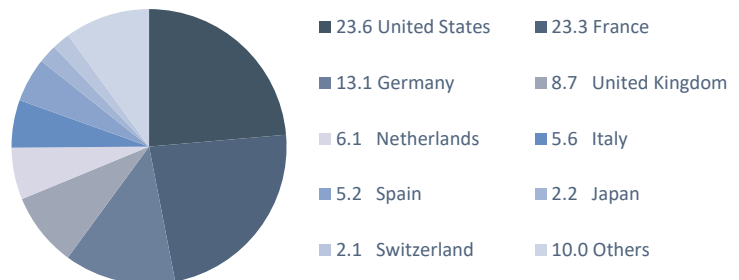
● Live signals since 05/2014; Finreon Fixed Income Risk Control® EUR Aggregate Fund Class-DH since 03/2015 (net performance, CHF-hedged).

Current portfolio characteristics

Asset classes in %



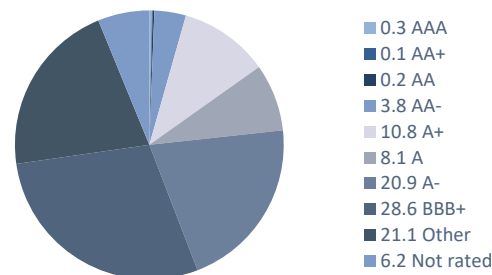
Countries in %



10 largest positions in %

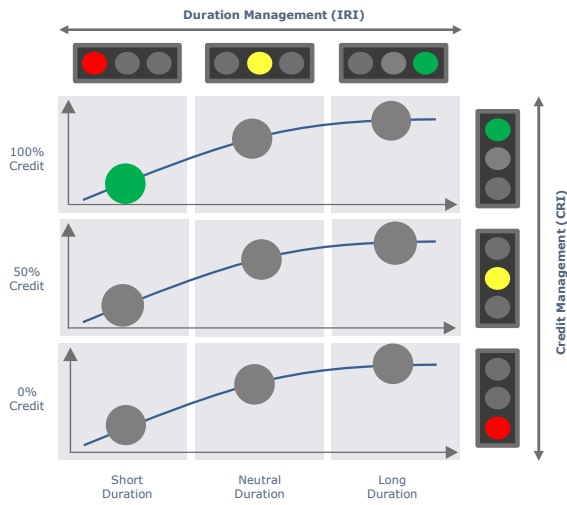
Finreon Fixed Income Risk Control® EUR Aggregate	
JPMorgan Chase	0.54
Morgan Stanley	0.54
Banco Santander	0.53
France Telecom	0.51
ING Group	0.48
Morgan Stanley	0.47
Verizon Communications Inc.	0.47
Bayer AG	0.46
BNP Paribas	0.46
Eni Spa	0.46

Credit Ratings in %





Current positioning of the Finreon Fixed Income Risk Control EUR Aggregate Fund as of 28.02.2025



Interest Rate Indicator (IRI)

Short Duration

Credit Risk Indicator (CRI)

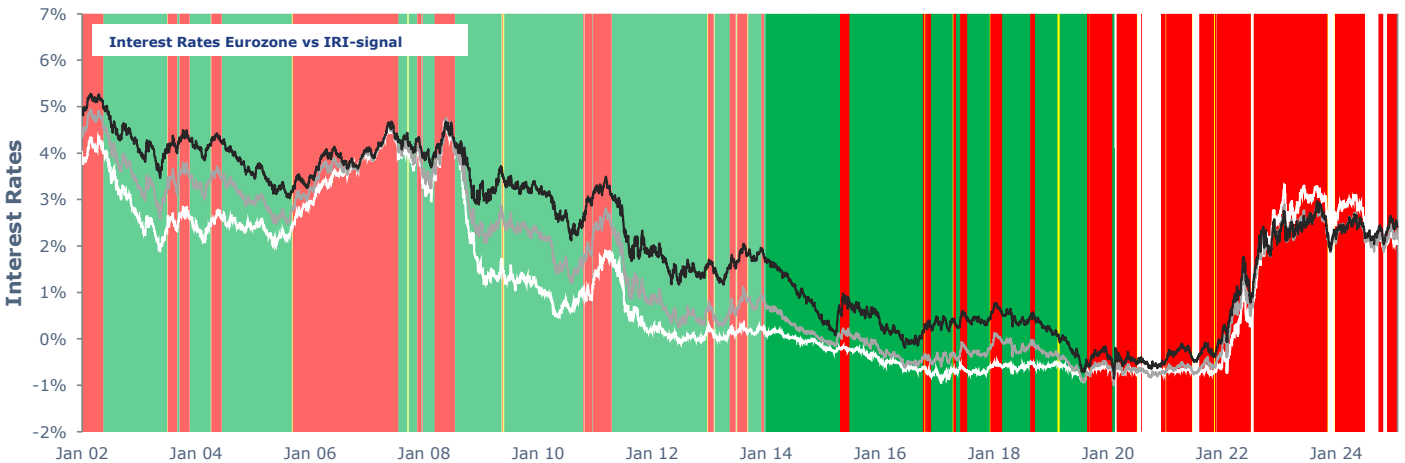
100% Credit

Finreon Fixed Income Risk Control EUR Aggregate 28.02.2025

- **Finreon Fixed Income Risk Control®:** The risk measures for interest rate and credit risk are shown in a dual risk signal system and reflect the positioning of the Finreon Fixed Income Risk Control® Fund.
- **Current positioning:** The chart on the left shows the current positioning within the dual risk signal system, indicated through the coloured circle. The horizontal axis shows the current duration positioning (long, neutral, short). The vertical axis shows the current credit exposure (100%, 50%, 0%).

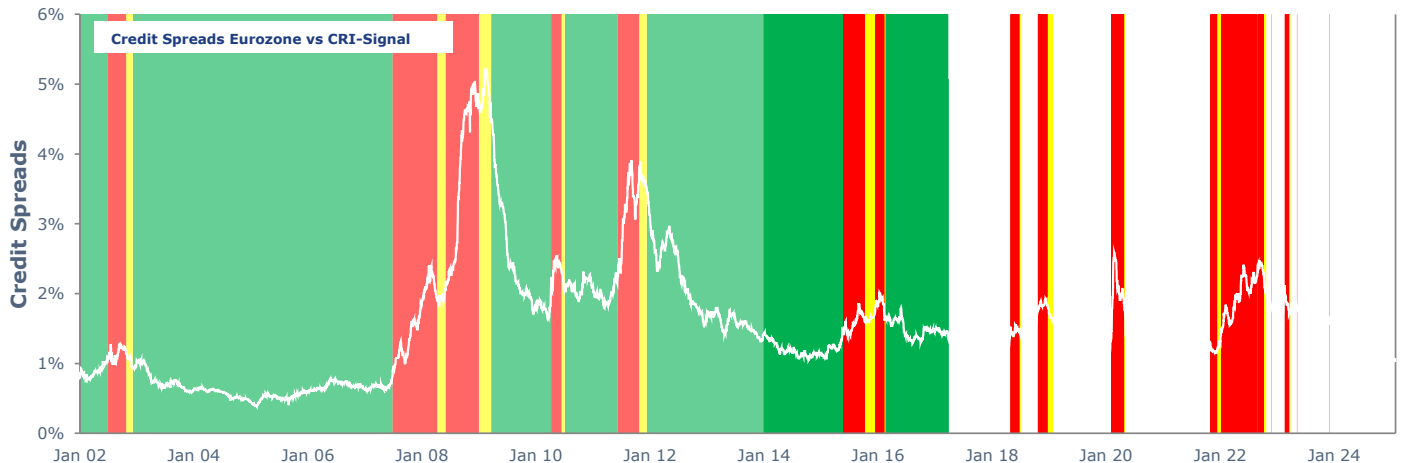
Development of the Finreon Interest Rate Indicator (IRI)

The chart shows the evolution of the duration signal against the development of the 2-, 5-, and 10-year interest rates. A green signal indicates falling, a yellow stable and a red signal indicates increasing interest rates.



Development of the Finreon Credit Risk Indicator (CRI)

The chart shows the evolution of the credit signal against the development of the credit spreads of the Bonds Euro Aggregate: Corporates 7-10y. A green signal indicates low risk, a yellow signal normal risk and a red signal indicates high credit risk.





Investment opportunities

The Finreon Fixed Income Risk Control® strategy can be accessed by qualified investors through both investment mandates and collective investment schemes. Please contact us for further information about our mandate solutions. Information about the fund and the individual share classes can be found below:

Fund						
Investment advisor	Finreon Ltd, St.Gallen	Structure		Fund under Swiss law, FINMA regulated	Fund AuM	
Investment manager	UBS Ltd., Zurich	Marketing Licence		Switzerland	Liquidity and remarks	
Fund management	UBS Fund Management (Switzerland) Ltd.	Benchmark		Bonds Euro Aggregate TR		
Custody bank	UBS Switzerland Ltd.	Benchmark (CHF-hedged classes)		Bonds Euro Aggregate TR (CHF-hedged)		
CHF 111.68m						
daily; physical bond investment, no sec lending, derivatives only for hedging purposes, no leverage/short-selling (Comm 1 / BVV 2)						

Share classes	Class-A	Class-C	Class-I0	Class-I1	Class-I2	Class-D
Conditions	-	> CHF 0.5m	Institutional investors/Discr. mandate agreement ¹⁾	> CHF 5m	> CHF 10m	Discr. mandate agreement and ~ > CHF 25m ²⁾
ISIN	CH0251429269	CH0343985443	CH0343985906	CH0579520450	CH0251429335	CH0251429293
Valor	25142926	34398544	34398590	57952045	25142933	25142929
Bloomberg	FFXIRCA SW	-	-	FICEAIE SW	FFIRC12 SW	FFXIRCD SW
Currency	EUR	EUR	EUR	EUR	EUR	EUR
Subscription currency	EUR and CHF	EUR and CHF	EUR and CHF	EUR and CHF	EUR and CHF	EUR and CHF
Distribution policy	accumulating	accumulating	accumulating	accumulating	accumulating	accumulating
Management fee p.a.	0.75%	0.65%	0.65%	0.45%	0.36%	to be agreed individually
Inception date	24/02/2015	-	-	-	-	-
NAV	994.06	-	-	-	-	-

Share classes (CHF-hedged)	Class-AH	Class-CH	Class-I0H	Class-I1H	Class-I2H	Class-DH
Conditions	-	> CHF 0.5m	Institutional investors/Discr. mandate agreement ¹⁾	> CHF 5m	> CHF 10m	Discr. mandate agreement and ~ > CHF 25m ²⁾
ISIN	CH0251429285	CH0343985591	CH0343985922	CH0251429327	CH0251429350	CH0251429301
Valor	25142928	34398559	34398592	25142932	25142935	25142930
Bloomberg	FFIRCAH SW	-	FFIRI0H SW	FFIRI1H SW	FFIRI2H SW	FFIRCDH SW
Currency	CHF	CHF	CHF	CHF	CHF	CHF
Subscription currency	CHF	CHF	CHF	CHF	CHF	CHF
Distribution policy	accumulating	accumulating	accumulating	accumulating	accumulating	accumulating
Management fee p.a.	0.80%	0.68%	0.68%	0.47%	0.38%	to be agreed individually
Inception date	24/02/2015	-	16/12/2016	-	28/05/2015	24/02/2015
NAV	920.47	-	943.84	-	975.44	969.33

1) The investor must have concluded a discretionary mandate agreement or similar written agreement, or has to be an investor according to Art. 10 Abs. 3 and 3ter KAG.

2) The investor must have concluded a discretionary mandate agreement or a similar written agreement with the fund administrator or with Credit Suisse Ltd., Zurich, or must invest via a financial intermediary, who has concluded a partnership agreement with the fund administrator or with Credit Suisse Ltd., Zurich. Additionally, the investor must have concluded an advisory agreement with Finreon Ltd.. The acquisition of the Class-D must be explicitly permitted in the contracts.

SVVK-ASIR Compatibility

Finreon funds do not invest in companies involved in the development or manufacture of nuclear weapons, biological and chemical weapons, anti-personnel mines and cluster munitions. We are guided by the exclusion list of the Swiss Association for Responsible Investment (SVVK - ASIR).

Contact

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