

Finreon Fixed Income Risk Control® USD Aggregate

31/03/2025

Strategy

With a variety of different market factors, Finreon Fixed Income Risk Indicator (FIRI) measures systematically and on a daily basis the interest rate and credit risk in the USD bond market. FIRI combines interest rate and credit risks to a robust solution. Based on the current market environment, it allows to position a bond portfolio against its benchmark systematically and in a rule based manner. Based on the credit risk measurement (CRI), the fund invests in long-term corporate bonds (investment grade) or US treasury bonds. 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 (5yr and 10yr). 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 US Aggregate) while in case of high interest rate risk, the fund's duration is reduced for another 2.5 years.

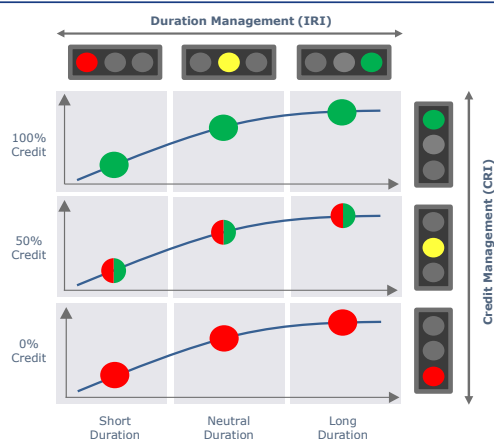
Current Month

Comment

The month of March was characterized by falling USD interest rates and rising credit spreads on USD-denominated corporate bonds. The interest rate indicator gradually changed from red to green ("long duration") in the middle of the month. At the same time, the Credit Risk Indicator consistently stayed green ("long credit"). As of 31/03/2025 the solution was therefore fully invested in corporate bonds with long duration. Overall, the Finreon Fixed Income Risk Control® USD Aggregate solution achieved a return of 0.3% in March, overperforming the benchmark, which delivered 0.0%.

| | Finreon Fixed Income Risk Control® | Bonds US Aggregate Total Return |
|----------------------|------------------------------------|---------------------------------|
| Return current month | 0.3% | 0.0% |
| Return year-to-date | 1.7% | 2.8% |

Finreon Fixed Income Risk Control® concept

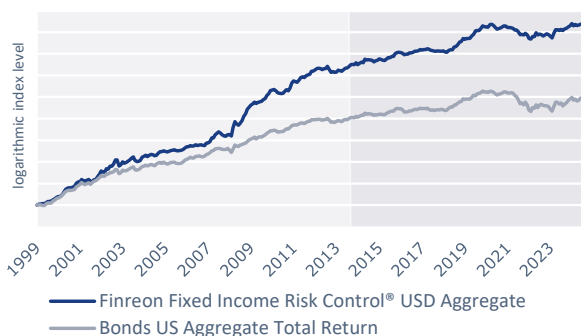


- **Finreon Fixed Income Risk Indicator:** Interest rate and credit risk is measured daily, based on a variety of factors from the categories Downside, Volatility, Trend and Macro and is shown in a risk signal.
- **Credit Management (CRI):** The Credit Risk Indicator shows the current credit risk as low (green), normal (yellow) and high (red). Depending on the risk indication the fund invests in long-term corporate bonds (Bonds US Aggregate: Corporates 7-10y) or in long-term treasury bonds (Bonds US Aggregate: Treasury 7-10y).
- **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. 3.5 to 7.5) using liquid, exchange traded 5 and 10 year futures.
- **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 CDX indices may be used.
- **Benchmark:** Bonds US Aggregate Total Return

Return / Risk figures

| | 09/1999 - 03/2025 | | Since inception FIRI (05/2014) | |
|-------------------|--|---------------------------------|--|---------------------------------|
| | Finreon Fixed Income Risk Control® USD Aggregate | Bonds US Aggregate Total Return | Finreon Fixed Income Risk Control® USD Aggregate | Bonds US Aggregate Total Return |
| Return p.a. | 6.8% | 4.0% | 3.7% | 1.8% |
| Modified Duration | 5.51 | 5.18 | 5.51 | 5.98 |
| Volatility | 5.2% | 4.2% | 4.6% | 4.9% |
| Sharpe Ratio | 0.88 | 0.44 | 0.38 | neg. |
| Information Ratio | 0.95 | n.a. | 0.75 | n.a. |
| Tracking Error | 3.0% | n.a. | 2.6% | n.a. |
| Max. Drawdown | -13.0% | -17.2% | -13.0% | -17.2% |
| Positive months | 65.0% | 63.1% | 56.2% | 55.4% |

Performance



Risk figures as of 31.03.2025

| | Finreon Fixed Income Risk Control® USD Aggregate | Bonds US Aggregate Total Return |
|-----------------|--|---------------------------------|
| Duration | 6.65 | 6.01 |
| Current yield | 5.47% | 4.60% |
| Current coupons | 5.24% | 3.50% |

All figures are annualised.

Performance Finreon Fixed Income Risk Control® USD Aggregate: Live signals since 05/2014; performance incorporates transaction costs

Finreon Fixed Income Risk Control® V2-Class since 07/2018 (net performance).

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Finreon Fixed Income Risk Control® USD Aggregate 1/4



Monthly returns in %

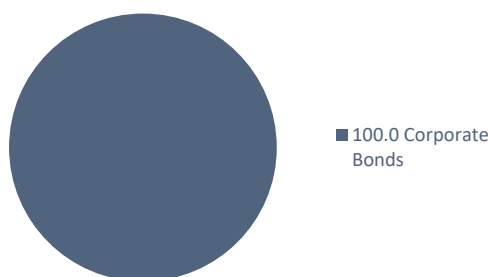
| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 2008 | 2.8 | 1.4 | 1.3 | -1.3 | -1.5 | -0.9 | -0.5 | 1.7 | 0.0 | -1.2 | 8.0 | 5.7 | 16.1 |
| 2009 | -2.0 | -1.4 | 1.8 | 2.6 | 3.8 | 2.6 | 4.4 | 1.8 | 1.9 | 1.1 | 1.9 | -1.2 | 18.3 |
| 2010 | 0.9 | 0.6 | 0.5 | 1.6 | 1.1 | 2.8 | 1.7 | 2.8 | 0.6 | 0.5 | -1.3 | -1.8 | 10.3 |
| 2011 | -0.3 | -0.3 | 0.1 | 1.8 | 1.6 | -1.1 | 2.7 | 4.9 | 1.9 | -0.9 | -0.5 | 2.1 | 12.5 |
| 2012 | 2.4 | 0.8 | -0.8 | 1.8 | 0.7 | 0.6 | 2.8 | 0.3 | 0.9 | 1.3 | 0.2 | -0.1 | 11.3 |
| 2013 | -1.2 | 0.9 | 0.3 | 2.0 | -3.1 | -2.4 | 0.6 | -0.7 | 0.3 | 1.8 | -0.6 | -0.5 | -2.6 |
| 2014 | 1.7 | 1.3 | 0.1 | 1.4 | 1.8 | 0.1 | -0.2 | 1.7 | -1.7 | 1.2 | 0.9 | -0.3 | 8.4 |
| 2015 | 3.3 | -0.9 | 0.4 | -0.3 | -0.4 | -1.5 | 1.2 | 0.3 | 1.5 | -0.6 | -0.7 | -0.3 | 1.9 |
| 2016 | 1.4 | 1.5 | -0.2 | 1.3 | 0.0 | 2.4 | 1.2 | 0.1 | -0.1 | -0.6 | -1.5 | 0.5 | 6.1 |
| 2017 | 0.1 | 1.1 | -0.1 | 0.6 | 1.1 | -0.1 | 0.6 | 1.0 | -0.5 | 0.5 | 0.1 | 0.6 | 5.1 |
| 2018 | -0.4 | -1.1 | -0.2 | -0.5 | 0.1 | 0.1 | -0.2 | 0.0 | 0.2 | -1.0 | -0.2 | 1.7 | -1.5 |
| 2019 | 0.6 | 0.0 | 2.6 | 0.7 | 1.5 | 2.6 | 0.5 | 2.8 | -0.7 | 0.7 | -0.1 | 0.4 | 12.1 |
| 2020 | 2.1 | 1.3 | 3.5 | 0.2 | 0.0 | 1.7 | 2.6 | -0.6 | -0.2 | -0.3 | 2.2 | 0.6 | 13.8 |
| 2021 | -1.1 | -1.7 | -1.9 | 0.7 | 0.4 | 1.2 | 1.0 | -0.5 | -1.1 | 0.1 | -0.2 | -0.6 | -3.8 |
| 2022 | -1.6 | 0.0 | -1.6 | -2.6 | 0.2 | -0.5 | 1.6 | -1.6 | -3.1 | -0.7 | 2.4 | -0.1 | -7.5 |
| 2023 | 3.7 | -2.1 | 0.9 | -0.6 | -1.1 | 0.9 | 1.0 | -0.7 | -1.5 | -1.3 | 4.6 | 3.2 | 6.7 |
| 2024 | -0.1 | -0.7 | 0.9 | -1.0 | 1.5 | 0.5 | 1.4 | 0.9 | 2.1 | -2.1 | 1.4 | -1.2 | 3.8 |
| 2025 | 0.5 | 0.9 | 0.3 | | | | | | | | | | 1.7 |

YTD: year-to-date

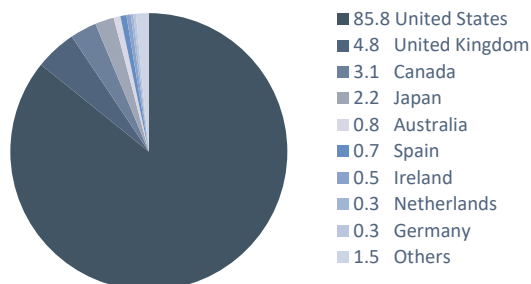
● Live signals since 05/2014. Finreon Fixed Income Risk Control® Fund V2-Class since 07/2018 (net performance).

Current portfolio characteristics

Asset classes in %



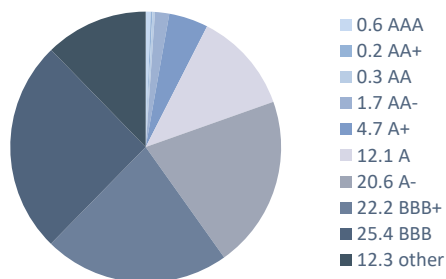
Countries in %



10 largest positions in %

| Finreon Fixed Income Risk Control® USD Aggregate | |
|--|------|
| Bank of America | 0.47 |
| Bank of America Corp | 0.46 |
| Pfizer | 0.44 |
| Goldman Sachs Group Inc | 0.43 |
| Wells Fargo | 0.41 |
| JPMorgan Chase | 0.40 |
| Amgen | 0.38 |
| Bank of America | 0.37 |
| Wells Fargo | 0.36 |
| Citigroup Inc. | 0.35 |

Credit Ratings in %



All figures are reported in USD

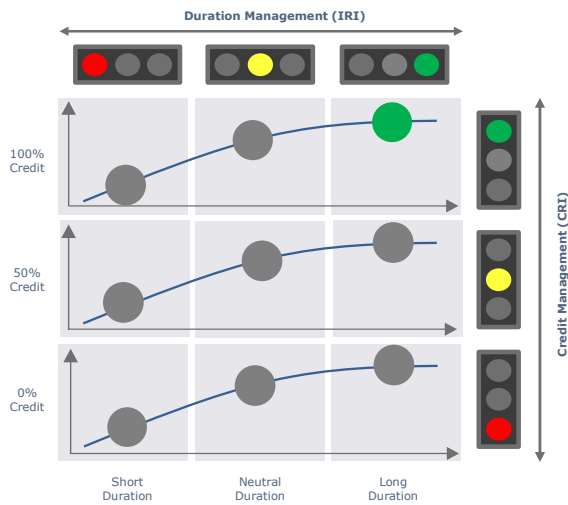
Performance Finreon Fixed Income Risk Control® USD Aggregate: live-signales since 05/2014, backtesting until 04/2014; performance incorporates transaction costs

Finreon Fixed Income Risk Control® V2-Class since 07/2018 (net performance).

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Current positioning of the Finreon Fixed Income Risk Control USD Aggregate per 31.03.2025



Interest Rate Indikator (IRI)

Long Duration

Credit Risk Indikator (CRI)

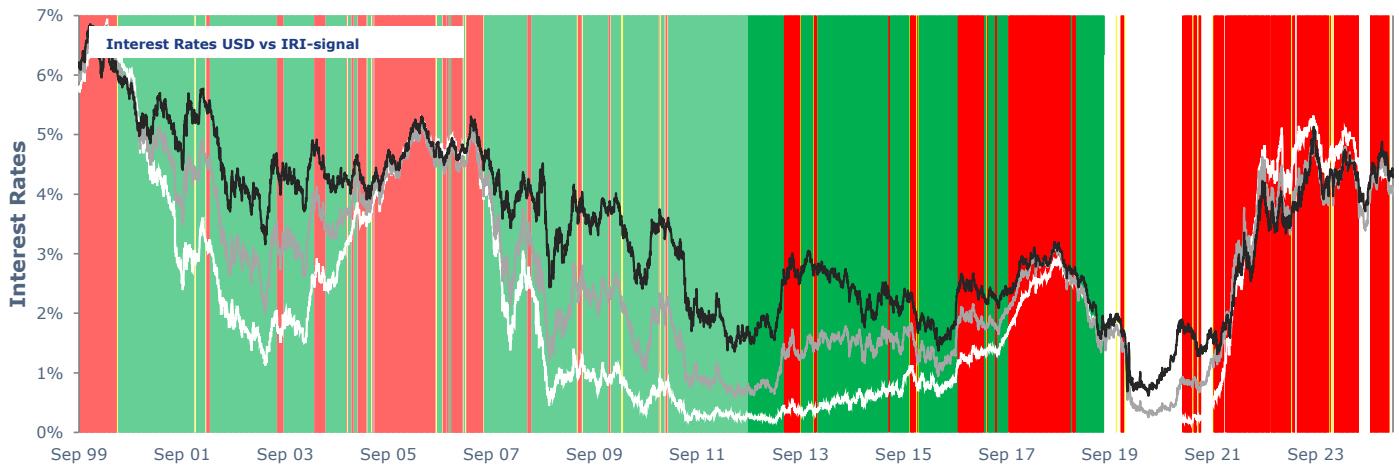
100% Credit

Finreon Fixed Income Risk Control 31.03.2025

- **Finreon Fixed Income Risk Control® USD Aggregate:** 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® USD Aggregate 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%).

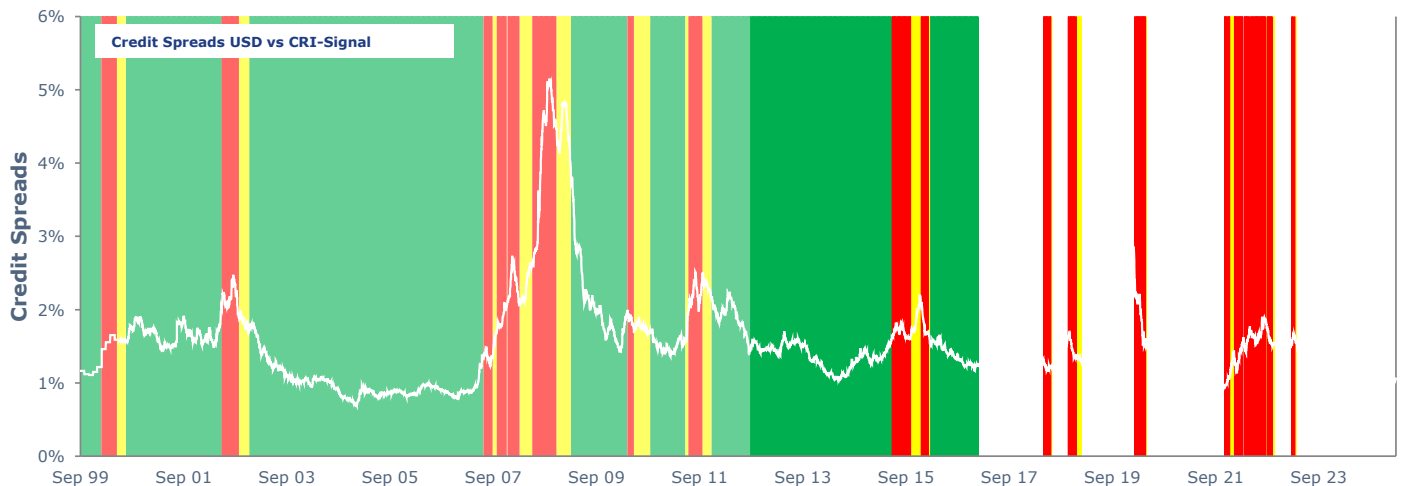
Development of the Finreon Interest Rate Indicator (IRI)

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 US 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 | CHF 153.84m |
| Investment manager | UBS Ltd., Zurich | | Marketing Licence | Switzerland | Liquidity and remarks | daily; physical bond investment, no sec lending, derivatives only for hedging purposes, no leverage/short-selling (Comm 1 / BVV 2). |
| Fund management | UBS Fund Management (Switzerland) Ltd. | | Benchmark | Bonds US Aggregate TR | | |
| Custody bank | UBS Switzerland Ltd. | | Benchmark (CHF-hedged classes) | Bonds US Aggregate TR (CHF-hedged) | | |
| 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 | CH0410208471 | CH0410369620 | CH0410369646 | CH0410369661 | CH0410369687 | CH0410369745 |
| Valor | 41020847 | 41036962 | 41036964 | 41036966 | 41036968 | 41036974 |
| Bloomberg | - | - | - | - | - | - |
| Currency | USD | USD | USD | USD | USD | USD |
| Subscription currency | USD and CHF | USD and CHF | USD and CHF | USD and CHF | USD and CHF | USD 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 | 06/27/2018 | - | - | - | - | - |
| NAV | 1185.33 | - | - | - | - | - |
| 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 | CH0410369612 | CH0410369638 | CH0410369653 | CH0410369679 | CH0410369695 | CH0410369752 |
| Valor | 41036961 | 41036963 | 41036965 | 41036967 | 41036969 | 41036975 |
| Bloomberg | - | - | - | - | - | - |
| 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 | 06/27/2018 | - | - | - | - | 05/11/2018 |
| NAV | 964.70 | - | - | - | - | 1018.67 |

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 Compatability

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).

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