



Finreon Fixed Income Risk Control® USD Aggregate

31/01/2025

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.

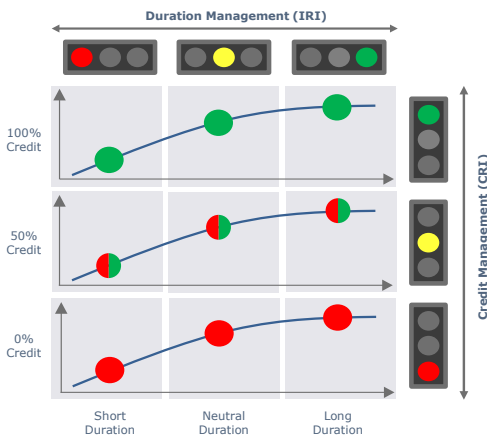
Current Month

Comment

The month of January was characterized by falling USD interest rates and constant credit spreads on USD-denominated corporate bonds. The Interest Rate Indicator remained at high interest rate risks throughout the month and ended the month in red ("short duration"). At the same time, the Credit Risk Indicator consistently stayed green ("long credit"). As of 31/01/2025 the solution was therefore fully invested in corporate bonds with short duration. Overall, the Finreon Fixed Income Risk Control® USD Aggregate solution achieved a return of 0.5% in January, matching the benchmark, which also delivered 0.5%.

	Finreon Fixed Income Risk Control®	Bonds US Aggregate Total Return
Return current month	0.5%	0.5%
Return year-to-date	0.5%	0.5%

Finreon Fixed Income Risk Control® concept

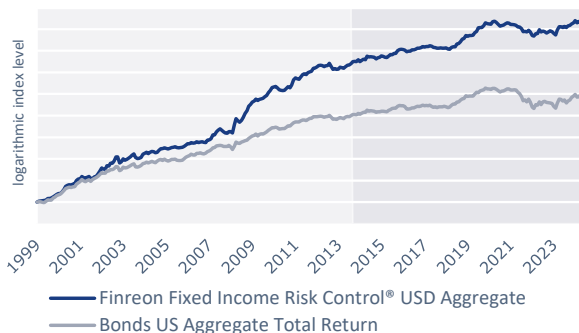


- **Finreon Fixed Income Risk Indicator:** Interest rate and credit risk is measured daily, based on a variety of factors from the categories Downside, Volatility, Trend and Macro and is shown in a risk signal.
- **Credit Management (CRI):** The Credit Risk Indicator shows the current credit risk as 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 - 01/2025		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%	3.9%	3.6%	1.6%
Modified Duration	5.51	5.18	5.52	5.98
Volatility	5.2%	4.2%	4.6%	4.9%
Sharpe Ratio	0.88	0.43	0.38	neg.
Information Ratio	0.98	n.a.	0.80	n.a.
Tracking Error	3.0%	n.a.	2.5%	n.a.
Max. Drawdown	-13.0%	-17.2%	-13.0%	-17.2%
Positive months	64.8%	62.8%	55.5%	54.7%

Performance



Risk figures as of 31.01.2025

	Finreon Fixed Income Risk Control® USD Aggregate	Bonds US Aggregate Total Return
Duration	3.41	6.01
Current yield	5.50%	4.86%
Current coupons	5.11%	3.45%

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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Monthly returns in %

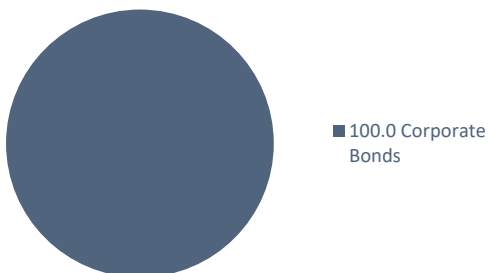
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2008	2.8	1.4	1.3	-1.3	-1.5	-0.9	-0.5	1.7	0.0	-1.2	8.0	5.7	16.1
2009	-2.0	-1.4	1.8	2.6	3.8	2.6	4.4	1.8	1.9	1.1	1.9	-1.2	18.3
2010	0.9	0.6	0.5	1.6	1.1	2.8	1.7	2.8	0.6	0.5	-1.3	-1.8	10.3
2011	-0.3	-0.3	0.1	1.8	1.6	-1.1	2.7	4.9	1.9	-0.9	-0.5	2.1	12.5
2012	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	4.3
2025	0.5												0.5

YTD: year-to-date

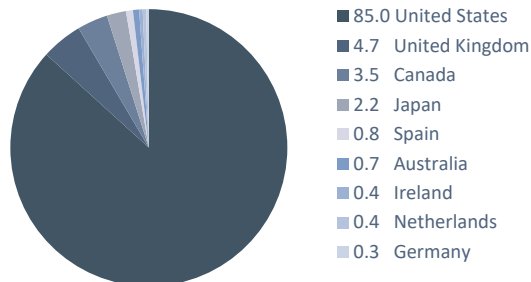
● Live signals since 05/2014. Finreon Fixed Income Risk Control® Fund V2-Class since 07/2018 (net performance).

Current portfolio characteristics

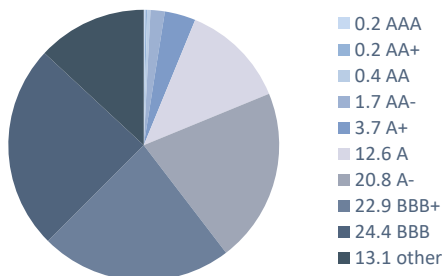
Asset classes in %



Countries in %



Credit Ratings in %



All figures are reported in USD

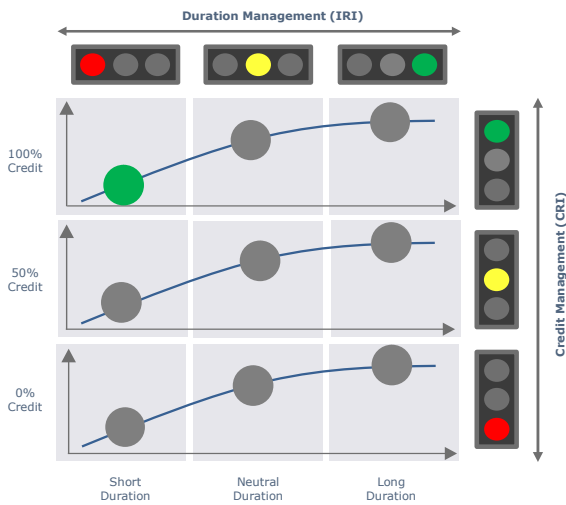
Performance Finreon Fixed Income Risk Control® USD Aggregate: live-signales since 05/2014, backtesting until 04/2014; performance incorporates transaction costs

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 31.01.2025



Interest Rate Indikator (IRI)

Short Duration

Credit Risk Indikator (CRI)

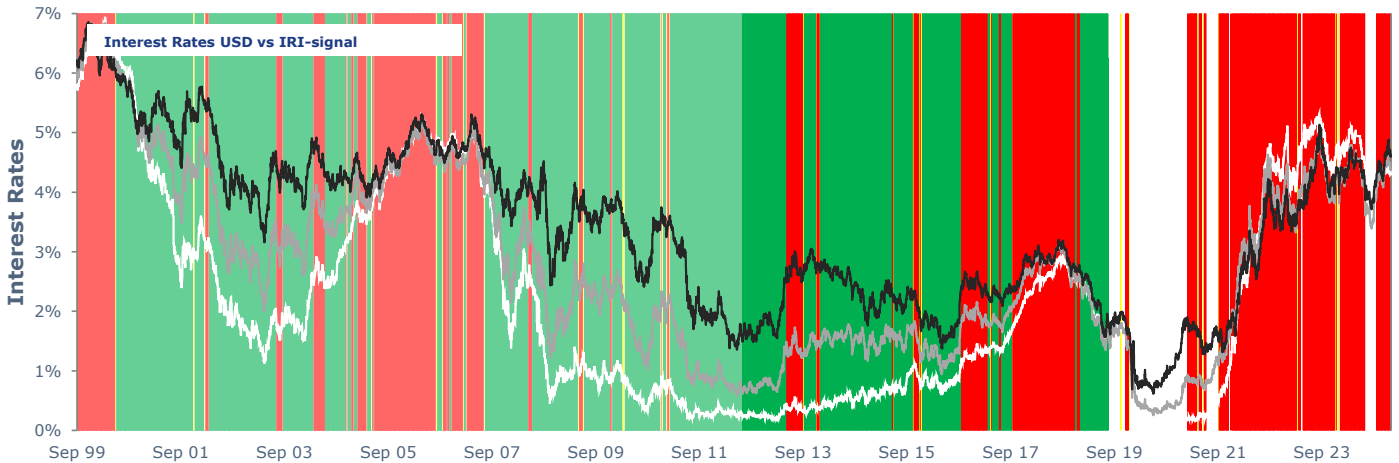
100% Credit

Finreon Fixed Income Risk Control 31.01.2025

- **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%).

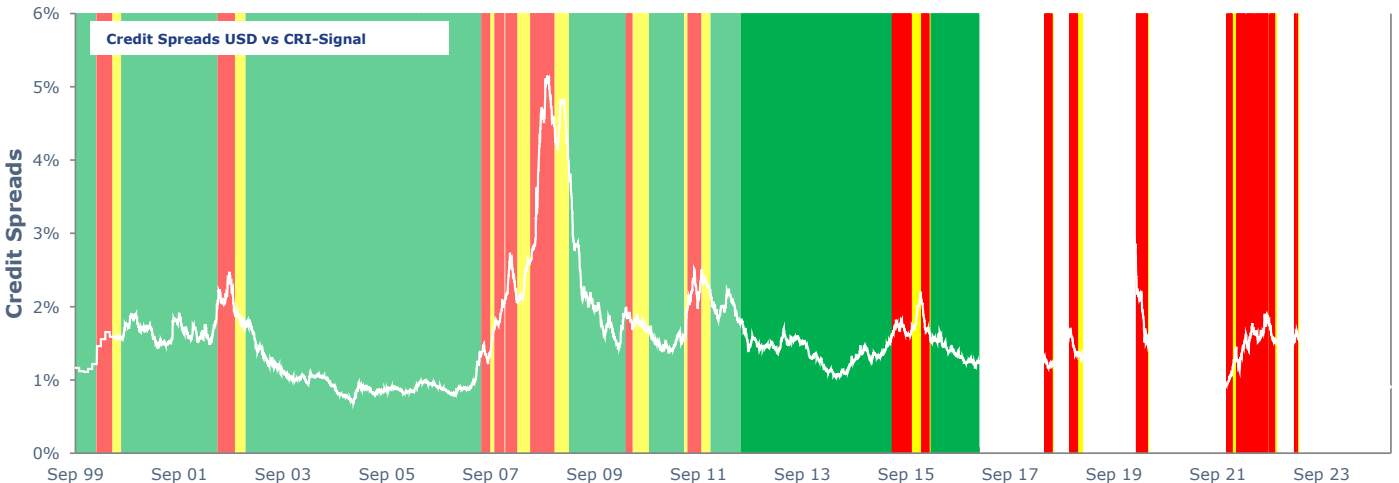
Development of the Finreon Interest Rate Indicator (IRI)

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	
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	1172.25	-	-	-	-	-
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	960.56	-	-	-	-	1012.95

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 und 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).

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