



Cartesio

A Short Guide

Cartesio Funds

March 2004 - September 2018

Cartesio Inversiones SGIIC

About us

Cartesio is a fund management company registered and supervised by the Spanish Securities Exchange Commission (CNMV).

Two strategies:

Cartesio X / Cartesio Income - Capital Protection

Cartesio Y / Cartesio Equity - Risk adjusted Equities

€1,430m AUM as of 30/09/2018.

Differentiating Factors

The key factors that have characterised Cartesio since inception are:

- 1 Alignment of interest
- 2 Capital protection mindset
- 3 Active management
- 4 Two strategies
- 5 Low fees
- 6 Transparency

A Proven Investment Process

Cartesio offers a balanced approach between asset allocation and security selection to deliver superior risk-adjusted returns.

Team

A team of seven investment professionals, led by the founding partners, actively manages the funds.

The funds

Luxembourg

Cartesio *Equity*

Risk Adjusted Equities



| | | |
|-------------|-------|-----------|
| MORNINGSTAR | ★★★★ | 3 years |
| MORNINGSTAR | ★★★★★ | 5 years |
| MORNINGSTAR | ★★★★★ | 10 years* |
| MORNINGSTAR | ★★★★★ | Overall |

Cartesio *Income*

Capital Protection



| | | |
|-------------|-------|-----------|
| MORNINGSTAR | ★★★★ | 3 years |
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| MORNINGSTAR | ★★★★★ | Overall |

*Ratings correspond to Cartesio Y and Cartesio X

- 5 Lipper Leader Total Return
- 5 Lipper Leader Consistent Return
- 3 Lipper Leader Preservation
- 4 Lipper Leader Expense

- 5 Lipper Leader Total Return
- 5 Lipper Leader Consistent Return
- 5 Lipper Leader Preservation
- 5 Lipper Leader Expense

Spain

Cartesio *Y*

Risk Adjusted Equities

Cartesio *X*

Capital Protection

Awards

Track-record recognised by several prestigious awards. In 2018, Cartesio won the Pan-European Manager of the Year - Multi-Asset and Alternatives

| | |
|--|---|
| <p>PAN-EUROPEAN FUND MANAGER OF THE YEAR 2018 MULTI-ASSET AND ALTERNATIVES</p> | <p>SPANISH FUND MANAGER OF THE YEAR 2015</p> |
| <p>BALANCED EURO FUND OF THE YEAR 2014 CARTESIO Y</p> | <p>BALANCED GLOBAL FUND OF THE YEAR 2006 - CARTESIO Y</p> |

Overview of the funds

| SPAIN | Cartesio <i>Y</i> | Cartesio <i>X</i> |
|------------------------|------------------------|------------------------|
| Type of client | Institutional & retail | Institutional & retail |
| Management fee | 0.75% | 0.5% |
| Performance fee | 7.5% | 7.5% |
| ISIN | ES0182527038 | ES0116567035 |
| Bloomberg code | MSCYACC SM | MSCXVDI SM |

| LUXEMBOURG | Cartesio <i>Equity</i> | | Cartesio <i>Income</i> | |
|------------------------|--|--|--|--|
| Type of shares | Class I | Class Z (Clean) | Class I | Class Z (Clean) |
| Type of client | Institutional & retail (discretionary mandate) | Institutional & retail (advisory mandate*) | Institutional & retail (discretionary mandate) | Institutional & retail (advisory mandate*) |
| Management fee | 1.5% | 0.75% | 0.95% | 0.5% |
| Performance fee | — | 7.5% | — | 7.5% |
| ISIN | LU0406591452 | LU1725678517 | LU0581203592 | LU1725678863 |
| Bloomberg code | PAR12BI LX Equity | PAR12BZ LX Equity | PCARINI LX Equity | PCARINZ LX Equity |

* the "Z" category is only available to (i) investors who have entered into a separate agreement with investment services providers which, according to regulatory requirements, are not allowed to accept and keep trail commissions and (ii) institutional investors exclusively investing on their own account

Investment Objective

- Long term capital appreciation in real terms.
- Higher risk adjusted returns (Sharpe Ratio) than European equities (MSCI Pan Euro Index).
- Willingness to forego potential returns in order to protect capital.

Asset Allocation

- Total flexibility in equity exposure (0% - 100%) depending on market view and risk. Equities and cash are the only assets.
- Invests mainly in European equities. Some exposure to non european equities allowed by prospectus.

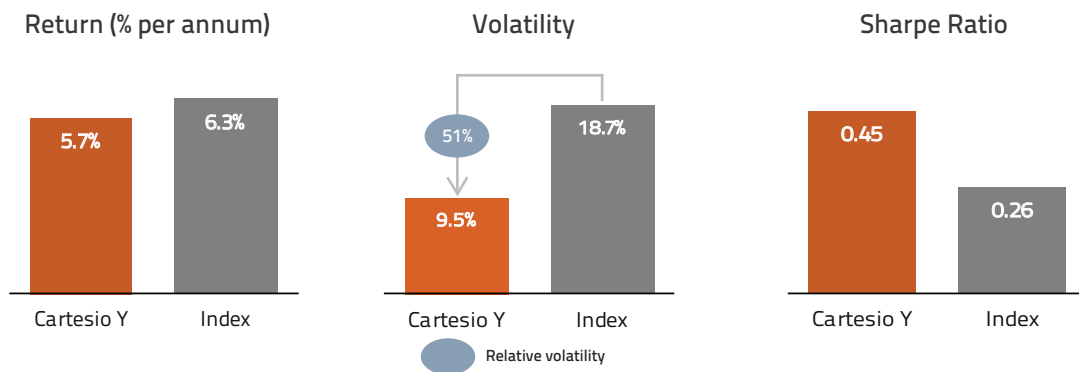
Risk

- Since inception volatility (9.5%) has been 51% of that of European equities.

Fees - Cartesio Y

- Management : 0.75% + 7.5% of annual positive performance (three years to recover losses before performance fee can be applied).
- Custody: 0.055%.

Risk adjusted returns since inception 31/03/2004



General Information

Assets:

Cartesio Y: 316m €

Cartesio Equity: 138m €

Inception Date

Cartesio Y: 31/03/2004

Cartesio Equity: 30/06/2009

Auditor

Deloitte

Administrator & Custodian

BNP Paribas

Ratings



| | | |
|-------------|-------|----------|
| MORNINGSTAR | ★★★★ | 3 years |
| MORNINGSTAR | ★★★★★ | 5 years |
| MORNINGSTAR | ★★★★★ | 10 years |
| MORNINGSTAR | ★★★★★ | Overall |

- 5 Lipper Leader Total Return
- 5 Lipper Leader Consistent Return
- 3 Lipper Leader Preservation
- 4 Lipper Leader Expense

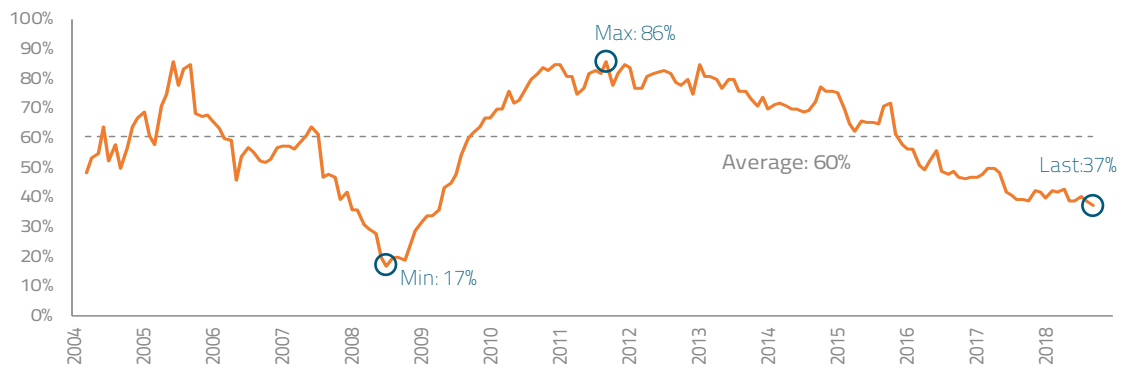
1 Risk Adjusted Returns

| | Returns | | Volatility | | Relative Volatility vs Index | M2* |
|-----------------------------|---------------|---------------|--------------|--------------|------------------------------|---------------|
| | Fund | Index* | Fund | Index* | | |
| 2004 (since 31/3/04) | 8.5% | 8.1% | 4.6% | 11.1% | 41.2% | 18.4% |
| 2005 | 12.4% | 26.2% | 6.0% | 9.5% | 63.1% | 18.4% |
| 2006 | 16.1% | 19.2% | 5.3% | 12.7% | 41.9% | 34.6% |
| 2007 | 2.2% | 4.5% | 6.9% | 15.7% | 43.7% | -0.2% |
| 2008 | -14.2% | -42.4% | 13.1% | 37.3% | 35.0% | -49.0% |
| 2009 | 16.0% | 31.0% | 8.2% | 24.4% | 33.7% | 45.0% |
| 2010 | 4.3% | 10.1% | 10.8% | 18.7% | 57.5% | 7.0% |
| 2011 | -5.1% | -6.6% | 16.6% | 22.2% | 74.9% | -7.3% |
| 2012 | 7.8% | 17.3% | 11.7% | 14.7% | 79.7% | 9.4% |
| 2013 | 20.6% | 19.6% | 8.4% | 12.2% | 69.2% | 29.4% |
| 2014 | 4.4% | 7.0% | 9.6% | 13.4% | 71.3% | 6.0% |
| 2015 | 7.4% | 7.3% | 10.9% | 20.7% | 52.9% | 14.0% |
| 2016 | 0.9% | 3.6% | 10.5% | 19.8% | 53.2% | 1.9% |
| 2017 | 7.2% | 9.8% | 3.6% | 8.5% | 42.5% | 17.6% |
| 2018 (YTD) | -0.8% | 0.9% | 4.3% | 11.5% | 37.4% | -1.4% |
| Total | 122.9% | 142.3% | 9.5% | 18.7% | 51.0% | |
| Index Price Only | | 45.3% | | | | |

* MSCI Pan-Europe Total Return M2 = Theoretical return assuming the same volatility as the index

* M2 = Expresses the theoretical performance of the fund adjusted for the index volatility

2 Equity Exposure (%)



3 Maximum Drawdowns

| CARTESIO Y | | | |
|----------------------------------|--------|-----------|-----------|
| | | Drawdown | Recovery |
| Jun 07 - Feb 09 | -19.1% | 20 months | 20 months |
| Apr 11 - Sep 11 | -12.5% | 5 months | 19 months |
| May 15 - Jun 16 | -8.2% | 13 months | 9 months |
| EUROPEAN EQUITIES (MSPE)* | | | |
| | | Drawdown | Recovery |
| May 07 - Feb 09 | -52.7% | 21 months | 56 months |
| Apr 11 - Sep 11 | -18.2% | 5 months | 12 months |
| May 15 - Jun 16 | -16.6% | 13 months | 14 months |

*Total return basis (incl. dividends)

Investment Objective

- Long term capital appreciation in real terms.
- Higher risk adjusted returns (Sharpe Ratio) than long term Euro government bonds (Bloomberg Barclays Series-E Euro Govt 7-10 Yr Bond Index).
- Strong emphasis on capital protection.

Asset allocation

- Flexibility in bonds (0-100%), equity (0-40%) and Cash (0-100%).
- 20% maximum exposure to bonds below investment grade.
- The equity portfolio replicates that of the Cartesio Y fund.

Risk

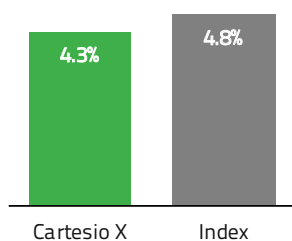
- Since inception volatility (3.1%) has been 69% of that registered by long term Euro government bonds.

Fees - Cartesio X

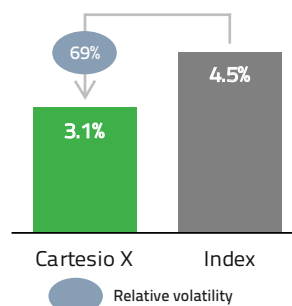
- Management : 0.5%+ 7.5% of annual positive performance (watermark reset every three years at zero).
- Custody: 0.055%

Risk adjusted returns since inception 31/03/2004

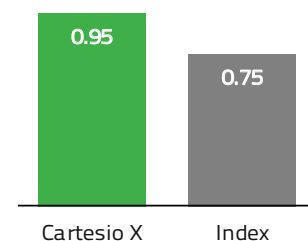
Performance - CAGR



Volatility:



Sharpe Ratio



General Information

Assets

Cartesio X: 502 m €

Cartesio Income: 474 m €

Inception Date

Cartesio X: 31/03/04

Cartesio Income: 31/05/11

Auditor

Deloitte

Administrator & Custodian

BNP Paribas

Ratings



| | | |
|-------------|-------|----------|
| MORNINGSTAR | ★★★★ | 3 years |
| MORNINGSTAR | ★★★★★ | 5 years |
| MORNINGSTAR | ★★★★★ | 10 years |
| MORNINGSTAR | ★★★★★ | Overall |

- 5 Lipper Leader Total Return
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- 5 Lipper Leader Preservation
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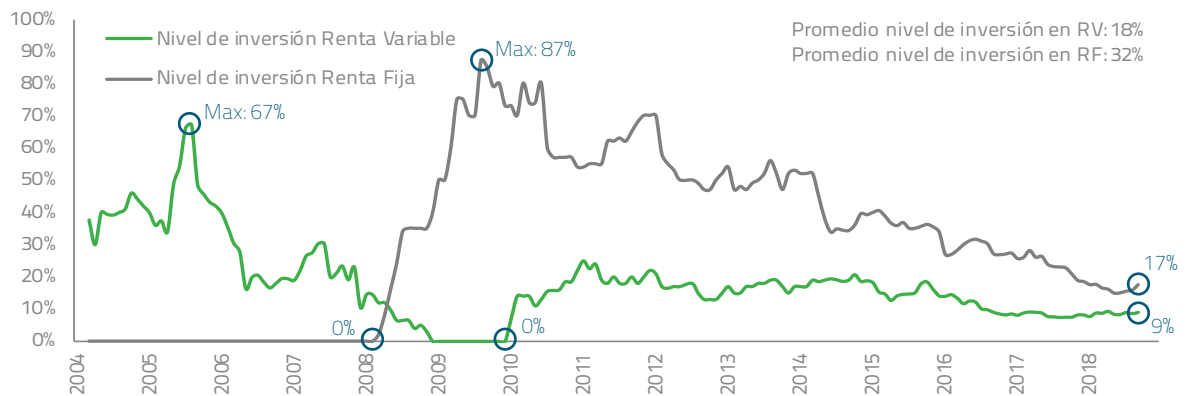
1 Risk Adjusted Returns

| | Returns | | Volatility | | Relative Volatility vs Index | M2* |
|-----------------------------|--------------|--------------|-------------|-------------|------------------------------|--------------|
| | Fund | Index* | Fund | Index* | | |
| 2004 (since 31/3/04) | 8.3% | 5.5% | 2.8% | 3.4% | 81.2% | 9.9% |
| 2005 | 5.8% | 6.0% | 4.0% | 3.5% | 113.2% | 5.3% |
| 2006 | 9.0% | -1.0% | 2.2% | 3.5% | 62.7% | 12.7% |
| 2007 | 2.1% | 1.8% | 3.0% | 3.7% | 81.1% | 1.6% |
| 2008 | -2.2% | 10.8% | 3.1% | 6.1% | 49.9% | -8.9% |
| 2009 | 8.5% | 4.7% | 1.5% | 5.1% | 30.3% | 25.0% |
| 2010 | 2.1% | -0.3% | 2.8% | 4.7% | 60.0% | 3.0% |
| 2011 | -0.8% | 2.2% | 4.9% | 6.3% | 78.6% | -1.1% |
| 2012 | 10.8% | 14.9% | 3.3% | 4.8% | 69.3% | 14.9% |
| 2013 | 9.5% | 2.9% | 2.7% | 4.2% | 63.8% | 14.5% |
| 2014 | 4.8% | 16.9% | 3.1% | 3.4% | 90.7% | 5.3% |
| 2015 | 1,9% | 2,1% | 3,8% | 5,3% | 71,6% | 2,6% |
| 2016 | 1.8% | 3.7% | 4.0% | 4.0% | 98.7% | 1.8% |
| 2017 | 3.6% | 1.3% | 1.1% | 3.7% | 31.0% | 12.7% |
| 2018 (YTD) | -1.1% | -0.5% | 1.4% | 3.2% | 45.9% | -2.0% |
| Total | 84.8% | 96.1% | 3.1% | 4.5% | 68.9% | |

Bloomberg Barclays Series-E Euro Govt 7-10 Yr M2 = Theoretical return assuming the same volatility as the index

* M2 = Expresses the theoretical performance of the fund adjusted for the index volatility

2 Equity and Fixed Income Exposure (%)



3 Maximum Drawdowns

| CARTESIO X | | | |
|---|--------|-----------|-----------|
| | | Drawdown | Recovery |
| May 11 - Nov 11 | -6.44% | 6 months | 3 months |
| May 15 - Feb 16 | -4.79% | 4 months | 12 months |
| Oct 07 - Oct 08 | -3.65% | 12 months | 7 months |
| BLOOMBERG BARCLAYS SERIES-E EURO GOVT 7-10 YR | | | |
| | | Drawdown | Recovery |
| Aug 10 - Nov 11 | -7.9% | 15 months | 3 months |
| Mar 15 - Jun 15 | -5.6% | 7 months | 10 months |
| Sep 16 - Jan 17 | -4.9% | 4 months | - |

Cartesio *Y* Cartesio *Equity* Cartesio *X* Cartesio *Income*

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