

Cartesio *Equity*

Factsheet

NAV (Class I)
160.23

Assets
138m €

September 2018

The fund is down 0.75% in September and 1.46% YTD. The earth is not flat but European equities are in flat mode, trading around zero YTD since the end of May with relatively low volatility. The bifurcation in sector performance has not changed.

We continue to think that Italian noise is showing little contagion (outside Italian financials) and that a mixture of conditional support from the ECB and market discipline will maintain some sense of fiscal discipline. However, the whole saga is not a useful backdrop.

Our main concerns remain relatively high valuations quite late in the economic and stock market cycle, and the fact that monetary policy is slowly but surely turning as economic growth remains resilient, wage/price pressures build up, whilst deleveraging has not happened in the world economy since the financial crisis.

Our equity portfolio underperformed European equities by more than 2%. This explains the negative performance of the fund in September. Equity exposure is unchanged. We retain a bias to increase risk exposures on significant market witness which we have not seen yet.

Investment objective

Pareturn Cartesio Equity replicates the investment strategy of Cartesio Y. It seeks higher risk adjusted returns (Sharpe ratio) than European Equities as represented by the MSCI Pan Euro Index. Willingness to forego potential returns in order to give an adequate capital protection.

Investment strategy

The fund can only hold equities and cash with total flexibility in its exposure to both assets. The fund has a long equity bias.

Fund History

Cartesio Y has an overall Four Star Morningstar rating. Since inception (March 2004) it has returned 5.7% p.a. against 6.3% p.a. total return for Pan-European equities with a volatility of

9.5% (index 18.7%). On a five and three year basis the fund has returned 26.6% and 11.6% respectively against total returns of 39.7% and 20.6% respectively for European equities with 55% and 52% respectively of the volatility experienced by the index.

Factors to consider

- The fund has a clear long bias with emphasis on capital protection over the medium term.
- The equity component is actively managed with a significant tracking error vs the benchmark.
- Suitable for investors seeking to grow and protect their capital over the medium term with a moderate level of risk.

Performance Chart*



PERFORMANCE

2018	-1.5%
Since Inception (p.a.)*	5.3%

RISK / RETURN

Volatility*	9.7%
Beta	0.38
Sharpe*	0.40

ASSET ALLOCATION

Equity	38.7%
Cash	61.3%

SECTORIAL DISTRIBUTION

Industrials	33.2%
Consumer Discretionary	22.1%
Utilities	8.6%
Health Care	8.0%
Financials	7.2%

MAIN HOLDINGS

Shire	1.9%
Microsoft	1.5%
KPN	1.5%
Pinfra	1.3%
Publicis	1.3%

INVESTMENTS / DIVESTMENTS

Investments: Liberbank

Divestments: Scandic Hotels, EDF, Bank of Ireland

MARKET RETURNS

	2018	Since 31/03/04
MSCI Pan Euro (Total return.)	0.9%	6.3% p.a.
Sharpe		0.26
Long Term Euro Gov. Bond	-0.5%	4.8% p.a.
Sharpe		0.75
Euro Gov T Bill	-0.4%	1.4% p.a.

* Inception 31st March '04. Cartesio Y until Jun '09. Class I.

HOLDINGS		
1	Shire	1.9%
2	Microsoft	1.5%
3	KPN	1.5%
4	Pinfra	1.3%
5	Publicis	1.3%
6	ITV	1.3%
7	Prysmian	1.3%
8	Merlin Properties	1.3%
9	Signify	1.3%
10	Continental	1.3%
11	Valeo	1.2%
12	Roche	1.2%
13	Siemens	1.1%
14	Iberdrola	1.0%
15	Bae Systems	1.0%
16	Allianz	1.0%
17	Goodyear	1.0%
18	Vinci	1.0%
19	Liberbank	1.0%
20	IAG	1.0%
21	Other	14.1%
22	Cash	61.3%
Total		100%

PORTFOLIO VALUATION	
P/E	12.2x
Div Yield	3.6%

	Returns		Volatility		Relative Volatility		M2
	Fund	Index	Fund	Index			
2004**	8.5%	8.0%	4.6%	11.1%	41.2%	18.4%	
2005	12.4%	26.1%	6.0%	9.5%	63.1%	18.4%	
2006	16.1%	19.0%	5.3%	12.7%	41.9%	34.6%	
2007	2.2%	4.5%	6.9%	15.7%	43.7%	-0.2%	
2008	-14.2%	-42.5%	13.1%	37.3%	35.0%	-49.0%	
2009	14.9%	31.1%	8.2%	24.4%	33.7%	45.0%	
2010	3.5%	10.1%	11.0%	18.7%	58.5%	5.5%	
2011	-5.7%	-6.6%	16.3%	22.2%	73.7%	-8.4%	
2012	6.3%	17.2%	11.5%	14.7%	78.2%	7.7%	
2013	21.1%	19.6%	9.0%	12.2%	74.0%	28.3%	
2014	3.6%	7.0%	10.3%	13.4%	76.5%	4.6%	
2015	7.3%	7.2%	11.8%	20.7%	57.0%	12.7%	
2016	0.0%	3.6%	10.2%	19.8%	51.9%	0.2%	
2017	7.2%	9.8%	4.0%	8.5%	47.2%	15.7%	
2018	-1.5%	0.9%	4.4%	11.5%	38.3%	-3.2%	
Q1	-1.7%	-4.4%	4.9%	13.8%	35.1%	-4.7%	
Q2	1.0%	4.1%	4.8%	11.4%	42.1%	2.6%	
Q3	-0.7%	1.3%	3.6%	9.0%	39.5%	-1.6%	
Total	110.2%	142.3%	9.7%	18.7%	51.7%		
Index price only		45.3%					

* Cartesio Y until 12/2009 and Paretun Cartesio Equity onwards
 ** Since March 2004
 Index= MSCI Pan Euro Total Return // M2= Theoretical return assuming the save volatility as the Index

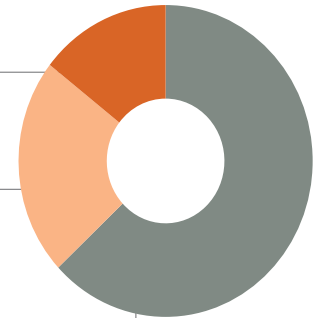
SECTOR DISTRIBUTION		FUND	MSPE
1	Consumer Discretionary	22.1%	8.1%
2	Consumer Staples	0.0%	15.5%
3	Energy	5.2%	10.2%
4	Financials	7.2%	20.0%
5	Health Care	8.0%	14.7%
6	Industrials	33.2%	10.6%
7	Information Technology	4.0%	5.3%
8	Materials	2.2%	7.1%
9	Real Estate	3.3%	0.5%
10	Telecommunication Services	6.2%	4.7%
11	Utilities	8.6%	3.5%
Total		100%	100%

Market Cap Distribution (Equity Portfolio)

Small (<€3Bn)
14.4%

Medium (€3 - €6Bn)
22.5%

Large (>€6Bn)
63.1%



Name

Paretun Cartesio Equity
(Replicates Cartesio Y)

ISIN

LU0406591452 - Class I
LU1725678517 - Class Z

Bloomberg

PAR12BI LX / PAR12BZ LX

Inception Date

30/6/09
(Cartesio Y 31/3/04)

Type

SICAV (UCITS III)

Benchmark

MSCI Pan Europe - Risk
Adjusted

NAV frequency

Daily (Euros)

Management Company

MDO Management Services

Fund Manager

Cartesio SGIC, S.A.

Custodian

BNP Paribas

Auditor

Deloitte



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

Transfer Agent & Fund Administrator

BNP Securities Services

Fund Management Fee

1.5% - Class I
0.75% + 7.5% performance fee -
Class Z

* All ratings apply to Cartesio Y