

Cartesio *Income*

Factsheet

NAV (Class I)
128.30

Assets
492m €

June 2018

The fund is down 0.4% in June and 1.5% YTD. European equities trickle downwards or zip horizontally, but the result continues to be slight negative returns in European equities YTD. The Trump's administration antics on trade is not helping sentiment, however we believe valuation and concern about the economic and interest rate cycle explain more adequately the disappointment performance of equities generally YTD.

Our asset allocation is cautious but we do not have a catastrophic view of the world. "The End is Nigh" may be a good marketing strategy for certain cults which always end badly. Similarly, cringing about Trump, trade, debt, bubbles or whatever is the big worry of the day whilst waiting for the markets to crash is commendable and understandable, but probably not the best way to build wealth over the longer term.

The bulk of the negative return YTD in the fund is due to our exposure to high yield, hybrids and AT1s which have proved to be a source of excellent returns with low volatility in recent years. They got very expensive and that is why we have been reducing exposure aggressively over the last year or so. Our corporate portfolio is now offering a 6% YTM with very low

duration. We are no longer sellers and we have been adding to some positions.

Investment objective

Pareturn Cartesio Income replicates the investment strategy of Cartesio X. It seeks higher risk adjusted returns (Sharpe ratio) than Euro Government bonds (Bloomberg Barclays Series-E Euro Govt 7-10 Yr Bond Index). Strong emphasis on capital protection.

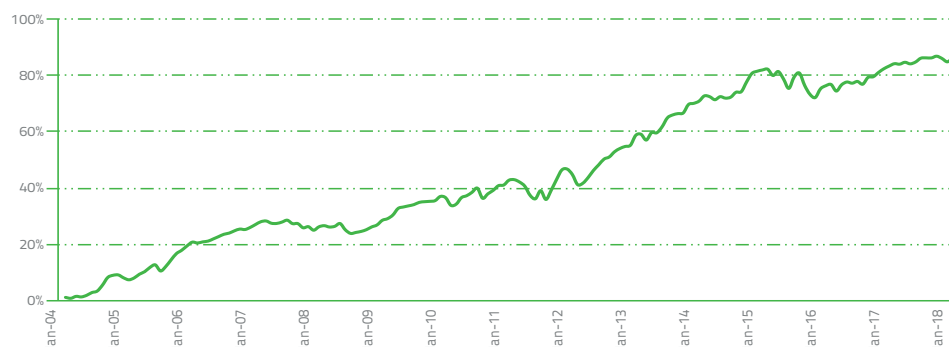
Investment strategy

Equity exposure is limited to a maximum of 40% of assets, the balance is invested in bonds and cash.

Fund History

Cartesio X has an overall Four Star Morningstar rating. Since inception (March 2004) it has returned 4.4% p.a.

Performance Chart*



against 4.9% p.a. total return for Long Term Euro Gov Bonds with a volatility of 3.1% (index 4.5%). On a five and three year basis the fund has returned 18.4% and 2.7% respectively against total returns of 29.2% and 10.0% respectively for Long Term Eurozone Gov Bonds with 74% and 74% respectively of the volatility experienced by the index.

Factors to consider

- The fund has a long bias (Equities & Bonds) but with a strong emphasis on capital protection over the medium term.
- The equity and bond components are 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 low level of risk.

PERFORMANCE

2018	-1.5%
Since Inception (p.a.)*	4.4%

RISK / RETURN

Volatility*	3.2%
Beta	0.13
Sharpe*	0.93

ASSET ALLOCATION

Equity	8.4%
Bonds	17.1%
Cash	74.5%

EQUITY SECTOR DISTRIBUTION

Industrials	28.6%
Consumer Discretionary	24.5%
Utilities	12.0%
Health Care	8.4%
Financials	7.2%

MAIN HOLDINGS

Caixabank AT1 2026	1.2%
Bankia AT1 2022	0.9%
Axa Híbrido 2019	0.9%
Liberbank Híbrido 2022	0.9%
Ibercaja AT1 2023	0.8%

INVESTMENTS/DIVESTMENTS EQUITIES

Investments: Pinfra

Divestments: —

MARKET RETURNS

	2018	Since 31/03/04
MSCI Pan Euro (Total return.)	-0.4%	6.3% p.a.
Sharpe		0.26
Long Term Euro Gov. Bond	0.6%	4.9% p.a.
Sharpe		0.78
Euro Gov T Bill	-0.3%	1.4% p.a.

* Inception 31st March '04. Cartesio X until May '11. Class I.

HOLDINGS

1	Caixabank AT1 2026	1.2%
2	Bankia AT1 2022	0.9%
3	Axa Híbrido 2019	0.9%
4	Liberbank Híbrido 2022	0.9%
5	Ibercaja AT1 2023	0.8%
6	Credit Agricole AT1 2019	0.8%
7	Standard Chartered AT1 2023	0.8%
8	Santander UK AT1 2024	0.8%
9	Lloyds Bank AT1 2023	0.8%
10	Credit Suisse AT1 2024	0.7%
11	OHL 2022	0.7%
12	Softbank Hybrid 2023	0.6%
13	Telefónica Híbrido 2026	0.6%
14	Banco Espirito Santo 2017	0.6%
15	KPN Híbrido 2073	0.6%
16	ING AT1 2020	0.5%
17	BNP AT1 2022	0.5%
18	Grifols 2025	0.5%
19	Unicredit AT1 2025	0.5%
20	Other (incl. Equity)	12.0%
21	Cash	74.5%
	Total	100%

MAIN HOLDINGS EQUITIES

1	Shire	0.5%
2	Publicis	0.3%
3	ITV	0.3%
4	KPN	0.3%
5	Royal Dutch Shell	0.3%
6	Merlin Properties	0.3%
7	Continental	0.3%
8	Microsoft	0.3%
9	Prysmian	0.2%
10	Siemens	0.2%

RISK ADJUSTED RETURNS PARETURN CARTESIO INCOME*

	Returns		Volatility		Relative		M2
	Fund	Index	Fund	Index	Volatility		
2004 **	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	0.9%	2.2%	4.4%	6.3%	70.6%	1.3%	
2012	9.8%	14.9%	3.6%	4.8%	74.4%	12.7%	
2013	8.9%	2.9%	2.9%	4.2%	70.6%	12.3%	
2014	4.7%	16.9%	3.3%	3.4%	95.6%	4.9%	
2015	1.3%	2.1%	4.0%	5.3%	76.6%	1.6%	
2016	1.6%	3.5%	4.1%	4.0%	100.8%	1.6%	
2017	3.9%	1.3%	1.4%	3.7%	36.9%	11.3%	
2018	-1.5%	0.6%	1.6%	3.4%	48.2%	-2.8%	
Q1	-0.7%	1.1%	1.5%	2.9%	51.3%	-1.3%	
Q2	-0.8%	-0.5%	1.8%	3.8%	47.5%	-1.4%	
Total	83.5%	98.3%	3.2%	4.5%	70.1%		

* Cartesio X until 5/2011 and Pareturn Cartesio Income onwards.

** Since March 2004

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

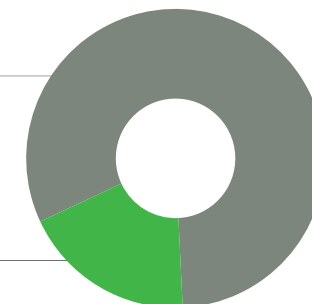
BOND SECTOR DISTRIBUTION

Gobiernos	-
Consumer Discretionary	0.0%
Consumer Staples	1.6%
Energy	0.0%
Financials	80.0%
Healthcare	2.9%
Industrials	0.0%
Materials	0.0%
Telecommunications	12.3%
Utilities & Infrastructures	3.2%

VALUATION DATA

Bonds	
Portfolio YTM	6.4%
Portfolio Duration	2.2 years
Fund Duration	0.4 years
Equity	
P/E	13.5x
Div Yield	3.6%

Bond Rating Distribution

<Inv. grade
87%≥BBB-
13%

Name

Pareturn Cartesio Income
(Replicates Cartesio X)

ISIN

LU0581203592
LU1725678863

Bloomberg

PCARINI LX / PCARINZ LX

Inception Date

30/4/11

Type

SICAV (UCITS III)

Benchmark

Bloomberg Euro Gov Bond
Index 7-10 yr – Risk Adjusted

NAV frequency

Daily (Euros)

Fund 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
- 5 Lipper Leader Preservation
- 5 Lipper Leader Expense

Transfer Agent & Fund Administrator

BNP Securities Services

Fund Management Fee

0.95% - Class I
0.50% + 7.5% performance fee -
Class Z

* All ratings apply to Cartesio X