

Cartesio *Equity*

Factsheet

NAV (Class I)
152.47

Assets
121m €

December 2018

The fund is down 2.8% in December and 6.0% in 2018. European equities finish 2018 down 12.5% (-9.4% total return). All sectors are down in the year with the exception of two (utilities and healthcare), which end flat on a total return basis. Breadth is very poor, more than 60% of the stocks are down more than 20% from their 52-week high, a level not seen since the worst of the eurozone crisis in 2011-12.

Cash was, amazingly, the best asset allocation decision in 2019. Average liquidity levels were very high (59%) and this allowed us to soften greatly the negative impact of falling equity prices. Our equity portfolio performed in line with the index, which is difficult in a year when only the most defensive sectors work by default.

We are not happy with delivering negative returns, but we have a long bias and our mandate is to protect capital by delivering good adjusted returns. Our drawdown in PCE is, so far, significantly below that experienced by the fund in previous equity downturns and c. 50% of the drawdown experienced by European equities.

We are now more engaged and optimistic than we were at the beginning of 2018. We had a cautious asset allocation during 2018 and we started reducing risk at the end of 2014 for 3 reasons: valuations; cyclical and stock market risk after an extended cycle; possibility of extreme investor positioning after abnormal monetary policies.

Our lowest equity exposure was 37% in PCE at the end of Q3. The market is beginning to price in our concerns. We finish the year 45% invested in equities. We will keep increasing our equity exposure gradually and preferably when the market is weak.

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 bias.

Fund History

Cartesio Y has an overall Four Star

Performance Chart*



Morningstar rating. Since inception (March 2004) it has returned 5.3% p.a. against 5.4% p.a. total return for Pan-European equities with a volatility of 9.6% (index 18.8%). On a five and three year basis the fund has returned 15.3% and 2.9% respectively against total returns of 18.3% and 3.1% respectively for European equities with 54% and 50% 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

2018	-6.0%
Since Inception (p.a.)*	4.8%

RISK / RETURN

Volatility*	9.7%
Beta	0.40
Sharpe*	0.36

ASSET ALLOCATION

Equity	44.9%
Cash	55.1%

SECTORIAL DISTRIBUTION

Industrials	29.8%
Communication Services	15.9%
Consumer Discretionary	10.6%
Utilities	7.9%
Health Care	7.7%

MAIN HOLDINGS

KPN	2.1%
Glencore	1.9%
Merlin Properties	1.9%
Pinfra	1.8%
Prysmian	1.8%

INVESTMENTS / DIVESTMENTS

Investments: -

Divestments: NOS

MARKET RETURNS

	2018	Since 31/03/04
MSCI Pan Euro (Total return.)	-9.4%	5.4% p.a.
Sharpe		0.22
Long Term Euro Gov. Bond	1.4%	4.8% p.a.
Sharpe		0.77
Euro Gov T Bill	-0.5%	1.3% p.a.

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

HOLDINGS

1	KPN	2.1%
2	Glencore	1.9%
3	Merlin Properties	1.9%
4	Pinfra	1.8%
5	Prysmian	1.8%
6	Signify	1.6%
7	Shire	1.6%
8	Continental	1.5%
9	Atlantica Yield	1.5%
10	ITV	1.4%
11	Microsoft	1.3%
12	Valeo	1.3%
13	Siemens	1.2%
14	Liberbank	1.2%
15	Petrofac	1.2%
16	Publicis	1.1%
17	Vinci	1.1%
18	Allianz	1.1%
19	CCR	1.1%
20	Atos	1.1%
21	Other	16.3%
22	Cash	55.1%
Total		100%

PORTFOLIO VALUATION

P/E	12.5x
Div Yield	4.1%

RISK ADJUSTED RETURNS PARETURN CARTESIO EQUITY*

	Returns		Volatility		Relative Volatility		M2
	Fund	Index	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	-6.0%	-9.4%	5.2%	12.5%	41.6%	-13.8%	
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%	
Q4	-4.6%	-10.2%	7.1%	15.3%	46.8%	-9.8%	
Total	100.6%	117.6%	9.7%	18.8%	51.7%		
Index price only		30.0%					

* Cartesio Y until 12/2009 and Pareturn Cartesio Equity onwards

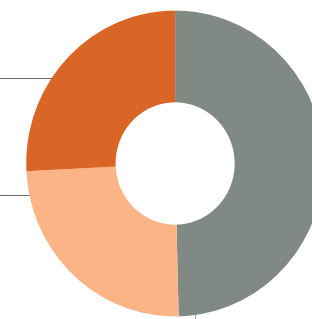
** Since March 2004

Index= MSCI Pan Euro Total Return // M2= Theoretical return assuming the save volatility as the Index

SECTOR DISTRIBUTION

	FUND	MSPE	
1	Consumer Discretionary	10.6%	8.2%
2	Consumer Staples	1.1%	16.1%
3	Energy	5.2%	9.7%
4	Financials	6.9%	20.0%
5	Health Care	7.7%	14.5%
6	Industrials	29.8%	10.3%
7	Information Technology	5.4%	5.4%
8	Materials	5.4%	6.3%
9	Real Estate	4.1%	0.7%
10	Communication Services	15.9%	4.9%
11	Utilities	7.9%	4.1%
Total	100%	100%	

Market Cap Distribution (Equity Portfolio)

Small (<€3Bn)
25.8%Medium (€3 - €6Bn)
24.6%Large (>€6Bn)
49.6%

Name

Pareturn 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