August 2023 - Monthly Report

Cartesio *Income*

Factsheet | NAV (Class I) **103.26** | Assets **145m €**

The Pareturn Cartesio Income ceased to exist on the 24th of March 2020 as a result of the merger with Cartesio Funds Income

August 2023

The fund is down 0.19% in August and up 5.3% YTD. European equities were down 2.5% in August, and it is not clear whether the seasonal bearish season will bring a significant correction from the all-time highs reached in July. The "sell in May" adage has not worked yet. Our equity portfolio outperformed, and our credit portfolio was stable. This explains the fund's stable performance.

The fund's credit portfolio (71% exposure) offers good income and stability. The portfolio is well diversified by issuer and instrument offering a YTM of 7.5%, a running yield of 5% and duration below three years. This is why we are favouring credit over equities at present. With interest rates firm lately, we are using the opportunity to increase the current yield and duration at the margin.

Since the end of 2021, the reference index for CI (Eurozone 7-10 year Govt Bonds) is down 16,2%, whilst the fund is up 2.1% and European equities are flat. This is the product of navigating the interest rate bubble successfully though active management and an equity portfolio that has outperformed during this period.

We still think that some parts of the equity market remain undervalued and significantly below their long-term valuation average. We tend to be overweight in those sectors/stocks and this explains why we still retain a 20% equity exposure

Investment objective

Cartesio Income replicates the investment strategy of Cartesio X.
It seeks higher risk adjusted returns (Sharpe ratio) than Euro Goverment bonds (Bloomberg 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.

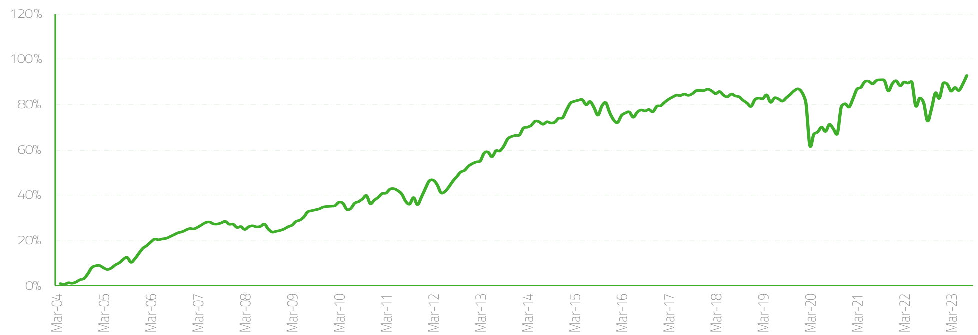
Fund History

Cartesio X has an overall Five Star Morningstar rating. Since inception (March 2004) it has returned 3.6% p.a. against 3.1% p.a. total return for Long Term Euro Gov Bonds with a volatility of 4.0% (index 5.2%). On a five and three year basis the fund has returned 8.0% and 13.5% respectively against total returns of -7.9% and -16.7% respectively for Long Term Eurozone Gov Bonds with 89% and 73% 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 Chart*



* Relates to past data. Past performance does not guarantee future returns.

PERFORMANCE	
2023	5.3%
Since Inception (p.a.)**	3.4%

RISK / RETURN	
Volatility**	4.1%
Beta	0.36
Sharpe**	0.59

ASSET ALLOCATION	
Equity	19.3%
Bonds	70.8%
Cash	9.9%

EQUITY SECTOR DISTRIBUTION	
Materials	15.0%
Industrials	13.9%
Financials	13.1%
Communication Services	11.8%
Energy	9.4%

MAIN HOLDINGS	
Unicredit AT1 2027	2.1%
BAT Hybrid	2.0%
Caixabank AT1 2026	1.7%
UNIPOL hybrid 2030	1.6%
Repsol Híbrido 2026	1.6%

INVESTMENTS/DIVESTMENTS EQUITIES

Investments: Credit Agricole

Divestments: -

MARKET RETURNS	2023	Since 31/03/04
MSCI Pan Euro (Total return.)	10.6%	6.1% p.a.
Sharpe		0.28
Long Term Euro Gov. Bond	3.9%	3.1% p.a.
Sharpe		0.41
Euro Gov T Bill	1.7%	1.0% p.a.

** Inception 31st March '04. Cartesio X until Jun '09. Pareturn Cartesio Income Class I until Feb'20

Cartesio

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HOLDINGS

1	Unicredit AT1 2027	2.1%
2	BAT Hybrid	2.0%
3	Caixabank AT1 2026	1.7%
4	UNIPOL hybrid 2030	1.6%
5	Repsol Híbrido 2026	1.6%
6	Bayer Hybrid 5.375%	1.6%
7	NH senior sec 2026	1.6%
8	CNP Hybrid 2028	1.5%
9	Telefónica Hybrid 2028	1.5%
10	Orange Híbrido 2026	1.5%
11	ArcelorMittal senior 2026	1.5%
12	Atradius Hybrid 2024	1.4%
13	Senior Traton 2025	1.4%
14	VW Hybrid 3.748%	1.4%
15	Unicaja Senior Prefered 2025	1.4%
16	SSE Híbrido 2028	1.4%
17	Allianz 2038	1.3%
18	Bankinter 6.25% AT1	1.3%
19	Abertis Hybrid 2025	1.3%
20	Other (including. Equities)	61.1%
21	Cash	9.9%
	Total	100%

RISK ADJUSTED RETURNS PARETURN CARTESIO INCOME*

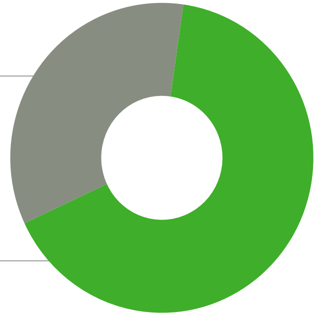
	Returns		Volatility		Relative	
	Fund	Index	Fund	Index	Volatility	M2
2004**	8.3%	5.5%	2.8%	3.4%	81.2%	9.9%
2005	5.8%	6.0%	4.0%	3.5%	113.2%	5.3%
2006	9.0%	-1.0%	2.2%	3.5%	62.7%	12.7%
2007	2.1%	1.8%	3.0%	3.7%	81.1%	1.6%
2008	-2.2%	10.8%	3.1%	6.1%	49.9%	-8.9%
2009	8.5%	4.7%	1.5%	5.1%	30.3%	25.0%
2010	2.1%	-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	-3.7%	1.4%	1.8%	3.0%	59.6%	-6.0%
2019	4.3%	6.7%	2.7%	3.8%	70.7%	6.2%
2020	-3.5%	4.5%	9.9%	5.0%	198.8%	-2.0%
2021	4.9%	-2.9%	4.2%	3.7%	111.9%	4.3%
2022	-3.4%	-19.4%	6.8%	10.2%	66.9%	-4.7%
2023	5.3%	3.9%	5.0%	9.4%	53.1%	8.5%
Q1	1.7%	3.3%	7.0%	12.0%	58.2%	2.6%
Q2	0.2%	0.7%	4.9%	7.6%	64.2%	0.0%
Q3	1.7%	0.4%	3.2%	7.6%	42.5%	3.3%
Total	**92.5%**	**81.3%**	**4.1%**	**5.2%**	**80.3%**	

* Cartesio X until 5/2011 and Pareturn Cartesio Income onwards.
** Since March 2004
Index= Bloomberg Series-E Euro Govt 7-10 Yr Bond Index
M2= Theorical return assuming the save volatility as the Index

Bond Rating Distribution of the Portfolio

<Inv. grade
34%

≥BBB-
66%



MAIN HOLDINGS EQUITIES

1	Merlin Properties	1.0%
2	Total Energies	0.9%
3	Covestro	0.8%
4	Acerinox	0.7%
5	Repsol	0.6%
6	Carrefour	0.6%
7	Coca-cola EU Part.	0.6%
8	Bayer	0.6%
9	Gruppo Unipol	0.6%
10	Michelin	0.6%

BOND SECTOR DISTRIBUTION

Gobiernos	-
Consumer Discretionary	6.7%
Consumer Staples	3.1%
Energy	10.9%
Financials	46.4%
Healthcare	4.1%
Industrials	5.5%
Materials	7.4%
Communication Services	7.2%
Utilities & Infrastructures	7.1%

VALUATION DATA

Bonds	
Portfolio YTC	7.4%
Portfolio Duration	2.7 years
Fund Duration	1.9 years
Equity	
P/E	10.4x
Div Yield	5.1%

Name
Cartesio Income (Replicates Cartesio X)

ISIN
LU1966822873 (Class I)
LU1966822956 (Class R)
LU1966823095 (Class Z)

Bloomberg
CARTINI LX / CARTINR LX / CARTINZ LX

Inception Date
13/01/20

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 SGIIC, S.A.

Custodian
BNP Paribas

Silver

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

Auditor
Deloitte

Transfer Agent & Fund Administrator
BNP Securities Services

Fund Management Fee
0.95% - Class I & Class R
0.65% + 7.5% performance fee - Class Z

* All ratings apply to Cartesio X

Cartesio

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