

Cartesio *Income*

Factsheet

NAV (Class I)
90.81

Assets
134m €

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

September 2020

The fund is down 1,16% in September and 9.42% YTD. It has been happening since European equities reached their post-crash zenith in June. The market remains sensitive to news/events around the pandemic and the impact it has on mobility and prospects about a full economic recovery. In general, our equity portfolio remains sensitive to negative news about the pandemic and tends to underperform/outperform depending on whether the outlook for the pandemic is getting worse/better. Yet, after a very poor first quarter, the portfolio has outperformed the market since March.

The polarisation and valuation divergence between sectors and amongst stocks remains extremely wide. Passive investing, performance chasing and fear amongst professional investors to embrace difficult stocks/sectors, no matter the valuation, is in our view setting up the stage for very good investment opportunities and the potential for an epic reversal within the market.

We estimate our equity portfolio today is at least 35% undervalued and with much less balance sheet risk than before the pandemic. This explains the fact that equity exposure (24%) is higher than in March and well above the average since inception (16%). Credit exposure in CI (20%)

is lower than the average since inception (30%) because there is simply a lot less value around in a world of zero rates and frantic search for yield.

Investment objective

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

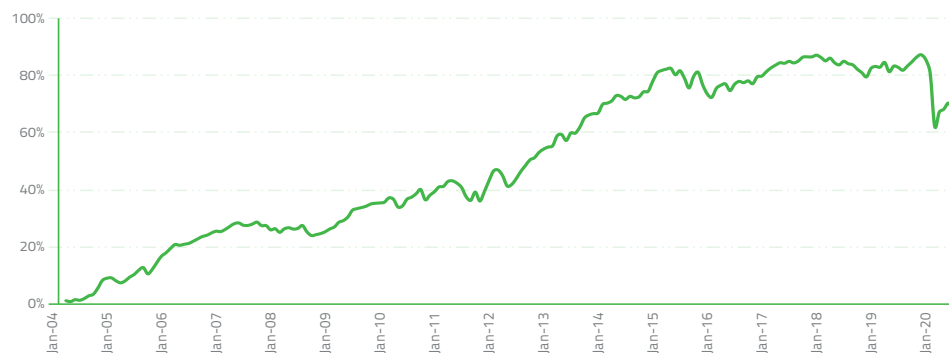
Cartesio X has an overall Three Star Morningstar rating. Since inception

(March 2004) it has returned 3.4% p.a. against 4.9% p.a. total return for Long Term Euro Gov Bonds with a volatility of 3.7% (index 4.5%). On a five and three year basis the fund has returned -0.9% and -6.0% respectively against total returns of 18.3% and 12.8% respectively for Long Term Eurozone Gov Bonds with 110% and 129% 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

2020	-9.4%
Since Inception (p.a.)**	3.2%

RISK / RETURN

Volatility**	3.8%
Beta	0.34
Sharpe**	0.55

ASSET ALLOCATION

Equity	23.8%
Bonds	20.4%
Cash	55.8%

EQUITY SECTOR DISTRIBUTION

Industrials	20.2%
Communication Services	14.1%
Utilities	10.9%
Materials	9.8%
Information Technology	8.7%

MAIN HOLDINGS

Caixabank AT1 2026	3.5%
Intesa Sanpaolo AT1 2025	2.7%
Unicredit AT1 2027	2.6%
Santander UK AT1 2024	1.9%
Ibercaja AT1 2023	1.5%

INVESTMENTS/DIVESTMENTS EQUITIES

Investments: -

Divestments: -

MARKET RETURNS

	2020	Since 31/03/04
MSCI Pan Euro (Total return.)	-13.4%	5.4% p.a.
Sharpe		0.22
Long Term Euro Gov. Bond	3.3%	4.9% p.a.
Sharpe		0.83
Euro Gov T Bill	-0.3%	1.2% p.a.

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

HOLDINGS

1	Caixabank AT1 2026	3.5%
2	Intesa Sanpaolo AT1 2025	2.7%
3	Unicredit AT1 2027	2.6%
4	Santander UK AT1 2024	1.9%
5	Ibercaja AT1 2023	1.5%
6	Bankinter 6.25% AT1	1.4%
7	Credit Suisse AT1 2024	1.2%
8	Abanca AT1 2023	0.9%
9	Bankia AT1 2022	0.8%
10	Aryzta Hybrid 2019	0.7%
11	OHL 2022	0.7%
12	HSBC AT1 USD 2024	0.7%
13	IAG Senior 2023	0.6%
14	AXA subord. CMS	0.6%
15	Banco Espirito Santo 2017	0.5%
16	Intesa AT1 2025	0.3%
17	-	
18	-	
19	-	
20	Other (including: Equities)	23.8%
21	Cash	55.8%
	Total	100%

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	-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	-9.4%	3.3%	10.5%	5.5%	190.4%	-5.1%	
Q1	-13.3%	0.2%	14.2%	8.1%	176.0%	-7.7%	
Q2	5.0%	1.7%	11.3%	5.4%	207.0%	2.4%	
Q3 (Sep)	-0.5%	1.4%	5.3%	3.2%	168.5%	-0.3%	
Total	69.4%	120.3%	3.8%	4.5%	84.5%		

* 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

MAIN HOLDINGS EQUITIES

1	Fresenius SE	0.9%
2	Pinfra	0.9%
3	Signify	0.9%
4	Takeda	0.8%
5	Atos	0.8%
6	KPN	0.8%
7	Merlin Properties	0.8%
8	Liberbank	0.7%
9	Repsol	0.7%
10	SES Global	0.7%

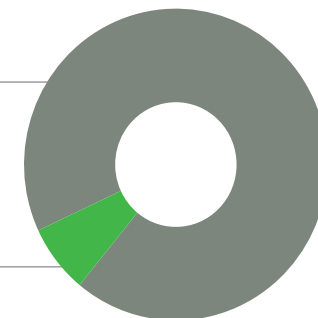
BOND SECTOR DISTRIBUTION

Gobiernos	-
Consumer Discretionary	0.0%
Consumer Staples	3.5%
Energy	0.0%
Financials	88.8%
Healthcare	0.0%
Industrials	6.2%
Materials	0.0%
Communication Services	0.0%
Utilities & Infrastructures	0.0%

VALUATION DATA

Bonds	
Portfolio YTM	6.5%
Portfolio Duration	-0.7 years
Fund Duration	-0.1 years
Equity	
P/E	16.1x
Div Yield	3.7%

Bond Rating Distribution of the Portfolio

<Inv. grade
94%≥BBB-
6%

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 SGIC, S.A.

Custodian

BNP Paribas

Bronze

MORNINGSTAR	★★	3 years
MORNINGSTAR	★★	5 years
MORNINGSTAR	★★★	10 years
MORNINGSTAR	★★★	Overall

- 2 Lipper Leader Total Return
- 2 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
0.50% + 7.5% performance fee -
Class Z

* All ratings apply to Cartesio X