

Cartesio *Income*

Factsheet

NAV (Class I)
101.67

Assets
121m €

April 2022

The fund is down 0.2% in April and up 0.2% YTD. During the last two years we thought there were three bubbles building up. We can argue about what makes a bubble, but in our book three conditions are necessary: extreme valuation, extreme investor positioning and a plausible, attractive narrative. Bonds, unprofitable or fast-growing new business models and ESG investing met those conditions.

The most remarkable bubble has been in bonds. Yields fell to their lowest in history. Central banks aided and abetted this upside-down world, obsessed with low inflation readings and always willing to roll out the punchbowl at the first sign of economic trouble, even with the blazing cannons of fiscal policy during the pandemic. The war in Ukraine and chronic lack of investment in the hydrocarbon complex was the cherry on top.

We are in the worst bond bear market in decades. The reference index for the fund is down 9.4% YTD and has lost 13% from its peak in December 2020.

In this environment where both equities and bonds are down, the fund is up slightly. The equity portfolio is up 3.4% YTD and the credit portfolio (net of our long running short position in the Spanish bono) is stable. We are beginning to see opportunities in credit where

we have increased exposure, but the duration of the bond portfolio remains minimal.

Investment objective

Cartesio Income replicates the investment strategy of Cartesio X. It seeks higher risk adjusted returns (Sharpe ratio) than Euro Government 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 Four Star Morningstar rating. Since inception (March 2004) it has returned 3.8% p.a.

Performance Chart*



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

against 3.8% p.a. total return for Long Term Euro Gov Bonds with a volatility of 3.9% (index 4.5%). On a five and three year basis the fund has returned 6.6% and 5.3% respectively against total returns of 1.4% and -4.8% respectively for Long Term Eurozone Gov Bonds with 121% and 133% 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

2022	0.2%
Since Inception (p.a.)**	3.6%

RISK / RETURN

Volatility**	4.0%
Beta	0.37
Sharpe**	0.65

ASSET ALLOCATION

Equity	29.7%
Bonds	25.5%
Cash	44.8%

EQUITY SECTOR DISTRIBUTION

Industrials	19.8%
Communication Services	13.3%
Materials	12.3%
Financials	12.0%
Energy	9.6%

MAIN HOLDINGS

Unicredit AT1 2027	2.2%
Caixabank AT1 2026	1.9%
UNIPOL hybrid 2030	1.8%
BAT Hybrid	1.7%
Senior sec. OHLA 2026	1.6%

INVESTMENTS/DIVESTMENTS EQUITIES

Investments: -

Divestments: -

MARKET RETURNS

	2022	Since 31/03/04
MSCI Pan Euro (Total return.)	-4.4%	6.6% p.a.
Sharpe		0.30
Long Term Euro Gov. Bond	-9.4%	3.8% p.a.
Sharpe		0.62
Euro Gov T Bill	-0.3%	1.0% p.a.

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

HOLDINGS

1	Unicredit AT1 2027	2.2%
2	Caixabank AT1 2026	1.9%
3	UNIPOL hybrid 2030	1.8%
4	BAT Hybrid	1.7%
5	Senior sec. OHLA 2026	1.6%
6	Bayer Hybrid 5.375%	1.5%
7	Lenzing híbrido 2025	1.5%
8	Unicaja AT1	1.5%
9	NH senior sec 2026	1.4%
10	Intesa Sanpaolo AT1 2025	1.3%
11	Petrofac HY Senior secured	1.2%
12	Bankinter 6.25% AT1	1.2%
13	Abertis Hybrid 2025	1.2%
14	VW Hybrid 3.748%	1.1%
15	Aroundtown Hybrid 2025	1.0%
16	Abanca AT1 2026	0.9%
17	HSBC AT1 USD 2024	0.8%
18	AXA subord. CMS	0.7%
19	Direct Line Hybrid 2027	0.7%
20	Other (including: Equities)	30.0%
21	Cash	44.8%
	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	-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	0.2%	-9.4%	7.8%	7.5%	103.2%	0.1%	
Q1	0.4%	-5.9%	8.8%	7.6%	115.3%	0.3%	
Q2 (Apr)	-0.2%	-3.7%	3.7%	8.3%	44.2%	-0.5%	
Total	89.6%	96.2%	4.0%	4.5%	88.3%		

* 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= Theoretical return assuming the save volatility as the Index

MAIN HOLDINGS EQUITIES

1	Merlin Properties	1.3%
2	SES Global	1.1%
3	Total Energies	1.1%
4	Carrefour	1.0%
5	CCR	1.0%
6	Repsol	1.0%
7	Glencore	0.9%
8	Logista	0.8%
9	Gruppo Unipol	0.8%
10	Coca-cola EU Part	0.8%

BOND SECTOR DISTRIBUTION

Gobiernos	-
Consumer Discretionary	9.6%
Consumer Staples	6.7%
Energy	4.8%
Financials	56.2%
Healthcare	5.9%
Industrials	11.0%
Materials	5.8%
Communication Services	0.0%
Utilities & Infrastructures	0.0%

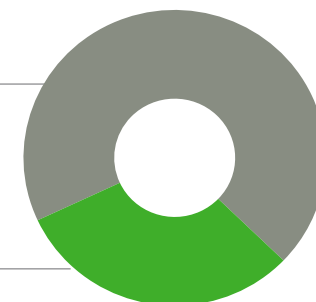
VALUATION DATA

Bonds	
Portfolio YTM	6.2%
Portfolio Duration	1.1 years
Fund Duration	0.3 years

Equity

P/E	11.6x
Div Yield	4.6%

Bond Rating Distribution of the Portfolio

<Inv. grade
69%≥BBB-
31%

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

4	Lipper Leader Total Return
4	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