

Cartesio *Income*

Factsheet

NAV (Class I)
101.92

Assets
126m €

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

May 2022

The fund is up 0.25% in May and 0.4% YTD. Inflation and interest rates have turned, and it is not a blip. Central banks, including the ECB, cannot ignore the highest inflation prints in decades.

Rising rates is an obvious headwind for high-duration, expensive growth equities. It is also the part of the market where investor positioning is crowded and complacent. The time in the sun for value has arrived. YTD performance by asset type reflects starkly this new reality: MSCI Europe Value is up 3.3%, MSCI Europe Growth is down 15.4% and Eurozone long term bonds are down 10.8%.

Investors are very worried about the risk of a recession. We think it is unlikely to take place with a fiscal policy that we still regard as expansionary, tight labour markets and deeply negative real interest rates. Something that has changed is that cyclicals and banks are priced for a recession or something close.

European equities have de-rated by 30% from their 2021 high (from a forward P/E of 18x to 12x). If a recession is not a sure thing and the most vulnerable equities are close to pricing one, may be the bottom is not far.

With the rise in interest rates and credit spreads, we are beginning to see value emerging in credit. We have increased

exposure to credit from 20% in March to 30% currently. The credit portfolio in CI offers a 6% YTM net of duration/currency hedges with a low duration (2 years).

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. against 3.7% 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 6.5% and 7.5% respectively against total returns of -1.1% and -7.4% respectively for Long Term Eurozone Gov Bonds with 119% and 130% 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	
2022	0.4%
Since Inception (p.a.)**	3.6%

RISK / RETURN	
Volatility**	4.0%
Beta	0.34
Sharpe**	0.65

ASSET ALLOCATION	
Equity	24.3%
Bonds	30.8%
Cash	44.9%

EQUITY SECTOR DISTRIBUTION	
Industrials	19.4%
Communication Services	12.9%
Materials	12.3%
Financials	11.7%
Energy	10.4%

MAIN HOLDINGS	
Unicredit AT1 2027	2.2%
BAT Hybrid	2.0%
Caixabank AT1 2026	1.8%
UNIPOL hybrid 2030	1.7%
Senior sec. OHLA 2026	1.5%

INVESTMENTS/DIVESTMENTS EQUITIES	
Investments:	-
Divestments:	-

MARKET RETURNS	2022	Since 31/03/04
MSCI Pan Euro (Total return.)	-4.6%	6.5% p.a.
Sharpe		0.30
Long Term Euro Gov. Bond	-10.8%	3.7% p.a.
Sharpe		0.59
Euro Gov T Bill	-0.4%	1.0% p.a.

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

HOLDINGS

1	Unicredit AT1 2027	2.2%
2	BAT Hybrid	2.0%
3	Caixabank AT1 2026	1.8%
4	UNIPOL hybrid 2030	1.7%
5	Senior sec. OHLA 2026	1.5%
6	Abertis Hybrid 2025	1.5%
7	Bayer Hybrid 5.375%	1.4%
8	Lenzing híbrido 2025	1.4%
9	Unicaja AT1	1.4%
10	VW Hybrid 3.748%	1.4%
11	NH senior sec 2026	1.3%
12	Intesa Sanpaolo AT1 2025	1.3%
13	SSE Híbrido 2028	1.2%
14	Bankinter 6.25% AT1	1.1%
15	BP Híbrido 2026	1.1%
16	Petrofac HY Senior secured	1.1%
17	Direct Line Hybrid 2027	1.1%
18	Repsol Híbrido 2026	1.0%
19	Aroundtown Hybrid 2025	0.9%
20	Other (including: Equities)	28.8%
21	Cash	44.9%
	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	0.4%	-10.8%	7.4%	7.8%	94.7%	0.4%
Q1	0.4%	-5.9%	8.8%	7.6%	115.3%	0.3%
Q2 (May)	0.0%	-5.3%	4.9%	8.5%	57.8%	0.1%
Total	90.0%	93.0%	4.0%	4.5%	88.0%	

* 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	1.1%
2	Total Energies	1.0%
3	SES Global	0.9%
4	CCR	0.8%
5	Repsol	0.8%
6	Glencore	0.8%
7	Carrefour	0.8%
8	Logista	0.7%
9	Coca-cola EU Partn	0.7%
10	Covestro	0.6%

BOND SECTOR DISTRIBUTION

Gobiernos	-
Consumer Discretionary	8.7%
Consumer Staples	6.5%
Energy	12.4%
Financials	47.4%
Healthcare	4.6%
Industrials	9.7%
Materials	4.5%
Communication Services	2.1%
Utilities & Infrastructures	4.0%

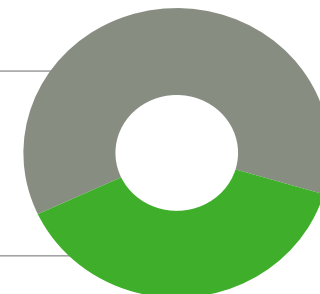
VALUATION DATA

Bonds	
Portfolio YTM	6.0%
Portfolio Duration	2.1 years
Fund Duration	0.6 years
Equity	
P/E	11.5x
Div Yield	4.8%

Bond Rating Distribution of the Portfolio

<Inv. grade
62%

≥BBB-
38%



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

- 5 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