

CARTESIO FUNDS
Société d'investissement à capital variable

RCS Luxembourg N° B 237329

Annual Report including Audited Financial Statements for the
period from August 26, 2019 (date of incorporation)
to December 31, 2020

CARTESIO FUNDS

Cartesio Funds Equity*

Cartesio Funds Income*

No Subscription may be accepted on the basis of this annual report including audited financial statements. Subscriptions are accepted only if they have been made on the basis of the current prospectus dated September 2019 and relevant Key Investor Information Document ("KIID"), which will be accompanied by the latest annual report including audited financial statements and a copy of the latest available unaudited semi-annual report, if published after such annual report, including audited financial statements.

* Please see Note 1 for details.

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* Please see Note 1 for details.

Board of Directors

REGISTERED OFFICE OF THE FUND

60, avenue J. F. Kennedy
L-1855 Luxembourg
Grand Duchy of Luxembourg

BOARD OF DIRECTORS OF THE FUND

Chairman

Juan A. Bertran - Director

Directors

Alvaro Martinez - Director
Cayetano Cornet - Director
Carlo Montagna - Independent Director

MANAGEMENT COMPANY OF THE FUND

MDO Management Company S.A.
19, rue de Bitbourg,
L-1273 Luxembourg
Grand Duchy of Luxembourg

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY OF THE FUND

Chairman of the Management Company
Mr. Géry Daeninck
Independent Management Director

Board members of the Management Company

Mr. John Li How Cheong
Independent Management Director

Mr. Martin Vogel
Chief Executive Officer,

Mr. Carlo Montagna
Independent Director

Wagner Yves
Independent Director

INVESTMENT MANAGER

Cartesio Inversiones, S.G.I.I.C., S.A.
Rubén Darío 3
S-28010 Madrid
Spain

ADMINISTRATIVE AGENT, DOMICILIARY, CORPORATE, REGISTRAR AND TRANSFER AGENT

BNP Paribas Securities Services, Luxembourg Branch
60, Avenue J. F. Kennedy,
L-1855 Luxembourg
Grand Duchy of Luxembourg

DEPOSITARY AND PAYING AGENT

BNP Paribas Securities Services, Luxembourg Branch
60, Avenue J. F. Kennedy,
L-1855 Luxembourg
Grand Duchy of Luxembourg

AUDITOR

Deloitte Audit S.à.r.l.
20, Boulevard de Kockelscheuer
L-1821 Luxembourg
Grand Duchy of Luxembourg

Director's Report

Cartesio Funds Equity*

Cartesio Funds Equity (CE) is down -6.83% in 2020 with a volatility of 23.5%. The sub-fund's benchmark (MSCI Pan Euro) was down 4.6% on a total return basis with a volatility of 28.3%.

The sub-fund replicates the investment strategy of Cartesio Y (a Spanish domiciled fund) which since inception (March 2004) has returned 4.8% p.a. with a volatility of 10.9%, against 5.9% p.a. total return for the benchmark with a volatility of 19.2%. Cartesio Y therefore, has outperformed its benchmark since inception in risk adjusted terms.

2020 has been an outlier year unlikely to be repeated and likely to be remembered for years to come. COVID-19 upended people's lives and the economy. From an economic and stock market point of view it was extraordinary that the pandemic produced the worst recession since WWII, the lowest interest rates ever, the shortest bear market in history with a 30% plus decline of barely one month and a strong recovery that has allowed European equities to end the year down only 4.6%.

COVID-19 together with monetary and fiscal policy stimulus two to three times larger than during the Great Financial Crises of 2008 (with the exception of China, partly due to its success in containing the virus) explains the market reaction, but it was really the development of effective vaccines that sealed it for the recovery of markets and investor sentiment.

During the period under review the equity exposure of the sub-fund has averaged 74%, starting the year at 64% and ending the year at 85%. Having started 2020 with a relatively high equity exposure and with a value/cyclical bias, the first months of the year were naturally painful. We reached the conclusion that the pandemic was likely a temporary phenomenon without a long-term effect on productivity or economic growth. We also saw deep value in our equity portfolio, so we decided to increase slightly equity exposure without making significant changes to the portfolio. This allowed Cartesio Funds Equity (CE) to capture 90% of the market's upside from the bottom and an excellent fourth quarter where the sub-fund outperformed European equities by more than 50%. During the year, the top 5 positive contributors to performance were Microsoft, Covestro, Signify, Atlantica Yield and Prysmian. The bottom five were Unibail, Petrofac, IAG, Air France and Merlin Properties. The bottom five sustained heavier losses than the top five and their negative contribution was 6,7% whilst the top five contributed 3,1%. The equity portfolio was down 9.5%.

As the markets power ahead, we believe valuations are rich, but still optimistic as we point out that valuations are around average adjusted for the level of interest rates. Given the macroeconomic environment, it seems to us that investors have reached the conclusion that staying on the side-lines is the worst possible course of action: either inflation will confiscate your cash or rising markets will make you look foolish.

We still think this is a market of stocks rather than a stock market, meaning there are still compelling valuation opportunities outside yesterday's winners loved by everyone and with a valuation to match. However, we think the market is overbought, investors are bullish, valuations are expensive and the consensus is that COVID-19 will be history during 2021. We are happy to add to our downside protection at current volatility and market levels but staying loyal to a portfolio which we believe is undervalued and mostly unfashionable. The combination of buying undervalued businesses, buying some protection and staying away from fashionable themes, is probably the best way of avoiding potential bubbles inflated by easy money and investor enthusiasm.

Cartesio Funds Income*

Cartesio Funds Income (CI) is down -3.26% in 2020 with a volatility of 9.9%. The sub-fund's benchmark (Bloomberg Barclays Series Euro Govt 7-10 Yr Bond Index) is up 4.5% with a volatility of 5%.

The sub-fund replicates the investment strategy of Cartesio X (a Spanish domiciled fund) which since inception (March 2004) has returned 3.8% p.a. with a volatility of 3.8%, against 4.9% p.a. total return for the benchmark with a volatility of 4.5%.

2020 has been an outlier year unlikely to be repeated and likely to be remembered for years to come. COVID-19 upended people's lives and the economy. From an economic and stock market point of view it was extraordinary that the pandemic produced the worst recession since WWII, the lowest interest rates ever, the shortest bear market in history with a 30% plus decline of barely one month and a strong recovery that has allowed European equities to end the year down only 4.6%.

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Having started 2020 with a relatively high equity exposure and with a value/cyclical bias, the first months of the year were naturally painful. We reached the conclusion that the pandemic was likely a temporary phenomenon without a long-term effect on productivity or economic growth. We also saw deep value in our equity and credit portfolio, so we decided to increase slightly equity and credit exposure without making significant changes to the portfolio. This allowed Cartesio Funds Income (CI) equity portfolio to capture all the upside from the market's bottom plus strong alpha in the credit portfolio. This allowed the sub-fund to rise by 6.5% during Q4. The credit portfolio, mostly invested in AT1's, delivered a 8% total return in 2020 and helped to cushion the negative impact of the equity portfolio which underperformed European equities and was down 9.5%.

Director's Report (continued)

As the markets power ahead, we believe valuations are rich, but still optimistic as we point out that valuations are around average adjusted for the level of interest rates. Given the macroeconomic environment, it seems to us that investors have reached the conclusion that staying on the side-lines is the worst possible course of action: either inflation will confiscate your cash or rising markets will make you look foolish.

We still think this is a market of stocks rather than a stock market, meaning there are still compelling valuation opportunities outside yesterday's winners loved by everyone and with a valuation to match. However, we think the market is overbought, investors are bullish, valuations are expensive, and the consensus is that COVID-19 will be history during 2021. We are happy to add to our downside protection at current volatility and market levels but staying loyal to a portfolio which we believe is undervalued and mostly unfashionable.

Regarding interest rates, we think the combination of stimuli, the end of COVID-19 and the current level of interest rates, should spell trouble for bond markets or at least not another year of positive returns with low volatility. We retain a short position in Spanish bonos (around 9% of total assets), partly as a hedge for the AT1 portfolio of Spanish banks but also as a hedge against rising bond yields.

The combination of buying undervalued businesses, buying some protection and staying away from fashionable themes, is probably the best way of avoiding potential bubbles inflated by easy money and investor enthusiasm.

Global risk measurement methods

The management company uses a risk management process which monitors portfolio holdings risks and their share on the overall portfolio risk profile, for all managed portfolios at any time. In accordance with the Law of 17 December 2010 (as amended) and the applicable regulatory requirements of the Commission de Surveillance du Secteur Financier ("CSSF") the management company reports to the CSSF on a regular basis on the risk management process. The management company also verifies, on the basis of appropriate and reasonable methods, that overall risk associated with derivatives never surpass the net asset value of the portfolios throughout the reporting year.

The management company uses the "Commitment Approach" method. Hence positions on financial derivatives are converted into their corresponding underlying equivalents by using the delta approach. Under certain conditions, netting and hedging might be considered for financial derivatives and their underlying assets. The sum of these net equivalents must not exceed the net asset value of each sub-fund.

As per management company statement, during the reporting year 2020, the Commitment Approach never exceeded legal limits.

* Please see Note 1 for details.

The Board of Directors
Luxembourg, April 21, 2021

To the Shareholders of
Cartesio Funds
60, avenue J.F. Kennedy
L-1855 Luxembourg
Grand-Duchy of Luxembourg

REPORT OF THE *REVISEUR D'ENTREPRISES AGREE*

Opinion

We have audited the financial statements of Cartesio Funds (the "Fund") and of each of its sub-funds, which comprise the statement of net assets, the securities portfolio and financial derivative instruments and the statement of operations and changes in net assets for the period from August 26, 2019 (date of incorporation) to December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund and of each of its sub-funds as at December 31, 2020, and of the results of their operations and changes in their net assets for the period August 26, 2019 (date of incorporation) to December 31, 2020 in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier* (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the *réviseur d'entreprises agréé*" for the Audit of the Financial Statements" section of our report. We are also independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our report of the “*réviseur d’entreprises agréé*” thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors of the Fund for the Financial Statements

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the “*réviseur d’entreprises agréé*” for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “*réviseur d’entreprises agréé*” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law dated 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund.
- Conclude on the appropriateness of the Board of Directors of the Fund use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the *"réviseur d'entreprises agréé"* to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the *"réviseur d'entreprises agréé"*. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For Deloitte Audit, *Cabinet de Révision Agréé*

Nicolas Hennebert, *Réviseur d'Entreprises Agréé*

Partner

April 21, 2021

Statistics

		December 31, 2020	December 31, 2019	December 31, 2018
Cartesio Funds Equity*				
Net Asset Value	EUR	73,819,510.23	-	-
Net asset value per share				
Class "I"	EUR	93.22	-	-
Class "R"	EUR	93.17	-	-
Class "Z"	EUR	92.52	-	-
Number of shares				
Class "I"		267,090.281	-	-
Class "R"		298,139.163	-	-
Class "Z"		228,521.217	-	-
Cartesio Funds Income*				
Net Asset Value	EUR	121,386,581.88	-	-
Net asset value per share				
Class "I"	EUR	96.80	-	-
Class "R"	EUR	96.74	-	-
Class "Z"	EUR	97.12	-	-
Number of shares				
Class "I"		727,231.439	-	-
Class "R"		399,736.917	-	-
Class "Z"		126,881.622	-	-

* Please see Note 1 for details.

Combined Statement

Statement of Net Assets as at December 31, 2020

Statement of Operations and Changes in Net Assets for the period ended December 31, 2020

	Notes	EUR		Notes	EUR
Assets			Income		
Investment in securities at cost		184,574,294.03	Dividends (net of withholding taxes)		1,857,648.40
Unrealised appreciation / (depreciation) on securities		(7,105,070.61)	Interest on bonds		1,317,884.10
Investment in securities at market value	2.2	177,469,223.42	Bank interest		466.19
Investment in option at market value	2.2	333,000.00	Other income		2.09
Cash at bank		18,142,445.14	Total income		3,176,000.78
Receivable on Fund shares sold		44,339.02	Expenses		
Receivable on withholding tax reclaim		65,359.25	Investment Manager fees and management fees	4	1,910,213.87
Other Receivables		62,951.71	Depository fees	5	37,452.65
Net unrealised appreciation on futures contracts	2.2	35,470.38	Research fees		89,097.41
Dividends and interest receivable		186,638.10	Administration fees	6	109,139.87
Amortization of formation expenses		24,998.58	Professional fees	8	125,841.18
Total assets		196,364,425.60	Transaction costs	2.7	112,696.47
Liabilities			Taxe d'abonnement	7	68,067.57
Accrued expenses		943,693.03	Bank interest and charges		137,353.16
Payable on fund shares repurchased		177,001.05	Amortization of formation expenses	9	3,628.22
Net unrealised depreciation on futures contracts	2.2	37,639.41	Other expenses	8	163,817.18
Total liabilities		1,158,333.49	Total expenses		2,757,307.58
Net assets at the end of the period		195,206,092.11	Net investment income / (loss)		418,693.20
			Net realised gain / (loss) on:		
			Investments	2.2	37,154,892.84
			Foreign currencies transactions	2.3	(240,324.80)
			Futures contracts	2.2	(906,420.83)
			Options	2.2	(540,039.84)
			Net realised gain / (loss) for the period		35,886,800.57
			Net change in unrealised appreciation / (depreciation) on:		
			Investments		(7,105,070.61)
			Futures contracts		(2,169.03)
			Options		(166,555.54)
			Increase / (Decrease) in net assets as a result of operations		28,613,005.39
			Proceeds received on subscription of shares		293,425,175.99
			Net amount paid on redemption of shares		(126,832,089.27)
			Net assets at the beginning of the period		-
			Net assets at the end of the period		195,206,092.11

The accompanying notes are an integral part of these financial statements.

Cartesio Funds Equity* (in EUR)

Statement of Net Assets as at December 31, 2020

Statement of Operations and Changes in Net Assets for the period ended December 31, 2020

	Notes	EUR		Notes	EUR
Assets			Income		
Investment in securities at cost		66,117,291.61	Dividends (net of withholding taxes)		1,093,668.21
Unrealised appreciation / (depreciation) on securities		(237,805.92)	Bank interest		161.34
Investment in securities at market value	2.2	65,879,485.69	Other income		0.32
Investment in option at market value	2.2	123,210.00	Total income		1,093,829.87
Cash at bank		8,044,242.00	Expenses		
Receivable on Fund shares sold		41,200.01	Investment Manager fees and management fees	4	805,612.63
Receivable on withholding tax reclaim		39,518.97	Depository fees	5	15,713.42
Other Receivables		29,732.76	Research fees		30,012.34
Net unrealised appreciation on futures contracts	2.2	35,470.38	Administration fees	6	46,260.48
Amortization of formation expenses		12,499.29	Professional fees	8	56,610.03
Total assets		74,205,359.10	Transaction costs	2.7	66,916.34
Liabilities			Taxe d'abonnement	7	27,252.89
Accrued expenses		385,830.70	Bank interest and charges		47,284.17
Payable on fund shares repurchased		18.17	Amortization of formation expenses	9	1,814.11
Total liabilities		385,848.87	Other expenses	8	60,500.99
Net assets at the end of the period		73,819,510.23	Total expenses		1,157,977.40
			Net investment income / (loss)		(64,147.53)
			Net realised gain / (loss) on:		
			Investments	2.2	13,824,695.70
			Foreign currencies transactions	2.3	(138,214.98)
			Futures contracts	2.2	(100,723.72)
			Options	2.2	(299,292.41)
			Net realised gain / (loss) for the period		13,222,317.06
			Net change in unrealised appreciation / (depreciation) on:		
			Investments		(237,805.92)
			Futures contracts		35,470.38
			Options		(58,770.32)
			Increase / (Decrease) in net assets as a result of operations		12,961,211.20
			Proceeds received on subscription of shares		89,680,738.27
			Net amount paid on redemption of shares		(28,822,439.24)
			Net assets at the beginning of the period		-
			Net assets at the end of the period		73,819,510.23

Statement of Changes in Number of Shares

	Number of shares in issue at the beginning of the period	Number of shares subscribed	Number of shares redeemed	Number of shares in issue at the end of the period
Class "I"	-	399,865.56	(132,775.28)	267,090.28
Class "R"	-	443,387.37	(145,248.21)	298,139.16
Class "Z"	-	306,155.46	(77,634.25)	228,521.22

The accompanying notes are an integral part of these financial statements.

Cartesio Funds Equity* (in EUR)

Securities Portfolio as at December 31, 2020

Quantity/ Nominal	Name	Currency	Market value in EUR	% NAV
Transferable securities admitted to an official exchange listing				
Shares				
Germany				
8,531.00	ALLIANZ AG REG	EUR	1,712,171.70	2.32
7,327.00	CONTINENTAL AG	EUR	888,398.75	1.20
27,618.00	COVESTRO AG	EUR	1,394,156.64	1.89
20,998.00	FRAPORT AG FRANKFURT AIRPORT	EUR	1,036,461.28	1.40
69,431.00	FRESENIUS SE & CO KGAA	EUR	2,627,269.04	3.56
29,281.00	HEIDELBERGCEMENT AG	EUR	1,792,582.82	2.43
36,398.00	SOFTWARE AG	EUR	1,213,509.32	1.64
11,840.00	VOLKSWAGEN AG-PREF	EUR	1,804,652.80	2.44
			12,469,202.35	16.88
France				
30,518.00	ATOS SE	EUR	2,282,136.04	3.10
93,523.00	EDF	EUR	1,205,979.09	1.63
75,000.00	ENGIE	EUR	939,000.00	1.27
33,049.00	FNAC DARTY SA	EUR	1,741,682.30	2.36
47,491.00	PUBLICIS GROUPE	EUR	1,935,733.16	2.62
16,725.00	THALES SA	EUR	1,252,702.50	1.70
22,714.00	UNIBAIL-RODAMCO-WESTFIELD	EUR	1,466,870.12	1.99
9,114.00	VINCI SA	EUR	741,515.04	1.00
			11,565,618.25	15.67
Spain				
680,728.00	BANCO SANTANDER SA	EUR	1,727,687.66	2.34
95,779.00	CIA DE DISTRIBUCION INTEGRAL	EUR	1,519,054.94	2.06
468,585.00	INTL CONSOLIDATED AIRLINE-DI	GBP	836,132.91	1.13
6,803,208.00	LIBERBANK SA	EUR	1,714,408.42	2.32
252,668.00	MERLIN PROPERTIES SOCIMI SA	EUR	1,965,757.04	2.66
413,581.00	OBRASCON HUARTE LAIN S.A.	EUR	255,179.48	0.35
705,987.00	PROSEGUR CASH SA	EUR	564,789.60	0.77
259,835.00	REPSOL SA	EUR	2,143,638.75	2.90
			10,726,648.80	14.53
United Kingdom				
35,200.00	COCA-COLA EUROPEAN PARTNERS	USD	1,435,717.44	1.94
133,637.00	INFORMA PLC	GBP	819,236.37	1.11
1,082,147.00	ITV PLC	GBP	1,290,528.73	1.75
14,009.00	RECKITT BENCKISER GROUP PLC	GBP	1,023,358.58	1.39
			4,568,841.12	6.19
Netherlands				
828,176.00	KONINKLIJKE KPN NV	EUR	2,059,673.71	2.79
57,104.00	SIGNIFY NV	EUR	1,971,801.12	2.67
			4,031,474.83	5.46
Mexico				
313,989.00	INFRAESTRUCTURA ENERGETICA N	MXN	1,001,967.51	1.36
302,473.00	PROMOTORA Y OPERADORA DE INF	MXN	2,185,398.94	2.96
			3,187,366.45	4.32
Jersey				
847,876.00	GLENCORE PLC	GBP	2,205,964.02	2.99
442,450.00	PETROFAC LTD	GBP	682,288.48	0.92
			2,888,252.50	3.91
United States				
1,038.00	ALPHABET INC-CL A	USD	1,489,105.61	2.01
6,961.00	MICROSOFT CORP	USD	1,267,304.26	1.72
			2,756,409.87	3.73
Italy				
2,751.00	ASTM SPA	EUR	56,670.60	0.08
599,689.00	IREN SPA	EUR	1,274,938.81	1.73
34,121.00	PRYSMIAN SPA	EUR	992,238.68	1.34
			2,323,848.09	3.15
Luxembourg				
279,136.00	SES	EUR	2,153,813.38	2.92
			2,153,813.38	2.92

Quantity/ Nominal	Name	Currency	Market value in EUR	% NAV
Japan				
67,807.00	TAKEDA PHARMACEUTICAL CO LTD	JPY	2,012,291.83	2.73
			2,012,291.83	2.73
Brazil				
628,900.00	CCR SA	BRL	1,335,237.85	1.81
			1,335,237.85	1.81
Austria				
46,683.00	STRABAG SE-BR	EUR	1,328,131.35	1.80
			1,328,131.35	1.80
Finland				
36,325.00	UPM-KYMMENE OYJ	EUR	1,106,822.75	1.50
			1,106,822.75	1.50
Portugal				
295,693.00	NOS SGPS	EUR	845,090.59	1.14
			845,090.59	1.14
			63,299,050.01	85.74
Money market instruments				
Spain				
2,500,000.00	LETRAS 0% 20-11/06/2021	EUR	2,507,500.00	3.40
			2,507,500.00	3.40
			2,507,500.00	3.40
Rights				
Spain				
259,835.00	REPSOL SA RTS	EUR	72,935.68	0.10
			72,935.68	0.10
			72,935.68	0.10
Total securities portfolio			65,879,485.69	89.24

Financial derivative instruments as at December 31, 2020

Quantity	Name	Currency	Commitment in EUR	Unrealised appreciation / (depreciation) in EUR
Futures				
(35.00)	BRAZIL REAL FUTURE 29/01/2021	USD	2,864,860.44	(5,443.23)
10.00	EURO / GBP FUTURE 15/03/2021	GBP	1,395,790.30	(21,530.12)
50.00	EURO FX CURR FUT (CME) 15/03/2021	USD	5,115,822.21	66,249.90
(155.00)	MEXICAN PESO FUTURE 15/03/2021	USD	63,436,195.47	(3,806.17)
				35,470.38
Total Futures				35,470.38
Options				
370.00	PUT EURO STOXX 50 - OPTION 19/03/2021 30	EUR	1,764,027.87	123,210.00
				123,210.00
Total Options				123,210.00
Total financial derivative instruments				158,680.38

The accompanying notes are an integral part of these financial statements.

Cartesio Funds Equity* (in EUR)

Summary of net assets

		%
		NAV
Total securities portfolio	65,879,485.69	89.24
Total financial derivative instruments	158,680.38	0.22
Cash at bank	8,044,242.00	10.90
Other assets and liabilities	(262,897.84)	(0.36)
Total net assets	73,819,510.23	100.00

The accompanying notes are an integral part of these financial statements.

Cartesio Funds Income* (in EUR)

Statement of Net Assets as at December 31, 2020

Statement of Operations and Changes in Net Assets for the period ended December 31, 2020

	Notes	EUR		Notes	EUR
Assets			Income		
Investment in securities at cost		118,457,002.42	Dividends (net of withholding taxes)		763,980.19
Unrealised appreciation / (depreciation) on securities		(6,867,264.69)	Interest on bonds		1,317,884.10
Investment in securities at market value	2.2	111,589,737.73	Bank interest		304.85
Investment in option at market value	2.2	209,790.00	Other income		1.77
Cash at bank		10,098,203.14	Total income		2,082,170.91
Receivable on Fund shares sold		3,139.01	Expenses		
Receivable on withholding tax reclaim		25,840.28	Investment Manager fees and management fees	4	1,104,601.24
Other Receivables		33,218.95	Depository fees	5	21,739.23
Dividends and interest receivable		186,638.10	Research fees		59,085.07
Amortization of formation expenses		12,499.29	Administration fees	6	62,879.39
Total assets		122,159,066.50	Professional fees	8	69,231.15
Liabilities			Transaction costs	2.7	45,780.13
Accrued expenses		557,862.33	Taxe d'abonnement	7	40,814.68
Payable on fund shares repurchased		176,982.88	Bank interest and charges		90,068.99
Net unrealised depreciation on futures contracts	2.2	37,639.41	Amortization of formation expenses	9	1,814.11
Total liabilities		772,484.62	Other expenses	8	103,316.19
Net assets at the end of the period		121,386,581.88	Total expenses		1,599,330.18
			Net investment income / (loss)		482,840.73
			Net realised gain / (loss) on:		
			Investments	2.2	23,330,197.14
			Foreign currencies transactions	2.3	(102,109.82)
			Futures contracts	2.2	(805,697.11)
			Options	2.2	(240,747.43)
			Net realised gain / (loss) for the period		22,664,483.51
			Net change in unrealised appreciation / (depreciation) on:		
			Investments		(6,867,264.69)
			Futures contracts		(37,639.41)
			Options		(107,785.22)
			Increase / (Decrease) in net assets as a result of operations		15,651,794.19
			Proceeds received on subscription of shares		203,744,437.72
			Net amount paid on redemption of shares		(98,009,650.03)
			Net assets at the beginning of the period		-
			Net assets at the end of the period		121,386,581.88

Statement of Changes in Number of Shares

	Number of shares in issue at the beginning of the period	Number of shares subscribed	Number of shares redeemed	Number of shares in issue at the end of the period
Class "I"	-	1,273,329.72	(546,098.28)	727,231.44
Class "R"	-	726,259.52	(326,522.60)	399,736.92
Class "Z"	-	335,254.24	(208,372.62)	126,881.62

The accompanying notes are an integral part of these financial statements.

CARTESIO FUNDS

Cartesio Funds Income* (in EUR)

Securities Portfolio as at December 31, 2020

Quantity/ Nominal	Name	Currency	Market value in EUR	% NAV	Quantity/ Nominal	Name	Currency	Market value in EUR	% NAV
Transferable securities admitted to an official exchange listing									
Money market instruments									
Spain									
29,400,000.00	LETRAS 0% 20-05/03/2021	EUR	29,439,984.00	24.26					
5,000,000.00	LETRAS 0% 20-09/07/2021	EUR	5,015,700.00	4.13					
1,000,000.00	LETRAS 0% 20-12/02/2021	EUR	1,000,850.00	0.82					
1,000,000.00	LETRAS 0% 20-13/08/2021	EUR	1,004,130.00	0.83					
200,000.00	LETRAS 0% 20-15/01/2021	EUR	200,056.00	0.16					
15,000,000.00	LETRAS 0% 20-16/04/2021	EUR	15,029,550.00	12.39					
			51,690,270.00	42.59					
Shares									
France									
19,184.00	ATOS SE	EUR	1,434,579.52	1.17					
55,518.00	EDF	EUR	715,904.61	0.59					
50,000.00	ENGIE	EUR	626,000.00	0.52					
18,557.00	FNAC DARTY SA	EUR	977,953.90	0.81					
31,778.00	PUBLICIS GROUPE	EUR	1,295,271.28	1.07					
10,273.00	THALES SA	EUR	769,447.70	0.63					
15,030.00	UNIBAIL-RODAMCO-WESTFIELD	EUR	970,637.40	0.80					
5,009.00	VINCI SA	EUR	407,532.24	0.34					
			7,197,326.65	5.93					
Germany									
5,244.00	ALLIANZ AG REG	EUR	1,052,470.80	0.87					
4,583.00	CONTINENTAL AG	EUR	555,688.75	0.46					
11,715.00	COVESTRO AG	EUR	591,373.20	0.49					
12,670.00	FRAPORT AG FRANKFURT AIRPORT	EUR	625,391.20	0.52					
38,769.00	FRESENIUS SE & CO KGAA	EUR	1,467,018.96	1.20					
17,677.00	HEIDELBERGCEMENT AG	EUR	1,082,185.94	0.89					
20,859.00	SOFTWARE AG	EUR	695,439.06	0.57					
7,074.00	VOLKSWAGEN AG-PREF	EUR	1,078,219.08	0.89					
			7,147,786.99	5.89					
Spain									
419,149.00	BANCO SANTANDER SA	EUR	1,063,800.16	0.88					
59,866.00	CIA DE DISTRIBUCION INTEGRAL	EUR	949,474.76	0.78					
292,572.00	INTL CONSOLIDATED AIRLINE-DI	GBP	522,059.14	0.43					
4,325,240.00	LIBERBANK SA	EUR	1,089,960.48	0.90					
155,041.00	MERLIN PROPERTIES SOCIMI SA	EUR	1,206,218.98	0.99					
273,704.00	OBRASCON HUARTE LAIN S.A.	EUR	168,875.37	0.14					
469,817.00	PROSEGUR CASH SA	EUR	375,853.60	0.31					
164,130.00	REPSOL SA	EUR	1,354,072.50	1.11					
			6,730,314.99	5.54					
United Kingdom									
28,600.00	COCA-COLA EUROPEAN PARTNERS	USD	1,166,520.42	0.97					
95,659.00	INFORMA PLC	GBP	586,419.42	0.48					
716,812.00	ITV PLC	GBP	854,843.64	0.70					
8,389.00	RECKITT BENCKISER GROUP PLC	GBP	612,817.13	0.50					
			3,220,600.61	2.65					
Netherlands									
547,179.00	KONINKLIJKE KPN NV	EUR	1,360,834.17	1.12					
34,160.00	SIGNIFY NV	EUR	1,179,544.80	0.97					
			2,540,378.97	2.09					
Mexico									
205,812.00	INFRAESTRUCTURA ENERGETICA N	MXN	656,764.84	0.54					
211,754.00	PROMOTORA Y OPERADORA DE INF	MXN	1,529,944.71	1.26					
			2,186,709.55	1.80					
Jersey									
538,442.00	GLENCORE PLC	GBP	1,400,893.15	1.15					
299,412.00	PETROFAC LTD	GBP	461,714.00	0.38					
			1,862,607.15	1.53					
United States									
622.00	ALPHABET INC-CL A	USD	892,315.69	0.74					
4,155.00	MICROSOFT CORP	USD	756,450.11	0.62					
			1,648,765.80	1.36					
Italy									
1,712.00	ASTM SPA	EUR	35,267.20	0.03					
354,341.00	IREN SPA	EUR	753,328.97	0.62					
17,599.00	PRYSMIAN SPA	EUR	511,778.92	0.42					
			1,300,375.09	1.07					
Luxembourg									
168,076.00	SES	EUR	1,296,874.42	1.07					
			1,296,874.42	1.07					
Japan									
40,346.00	TAKEDA PHARMACEUTICAL CO LTD	JPY	1,197,338.42	0.99					
			1,197,338.42	0.99					
Austria									
30,172.00	STRABAG SE-BR	EUR	858,393.40	0.71					
			858,393.40	0.71					
Brazil									
338,012.00	CCR SA	BRL	717,644.16	0.59					
			717,644.16	0.59					
Finland									
21,776.00	UPM-KYMMENE OYJ	EUR	663,514.72	0.55					
			663,514.72	0.55					
Portugal									
182,229.00	NOS SGPS	EUR	520,810.48	0.43					
			520,810.48	0.43					
			39,089,441.40	32.20					
Bonds and other debt instruments									
Spain									
1,200,000.00	ABANCA CORP 18-31/12/2049 FRN	EUR	1,247,004.00	1.03					
1,800,000.00	BANKINTER SA 20-31/12/2060 FRN	EUR	1,984,230.00	1.63					
3,000,000.00	CAIXABANK 18-31/12/2049 FRN	EUR	3,083,070.00	2.53					
1,400,000.00	IBERCAJA 18-31/12/2049 FRN	EUR	1,456,168.00	1.20					
1,850,000.00	OBRASCON HUARTE 4.75% 14-15/03/2022	EUR	1,123,875.00	0.93					
			8,894,347.00	7.32					
Italy									
2,700,000.00	INTESA SANPAOLO 15-29/12/2049 FRN	USD	2,510,003.27	2.07					
3,250,000.00	UNICREDIT SPA 20-31/12/2060 FRN	EUR	2,929,192.50	2.41					
1,000,000.00	UNIPOLSAI ASSICU 20-31/12/2060 FRN	EUR	1,090,650.00	0.90					
			6,529,845.77	5.38					
United Kingdom									
1,000,000.00	HSBC HOLDINGS 14-29/12/2049 FRN	USD	881,272.00	0.73					
1,200,000.00	SANTANDER UK GRP 17-31/12/2049	GBP	1,459,241.81	1.20					
			2,340,513.81	1.93					
Switzerland									
1,700,000.00	CREDIT SUISSE 14-29/12/2049 FRN	USD	1,525,338.46	1.26					
			1,525,338.46	1.26					
France									
1,000,000.00	AXA SA 04-29/10/2049 FRN	EUR	791,410.00	0.65					
			791,410.00	0.65					
			20,081,455.04	16.54					
Rights									
Spain									
164,130.00	REPSOL SA RTS	EUR	46,071.29	0.04					
			46,071.29	0.04					
			46,071.29	0.04					

The accompanying notes are an integral part of these financial statements.

Cartesio Funds Income* (in EUR)

Securities Portfolio as at December 31, 2020

Quantity/ Nominal	Name	Currency	Market value in EUR	% NAV
Other transferable securities				
Bonds and other debt instruments				
Portugal				
9,100,000.00	BCO ESPIR SAN 2,625% 14-30/06/19 DFLT	EUR	682,500.00	0.56
			682,500.00	0.56
			682,500.00	0.56
Total securities portfolio			111,589,737.73	91.93

Financial derivative instruments as at December 31, 2020

Quantity	Name	Currency	Commitment in EUR	Unrealised appreciation / (depreciation) in EUR
Futures				
(25.00)	BRAZIL REAL FUTURE 29/01/2021	USD	2,046,328.89	(3,888.02)
10.00	EURO / GBP FUTURE 15/03/2021	GBP	1,395,790.30	(21,530.12)
20.00	EURO FX CURR FUT (CME) 15/03/2021	USD	2,046,328.89	26,499.96
(70.00)	EURO-BONDO 10YR 6% 08/03/2021	EUR	7,395,360.00	(36,142.86)
(105.00)	MEXICAN PESO FUTURE 15/03/2021	USD	42,972,906.61	(2,578.37)
				(37,639.41)
Total Futures				(37,639.41)

Quantity	Name	Currency	Commitment in EUR	Market value in EUR
Options				
630.00	PUT EURO STOXX 50 - OPTION 19/03/2021 30	EUR	3,003,615.01	209,790.00
				209,790.00
Total Options				209,790.00
Total financial derivative instruments				172,150.59

Summary of net assets

		% NAV
Total securities portfolio	111,589,737.73	91.93
Total financial derivative instruments	172,150.59	0.14
Cash at bank	10,098,203.14	8.32
Other assets and liabilities	(473,509.58)	(0.39)
Total net assets	121,386,581.88	100.00

Notes to the Financial Statements as at December 31, 2020

Note 1. General Information

Cartesio Funds (the "Fund") is an investment company organised as a "Société Anonyme" under the laws of the Grand Duchy of Luxembourg and qualifies as a "Société d'Investissement à Capital Variable" (SICAV). The Fund was incorporated in Luxembourg on August 26, 2019. The Articles of Incorporation of the Fund were initially published in the in the official gazette (RESA - *Recueil Electronique des Sociétés et Associations*) on September 6, 2019. The Fund qualifies as an undertaking for collective investment under Part I of the Luxembourg law of December 17, 2010 relating to undertakings for collective investment as amended from time to time (*loi concernant les organisme de placements collectifs*) (the "Law of 2010") and is managed by a management company. The Fund is registered with the Luxembourg Trade and Companies' Register (*Recueil des Sociétés et Associations*) ("RCS") under number B 237329.

MDO Management Company S.A. is a "Société Anonyme" incorporated under Luxembourg law (the law of August 10, 1915 as amended December 5, 2017) for an unlimited period of time. The Management Company is registered under the *Registre de Commerce et des Sociétés Luxembourg* (the "RCS") with number B 96744. The Management Company was incorporated by a notarial deed dated October 23, 2003, published in the *Mémorial C, Recueil des Sociétés et Associations* (the "Memorial") number 1252 of November 26, 2003. As at the date of this Prospectus, the share capital of the Management Company is EUR 2,450,000 and has been fully paid, and the UCITS funds under the management of the Management Company comply with the requirements of the Law of December 17, 2010.

The Management Company is registered on the official list of Luxembourg management companies governed by Chapter 15 of the Law of December 17, 2010.

As at December 31, 2020, the Fund has the following active Sub-Funds:

- Cartesio Funds Equity (launched on January 13, 2020)
- Cartesio Funds Income (launched on January 13, 2020)

The first NAV (Net Asset Value) of Cartesio Funds Equity and Cartesio Funds Income was calculated on January 13, 2020.

There are three classes of Shares active as at December 31, 2020, namely Class "I", Class "R" and "Z" Shares. The Sub-Funds issue shares in dematerialised and registered form. The Sub-Funds only issue capitalisation Shares.

On March 24, 2020, the Board of Directors resolved to formally approve to the Merger of Pareturn - Cartesio Equity into Cartesio Funds Equity and of Pareturn - Cartesio Income into Cartesio Funds Income. The assets and liabilities of the Merging Sub-Funds are contributed to the following shares classes of the Receiving Sub-Funds:

Pareturn - Cartesio Equity shares classes	Cartesio Funds Equity shares classes
Class "I"	Class "I"
Class "Z"	Class "Z"
Pareturn - Cartesio Income shares classes	Cartesio Funds Income shares classes
Class "I"	Class "I"
Class "Z"	Class "Z"

Note 2. Significant accounting policies

The financial statements of the Fund are presented in accordance with Luxembourg regulations relating to undertakings for collective investment in transferable securities. They are prepared in accordance with generally accepted accounting policies in Luxembourg.

2.1 Combined financial statements

The combined financial statements of Cartesio Funds are expressed in euro and are equal to the sum of the corresponding in the financial statements of each Sub-Fund converted into euro at the exchange rate prevailing at the end of the financial period.

2.2 Valuation rules

The value of the following assets is determined as follows:

- a) The value of any cash in hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof is arrived at after making such discount as may be considered appropriate in such case to reflect the true value thereof validated by the Board of Directors of the Fund.
- b) The value of securities and/or financial derivative instruments, which are listed or dealt in on any stock exchange, is based on the last available price on the stock exchange, which is normally the principal market for such assets.

Notes to the Financial Statements as at December 31, 2020 (continued)

Note 2. Significant accounting policies (continued)

2.2 Valuation rules (continued)

c) The value of assets dealt in any other Regulated Market is based on the last available price.

d) In the event that any assets are not listed or dealt in on any stock exchange or on any other Regulated Market, or if, with respect to assets listed or dealt in on any stock exchange, or other Regulated Market as aforesaid, the price as determined pursuant to sub-paragraph (b) or (c) is not representative of the fair market value of the relevant assets, the value of such assets are based on the reasonably foreseeable sales price determined prudently and in good faith validated by the Board of Directors of the Fund.

e) The liquidating value of options contracts not traded on stock exchanges or on other Regulated Markets means their net liquidating value determined, pursuant to the policies established by the Board of Directors of the Fund, on a basis consistently applied for each different variety of contracts. The liquidating value of futures, forward or options contracts traded on exchanges or on other Regulated Markets is based upon the last available closing or settlement prices of these contracts on exchanges and Regulated Markets on which the particular futures, forward or options contracts are traded by the Fund; provided that if a futures, forward or options contract cannot be liquidated on the day with respect to which net assets are being determined, the basis for determining the liquidating value of such contract shall be such value as the Board of Directors of the Fund may deem fair and reasonable.

f) Investments in UCITS and other UCIs are taken at their latest official net asset values or their latest unofficial net asset values (i.e. which are not generally used for the purposes of subscription and redemption of shares of the target funds) as provided by the relevant administrators if more recent than their official net asset values and for which the Administrative Agent has sufficient assurance that the valuation method used by the relevant administrator for said unofficial net asset values is coherent as compared to the official one.

If events have occurred which may have resulted in a material change of the net asset value of such shares or units of UCITS and/or other UCI since the day on which the latest official net asset value was calculated, the value of such shares or units may be adjusted in order to reflect, in the reasonable opinion of the Board of Directors, such change of value.

g) Non-listed money market instruments held by the Fund with a remaining maturity of ninety days or less are valued at the amortised cost method which approximates market value.

h) All other securities and other assets are valued at fair market value as determined in good faith pursuant to the procedures established by the Board of Directors of the Fund.

i) Futures contracts are valued based on the last available market price. Net realised gain or (loss) and net change in unrealised appreciation or (depreciation) on futures contracts are included in the Statement of Operations and Changes in Net Assets. The net unrealised appreciation or (depreciation) are recorded in the Statement of Net Assets. For the calculation of net holdings by currency on financial instruments, the holdings are converted at the exchange rate prevailing at the period-end.

j) Established in good faith by the Board of Directors of the Fund, on a basis consistently applied. The liquidating value of options contracts traded on Regulated Markets or on other Regulated Markets is based upon the last available settlement prices of these contracts on regulated markets and organised markets on which the particular options contracts are traded; provided that if an options contract cannot be liquidated on such Luxembourg Banking Day with respect to which a Net Asset Value is being determined, then the basis for determining the liquidating value of such contract is such value as Board of Directors of the Fund may, in good faith and pursuant to verifiable valuation procedures, deem fair and reasonable. The net unrealised appreciation or (depreciation) is included in the Statement of Net Assets and all net realised gain or (loss) and net changes in unrealised appreciation or (depreciation) are included in the Statement of Operations and Changes in Net Assets.

2.3 Foreign currency translation

The Annual Financial Statements of the Fund include a consolidation of the Sub-Funds. These consolidated figures are expressed in "Euro" (EUR) all figures expressed in another currency being converted into EUR on the basis of the average rate the last know bid and offer rates on December 31, 2020.

At the end of the period, the investments' market value (determined as noted previously), the receivables, cash at banks and liabilities denominated in currencies other than the Sub-Fund's accounting currency are converted into that currency at the exchange rates prevailing at that date.

Income and charges expressed in currencies other than the currency at the exchange rate prevailing on the date of the transactions.

Net realised gain or (loss) on foreign currency transaction are recorded in the Statement of Operations and Changes in Net Asset.

2.4 Net realised gain or (loss) on investments

The net realised gain or (loss) on sales of investments is calculated on an average cost basis and is included in the Statement of Operations and Changes in Net Assets.

Notes to the Financial Statements as at December 31, 2020 (continued)

Note 2. Significant accounting policies (continued)

2.2 Valuation rules (continued)

2.5 Expenses

Interest expenses are accounted for on accrual basis. Expenses are included in the Statement of Operations and Changes in Net Assets.

2.6 Dividends and interests

Dividends and interest received or paid by the Fund on its investments are in many cases subject to recoverable withholding taxes at source. The value of any dividends and interest declared or accrued as aforesaid and not yet received or paid is deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full. Dividends are recognised as income net of withholding tax on the date the securities are first quoted ex-dividend to the extent the information is reasonably available to the Fund. Interest is accrued at each net asset valuation.

2.7 Transaction costs

The Fund incurred transaction costs which have been defined as brokerage fees, certain taxes and certain depositary fees relating to the purchase and sale of transferable securities, money market instruments or other eligible assets. The global amounts of transaction costs are all taken into account through the Statement of Operations and Changes in Net Assets.

Note 3. Exchange rates as at December 31, 2020

The exchange rates used for the translation of the Fund's assets and liabilities not denominated in EUR are as follows:

1 Brazilian Real (BRL)	6.344400	EUR	1 New Mexican Peso (MXN)	24.379850	EUR
1 Danish Krone (DKK)	7.443450	EUR	1 Swedish Krone (SEK)	10.046300	EUR
1 Great Britain Pound (GBP)	1.117936	EUR	1 United States Dollar (USD)	1.223550	EUR
1 Japanese Yen (JPY)	126.325450	EUR			

Note 4. Investment Manager fees , Management Company fees and performance fees

As compensation for its services the Investment Manager shall be entitled to the following commissions deducted from the net assets of the Sub-Fund a Delegate Manager's fee payable on advance on a quarterly basis and calculated on the basis of the average net assets of the Sub-Fund for the previous quarter of:

	Class "I"	Class "R"	Class "Z"
Cartesio Funds Equity*	1.50%	1.50%	0.75%
Cartesio Funds Income*	0.95%	0.95%	0.50%

*launched on January 13, 2020

No performance fee are paid during the period.

There is no equalisation mechanism to allocate the performance fee amongst different investors. No performance fee is payable or accrued if the fund's performance is negative during the calendar year.

If during three consecutive calendar years no performance fee is paid (the last NAV per share calculated in December is below the high water-mark), the high water-mark is reset to the last December NAV per share. This reset will apply to all existing and new investors. Reset in case of losses will not be performed with interval less than 3 years.

Under the Management Company Services Agreement, the Management Company is entitled to receive a variable fee based on the net assets of the relevant Sub-Fund, calculated at a maximum rate of 0.04% per annum, subject to a minimum annual fee of €20,000 per Sub-Fund. This fee will be calculated as the average of the month-end Net Asset Value of the previous quarter and invoiced quarterly in arrears.

Additional fees may be charged to the relevant Sub-Fund in relation to other ancillary services as may be agreed from time to time. In addition, the Management Company shall be entitled to receive from the Fund reimbursement for its reasonable cash disbursements, included but not limited to reasonable out-of-pocket expenses, incurred in the performance of its duties.

Notes to the Financial Statements as at December 31, 2020 (continued)

Note 5. Depositary and Paying Agent fees

The Board of Directors of the Fund has appointed BNP Paribas Securities Services - Luxembourg Branch as depositary and paying agent.

The Depositary and Paying Agent entitles to receive out of the assets of each Sub-Fund annual customary fees to equal to 0.09%, with a minimum monthly fee of 500 euros per Sub-Fund. They will be calculated by reference to the Net Asset Value of each Sub-Fund calculated on each Valuation Day and be payable monthly in arrears.

Further fees may be payable to the Depositary in consideration on ancillary services rendered to the Fund and relating to the core services of the Depositary. These fees will be paid directly out of the respective Sub-Fund's assets to the Depositary.

Note 6. Administrative Agent, Domiciliary Agent, Registrar and Transfer Agent fees

The Board of Directors of the Fund has appointed BNP Paribas Securities Services - Luxembourg Branch as Administrative Agent, Domiciliary Agent, Registrar and Transfer Agent.

The Administrative Agent, Domiciliary Agent, Registrar & Transfer Agent entitles to receive out of the assets of each Sub-Fund annual customary fees, calculated by reference to the Net Asset Value of each Sub-Fund calculated on each Valuation Day and be payable monthly in arrears. For the fund accounting services, the Administrative Agent is entitled to receive up to 0.05% per Sub-Fund, subject to a minimum annual fee of 2,000 euros per Sub-Fund. The Administrative Agent, Domiciliary Agent, Registrar & Transfer Agent Additional is entitled to further fees for additional services provided to the Fund, such as but not limited to transaction services, maintenance, reporting and domiciliation services, as agreed with the Fund.

Note 7. Taxe d'abonnement

Under current law and practice, the Fund is not liable to any Luxembourg income tax, nor are dividends paid by the Fund liable to any Luxembourg withholding tax.

During the period, the Fund is liable to a subscription tax ("taxe d'abonnement") at a rate of 0.05% per annum on the Net Asset Value of each class with is available to all investors. This tax is reduced to 0.01% per annum of the Net Asset Value of each class which is restricted to institutional investors.

The "taxe d'abonnement" is not applicable in respect of asset invested in Luxembourg UCI's which are themselves subject to such tax. No stamp duty or other tax is payable in Luxembourg on the issue of shares in the Fund.

Note 8. Professional fees and other expenses

The caption "Professional fees" include mainly legal, audit fees and compliance fees.

The caption "Other expenses" is mainly composed of VAT (Value-Added Tax), regulatory fees.

Note 9. Formation expenses

The formation expenses of the Fund and the expenses relating to the creation of new Sub-Funds are capitalized and amortized over a period not exceeding five years, as permitted by Luxembourg law of July 30, 2013.

Note 10. Collateral and counterparties

As at December 31, 2020, the Sub-Fund Cartesio Funds Equity held positions in futures contracts. The counterparty is BNP Paribas Securities Services, Luxembourg Branch and the Sub-Fund not pledged any cash collateral.

As at December 31, 2020, the Sub-Fund Cartesio Funds Income held positions in futures contracts. The counterparty is BNP Paribas Securities Services, Luxembourg Branch and the Sub-Fund not pledged any cash collateral.

As at December 31, 2020, the Sub-Fund Cartesio Funds Equity held positions in options contracts. The counterparty is BNP Paribas Paris and the Sub-Fund not pledged any cash collateral.

As at December 31, 2020, the Sub-Fund Cartesio Funds Income held positions in options contracts. The counterparty is BNP Paribas Paris and the Sub-Fund not pledged any cash collateral.

Note 11. Changes in the composition of the Securities Portfolio

The report on changes in the composition of the Securities Portfolio for each Sub-Fund during the year is available upon request and free of charge at the registered office of the SICAV.

Notes to the Financial Statements as at December 31, 2020 (continued)**Note 12. Subsequent event**

As of February 3, 2021, MDO Management Company S.A. changed its name into Waystone Management Company (Lux) S.A..

Note 13. COVID-19

COVID-19 expansion has widely impacted the worldwide economy in 2020: GDP downturn in most of the economies, lower corporate earnings, governmental debt increase and significant fiscal stimulus across the globe.

In our view, COVID-19 impact will be relevant but temporary in essence, partly due to the monetary and fiscal policy stimulus and mainly due to the development of effective vaccines at a global scale.

Other than the impact on the financial markets and on the Fund's underlying investments referred to above, it is not expected that COVID-19 will have a significant impact on Cartesio Funds.

Management has assessed and determined that there is no material uncertainty that casts doubt on the entity's ability to continue as a going concern. In particular, it expects that COVID-19 might not have impact in the course of its regular activity provided on a business-as-usual basis, neither in relation to the ability to meet subscription and redemption orders from investors.

Lastly, the Directors monitor on an ongoing basis the pandemic unfolding and the surrounding financial, social, and market conditions in order to ensure a prompt and appropriate reaction to face any significant impact, both financial and non-financial, that may occur.

Unaudited Information

Note 1. Remuneration policy of the investment Manager Delegated

The remuneration policy of the investment manager delegated complies with applicable laws and regulations. The main target is to ensure that its remuneration structure is in line with its interests and those of the collective investment schemes it manages. Moreover, to avoid risk-taking which is unrelated to the risk profiles, rules or articles of incorporation or management regulations of the collective investment schemes mentioned above.

In order to deepen the remuneration policy of the investment manager delegated, including the persons in charge of determining the fixed and variable remunerations of staffs, a description of the key remuneration elements and an overview of how remuneration is defined, is available on request at the registered office of the management company.

As regards the financial year ended December 31, 2020 (as of that date, the investment manager delegated had a headcount of 13 employees) including the senior managers. The total remuneration paid by the management company to its headcount amounted to EUR 1,675,000, being EUR 1,620,000 the fixed remuneration and EUR 55,000 variable remuneration.

The total fixed remuneration paid by the investment manager delegated to senior management made up by three people has amounted EUR 750,000; a fixed remuneration amounting EUR 1,250,000 has being paid to six beneficiaries whose actions have a material impact on the risk profile of the collective investment schemes managed (such beneficiaries are the abovementioned senior management who are portfolio managers as well, two more portfolio managers and one employee devoted to risk control function; no variable remuneration has been paid to this group.

Four staff members who are neither risk-takers nor are engaged in control functions received a variable remuneration amounting EUR 48,000. The employee in charge of the compliance function received a variable remuneration amounting EUR 7,000.

Variable remuneration is calculated on the basis of the financial result of the delegated investment manager and on the basis of the individual performance of each employee (amongst the specific assessment criteria applicable to each employee it is worth to mention the achievement of individual goals, compliance with internal policies and procedures, teamworking, ability to enhance labor quality, etc).

There is not a direct link between the variable remuneration of any employee with the performance fee charged to the Sub-funds. Furthermore, during 2020 no performance fee has been accrued and the SICAV does not paid directly to any delegated investment manager's employee.

The remuneration policy of the delegated investment manager is reviewed on an annual basis by its board of directors. After such review it has been concluded that no modification is needed. However, the remuneration policy shall be adapted in the first quarter of 2021 to the new requirements stem from the EU Regulation 2019/2088 which applies from March 10th, 2021.

Note 2. Remuneration Policy of the Management Company

The management company has adopted a remuneration policy pursuant to applicable laws and regulations with the objective to ensure that its remuneration structure is in line with its interests and those of the collective investment schemes it manages and to prevent risk-taking which is inconsistent with the risk profiles, rules or articles of incorporation or management regulations of the collective investment schemes it manages.

Details of the remuneration policy of the management company, including the persons in charge of determining the fixed and variable remunerations of staff, a description of the key remuneration elements and an overview of how remuneration is determined, is available at <http://www.mdo-manco.com/about-us/legal-documents>.

With respect to the financial year ended 31 December 2020 (as of that date, the management company had a headcount of 73 employees), the total fixed and variable remuneration paid by the management company to its employees amounted to EUR 5,236,688 and to EUR 1,448,313 respectively. The total remuneration paid by the management company to senior management and members of its staff whose actions have a material impact on the risk profile of the collective investment schemes managed amounted to EUR 3,569,815. The remuneration committee of the management company has reviewed the implementation of the remuneration policy and has not identified any deficiency in that respect. Moreover, the current version of the remuneration policy was updated and approved by the board of directors in the course of the financial year ended 31 December 2019, the current version being dated July 2019. There was no identified need for an update of the policy in the course of the financial year ended 31 December 2020, and a similar assessment will be performed in 2021.

Unaudited Information

Note 3. SFT Regulation

During the period, the Fund did not engage in transactions which are the subject of EU Regulation No 2015/2365 on the transparency of Securities Financing Transactions and of Reuse. Accordingly, no global, concentration or transaction data, or information on the reuse or safekeeping of collateral is required to be reported.

