

Cartesio *Equity*

Factsheet

NAV (Class I)
156.87

Assets
131m €

October 2018

The fund is down 2.0% in October and 3.5% YTD. October brought significant weakness in global equities with European equities dropping by close to 5%. Nobody can pretend any longer that the bull market is intact. There is serious damage inside the market and technical indicators are poor.

We have been increasingly cautious since 2015, reflected in a higher cash allocation which reached a peak (not seen since 2008-9) of 62% at the end of September. The market peaked in April 2015 and is down 15% since then (3% down including dividends). The single most important reason for our cautiousness has been valuations. Populist economic policies, be it in the USA or Italy, Brexit and sempiternal worries about China add to the uncertainty and have also been a factor, albeit less fundamental, in our cautious stance.

The good news is that the market is down over the last three and a half years now, valuations are more attractive and investors are more risk averse. In some of the more economically sensitive sectors, where the sell-off has been more severe (50% down is not unusual), a significant economic deceleration is being priced in. We have reacted to the recent market action and valuations by increasing equity exposure in PCE to 41% from 38% in a falling market.

Investment objective

Pareturn Cartesio Equity replicates the investment strategy of Cartesio Y. It seeks higher risk adjusted returns (Sharpe ratio) than European Equities as represented by the MSCI Pan Euro Index. Willingness to forego potential returns in order to give an adequate capital protection.

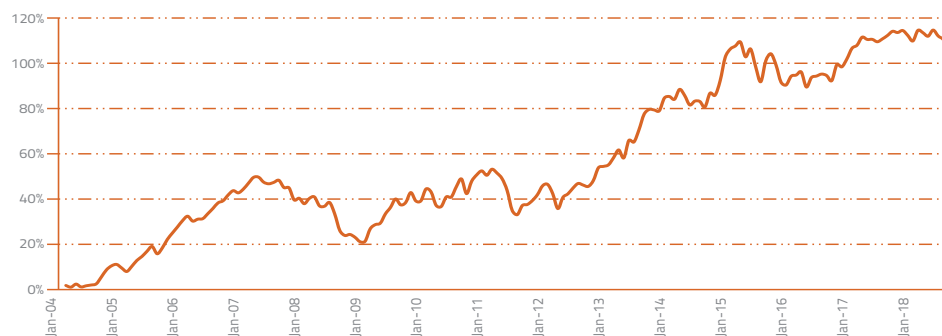
Investment strategy

The fund can only hold equities and cash with total flexibility in its exposure to both assets. The fund has a long equity bias.

Fund History

Cartesio Y has an overall Four Star Morningstar rating. Since inception (March 2004) it has returned 5.5% p.a. against 5.9% p.a. total return for Pan-European equities with a volatility of 9.6%

Performance Chart*



(index 18.7%). On a five and three year basis the fund has returned 19.6% and 4.9% respectively against total returns of 28.1% and 5.9% respectively for European equities with 54% and 49% respectively of the volatility experienced by the index.

Factors to consider

- The fund has a clear long bias with emphasis on capital protection over the medium term.
- The equity component is 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 moderate level of risk.

PERFORMANCE

2018	-3.5%
Since Inception (p.a.)*	5.1%

RISK / RETURN

Volatility*	9.7%
Beta	0.38
Sharpe*	0.40

ASSET ALLOCATION

Equity	41.0%
Cash	59.0%

SECTORIAL DISTRIBUTION

Industrials	31.2%
Communication Services	19.4%
Consumer Discretionary	12.1%
Health Care	8.5%
Utilities	8.0%

MAIN HOLDINGS

Shire	2.0%
KPN	1.8%
Glencore	1.8%
Continental	1.7%
Prysmian	1.6%

INVESTMENTS / DIVESTMENTS

Investments: CCR, Atlantica Yield, Glencore

Divestments: Iberdrola, IAG, Shell

MARKET RETURNS

	2018	Since 31/03/04
MSCI Pan Euro (Total return.)	-3.9%	5.9% p.a.
Sharpe		0.24
Long Term Euro Gov. Bond	-0.4%	4.7% p.a.
Sharpe		0.75
Euro Gov T Bill	-0.4%	1.3% p.a.

* Inception 31st March '04. Cartesio Y until Jun '09. Class I.

HOLDINGS

1	Shire	2.0%
2	KPN	1.8%
3	Glencore	1.8%
4	Continental	1.7%
5	Prysmian	1.6%
6	Signify	1.6%
7	Pinfra	1.5%
8	Publicis	1.5%
9	Roche	1.4%
10	ITV	1.4%
11	Valeo	1.4%
12	Microsoft	1.3%
13	Merlin Properties	1.3%
14	Atlantica Yield	1.2%
15	CCR	1.1%
16	Siemens	1.0%
17	Vinci	1.0%
18	Ryanair	1.0%
19	Liberbank	1.0%
20	Allianz	1.0%
21	Other	13.4%
22	Cash	59.0%
Total		100%

PORTFOLIO VALUATION

P/E	12.2x
Div Yield	4.0%

RISK ADJUSTED RETURNS PARETURN CARTESIO EQUITY*

	Returns		Volatility		Relative Volatility		M2
	Fund	Index	Fund	Index	Fund	Index	
2004**	8.5%	8.0%	4.6%	11.1%	41.2%	18.4%	
2005	12.4%	26.1%	6.0%	9.5%	63.1%	18.4%	
2006	16.1%	19.0%	5.3%	12.7%	41.9%	34.6%	
2007	2.2%	4.5%	6.9%	15.7%	43.7%	-0.2%	
2008	-14.2%	-42.5%	13.1%	37.3%	35.0%	-49.0%	
2009	14.9%	31.1%	8.2%	24.4%	33.7%	45.0%	
2010	3.5%	10.1%	11.0%	18.7%	58.5%	5.5%	
2011	-5.7%	-6.6%	16.3%	22.2%	73.7%	-8.4%	
2012	6.3%	17.2%	11.5%	14.7%	78.2%	7.7%	
2013	21.1%	19.6%	9.0%	12.2%	74.0%	28.3%	
2014	3.6%	7.0%	10.3%	13.4%	76.5%	4.6%	
2015	7.3%	7.2%	11.8%	20.7%	57.0%	12.7%	
2016	0.0%	3.6%	10.2%	19.8%	51.9%	0.2%	
2017	7.2%	9.8%	4.0%	8.5%	47.2%	15.7%	
2018	-3.5%	-3.9%	4.8%	11.8%	40.2%	-8.0%	
Q1	-1.7%	-4.4%	4.9%	13.8%	35.1%	-4.7%	
Q2	1.0%	4.1%	4.8%	11.4%	42.1%	2.6%	
Q3	-0.7%	1.3%	3.6%	9.0%	39.5%	-1.6%	
Q4 (Oct)	-2.0%	-4.7%	7.4%	14.7%	49.9%	-4.1%	
Total	106.0%	130.8%	9.7%	18.7%	51.7%		
Index price only		38.3%					

* Cartesio Y until 12/2009 and Pareturn Cartesio Equity onwards

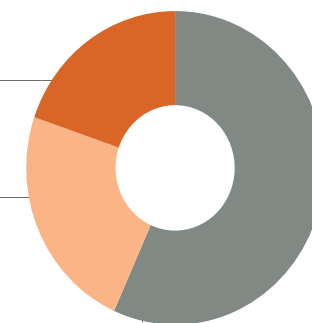
** Since March 2004

Index= MSCI Pan Euro Total Return // M2= Theoretical return assuming the save volatility as the Index

SECTOR DISTRIBUTION

	FUND	MSPE	
1	Consumer Discretionary	12.1%	7.9%
2	Consumer Staples	0.0%	16.0%
3	Energy	3.1%	10.2%
4	Financials	6.9%	20.3%
5	Health Care	8.5%	15.3%
6	Industrials	31.2%	10.3%
7	Information Technology	3.2%	5.1%
8	Materials	4.3%	6.3%
9	Real Estate	3.2%	0.5%
10	Communication Services	19.4%	4.5%
11	Utilities	8.0%	3.6%
Total	100%	100%	

Market Cap Distribution (Equity Portfolio)

Small (<€3Bn)
19.8%Medium (€3 - €6Bn)
23.5%Large (>€6Bn)
56.7%

Name

Pareturn Cartesio Equity
(Replicates Cartesio Y)

ISIN

LU0406591452 - Class I
LU1725678517 - Class Z

Bloomberg

PAR12BI LX / PAR12BX LX

Inception Date

30/6/09
(Cartesio Y 31/3/04)

Type

SICAV (UCITS III)

Benchmark

MSCI Pan Europe - Risk
Adjusted

NAV frequency

Daily (Euros)

Management Company

MDO Management Services

Fund Manager

Cartesio SGIC, S.A.

Custodian

BNP Paribas

Auditor

Deloitte



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

- 5 Lipper Leader Total Return
- 5 Lipper Leader Consistent Return
- 3 Lipper Leader Preservation
- 4 Lipper Leader Expense

Transfer Agent & Fund Administrator

BNP Securities Services

Fund Management Fee

1.5% - Class I
0.75% + 7.5% performance fee -
Class Z

* All ratings apply to Cartesio Y