

Cartesio *Equity*

Factsheet

NAV (Class I)
163.45

Assets
143m €

July 2018

The fund is up 1.3% in July and 0.5% YTD. European equities markets ticked upwards in July to deliver positive YTD returns thanks to reinvested dividends. The lack of breadth in US equities is worrying and there is not much breadth in Europe either. We think the market is supported by reasonable economic growth. Remember, no major correction without recession. Low interest rates also help but they make less sense every day.

The equity portfolio has performed in line with the market YTD. Our equity allocation has remained defensive and at around current levels (40%). A significant equity correction remains our central scenario as well as significant rise in long term interest rates. We think the correction may be driven by a combination of lower economic growth, high valuations and investor positioning. Higher long-term interest rates should be driven by inflation and the unwinding of emergency monetary policies which are no longer warranted in our view.

If our central scenario does not come to pass, we expect to end the year with low single digit returns, above inflation and competing well with current interest rates (short and long) which is not too difficult. Under our central scenario, exposure to equities should rise significantly from current levels but modestly negative

returns in the year are possible.

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.

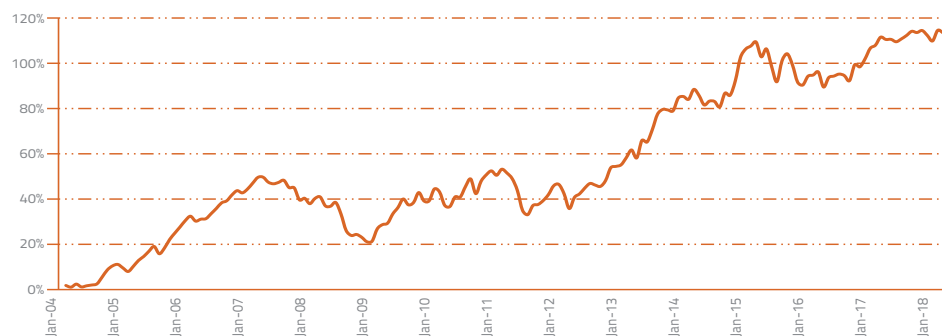
Investment strategy

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 5.9% p.a.

Performance Chart*



against 6.5% p.a. total return for Pan-European equities with a volatility of 9.6% (index 18.7%). On a five and three year basis the fund has returned 32.3% and 6.1% respectively against total returns of 47.8% and 7.1% respectively for European equities with 56% and 50% 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	0.5%
Since Inception (p.a.)*	5.5%

RISK / RETURN

Volatility*	9.7%
Beta	0.39
Sharpe*	0.42

ASSET ALLOCATION

Equity	41.1%
Cash	58.9%

SECTORIAL DISTRIBUTION

Industrials	29.7%
Consumer Discretionary	23.3%
Utilities	10.8%
Financials	8.7%
Health Care	8.1%

MAIN HOLDINGS

Shire	2.2%
KPN	1.6%
Royal Dutch Shell	1.4%
Publicis	1.4%
Prysmian	1.4%

INVESTMENTS / DIVESTMENTS

Investments: —

Divestments: —

MARKET RETURNS

	2018	Since 31/03/04
MSCI Pan Euro (Total return.)	2.8%	6.5% p.a.
Sharpe		0.27
Long Term Euro Gov. Bond	0.2%	4.9% p.a.
Sharpe		0.77
Euro Gov T Bill	-0.3%	1.4% p.a.

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

HOLDINGS

1	Shire	2.2%
2	KPN	1.6%
3	Royal Dutch Shell	1.4%
4	Publicis	1.4%
5	Prysmian	1.4%
6	Microsoft	1.4%
7	Continental	1.4%
8	Merlin Properties	1.4%
9	ITV	1.3%
10	Pinfra	1.3%
11	Philips Lighting	1.2%
12	Valeo	1.2%
13	Siemens	1.1%
14	Roche	1.1%
15	OHL	1.1%
16	Bank of Ireland	1.1%
17	Telecom Italia	1.1%
18	Iberdrola	1.1%
19	Bae Systems	1.0%
20	IAG	1.0%
21	Other	15.3%
22	Cash	58.9%
Total		100%

PORTFOLIO VALUATION

P/E	13.4x
Div Yield	3.6%

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	0.5%	2.8%	4.6%	12.2%	38.1%	1.9%	
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	1.3%	3.2%	3.4%	8.6%	39.4%	3.3%	
Total	114.5%	146.9%	9.7%	18.7%	51.7%		
Index price only		48.8%					

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

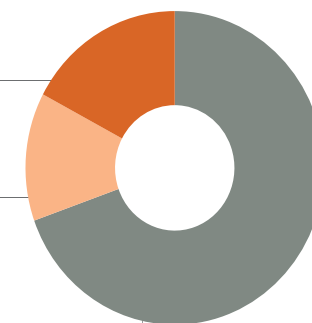
** Since March 2004

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

SECTOR DISTRIBUTION

	FUND	MSPE	
1	Consumer Discretionary	23.3%	9.0%
2	Consumer Staples	0.0%	15.5%
3	Energy	6.1%	9.7%
4	Financials	8.7%	20.9%
5	Health Care	8.1%	14.4%
6	Industrials	29.7%	10.4%
7	Information Technology	3.4%	5.1%
8	Materials	0.0%	7.1%
9	Real Estate	3.3%	0.5%
10	Telecommunication Services	6.5%	3.7%
11	Utilities	10.8%	3.6%
Total	100%	100%	

Market Cap Distribution (Equity Portfolio)

Small (<€3Bn)
14.9%Medium (€3 - €6Bn)
20.0%Large (>€6Bn)
65.1%

Name

Pareturn Cartesio Equity
(Replicates Cartesio Y)

ISIN

LU0406591452 - Class I
LU1725678517 - Class Z

Bloomberg

PAR12BI LX / PAR12BZ 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

★ Gold

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
- 5 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