

Cartesio *Income*

Factsheet

NAV (Class I)
129.17

Assets
493m €

July 2018

The fund is up 0.7% in July and down 0.8% 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 in both equities and credit. 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 the fund to deliver a slightly positive return in the year. Under our central scenario, exposure to equities and credit should rise significantly from

current levels but a modestly negative return in the year is possible.

Investment objective

Pareturn Cartesio Income replicates the investment strategy of Cartesio X. It seeks higher risk adjusted returns (Sharpe ratio) than Euro Government bonds (Bloomberg Barclays 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

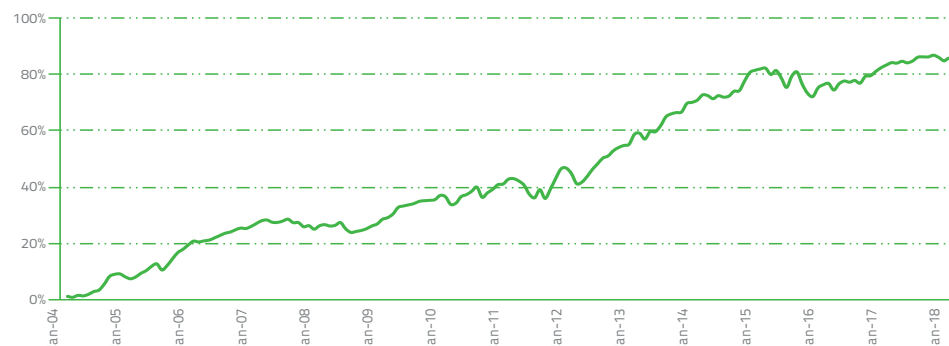
Cartesio X has an overall Four Star Morningstar rating. Since inception (March 2004) it has returned 4.4% p.a.

against 4.9% p.a. total return for Long Term Euro Gov Bonds with a volatility of 3.1% (index 4.5%). On a five and three year basis the fund has returned 17.2% and 2.5% respectively against total returns of 27.3% and 6.7% respectively for Long Term Eurozone Gov Bonds with 74% and 74% 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*



PERFORMANCE

2018	-0.8%
Since Inception (p.a.)*	4.4%

RISK / RETURN

Volatility*	3.2%
Beta	0.13
Sharpe*	0.95

ASSET ALLOCATION

Equity	9.1%
Bonds	17.8%
Cash	73.2%

EQUITY SECTOR DISTRIBUTION

Industrials	29.8%
Consumer Discretionary	23.4%
Utilities	11.6%
Financials	8.7%
Health Care	8.1%

MAIN HOLDINGS

Caixabank AT1 2026	1.3%
Bankia AT1 2022	0.9%
Liberbank Híbrido 2022	0.9%
Axa Híbrido 2019	0.9%
Ibercaja AT1 2023	0.8%

INVESTMENTS/DIVESTMENTS EQUITIES

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 X until May '11. Class I.

HOLDINGS

1	Caixabank AT1 2026	1.3%
2	Bankia AT1 2022	0.9%
3	Liberbank Híbrido 2022	0.9%
4	Axa Híbrido 2019	0.9%
5	Ibercaja AT1 2023	0.8%
6	Credit Agricole AT1 2019	0.8%
7	Standard Chartered AT1 2023	0.8%
8	Lloyds Bank AT1 2023	0.8%
9	Santander UK AT1 2024	0.8%
10	Credit Suisse AT1 2024	0.7%
11	OHL 2022	0.7%
12	Intesa Sanpaolo AT1 2025	0.7%
13	Softbank Hybrid 2023	0.6%
14	Telefónica Híbrido 2026	0.6%
15	Banco Espirito Santo 2017	0.6%
16	KPN Híbrido 2073	0.6%
17	ING AT1 2020	0.5%
18	BNP AT1 2022	0.5%
19	Grifols 2025	0.5%
20	Other (incl. Equity)	12.8%
21	Cash	73.2%
	Total	100%

MAIN HOLDINGS EQUITIES

1	Shire	0.5%
2	KPN	0.3%
3	Publicis	0.3%
4	Royal Dutch Shell	0.3%
5	ITV	0.3%
6	Merlin Properties	0.3%
7	Prysmian	0.3%
8	Continental	0.3%
9	Microsoft	0.3%
10	Pinfra	0.3%

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	-0.8%	0.2%	1.6%	3.3%	48.8%	-1.4%	
Q1	-0.7%	1.1%	1.5%	2.9%	51.3%	-1.3%	
Q2	-0.8%	-0.5%	1.8%	3.8%	47.5%	-1.4%	
Q3 (Jul)	0.7%	-0.4%	1.2%	2.6%	46.0%	1.5%	
Total	84.8%	97.5%	3.2%	4.5%	69.9%		

* Cartesio X until 5/2011 and Paretun Cartesio Income onwards.

** Since March 2004

Index= Bloomberg Barclays Series-E Euro Govt 7-10 Yr Bond Index

M2= Theoretical return assuming the same volatility as the Index

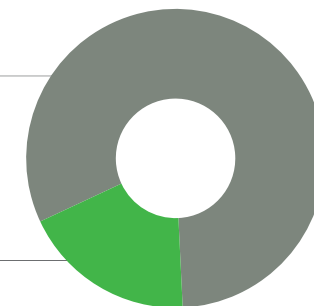
BOND SECTOR DISTRIBUTION

Gobiernos	-
Consumer Discretionary	0.0%
Consumer Staples	1.6%
Energy	0.0%
Financials	80.3%
Healthcare	2.9%
Industrials	0.0%
Materials	0.0%
Telecommunications	12.2%
Utilities & Infrastructures	3.0%

VALUATION DATA

Bonds	
Portfolio YTM	5.9%
Portfolio Duration	2.3 years
Fund Duration	0.4 years
Equity	
P/E	13.4x
Div Yield	3.6%

Bond Rating Distribution

<Inv. grade
88%≥BBB-
12%

Name

Paretun Cartesio Income
(Replicates Cartesio X)

ISIN

LU0581203592
LU1725678863

Bloomberg

PCARINI LX / PCARINZ LX

Inception Date

30/4/11

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

Auditor

Deloitte



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

5	Lipper Leader Total Return
5	Lipper Leader Consistent Return
5	Lipper Leader Preservation
5	Lipper Leader Expense

Transfer Agent & Fund

Administrator

BNP Securities Services

Fund Management Fee

0.95% - Class I
0.50% + 7.5% performance fee -
Class Z

* All ratings apply to Cartesio X