

## February 2020

The fund is down 2.78% in February and 3.6% YTD. It is hard to believe but European equities reached all-time highs on February 19th, the fund joining the party. A correction of 13% in less than two weeks is as bad as they come but we think it is not independent of where the markets were trading before the economic dislocation caused by the coronavirus became more evident.

We are not here to discuss the likely path of the coronavirus. Our view is constructive. Our base scenario is a serious short-term exogenous shock, a near recession for practical purposes, which will be reversed during next year at the latest. We also continue to think that the equity market remains extremely polarised between growth/defensives and value/cyclicals. The performance of value versus growth is at the lowest relative point in history.

Our equity portfolio is underperforming the market (down 12% YTD vs 9.8% for European equities). We are more in the value than in the growth camp and we have some exposure to the beleaguered travel sector. We think it is time to take on more risk and to do it gradually. We have increased equity exposure to 24% from 21%. Credit exposure remains residual at 10%.

### 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

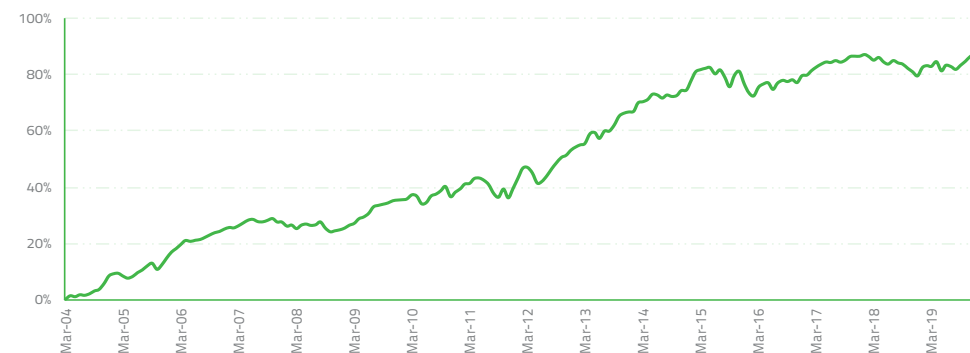
Cartesio X has an overall Four Star Morningstar rating. Since inception (March 2004) it has returned 3.9% p.a. against 5.0% p.a. total return for Long Term Euro Gov Bonds with a volatility of 3.1% (index 4.4%). On a five and three year

basis the fund has returned 1.5% and 0.5% respectively against total returns of 15.7% and 13.3% respectively for Long Term Eurozone Gov Bonds with 74% and 67% 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

2020	-3.6%
Since Inception (p.a.)*	3.8%

### RISK / RETURN

Volatility*	3.1%
Beta	0.23
Sharpe*	0.82

### ASSET ALLOCATION

Equity	22.4%
Bonds	14.6%
Cash	63.0%

### EQUITY SECTOR DISTRIBUTION

Industrials	24.0%
Communication Services	11.9%
Materials	10.9%
Utilities	9.1%
Consumer Discretionary	8.1%

### MAIN HOLDINGS

Caixabank AT1 2026	2.5%
Credit Suisse AT1 2024	1.6%
Ibercaja AT1 2023	1.6%
Intesa Sanpaolo AT1 2025	1.6%
Santander UK AT1 2024	1.6%

### INVESTMENTS/DIVESTMENTS EQUITIES

Investments: Air France

Divestments: -

### MARKET RETURNS

	2020	Since 31/03/04
MSCI Pan Euro (Total return.)	-9.8%	5.8% p.a.
Sharpe		0.26
Long Term Euro Gov. Bond	2.6%	5.0% p.a.
Sharpe		0.87
Euro Gov T Bill	-0.1%	1.2% p.a.

\* Inception 31st March '04. Cartesio X until May '11. Class I.

## HOLDINGS

1	Caixabank AT1 2026	2.5%
2	Credit Suisse AT1 2024	1.6%
3	Ibercaja AT1 2023	1.6%
4	Intesa Sanpaolo AT1 2025	1.6%
5	Santander UK AT1 2024	1.6%
6	Unicredit AT1 2027	1.4%
7	Abanca AT1 2023	0.9%
8	HSBC AT1 USD 2024	0.8%
9	Aryzta Hybrid 2019	0.7%
10	Banco Espirito Santo 2017	0.6%
11	OHL 2022	0.6%
12	Bankia AT1 2022	0.3%
13	AXA subord. CMS	0.3%
14	Intesa AT1 2025	0.2%
15		
16		
17		
18		
19		
20	Other (including: Equities)	22.4%
21	Cash	63.0%
	Total	100%

## MAIN HOLDINGS EQUITIES

1	Unibail R-W	1.0%
2	Pinfra	0.9%
3	Prysmian	0.8%
4	Takeda Pharmac.	0.8%
5	Signify	0.8%
6	Fresenius SE	0.8%
7	Glencore	0.8%
8	Repsol	0.8%
9	UPM	0.7%
10	Continental	0.7%

## 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	-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	-3.6%	2.6%	5.4%	3.0%	180.7%	-2.0%	
Q1 (Feb)	-3.6%	2.6%	5.4%	3.0%	180.7%	-2.0%	
<b>Total</b>	<b>80.3%</b>	<b>118.7%</b>	<b>3.1%</b>	<b>4.4%</b>	<b>71.3%</b>		

\* 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

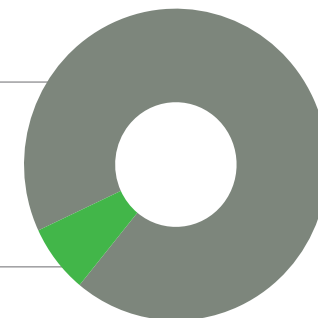
## BOND SECTOR DISTRIBUTION

Gobiernos	-
Consumer Discretionary	0.0%
Consumer Staples	4.5%
Energy	0.0%
Financials	91.6%
Healthcare	0.0%
Industrials	3.9%
Materials	0.0%
Communication Services	0.0%
Utilities & Infrastructures	0.0%

## VALUATION DATA

<b>Bonds</b>	
Portfolio YTM	5.3%
Portfolio Duration	-2.8 years
Fund Duration	-0.4 years
<b>Equity</b>	
P/E	11.8x
Div Yield	4.7%

## Bond Rating Distribution of the Portfolio

<Inv. grade  
93%≥BBB-  
7%

## 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

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

## Transfer Agent &amp; 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