

# Cartesio *Income*

Réplica Luxemburgo

The fund is down 3.7% in March and 1.6% YTD. The war in Iran has dominated headlines and markets during March. As we argued last month, the spike in energy prices and related commodities means a new and significant headwind for inflation, rates, disposable income, and consumer confidence. Markets have been quick to reflect the new scenario. European equities are down 7.7% in the month, with losses of more than 10% at some stage. It is worth noting that of the eighteen industry groups in European equities, they all fell in the month except for Oil & Gas. Interest rates and credit spreads are up. The reference index for CI (Eurozone long term government bonds) is down 3.3% and European credit indices are down 2.5%.

Our comments last month were out as the war unfolded. We thought that selling into the market weakness was likely to be a losing proposition. Not because we have any insight. It is simply our experience of recent decades. The fact that European equity markets had reached a new historic high was not helpful, but our view was to increase exposure if the correction was significant and volatility rose to 30% and upwards. That is what we have done.

The damage to rates and, to a lesser extent, spreads was significant in March. About one quarter of the fall in CI is down to its equity exposure, the rest comes from the fund's credit portfolio. The good news is that the credit portfolio has been repriced and now offers a 5,5% YTM (100 bps above its February level) with an unchanged duration of 4.7 years.

This is significant and offers more than adequate protection for the inflation we expect in coming years.

## Investment objective

Cartesio Income replicates the investment strategy of Cartesio X. It seeks higher risk adjusted returns (Sharpe ratio) than Euro Government bonds (Bloomberg 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 Five Star Morningstar rating. Since inception (March 2004) it has returned 3.9% p.a. against 3.1% p.a. total return for Long Term Euro Gov Bonds with a volatility of 4.1% (index 5.3%). On a three and five

## Performance Chart\*\*



\*\*Chart relates to past data. Past performance does not guarantee future returns.

## Capital protection

NAV (Class I)  
125.40

Assets  
579m €

year basis the fund has returned 26.4% and 26.8% respectively against total returns of 8.1% and -11.0% respectively for Long Term Eurozone Gov Bonds with 61% and 63% 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

2026	-1.6%
Since Inception (p.a.)*	3.9%

## RISK / RETURN

Volatility*	4.1%
Beta	0.20
Sharpe*	0.67

## ASSET ALLOCATION

Fixed Income	76.1%
Equity*	15.0%
Cash	9.0%

\*Weight net of derivatives

FIXED INCOME METRICS	WEIGHT	YTC	Dur*
<b>Total</b>	<b>76.1%</b>	<b>5.5%</b>	<b>4.7</b>
<b>Investment Grade</b>	<b>47.9%</b>	<b>5.1%</b>	<b>5.0</b>
Senior	18.3%	4.3%	4.8
Hybrid	16.2%	5.0%	4.3
AT1/RT1	13.4%	6.4%	6.0
<b>Non-Investment Grade</b>	<b>28.2%</b>	<b>6.2%</b>	<b>4.2</b>
Senior	8.5%	4.7%	4.3
Hybrid	9.0%	7.1%	3.4
AT1/RT1	10.7%	6.5%	4.6

\*Modified Duration

## MAIN HOLDINGS

Caixabank AT1 2035	1.9%
Ford 4.5% 2032	1.8%
Imperial Brands Senior 2033	1.8%
Verallia Senior IG 4.375%	1.8%
Unipol RT1 2035	1.8%

## INVESTMENTS/DIVESTMENTS EQUITIES

Investments: Stroeer, Wolters Kluwer  
Divestments: -

## MARKET RETURNS

	2026	Since 31/03/04
MSCI Euro Net Total Return	-0.9%	6.8% p.a.
Sharpe		0.31
Euro Gov. Bond (7-10y)*	-0.9%	3.1% p.a.
Sharpe		0.35
Euro Gov. Bond (<1y)*	0.3%	1.2% p.a.

\* Inception 31st March '04, Cartesio X until May '11

\*Euro Gov. Bond (7-10y): Bloomberg Series-E Euro Govt 7-10 Yr Bond Index

\*Euro Gov. Bond (<1y): LA09TREU Index (Bloomberg Euro Treasury 0-12M)

**Capital protection**

NAV (Class I)  
**125.40**

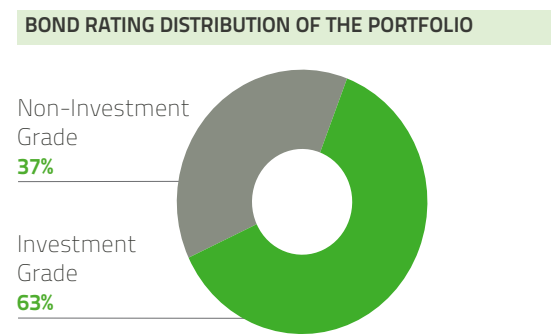
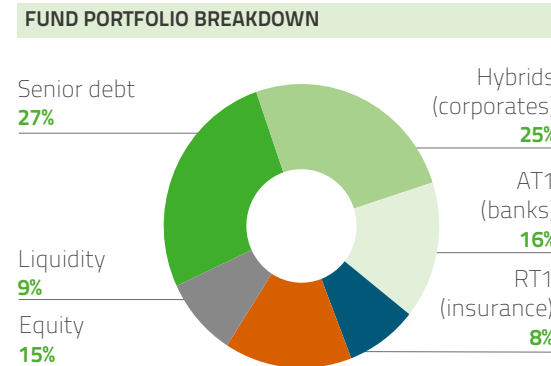
Assets  
**579m €**

HOLDINGS		
1	Imperial Brands Senior 2033	1.8%
2	Unipol RT1 2035	1.8%
3	Verallia Senior IG 4.375%	1.6%
4	Caixabank AT1 2035	1.6%
5	Enel Hybrid 2028	1.6%
6	UNIBAIL Hybrid 4.75%	1.6%
7	Ford 4.5% 2032	1.5%
8	EDF 4.375% Perp	1.5%
9	BPCE Assurances AT1	1.5%
10	BBVA AT1 2032	1.4%
11	Air France Hybrid Perp	1.4%
12	Credit Agricole AT1 2035	1.4%
13	Stellantis Senior 2031	1.4%
14	Valeo 4.625% 2032	1.4%
15	FCC Aqualia Senior 2032	1.4%
16	Credit Agricole AT1	1.3%
17	Repsol Hybrid Perp	1.3%
18	VW Hybrid 3.748%	1.3%
19	Verizon Hybrid IG 4.25%	1.3%
20	Other (including: Equities)	65.1%
21	Cash	7.0%
Total		100%

VALUATION DATA	
<b>Bonds</b>	
Portfolio YTM	5.5%
Running Yield	5.3%
Portfolio Duration	4.7 years
Fund Duration	3.6 years
<b>Equity</b>	
P/E	11.1x
Div Yield	5.3%

MAIN HOLDINGS EQUITIES		
1	Merlin Properties	0.8%
2	BMPS	0.7%
3	Total Energies	0.6%
4	Gruppo Unipol	0.5%
5	AXA	0.5%
6	Publicis	0.5%
7	IPSOS	0.5%
8	Repsol	0.5%
9	Engie	0.5%
10	Carrefour	0.5%

RISK ADJUSTED RETURNS PARETURN CARTESIO INCOME*							
	Returns		Volatility		Relative Volatility	M2	
	Fund	Index	Fund	Index			
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	-3.5%	4.5%	9.9%	5.0%	198.8%	-2.0%	
2021	4.9%	-2.9%	4.2%	3.7%	111.9%	4.3%	
2022	-3.4%	-19.4%	6.8%	10.2%	66.9%	-4.7%	
2023	10.2%	8.9%	4.7%	8.8%	53.8%	16.4%	
2024	8.4%	1.8%	2.7%	5.5%	48.5%	13.4%	
2025	8.7%	1.7%	2.8%	4.6%	60.7%	13.0%	
Q1	1.8%	-1.1%	2.4%	6.4%	38.4%	3.7%	
Q2	3.1%	2.4%	4.4%	4.1%	108.3%	2.9%	
Q3	2.0%	0.1%	1.7%	4.3%	40.2%	4.3%	
Q4	1.6%	0.4%	1.7%	3.1%	53.5%	2.5%	
2026	-1.6%	-0.9%	4.7%	5.2%	90.9%	-1.8%	
Q1	-1.6%	-0.9%	4.7%	5.2%	90.9%	-1.8%	
<b>Total</b>	<b>133.8%</b>	<b>95.0%</b>	<b>4.1%</b>	<b>5.3%</b>	<b>76.6%</b>		



**Name**  
Cartesio Income (Replicates Cartesio X)

**ISIN**  
LU1966822873 (Class I)  
LU1966822956 (Class R)  
LU1966823095 (Class Z)

**Bloomberg**  
CARTINI LX / CARTINR LX / CARTINZ LX

**Benchmark**  
Bloomberg Euro Gov Bond Index 7-10 yr – Risk Adjusted

**Fund Manager**  
Cartesio SGIC, S.A.

**Custodian**  
BNP Paribas

**Auditor**  
Deloitte

**Depository**  
BNP Securities Services

**Bronze**

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

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

**Fund Management Fee**  
1.0% - Class I & Class R  
0.65% + 7.5% performance fee - Class Z

\*All ratings apply to Cartesio X