

FACTSHEET

Performance Returns

The Descartes Alternative Credit UCITS Fund returned 0.72% for the month of July (*EUR Inst. Founder Class*).

Investment Objective & Strategy

The Descartes Alternative Credit UCITS is a long-only Fund with a total return strategy, offering access to European senior secured corporate loans through investments in Collateralised Loan Obligations ("CLOs").

The strategy seeks to generate high current income (currently 5%-6%) plus the potential for incremental return through capital appreciation. The Fund primarily invests in European rated CLO securities. CLOs are floating rate instruments, which will benefit from rising rates, with a large carry and strong capital resilience.

The Fund's diversified portfolio is actively managed by Cartesia, using a combination of fundamental security analysis and dynamic allocation across rating categories.

Cartesia is a Paris based regulated investment manager, set up in 2009 by seasoned partners with an average experience of 25 years in European structured credit products, especially in securitised assets such as CLOs.

Monthly Commentary

In June, we bought around €12m of assets mainly focused on B rated tranches as we had room to optimize our rating bucket limits. We are now close to our floor limit having 71% exposure in BB and above rated tranches vs our floor limit of 70% but remain underweighted in equity tranches with 6% vs a cap limit of 10%, as we believe recently issued B tranches offer better risk/return profiles at those levels.

We indeed purchased new CLO vintages to benefit from a steep curve detected in B tranches and use the opportunity of new issues such as for BNPAM, Tikehau and Babson deals offering spread at around 950bp over E3M. The 1y curve is worth 60bp making the roll down the curve gain quite attractive.

Worth mentioning, our fund recorded since inception a weekly volatility of 0.64% much lower compared to 2.18% for the iTraxx Cross-over for a similar Total Return performance. This outcome is driven mainly by the high diversification of our portfolio in term of underlying loans, CLO managers and deal vintages in addition to the large carry protecting against mark to market downside risk.

In term of trends, CLO mezzanine tranches have been under pressure due to a massive new issue program printed in July. Indeed, with over €5bn CLO issued, a record month since 2013, investors had plenty of choice to pick up in debt tranches. The good news is the renewed appetite for AAA tranches confirmed by a low 108bp printed so far this year.

The CLO new issue volume has reached nearly €20bn YTD which could propel 2019 with a record level of €30bn as anticipated by Wells Fargo.

Thanks to solid credit metrics in our portfolio together with a well diversified assets base through both vintages, tranches and CLO managers, our fund performed positively in June mainly through a combination of curve roll down and carry.

The European CLO market dynamics remain constructive with an increasing number of new CLO managers and new investors coming in this asset class. We will be looking at some relative value trades next month considering the great performance achieved by some assets bought 3 to 4 months ago, the current opportunity to lock in cheap spreads on some recent vintages and the increasing tiering between CLO managers.

Descartes Alternative Credit UCITS Fund Performance

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
EUR			-0.02%	0.58%	0.94%	0.67%	0.72%						2.92%
USD			0.06%	0.76%	1.28%	0.94%	0.90%						3.99%
CHF			-0.10%	0.40%	0.89%	0.63%	0.67%						2.51%

The performance figures quoted above represent the performance of the Descartes Alternative Credit UCITS Fund, EUR, USD and CHF Inst. Founder Share Classes since launch on the 26-Mar-2019. These performance figures refer to the past and past performance is not a reliable guide to future performance.

2019	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
EUR					0.20%	0.60%	0.64%						1.45%
USD						0.15%	0.87%						1.02%
CHF							0.23%						0.23%

The performance figures quoted above represent the performance of the Descartes Alternative Credit UCITS Fund, EUR, USD and CHF Inst. A Pooled Share Classes since respective class creation date. These performance figures refer to the past and past performance is not a reliable guide to future performance.

THE MANAGER



Jérôme Anglade

Partner, Portfolio Manager

Jérôme has more than 20 years of experience in structuring, trading and risk-management with Morgan Stanley in London as a Managing Director and Head of the European Structured Credit Group, Citi Capital Advisors then at Bank of America-Merrill Lynch. He then developed a significant expertise in the private debt and peer-to-peer lending, before joining Cartesia in 2016. Jérôme graduated from Ecole Polytechnique and Ecole Nationale des Ponts et Chaussées in Paris.

Tanguy Boulet

Chairman, Portfolio Manager

With 30 years of experience in Finance, Tanguy has initially spent 17 years in Investment Banking (Credit Agricole, Merrill Lynch, Lehman Brothers) prior to set up in London in 2003 the investment manager Ocean Capital, specialised in the securitisation markets and structured finance. He then created Cartesia in 2009 in Paris. Tanguy holds a diploma from ESCP Europe.

Pierre Mirat

Partner, Head of Business Development and Investor Relations

Pierre has spent 30 years in the Capital Markets in London, with a strong focus on the credit markets, working for Paribas Capital Markets, JP Morgan, Morgan Stanley – as Head of the French office for Global Markets – then for Société Générale-CIB as European Head of the Financial Institutions Group. He joined Cartesia in January 2017. Pierre graduated from HEC Paris and the Political Sciences Institute in Paris.

Hadrien Carré

Partner, Chief Risk Officer

Hadrien accumulates more than 10 years of experience in Investment Banking, mainly in the M&A activities (Salomon, Citi, Lehman Brothers) . He was a partner at Ocean Capital from 2005 to 2008 before joining Cartesia in 2009. Hadrien holds a diploma from HEC Paris.

FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Valuation	Daily
Liquidity	Weekly
AUM	\$86.9m
Inception	27-Mar-2019
Share Class	Institutional Founder Class
Currency	EUR/USD/CHF/GBP
Mgt. Fee	0.65%
Perf. Fee	0.00%
Min Init. Sub.	1,000,000

ISIN Codes	EUR: IE00BJCWST11 USD: IE00BJCWSX56 CHF: IE00BJCWSW40 GBP: IE00BJCWSV33
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Share Class	Institutional Class A
Currency	EUR/USD/CHF/GBP
Mgt. Fee	0.75%
Perf. Fee	10.00%
Min Init. Sub.	1,000,000

ISIN Codes	EUR: IE00BJCWT213 USD: IE00BJCWT544 CHF: IE00BJCWT437 GBP: IE00BJCWT320
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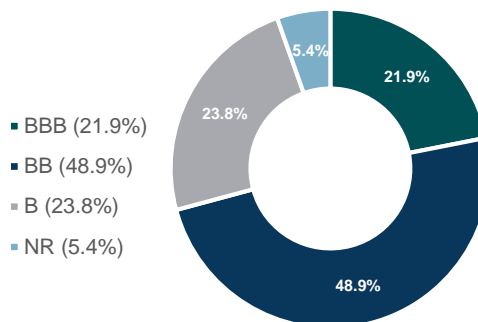
Portfolio Metrics

Number of Positions:	37
Number of CLO Managers	19
Expected Average Life To Maturity ⁽¹⁾ :	7.7 years
Expected Yield to Maturity ⁽²⁾ :	6.65%

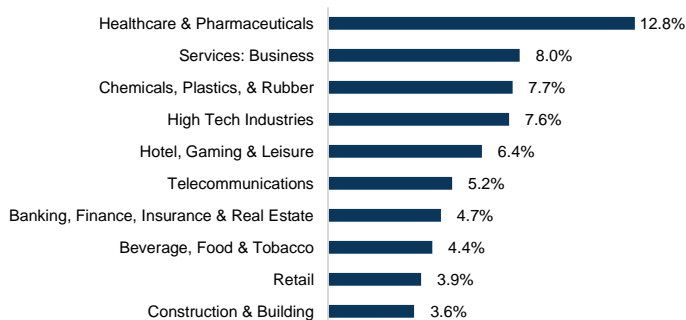
Top 5 Positions ⁽³⁾

Deal Name	Manager	Rating (M/S/F)	Par Amount (EUR)
AQUE 2019-3X E	HPS	Ba3/NR/BB-	3,050,000
BABSE 2018-2X D	Barings	Baa2/NR/BBB	3,000,000
DRYD 2017-51X E	PGIM	Baa2/BBB/NR	3,000,000
CGMSE 2019-1X D	Carlyle	Ba3/NR/BB-	3,000,000
DRYD 2019-69X F	PGIM	B2/B-/NR	3,000,000

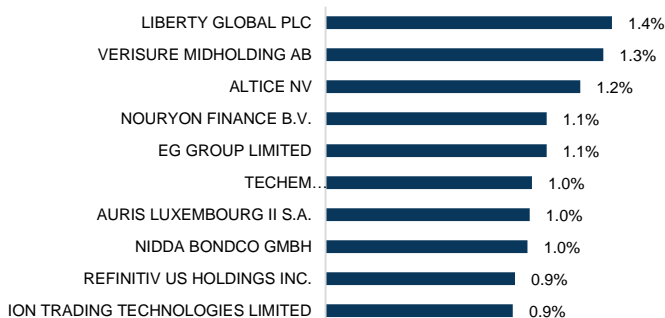
Rating Category Breakdown ⁽³⁾



Look-Through Industry Breakdown (Top 10) ⁽⁴⁾



Look-Through Issuers (Top 10) ⁽⁴⁾



Notes:

- (1) Weighted expected average life to maturity of investments
- (2) Weighted expected average yield to maturity of investments, excluding fees and expenses
- (3) Based on current valuation of the assets
- (4) Source: Moody's Analytics, based on nominal amounts, excluding deals which have not published their first trustee report.

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