

FACTSHEET

Performance Returns

The Descartes Alternative Credit UCITS Fund returned 0.67% for the month of June (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 €10mln of assets mainly focused on BB and below rated tranches as we had room to optimize our rating bucket limits. We are however still slightly more conservative having 75% exposure in BB and above rated tranches vs our floor limit of 70% and 7% in equity tranches vs a cap limit of 10%.

We did purchase rather recent CLO vintages to benefit from a steep curve detected in BB and B tranches.

In term of trends, CLO tranches hold well their levels throughout June and auction volume picked up in the last 2 weeks with BBB traded very well on strong client participation in the high 200ov E3M at the short end and low to mid 300ov E3M for long duration profiles. BB cleared in the high 500ov E3M and B on high 800ov E3M on average. We expect some near term tightening for shorter duration convex bonds across the stack due to unsaturated customer demand.

We are also seeing strong demand from newer entrants to the market this year across the stack as CLO tranches are definitely becoming prominent in yield enhancement strategies.

The other good news is to see diversified investors back in the AAA tranches facilitating then a syndicated placement compared to anchor driven investor for most deals printed in Q1.

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....

The European CLO market dynamics, even with the recent spike in credit volatility, remain constructive. Supported by an increasing senior secured loans issuance pipeline in June/July, there was a flurry of CLO issued in June and we expect a busy month of July. The tight arbitrage value in the equity tranche on primary deals is diverting investors appetite to primary mezzanine tranches which continue to offer attractive spreads in particular when taking into account the Euribor 3M 0 floor value which has recently jumped on the back of M Draghi's comments.

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%							2.19%
USD			0.06%	0.76%	1.28%	0.94%							3.07%
CHF			-0.10%	0.40%	0.89%	0.63%							1.83%

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.

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
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
Share Class	Institutional Class C
Currency	EUR/USD/CHF/GBP
Mgt. Fee	0.75%
Perf. Fee	15.00%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BJCWSY63 USD: IE00BJCWT106 CHF: IE00BJCWT098 GBP: IE00BJCWSZ70

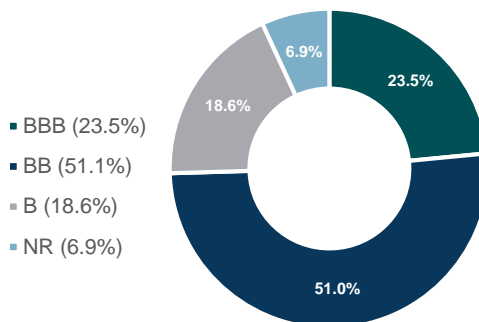
Portfolio Metrics

Number of Positions:	32
Number of CLO Managers	17
Expected Average Life To Maturity ⁽¹⁾ :	7.6 years
Expected Yield to Maturity ⁽²⁾ :	6.60%

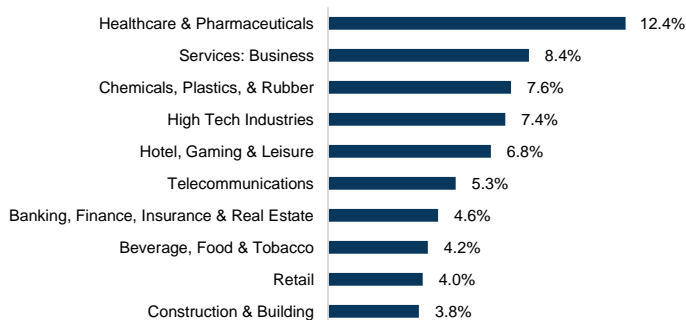
Top 5 Positions ⁽³⁾

Deal Name	Manager	Rating (M/S/F)	Par Amount (EUR)
CGMSE 2019-1X D	Carlyle	Ba3/NR/BB-	4,000,000
DRYD 2017-51X D	PGIM	Baa2/BBB/NR	3,000,000
AQUE 2019-3X E	HPS	Ba3/NR/BB-	3,050,000
BABSE 2018-2X D	Barings	Baa2/NR/BBB	3,000,000
DRYD 2019-69X F	PGIM	B2/NR/B-	3,000,000

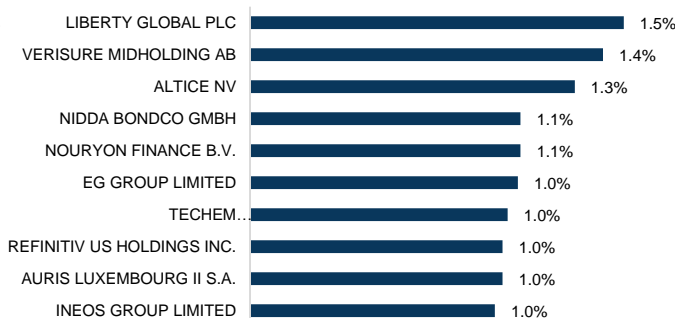
Rating Category Breakdown ⁽³⁾



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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