

FACTSHEET

Performance Returns

The Descartes Alternative Credit UCITS Fund returned 0.58% for the month of August (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 August, the European CLO market started on a positive note but then mezzanine tranches were under pressure as a result of a combination of the massive supply of new deals priced in July to be digested by the dealers, several reset and refi announced transactions needed to find a place in particular for BB and B tranches as well as a weak BWIC executed mid August due to a lack of investors interest.

Despite a strong support found on the AAA tranche where risk appetite clearly built up, the sub Investment Grade mezzanine tranches were failing the absence of central banks support and facing a thin summer markets and higher volatility on risky assets. Investors on the whole have been on the side line waiting for market news in September on the ECB front as well as the new issue busy agenda with 10 deals in the pipe.

As a result of a dull CLO market activity, we haven't modified our portfolio weights during August as we continue to benefit from the strong carry (around 7%) and the convexity value of our portfolio (average purchase price at 95%).

We did however notice some wider repricing of secondary BB and B tranches in alignment with re-issued deals spread level, which has slightly impacted our portfolio NAV during the second part of the month as we ended with a flattish performance in line with the iTraxx Crossover index.

In term of trends, we are constructive and expect the CLO market to hold well on BBB tranches as IG investors are hunting for yield, the BB tranches should stabilize or even tighten on the back of the credit curve increased steepness and the expected ECB favourable QE updated program to be announced in September which could include some high yield bonds.

Worth mentioning, one attracting factor for investors on this asset class is the increasing value of deep in-the-money Euribor floors which has jumped by around 50bp over the last 3 months in the forward curve.

Thanks to on going solid credit metrics in our portfolio together with a highly diversified asset base through vintage, tranches and CLO managers, our fund total return continues to outperform the iTraxx Crossover and other HY bond indices since inception while maintaining a subdued volatility.

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%	0.58%					3.52%
USD			0.06%	0.76%	1.28%	0.94%	0.90%	0.81%					4.83%
CHF			-0.10%	0.40%	0.89%	0.63%	0.67%	0.53%					3.05%

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					0.16%	0.59%	0.64%	0.53%					1.93%
USD						0.15%	0.87%	0.76%					1.79%
CHF							0.23%	0.50%					0.73%

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.

Alexandra Esteves

Chief Risk Officer

Alexandra brings 6 years experience in risk management and structured transactions monitoring/reporting, acquired while at Zencap Asset Management, with a significant expertise in structured credit assets (CLO & ABS), private debt and peer-to-peer lending. She joined Cartesia in the summer of 2019. Alexandra holds a Master Degree in Financial Engineering from IAE Gustave Eiffel.

FUND FACTS

Structure	UCITS Fund
Domicile	Ireland
Valuation	Daily
Liquidity	Weekly
AUM	\$90.9m
Inception	27-Mar-2019
Share Class	Institutional Founder Class
Currency	EUR/USD/CHF/GBP
Bloomberg ID (EUR)	MLDAEIF ID Equity
Mgt. Fee	0.65%
Perf. Fee	0.00%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BJCWST11 USD: IE00BJCWSX56 CHF: IE00BJCWSW40 GBP: IE00BJCWSV33
Bloomberg Codes	EUR: MLDAEIF ID USD: MLDAUIF ID CHF: MLDACIF ID GBP: MLDAGIF ID

Share Class

Institutional Class A

Currency	EUR/USD/CHF/GBP
Bloomberg ID (EUR)	MLDEIAP ID Equity
Mgt. Fee	0.75%
Perf. Fee	10.00%
Min Init. Sub.	1,000,000
ISIN Codes	EUR: IE00BJCWT213 USD: IE00BJCWT544 CHF: IE00BJCWT437 GBP: IE00BJCWT320

Bloomberg Codes

EUR: MLDEIAP ID
USD: MLDIAP ID
CHF: MLDCIAP ID
GBP: MLDGIAP ID

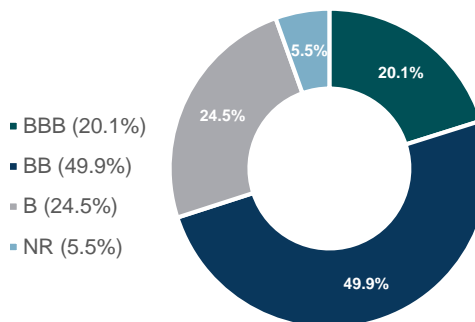
Portfolio Metrics

Number of Positions:	37
Number of CLO Managers	19
Expected Average Life To Maturity ⁽¹⁾ :	7.9 years
Expected Yield to Maturity ⁽²⁾ :	6.8%

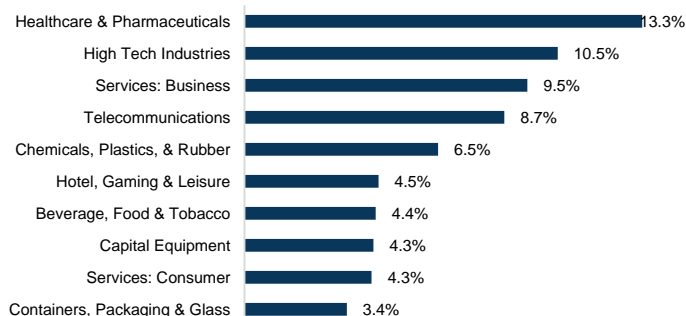
Top 5 Positions ⁽³⁾

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 2019-69X F	PGIM	B2/B-/NR	3,000,000
DRYD 2017-51X D	PGIM	Baa2/BBB/NR	3,000,000
CGMSE 2019-1X D	Carlyle	Ba3/NR/BB-	3,000,000

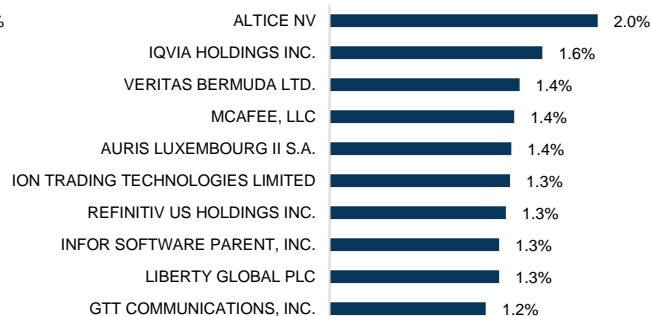
Rating Category Breakdown ⁽³⁾



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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