

Descartes Alternative Credit UCITS Fund

Long Only Total Return Structured Credit

October 2020

Performance Returns

The Descartes Alternative Credit UCITS Fund returned -0.87% for the month of October (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 (AMF licence GP-13000019), 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

During most part of October, the European CLO market was balanced between a reduced volume of BWICs, less than half of what was offered in September, and a strong increase in primary transactions making the busiest month of the year with 12 transactions issued for a total amount of €4bn. Risk appetite remained pretty firm across debt tranches until the last week of the month, illustrated in new issue prints with AAA tranche holding reasonably well in the E3M+110-115bp area but BBB tranches offering wider spreads of at least E3M+425bp to match investors' demand.

Secondary activity was more subdued, the CLO market was on one side supported by loan prices continuing their recovery with a new post-Covid peak at 95.53%* but on the other side pressurized by flows coming from CLO primary deals in a choppy macro context with a re-established partial lockdown imposed in some European countries at the end of October. Furthermore, the balance of relative value has shifted in favour of primary mezzanine CLO tranches as investors switched from secondary positions into new issued deals offering cleaner credit profiles. The increasing value of the Euribor floor to more than 50bp on a 5y duration also helped to redirect investors in primary transactions.

The strong supply together with the risk-off mode seen later in the month have pushed generic BBB tranches spread wider by 30bp and BB/B tranches spread up 50bp, senior secured European loan prices have also declined but rather moderately to 95.14%*.

Variability across transactions remains higher compared with a "homogeneous" pre-Covid19 environment, making CLO manager selection and pricing tiering increasingly important down the capital structure.

Worth mentioning is the resilience of CLO equity tranche cash flows distribution given the context of the pandemic as the large majority of deals are still cash-flowing at strong level fortifying as a result OC test levels of the respective junior mezzanine tranches owned in our portfolio.

Along with credit indices, the fund has performed negatively also to a lesser extent, due to the sudden risk-off context but has shown a good resistance compared to equity and credit markets as there was no selling pressure neither on CLO tranches nor on European loans which held well on the back of structural institutional demand and low loan primary activity. During the last volatile week of the month, our fund has shown a strong resilience with a flat weekly Nav thanks to OC tests strong performance, improving Warf and low CCC bucket across our exposures.

With the impending US election, the on-going Brexit negotiation and the partial lockdown in place, we expect the tone to remain cautious in November although the cash level remains elevated and could be quickly redeployed in our asset class once market visibility is back pending some unknown developments to clear the right way.

In term of activity, we sold several of the most expensive BBB and BB positions during the first part of the month. As a consequence, our IG exposure has been reduced to 22% and our BB exposure built up to 55%, still conservatively positioned above our minimum guidelines. The current average price of the portfolio stands at 88,7% offering a strong convexity benefit.

We believe the current market spread contained widening should offer an interesting entry point in November considering the positive metrics noted in our mezzanine tranches collateralized by clean portfolios (with barely any defaults, few CCCs and strong par subordination) under the control of well experienced CLO managers.

* Morgan Stanley Research 29/10/2020

Descartes Alternative Credit UCITS Fund Performance

Institutional Founder Class

	YTD 2019*	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD 2020
EUR	4,06%	2,09%	-0,16%	-25,31%	2,41%	15,23%	6,31%	0,57%	0,04%	2,73%	-0,87%			-2,13%
USD	6,30%	2,30%	-0,02%	-24,74%	2,52%	15,37%	6,46%	0,65%	0,10%	2,77%	-0,79%			-0,43%
CHF	3,50%	2,04%	-0,20%	-25,38%	2,35%	15,23%	6,29%	0,53%	0,03%	2,69%	-0,86%			-2,48%

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.

Institutional Class A

	YTD 2019*	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD 2020
EUR	2,43%	1,86%	-0,15%	-25,19%	2,40%	15,22%	6,31%	0,56%	0,03%	2,72%	-0,87%			-2,25%
USD	3,06%	2,05%	-0,02%	-24,66%	2,51%	15,36%	6,45%	0,72%	0,09%	2,77%	-0,79%			-0,55%
CHF	1,08%	1,83%	-0,17%	-25,26%	2,36%	15,20%	6,28%	0,52%	0,02%	2,69%	-0,88%			-2,55%

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.

* performance over 9 months from inception date

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 École Polytechnique and École Nationale des Ponts et Chaussées in Paris.

Tanguy Boulet

Chairman, Portfolio Manager

With 30 years of experience in Finance, Tanguy had 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 founded 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
Fund AUM	\$89.2m
Inception	26 th March 2019
Share Class	Institutional Founder Class
Currency	EUR/USD/CHF/GBP
Bloomberg ID (EUR)	MLDAE1F ID Equity
Mgt. Fee	0.65%
Perf. Fee	0.00%
Min Init. Sub.	1,000,000
	EUR: IE00BJCWST11 USD: IE00BJCWSX56 CHF: IE00BJCWSW40 GBP: IE00BJCWSV33
ISIN Codes	
Bloomberg Codes	EUR: MLDAE1F 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
	EUR: IE00BJCWT213 USD: IE00BJCWT544 CHF: IE00BJCWT437 GBP: IE00BJCWT320
ISIN Codes	
Bloomberg Codes	EUR: MLDEIAP ID USD: MLDUAIAP ID CHF: MLDCIAP ID GBP: MLDGIAP ID

Descartes Alternative Credit UCITS Fund

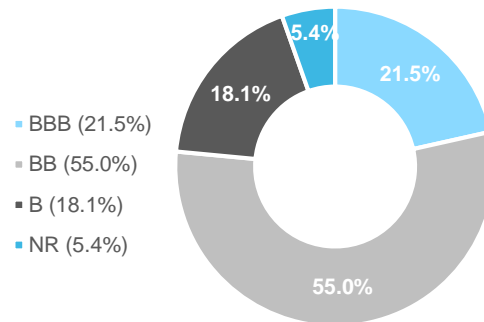
Long Only Total Return Structured Credit

October 2020

Portfolio Metrics

Number of Positions:	44
Number of CLO Managers	25
Expected Average Life To Maturity ⁽¹⁾ :	6.9 years
Expected Yield to Maturity ⁽²⁾ :	7.9%

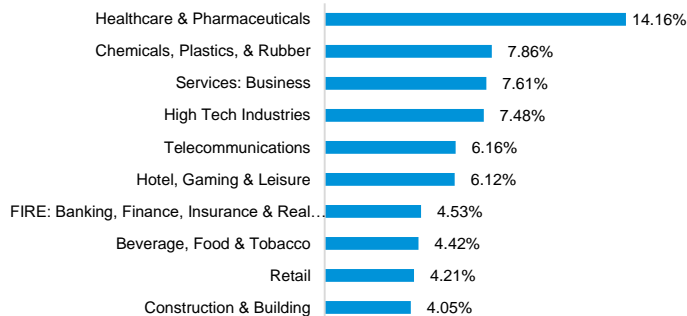
Rating Category Breakdown ⁽³⁾



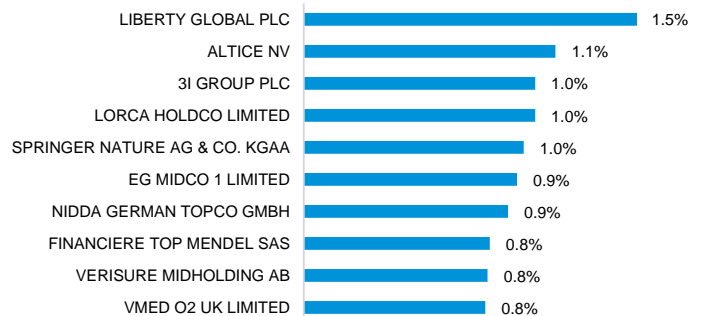
Top 5 Positions ⁽³⁾

Tranche Name	Manager	Rating (M/F/S)	Par Amount (EUR)
BABSE 2018-2X D	Barings	Baa2/BBB/NR	3,000,000
SPAUL 10X E	ICG	Ba2/BB-/NR	3,000,000
CGMSE 2019-1X D	Carlyle	Ba2/BB-/NR	3,000,000
DRYD 2014-32X ER	PGIM	Ba3/BB-/NR	3,000,000
DRYD 2019-69X F	PGIM	B2/B-/NR	3,000,000

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.

Contact Details

Investor Contact

MontLake Funds (UK) Ltd
 Park House, 116 Park Street
 London, W1K 6AF
 T: +44 20 3709 4510
 investorrelations@montlakefunds.com

Management Company

MontLake Management Ltd
 23 St. Stephen's Green
 Dublin 2, Ireland
 T: +353 1 533 7020
 investorrelations@montlakefunds.com

Investment Manager

Cartesia SAS
 26 rue Danielle Casanova
 75002 Paris, France
 T: +33 1 56 43 4003
 pm@cartesiafinance.com

Disclaimer

RISK WARNING: Past performance is not a reliable indicator of future results, prices of investments and the returns from them may fall as well as rise. Investments in equities are subject to market risk. Changes in exchange rates may have an adverse effect on the value price or income of the product. The Descartes Alternative Credit UCITS Fund (the "Fund") may use higher leverage and financial derivative instruments as part of the investment process. The distribution of this report does not constitute an offer or solicitation and this notice shall not be construed as an offer of sale in any other fund managed or advised by Cartesia SAS or MontLake Management Limited ("ML"). Any investment in the Fund should be based on the full details contained in the Fund's Supplement Prospectus and Key Investor Information Document which together with the MontLake UCITS Platform ICAV Prospectus may be downloaded from the MontLake website (www.montlakeucits.com). Information given in this document has been obtained from, or based upon, sources believed by us to be reliable and accurate although neither ML nor Cartesia SAS accepts liability for the accuracy of the contents. ML does not offer investment advice or make recommendations regarding investments. The Manager of the Fund is MontLake Management Ltd, a company regulated by the Central Bank of Ireland. The Investment Manager for the fund, Cartesia SAS is authorised and regulated by the Autorité des Marchés Financiers (AMF). The MontLake UCITS Platform ICAV is registered and regulated as an open-ended Irish collective asset-management vehicle with segregated liability between sub-Funds formed in Ireland under the Irish Collective Asset management Vehicles Act 2015 and authorised by the Central Bank as a UCITS pursuant to the UCITS Regulations. This notice shall not be construed as an offer of sale in the Fund. The state of the origin of the fund is Ireland. This document may only be distributed in Switzerland to qualified investors within the meaning of art. 10 para. 3, 3bis and 3ter CISA. The Representative in Switzerland is ARM Swiss Representatives SA, Route de Cité-Ouest 2, 1196 Gland, Switzerland, whilst the paying agent is NPB Neue Privat Bank AG, Limmatquai 1/am Bellevue, P.O. Box, CH-8024 Zurich. The basic documents of the fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge from the representative. In respect of the units distributed in or from Switzerland, the place of performance and jurisdiction is at the registered office of the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units. Authorised and Regulated by the Central Bank of Ireland. This is a marketing document.

For more information visit www.montlakeucits.com