

FACTSHEET

THE MANAGER

Performance Returns

The Descartes Alternative Credit UCITS Fund returned 0.94% for the month of May (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

Our fund has raised a substantial amount of subscriptions in May reaching c. €70 millions AUM. The fund is invested a little more conservatively than our strict rating guidelines with 76% in BB and above rated tranches (vs a minimum of 70%) and around 5.5% invested in equity tranches (vs a maximum of 10%). We managed to achieve a current gross yield to maturity of c. 6.60%, diversified through 27 positions and 16 CLO managers with a selection based on rather lower risk CLO portfolios for our BB/B tranche positions.

We continued to build up a well diversified component of BBB and BB tranches, both in terms of vintages and CLO managers, monetising high discount margin of recent deals as well as seizing opportunities in primary single B tranches with debt friendly (higher rated portfolio) CLO managers.

As we did not intend to be fully risk on, we decided to keep the equity bucket on the low side and the B bucket slightly under weighted.

In term of trends, we have participated in large BWICs with some old vintages for sale, a good opportunity on BBB tranches as the credit curve is flatter than for other tranches. Bonds in BWIC traded well as sellers were reluctant to hit lighter bids, BBB were in heavy supply during the month and finished the month tighter on strong demand seen in BWICs in the low 300 over Euribor for mid duration profiles. BB were in thin supply but there was a fair amount of interest to clear the positions in the high 500s.

Thanks to solid credit metrics in our portfolio and as we managed to purchase relatively cheap transactions from strong CLO managers, with positive convexity, our fund not only performed positively in May but outperformed substantially both the iTraxx Crossover index down 2.12% in TR and the PE HY ex-Fin Barclays index down 1.55% in TR.

We are watching carefully the market dynamics with the recent spike in volatility and the re-widening of credit indices. As a positive sign, there was no more sellers than buyers during the last week of the month in CLO tranches. We are confident the quality of each exposure in the fund together with its convexity benefit are providing some cushion in a potential downside scenario.

Descartes Alternative Credit UCITS Fund Performance

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Y-T-D
2019			-0.02%	0.58%	0.94%								1.50%

The performance figures quoted above represent the performance of the Descartes Alternative Credit UCITS Fund, EUR Inst. Founder Share Class 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.



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

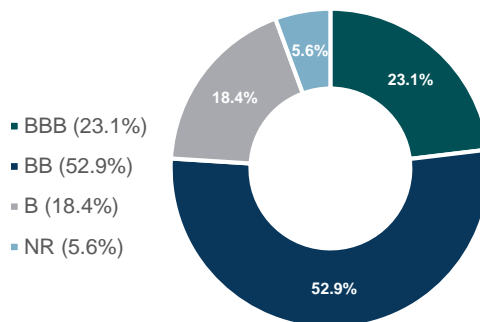
Portfolio Metrics

Number of Positions:	27
Number of CLO Managers	16
Expected Average Life To Maturity ⁽¹⁾ :	7.6 years
Expected Yield to Maturity ⁽²⁾ :	6.60%

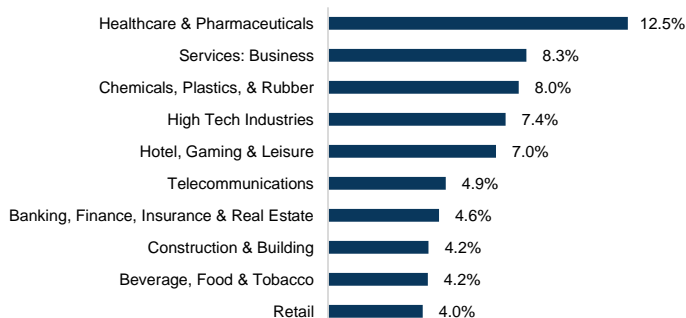
Top 5 Positions ⁽³⁾

Deal Name	Manager	Rating (M/S/F)	Par Amount (EUR)
CGMSE 2019-1X D	Carlyle	Ba3/NR/BB-	4,000,000
AQUE 2019-3X E	HPS	Ba3/NR/BB-	3,050,000
DRYD 2017-51X D	PGIM	Baa2/BBB/NR	3,000,000
BABSE 2018-2X D	Barings	Baa2/NR/BBB	3,000,000
DRYD 2014-32X ER	PGIM	Ba2:NR/BB	3,000,000

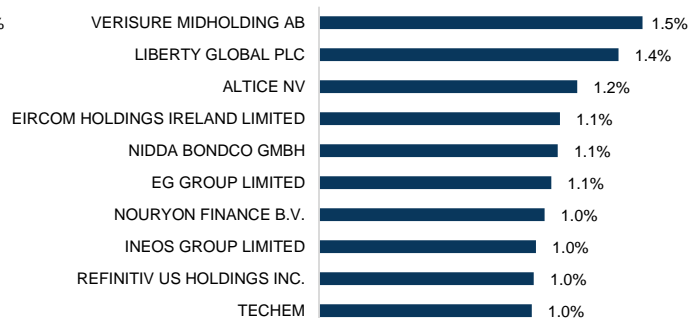
Rating Category Breakdown ⁽³⁾



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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