

# CARMIGNAC INVESTISSEMENT: LETTER FROM THE FUND MANAGER

10/07/2024 | KRISTOFER BARRETT

## +21.4%

Carmignac Investissement's<sup>1</sup> performance since the beginning of the year (for the A EUR Share class) compared to +14.7% for its reference indicator<sup>2</sup>.

## +11.6%

Carmignac Investissement's annualized performance over 5-years.

## 1 st decile

Carmignac Investissement's ranking within its Morningstar Category<sup>3</sup> for its performance, Sharpe ratio and Information ratio since the beginning of the year and over 1 year.

During the second quarter of 2024, **Carmignac Investissement** posted a performance of +3.75%, in line with its reference indicator<sup>2</sup> (+3.72%). Since the beginning of the year, the Fund is up +21.41% compared to its index<sup>2</sup> (+14.72%).

## MARKET ENVIRONMENT IN 2ND QUARTER 2024

The second quarter saw attention shifting from Central Banks (with the first cuts by major Developed Markets Central Banks since COVID finally materializing from the ECB, the Riksbank and the Bank of Canada) to political risk coming back to the forefront (with a total 1.5bn of citizens casting ballots from India to Europe – and most notably general elections in France, the UK and Mexico; and the US elections starting to gain traction).

In such a context, US equities continued their upward trend initiated last autumn while European and emerging markets petered out during Q2. Earnings revisions have been the main driver of returns but most of the rally continued to come from a handful of stocks most notably in artificial intelligence (AI) & tech related themes. The Magnificent Seven, led by NVIDIA (149% year to date), now accounts for more than 60% of the US market's gains.

In Asia, Taiwan emerged as the leading market, driven by its dominant technology exposure. India experienced a recovery in June following surprising election results, which tempered Prime Minister Modi's political powers. Chinese equity markets initially received a boost from government measures aimed at supporting the real estate sector. However, these gains were short-lived as structural challenges (muted investor sentiment and consumer spending, real estate overhang) resurfaced.

European markets significantly underperformed during the quarter, as political turmoil in France in June created uncertainties over the Old Continent.

## PERFORMANCE

Over the quarter, the performance of the portfolio was primarily driven by our exposure to Emerging Markets as well as our US tech stocks. The increasing demand for AI has resulted in several large technology companies in the portfolio achieving record high stock prices. Our gains were not limited to Nvidia as we have diversified our exposure across the AI value chain, especially in Asia and niche companies with high return potential. These changes were rewarded, with companies such as TSMC (Taiwan) and Hynix Semiconductor (South Korea) being among the top contributors.

Another main contributor to the portfolio was Interglobe Aviation (Indigo), an Indian low-cost carrier that has become the dominant player in the country with over 60% market share.

However, there were some negative impacts on the portfolio due to specific stock issues. For instance, Airbus stock experienced a significant decline as the company warned about the pace of aircraft deliveries and ongoing troubles in its Space division.

## OUTLOOK AND POSITIONING

On April 8, 2024, Kristofer Barrett took over management of the Carmignac Investissement strategy. Kristofer is a seasoned, active stock picker. His proven approach of combining in-depth company research with pragmatic macro analysis has resulted in an outstanding long-term track record. Since taking over, he has carefully reshuffled the portfolio to align with his investment process and the current market conditions.

The Fund is currently operating in the following environment: US stocks have been reaching new highs, but this trend is limited to a narrow range of companies. We are closely monitoring whether these record highs are justified by future earnings potential. In the broader tech sector, the giants are experiencing strong earnings growth due to the successful progress of cloud migration and digitalization. Within the narrower technology sector, the AI trade has continued unabated with most technology stocks exposed to AI usage making highs. We are assessing the extent to which AI chips are being utilized in productive endeavors that generate value and profits for end users.

On the other hand, the broader economy appears to be slowing down, which is reflected in stock prices outside of the digital sector, where prices are stagnant as earnings power is still up to debate. Despite this, there are still expectations for a second half recovery of these stocks, which increases the risk of potential disappointment.

Against this backdrop, we adopt a more balanced approach, favouring stocks with high earnings and reducing investments in stocks like Nvidia, where expectations have increased, in favour of a semiconductor exposure that sits in Asia with TSMC/Samsung/Hynix or in defensive segments such as US health insurance.

During the quarter, we have strategically reduced the Beta of our portfolio, increased the average market capitalization, and improved the financial metrics such as balance sheet and growth rate. This has resulted in a more robust portfolio that we expect is better equipped to withstand more challenging market conditions.

<sup>1</sup>Carmignac Investissement A EUR Acc.

<sup>2</sup>MSCI ACWI (USD) (Reinvested Net Dividends).

<sup>3</sup>Morningstar Category: Global Large-Cap Growth Equity.

# CARMIGNAC INVESTISSEMENT A EUR ACC

(ISIN: FR0010148981)

SFDR - Fund Classification\*\* :

Article **8**



Recommended minimum investment horizon



## MAIN RISKS OF THE FUND

**EQUITY:** The Fund may be affected by stock price variations, the scale of which is dependent on external factors, stock trading volumes or market capitalization. **CURRENCY:** Currency risk is linked to exposure to a currency other than the Fund's valuation currency, either through direct investment or the use of forward financial instruments. **INTEREST RATE:** Interest rate risk results in a decline in the net asset value in the event of changes in interest rates. **DISCRETIONARY MANAGEMENT:** Anticipations of financial market changes made by the Management Company have a direct effect on the Fund's performance, which depends on the stocks selected.

**The Fund presents a risk of loss of capital.**

\*Risk Scale from the KID (Key Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time. \*\*The Sustainable Finance Disclosure Regulation (SFDR) 2019/2088 is a European regulation that requires asset managers to classify their funds as either 'Article 8' funds, which promote environmental and social characteristics, 'Article 9' funds, which make sustainable investments with measurable objectives, or 'Article 6' funds, which do not necessarily have a sustainability objective. For more information please refer to <https://eur-lex.europa.eu/eli/reg/2019/2088/oj>.

## FEES

**Entry costs :** 4,00% of the amount you pay in when entering this investment. This is the most you will be charged. Carmignac Gestion doesn't charge any entry fee. The person selling you the product will inform you of the actual charge.

**Exit costs :** We do not charge an exit fee for this product.

**Management fees and other administrative or operating costs :** 1,50% of the value of your investment per year. This estimate is based on actual costs over the past year.

**Performance fees :** 20,00% max. of the outperformance once performance since the start of the year exceeds that of the reference indicator and if no past underperformance still needs to be offset. The actual amount will vary depending on how well your investment performs. The aggregated cost estimation above includes the average over the last 5 years, or since the product creation if it is less than 5 years.

**Transaction Cost :** 1,09% of the value of your investment per year. This is an estimate of the costs incurred when we buy and sell the investments underlying the product. The actual amount varies depending on the quantity we buy and sell.

PERFORMANCE (ISIN: FR0010148981)

Calendar Year Performance (as %)	2015	2016	2017	2018	2019
<b>Carmignac Investissement</b>	<b>+1.3 %</b>	<b>+2.1 %</b>	<b>+4.8 %</b>	<b>-14.2 %</b>	<b>+24.7 %</b>
Indicateur de référence	+8.8 %	+11.1 %	+8.9 %	-4.8 %	+28.9 %

Calendar Year Performance (as %)	2020	2021	2022	2023	2024 (YTD)
<b>Carmignac Investissement</b>	<b>+33.7 %</b>	<b>+4.0 %</b>	<b>-18.3 %</b>	<b>+18.9 %</b>	<b>+21.4 %</b>
Indicateur de référence	+6.7 %	+27.5 %	-13.0 %	+18.1 %	+14.7 %

Annualised Performance	3 Years	5 Years	10 Years
<b>Carmignac Investissement</b>	<b>+3.5 %</b>	<b>+11.6 %</b>	<b>+7.7 %</b>
Indicateur de référence	+9.1 %	+12.1 %	+11.1 %

Source: Carmignac at 28 Jun 2024.

Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor).

**Marketing communication. Please refer to the KID/KIID, prospectus of the fund before making any final investment decisions. This document is intended for professional clients.**

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- **In the United Kingdom:** the Funds' respective prospectuses, KIIDs and annual reports are available at [www.carmignac.co.uk](http://www.carmignac.co.uk), or upon request to the Management Company, or for the French Funds, at the offices of the Facilities Agent at BNP PARIBAS SECURITIES SERVICES, operating through its branch in London: 55 Moorgate, London EC2R. This document was prepared by Carmignac Gestion, Carmignac Gestion Luxembourg or Carmignac UK Ltd. FP Carmignac ICVC (the "Company") is an Investment Company with variable capital incorporated in England and Wales under registered number 839620 and is authorised by the FCA with effect from 4 April 2019 and launched on 15 May 2019. FundRock Partners Limited is the Authorised Corporate Director (the "ACD") of the Company and is authorised and regulated by the FCA. Registered Office: Hamilton Centre, Rodney Way, Chelmsford, Essex, CM1 3BY, UK; Registered in England and Wales with number 4162989. Carmignac Gestion Luxembourg SA has been appointed as the Investment Manager and distributor in respect of the Company. Carmignac UK Ltd (Registered in England and Wales with number 14162894) has been appointed as a sub-Investment Manager of the Company and is authorised and regulated by the Financial Conduct Authority with FRN:984288.
- **In Switzerland:** the prospectus, KIDs and annual report are available at [www.carmignac.ch](http://www.carmignac.ch), or through our representative in Switzerland, CACEIS (Switzerland), S.A., Route de Signy 35, CH-1260 Nyon. The paying agent is CACEIS Bank, Montrouge, Nyon Branch / Switzerland, Route de Signy 35, 1260 Nyon.

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