

# CARMIGNAC PORTFOLIO GRANDE EUROPE: LETTER FROM THE FUND MANAGER

04/07/2024 | MARK DENHAM

**+1.3%**

Carmignac P. Grande Europe's performance in the 2<sup>nd</sup> quarter of 2024 for the A EUR Share class.

**+1.1%**

Reference indicator's performance in the 2<sup>nd</sup> quarter of 2024 for Stoxx 600 (Reinvested net dividends) (EUR).

**+12.6%**

Carmignac P. Grande Europe's performance YTD 2024 for the A EUR Share class versus +8.9% for the Stoxx 600 (Reinvested net dividends) (EUR) over the period.

During the second quarter of 2024, **Carmignac Portfolio Grande Europe** (A share class) rose +1.3%, providing a return above the reference indicator which rose +1.1%. This brought the fund performance for the year to date to +12.6%, versus +8.9% for the reference indicator.

## QUARTERLY PERFORMANCE REVIEW

After their strong performance in the first quarter, driven by the prospect of interest rate cuts, European markets stalled somewhat in the second quarter. Initially, this was caused by stronger than expected economic data and inflation falling slower than hoped, although as the period progressed this situation eased allowing some central banks, notably including the ECB, to start cutting rates. Latterly, though markets were roiled by political uncertainty on both sides of the Atlantic. Not only did President Biden falter in a televised debate, but in Europe President Macron's decision to call elections in France post a strong performance from right wing parties in European elections, raised the prospect of victories for both far-right and far-left parties there, both of whom would be expected to be fiscally profligate and anti-European. Consequently, French bond yields rose, and European equities fell.

The theme of weakening economic growth and in particular consumer spending meant that the consumer discretionary sectors, such as Autos, Retail, Luxury Goods performed the worst during the period. We had little exposure here, but our holding in consumer staple, L'Oreal, fell 5%, despite a good first quarter report, because towards the end of the second quarter they announced a weakening in the Chinese market. Nonetheless, we expect them to hold up much better than other consumer names, as the beauty market is enjoying secular growth, and they are outperforming this trend.

Leadership among stocks and sectors constantly changed over the period and this was reflected in Energy and Financials as well as Healthcare and Technology being among the better performing sectors.

## HOW IS THE FUND POSITIONED?

The Healthcare sector remains the largest area of exposure for the fund and was also the strongest performing sector in the second quarter, although we saw widely varying performances among our names. Novo Nordisk remains our largest holding and it rose 14% after a strong financial report but more importantly after confirming a quadrupling of supply of their previously capacity-constrained obesity drug Wegovy, where they are seeing insatiable demand. Even more spectacularly we saw Zealand Pharma rise 31%. This company is also developing drugs to treat obesity, and we saw extremely promising data for their most valuable asset, a so-called amylin analogue, which has a different mode of action from the GLP-1 product Novo provides. Zealand is in a strong position to negotiate with future partners who can commercialise their drug, and consequently we believe there is still large upside to the stock.

Our other biotech stock Argenx has had a tough period recently following drug development setbacks but was salvaged by US approval of their innovative drug Vyvgart in its second neurological indication CIDP. We believe the market is too cautious in its estimates of the sales opportunity here, as well as the nascent value of their extensive pipeline of other opportunities, and so we maintain the name among our top ten holdings.

Other healthcare names were less profitable. Sartorius the manufacturer of equipment to enable customers to manufacture drugs, fell 34%, when it became clear the company is still being hampered by excessive inventories of equipment at customers, who over-built stocks during the covid supply chain disruption. Nonetheless, we expect a normalisation of demand to recur in coming quarters. Finally, healthcare names with exposure to the consumer, Straumann (dental implants) and Demant (hearing aids), fell victim to fears over consumer strength worldwide, and saw their stocks fall 21% and 12% respectively, despite no evidence yet of any material impact on their results.

Technology names are also an area of large exposure for us. ASML, the semiconductor equipment company, rose 8% as the whole semiconductor sector continues to be swept along in the positive news flow around growing demand for artificial intelligence (AI) enabled chips. They also confirmed imminent favourable resolution of contract negotiations with key customers. Elsewhere, software giant SAP rose 6% as their customers continue to switch to their popular cloud-based product – a process they are only a quarter of the way through, and one which is proving immune to economic headwinds seen by other names in the sector.

## WHAT IS OUR OUTLOOK FOR THE COMING MONTHS?

As rate cuts seem a question of when, rather than if, as economies weaken, we are encouraged that markets should be able to ride out a period of weaker economic strength and some political headlines. Nonetheless, we maintain our focus on stocks and sectors with strong visibility on sales and profits and have de-emphasised some of our Industrial holdings.

We added no new names to the fund in the quarter and have made few large changes to the portfolio this year so far. We have an investment horizon of 5 years, and we stick to our process of focusing on profitable companies with high returns on capital, reinvesting for growth. We believe these companies will continue to deliver the best long-term returns for investors.

# CARMIGNAC PORTFOLIO GRANDE EUROPE A EUR ACC

(ISIN: LU0099161993)

SFDR - Fund Classification\*\* :

Article **9**



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. **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 :** 1,80% of the value of your investment per year. This estimate is based on actual costs over the past year.

**Performance fees :** 20,00% when the share class overperforms the Reference indicator during the performance period. It will be payable also in case the share class has overperformed the reference indicator but had a negative performance. Underperformance is clawed back for 5 years. 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 :** 0,41% 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: LU0099161993)

Calendar Year Performance (as %)	2015	2016	2017	2018	2019
<b>Carmignac Portfolio Grande Europe</b>	<b>-1.4 %</b>	<b>+5.1 %</b>	<b>+10.4 %</b>	<b>-9.6 %</b>	<b>+34.8 %</b>
Indicateur de référence	+9.6 %	+1.7 %	+10.6 %	-10.8 %	+26.8 %

Calendar Year Performance (as %)	2020	2021	2022	2023	2024 (YTD)
<b>Carmignac Portfolio Grande Europe</b>	<b>+14.5 %</b>	<b>+21.7 %</b>	<b>-21.1 %</b>	<b>+14.8 %</b>	<b>+12.6 %</b>
Indicateur de référence	-2.0 %	+24.9 %	-10.6 %	+15.8 %	+8.9 %

Annualised Performance	3 Years	5 Years	10 Years
<b>Carmignac Portfolio Grande Europe</b>	<b>+3.7 %</b>	<b>+10.3 %</b>	<b>+7.2 %</b>
Indicateur de référence	+6.9 %	+8.5 %	+6.9 %

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.**

This material may not be reproduced, in whole or in part, without prior authorisation from the Management Company. This material does not constitute a subscription offer, nor does it constitute investment advice. This material is not intended to provide, and should not be relied on for, accounting, legal or tax advice. This material has been provided to you for informational purposes only and may not be relied upon by you in evaluating the merits of investing in any securities or interests referred to herein or for any other purposes. The information contained in this material may be partial information and may be modified without prior notice. They are expressed as of the date of writing and are derived from proprietary and non-proprietary sources deemed by Carmignac to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. As such, no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors and omissions (including responsibility to any person by reason of negligence) is accepted by Carmignac, its officers, employees or agents.

Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor). The return may increase or decrease as a result of currency fluctuations, for the shares which are not currency-hedged.

Reference to certain securities and financial instruments is for illustrative purposes to highlight stocks that are or have been included in the portfolios of funds in the Carmignac range. This is not intended to promote direct investment in those instruments, nor does it constitute investment advice. The Management Company is not subject to prohibition on trading in these instruments prior to issuing any communication. The portfolios of Carmignac funds may change without previous notice. The reference to a ranking or prize, is no guarantee of the future results of the UCIS or the manager.

Morningstar Rating™ : © Morningstar, Inc. All Rights Reserved. The information contained herein: is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Access to the Funds may be subject to restrictions regarding certain persons or countries. This material is not directed to any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) the material or availability of this material is prohibited. Persons in respect of whom such prohibitions apply must not access this material. Taxation depends on the situation of the individual. The Funds are not registered for retail distribution in Asia, in Japan, in North America, nor are they registered in South America. Carmignac Funds are registered in Singapore as restricted foreign scheme (for professional clients only). The Funds have not been registered under the US Securities Act of 1933. The Funds may not be offered or sold, directly or indirectly, for the benefit or on behalf of a «U.S. person», according to the definition of the US Regulation S and FATCA.

The risks, fees and ongoing charges are described in the KID (Key Information Document). The KID must be made available to the subscriber prior to subscription. The subscriber must read the KID. Investors may lose some or all their capital, as the capital in the funds are not guaranteed. The Funds present a risk of loss of capital.

The Funds' prospectus, KIDs, NAVs and annual reports are available at [www.carmignac.com](http://www.carmignac.com), or upon request to the Management Company. Carmignac Portfolio refers to the sub-funds of Carmignac Portfolio SICAV, an investment company under Luxembourg law, conforming to the UCITS Directive. The French investment funds (fonds communs de placement or FCP) are common funds in contractual form conforming to the UCITS or AIFM Directive under French law.

- **In France, Luxembourg, Sweden:** The risks, fees and ongoing charges are described in the KID (Key Information Document). The KID must be made available to the subscriber prior to subscription. The subscriber must read the KID. Investors may lose some or all their capital, as the capital in the funds are not guaranteed. The Funds present a risk of loss of capital. The Funds' prospectus, KIDs, NAV and annual reports are available at [www.carmignac.com](http://www.carmignac.com), or upon request to the Management Company.
- **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.

The Management Company can cease promotion in your country anytime.

Investors have access to a summary of their rights in English on the following links: [UK](#) ; [Switzerland](#) ; [France](#) ; [Luxembourg](#) ; [Sweden](#).