

# FP Carmignac Emerging Markets A GBP Acc

OEIC



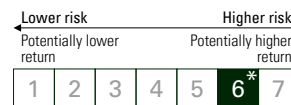
X. Hovasse



H. Li

FACT SHEET  
10/2021

Recommended  
minimum investment  
horizon:



## Investment Universe and Objective

The strategy seeks to achieve capital growth over a period of at least five years, benefiting from the dynamism and growth potential of emerging markets. The Fund Manager uses an active asset allocation to identify companies offering long-term growth potential and attractive cash generation, in underpenetrated sectors and in countries with healthy fundamentals, within a socially responsible framework. The Fund has no sectoral or market cap constraints although it typically invests in large and mid-cap companies.

Fund Management analysis can be found on P.5



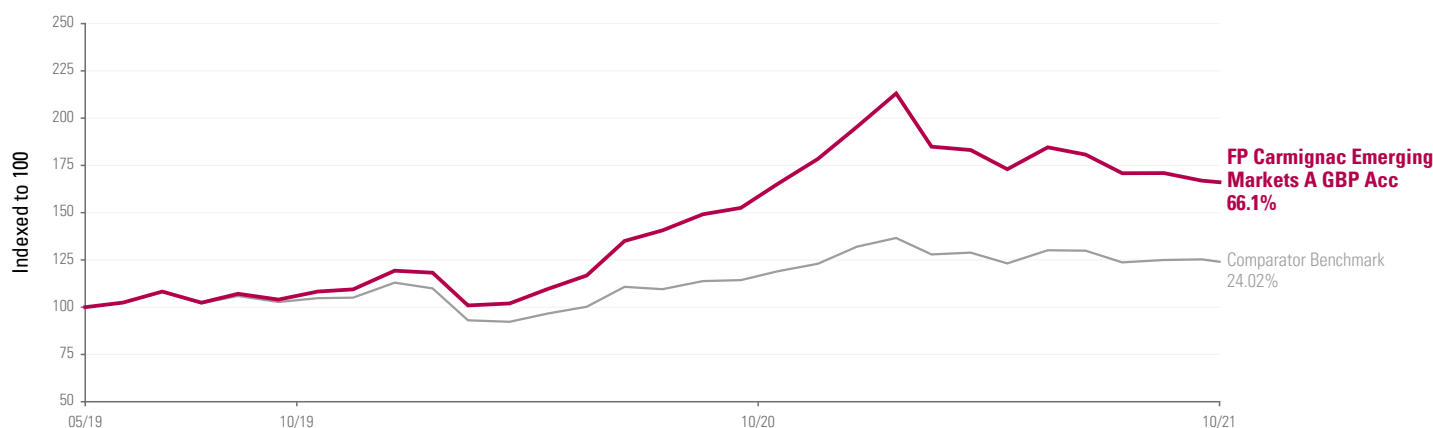
Equity Investment Rate: **94.02%**

Equity Exposure: **83.18%**

## PROFILE

- **Fund Inception Date:** 15/05/2019
- **Fund Manager:** Xavier Hovasse since 15/05/2019, Haiyan Li since 01/01/2021
- **Fund AUM:** 24M£
- **Domicile:** United Kingdom
- **Comparator Benchmark:** MSCI EM (EUR) (Reinvested Net Dividends)
- **Base Currency:** GBP
- **NAV:** 1.66£
- **Dividend Policy:** Accumulation
- **Fund Type:** UCITS
- **Legal Form:** OEIC
- **Subscription/Redemption:** Daily
- **Order Placement Cut-Off Time:** Before 12:00 (GMT)
- **IA Sector:** Global Emerging Markets
- **Morningstar Category™:** Global Emerging Markets Equity

## Fund Performance vs. Comparator Benchmark Since Launch



## KEY POINTS



**A rich and diverse investment universe:** seeking attractive growth and alpha generation opportunities amongst large and mid-cap companies in emerging markets



**Putting sustainability at the heart of the investment process:** excluding controversial sectors, investigating controversies, and integrating environmental, social and governance criteria



**A disciplined approach:** pinpointing cash-generative businesses in underpenetrated sectors from emerging countries with healthy macroeconomic fundamentals



**Active management:** continual monitoring of the portfolio to keep investments and sizing in line with the Fund Manager's convictions

| Performance (%)                                | Cumulative Performance |              |             | Annualised Performance |                  |
|--|------------------------|--------------|-------------|------------------------|------------------|
|  | Since 31/12/2020       | 1 Month      | 1 Year      | Since 15/05/2019       | Since 15/05/2019 |
| <b>FP Carmignac Emerging Markets A GBP Acc</b> | <b>-10.28</b>          | <b>-2.19</b> | <b>8.15</b> | <b>66.10</b>           | <b>22.91</b>     |
| Comparator Benchmark                           | -0.55                  | -0.67        | 10.33       | 24.02                  | 9.15             |
| Category Average                               | 6.03                   | 1.11         | 19.04       | 26.79                  | 10.11            |
| Ranking (Quartile)                             | 4                      | 4            | 3           | 1                      | 1                |

Source: Morningstar for the category average and quartiles Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor).

\* For the share class FP Carmignac Emerging Markets A GBP Acc. Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time. (1) Around 40 to 60 holdings in average. The Fund presents a risk of loss of capital. The Main Risks are listed on the last page. The risks and fees are described in the KIID.

# An investment process focused on alpha generation

Combining a fundamental **TOP-DOWN** analysis with a disciplined **BOTTOM-UP** approach to pick the right:

**Countries with healthy macroeconomic fundamentals** offering high domestic growth and sound current account balances



**Underpenetrated sectors that stand to benefit from long-term growth themes** and grow regardless of general market direction



**Capital-light companies offering attractive and sustainable cash generation** that are capable of financing their own growth

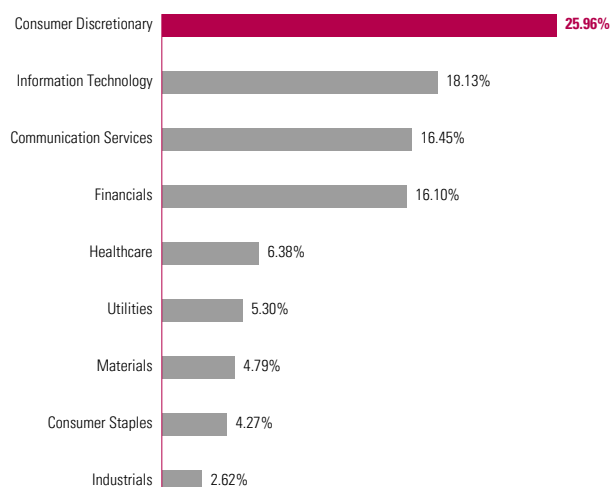
## Asset Allocation

|  | 10/21         | 09/21         | 12/20         |
|--|---------------|---------------|---------------|
| <b>Equities</b>  | <b>94.02%</b> | <b>93.80%</b> | <b>89.78%</b> |
| <b>Developed Countries</b>                               | <b>1.73%</b>  | <b>1.65%</b>  | —             |
| Asia-Pacific   | 1.73%         | 1.65%         | —             |
| <b>Emerging Markets</b>                                  | <b>92.29%</b> | <b>92.16%</b> | <b>89.78%</b> |
| Latin America  | 11.47%        | 12.68%        | 12.11%        |
| Asia   | 72.88%        | 71.28%        | 72.46%        |
| Eastern Europe   | 7.95%         | 8.20%         | 5.21%         |
| <b>Cash, Cash Equivalents and Derivatives Operations</b> | <b>5.98%</b>  | <b>6.20%</b>  | <b>10.22%</b> |

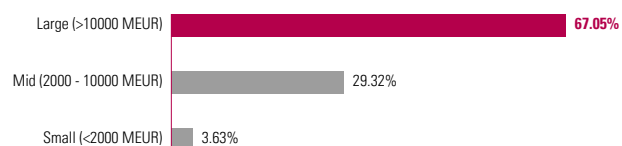
## Top Ten

| Name                       | Country     | Sector                 | %             |
|----------------------------|-------------|------------------------|---------------|
| SAMSUNG ELECTRONICS        | South Korea | Information Technology | <b>7.37%</b>  |
| LG CHEM                    | South Korea | Materials              | <b>4.50%</b>  |
| NHN                        | South Korea | Communication Services | <b>4.32%</b>  |
| HYUNDAI MOTOR              | South Korea | Consumer Discretionary | <b>4.12%</b>  |
| VIPSHOP HOLDINGS LTD - ADR | China       | Consumer Discretionary | <b>3.66%</b>  |
| JOYY INC-ADR               | China       | Communication Services | <b>3.57%</b>  |
| YANDEX                     | Russia      | Communication Services | <b>3.33%</b>  |
| GRUPO BANORTE              | Mexico      | Financials             | <b>3.30%</b>  |
| ITAUSA                     | Brazil      | Financials             | <b>3.28%</b>  |
| HAIER SMART HOME CO LTD    | China       | Consumer Discretionary | <b>3.03%</b>  |
|                            |             |                        | <b>40.49%</b> |

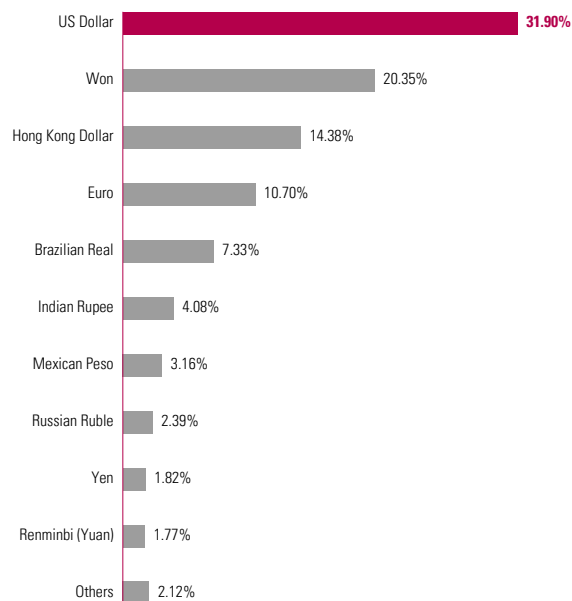
## Sector Breakdown



## Capitalisation Breakdown



## Net Currency Exposure of the Fund



## Statistics (%)

|                                 | 1 Year |
|---------------------------------|--------|
| Fund Volatility                 | 22.05  |
| Comparator Benchmark Volatility | 16.38  |
| Sharpe Ratio                    | 0.39   |
| Beta                            | 1.25   |
| Alpha                           | -0.07  |

| Share Class | Date of 1st NAV | Bloomberg | ISIN         | SEDOL   | CUSIP | WKN | Fixed Management Fee | Ongoing Charge <sup>(1)</sup> | Minimum Initial Subscription <sup>(2)</sup> | Single Year Performance (%) |          |          |          |          | Cumulative Performance (%) |         |          |
|-------------|-----------------|-----------|--------------|---------|-------|-----|----------------------|-------------------------------|---|-----------------------------|----------|----------|----------|----------|----------------------------|---------|----------|
|             |                 |           |              |         |       |     |                      |                               |   | 29.10.20                    | 29.10.19 | 29.10.18 | 27.10.17 | 28.10.16 | 3 Years                    | 5 Years | 10 Years |
|             |                 |           |              |         |       |     |                      |                               |   | 29.10.21                    | 29.10.20 | 29.10.19 | 29.10.18 | 27.10.17 |                            |         |          |
| A GBP Acc   | 15/05/2019      | FCEMAGA   | GB00BK1W2P36 | BK1W2P3 |       |     | 0.87%                | 0.95%                         | 1 Unit                                      | 7.72                        | 44.39    | —        | —        | —        | —                          | —       | —        |

(1) Ongoing charges are based on the expenses for the last financial year ended. They may vary from year to year and do not include performance fees or transaction costs. (2) Please refer to the prospectus for the minimum subsequent subscription amounts. The prospectus is available on the website: [www.carmignac.com](http://www.carmignac.com).

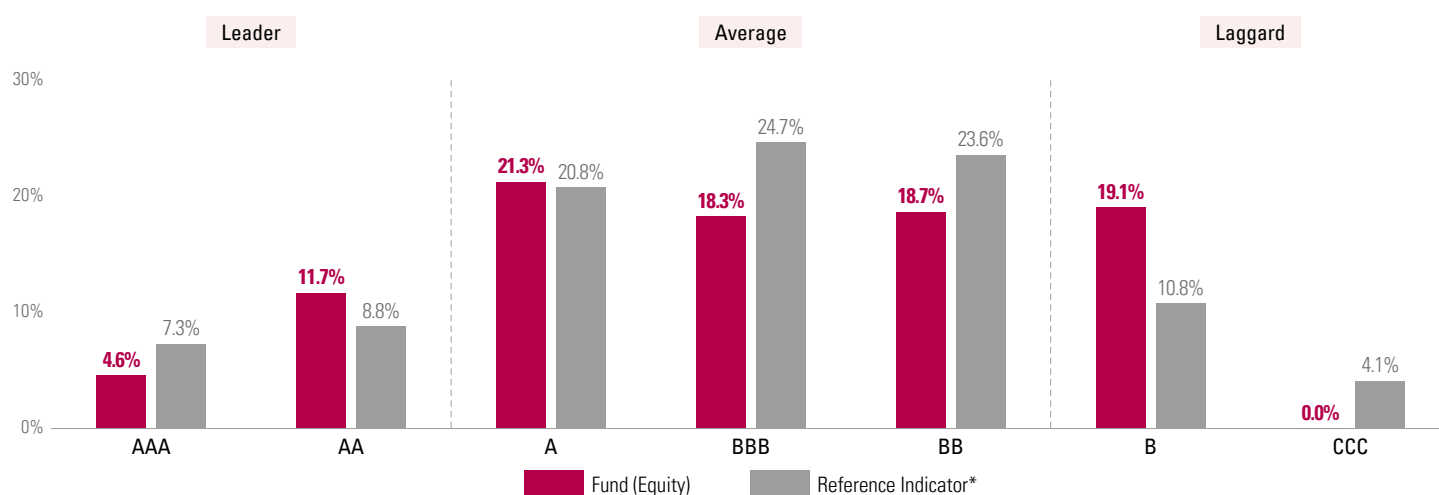
## PORTFOLIO ESG SUMMARY

ESG Score - Portfolio ESG Coverage: 93.7%

| FP Carmignac Emerging Markets<br>A GBP Acc | Reference Indicator* |
|--|----------------------|
| BBB  | BBB                  |

Source MSCI ESG

## MSCI ESG Score Portfolio vs Reference Indicator



Source: MSCI ESG Score. ESG Leaders represent companies rated AAA and AA by MSCI. ESG Average represent companies rated A, BBB, and BB by MSCI. ESG Laggards represent companies rated B and CCC by MSCI.

## Carbon Emission Intensity (T CO2E/USD mn Revenues) converted to Euro



Source: S&P Trucost, 29/10/21. The reference indicator of each Fund is hypothetically invested with identical assets under management as the respective Carmignac equity funds and calculated for total carbon emissions and per million Euro of revenues.

**Carbon emission figures** are based on S&P Trucost data. The analysis is conducted using estimated or declared data measuring Scope 1 and Scope 2 carbon emissions, excluding cash and holdings for which carbon emissions are not available. To determine carbon intensity, the amount of carbon emissions in tonnes of CO<sub>2</sub> is calculated and expressed per million dollar of revenues (converted to Euro). This is a normalized measure of a portfolio's contribution to climate change that enables comparisons with a reference indicator, between multiple portfolios and over time, regardless of portfolio size.

Please refer to the glossary for more information on the calculation methodology

## Top 5 ESG Rated Portfolio Holdings

| Company                        | Weight | ESG Rating |
|--------------------------------|--------|------------|
| NHN                            | 4.32%  | AAA        |
| GRUPO BANORTE                  | 3.30%  | AA         |
| DABUR INDIA                    | 2.06%  | AA         |
| H.K EXCHANGES AND CLEARING LTD | 1.93%  | AA         |
| LENOVO GROUP LTD               | 1.84%  | AA         |

## Top 5 Active Weights and ESG Scores

| Company                    | Weight | ESG Score |
|----------------------------|--------|-----------|
| NHN                        | 4.32%  | AAA       |
| SAMSUNG ELECTRONICS        | 3.66%  | A         |
| VIPSHOP HOLDINGS LTD - ADR | 3.66%  | A         |
| JOYY INC-ADR               | 3.57%  | BB        |
| MINISO GROUP               | 2.53%  | B         |

\* Reference Indicator: MSCI EM (EUR) (Reinvested Net Dividends).

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## FUND MANAGEMENT ANALYSIS

### Market environment



Emerging markets rallied in October, albeit not as strongly as developed markets, weighed down by China and Brazil in particular. After an early-October spike, Chinese markets had a tricky end to the month following the resurgence of political tension with the United States regarding Taiwan, further regulatory announcements (about the online brokerage industry and online medical appointments), and the publication of economic data confirming slower economic growth. Brazilian markets tumbled for the second consecutive month due to concerns about the country's fiscal outlook and weak growth. On the bright side, COVID-19 cases are falling in South-East Asia and leading to a gradual reopening of economies, which should offer some relief to the global manufacturing supply chain and increase domestic demand.

### Performance commentary



In testing conditions for emerging markets, the Fund ended the month lower. Our exposure to Brazil, which had a very difficult month, weighed on the Fund with Itaúsa, Hapvida and Mercadolibre among the weakest performers. The Fund's top holding, Samsung Electronics, was also down. Our positioning on growth stocks within China's new economy weighed on relative performance, with Kingsoft Cloud and JOYY ending the month lower. However, some of the Fund's strongest convictions performed well, especially in China (Flat Glass, JD.com) and India (DMart). With the exception of Samsung, our South Korean names – including LG Chem, Hyundai and Naver – also made decent progress. Results were mixed in Eastern Europe: good in Russia (Yandex); less so in Poland (Allegro.eu).

### Outlook and Investment strategy



Emerging markets have been undergoing a sharp correction since the beginning of the year, and we think they will remain volatile in the short-term. This means we need to be selective and take advantage of the volatility to find attractive points of entry into quality stocks. We reduced our exposure to Brazil and India during the month, taking profits on companies that had performed well of late, fearing an even steeper descent over the weeks ahead. However, we are keeping an eye out for any attractive points of entry into our favourite quality stocks in these countries. We took advantage of the markets' weakness to open a new position in Chinese sportswear leader ANTA Sports. The company looks well placed to benefit from under-penetration of the country's sportswear market. Sportswear sales per capita are less than 10% of the US figure, and the brand seems well positioned to gain more and more market share in the country.

## GLOSSARY

**Active Weight:** Represents the absolute value of the difference between the weight of a holding in the manager's portfolio and the same holding in the benchmark index.

**Alpha:** Alpha measures the performance of a portfolio compared to its reference indicator. Negative alpha means the fund performed less well than its reference indicator (e.g. if the indicator increased by 10% in one year and the fund increased by only 6%, its alpha is -4). Positive alpha means the fund performed better than its reference indicator (e.g. if the indicator increased by 6% in one year and the fund increased by 10%, its alpha is 4).

**Beta:** Beta measures the relationship between the fluctuations of the net asset values of the fund and the fluctuations of the levels of its reference indicator. Beta of less than 1 indicates that the fund "cushions" the fluctuations of its index (beta = 0.6 means that the fund increases by 6% if the index increases by 10% and decreases by 6% if the index falls by 10%). Beta higher than 1 indicates that the fund "magnifies" the fluctuations of its reference indicator (beta = 1.4 means that the fund increases by 14% when the index increases by 10% but also decreases by 14% when the index decreases by 10%). Beta of less than 0 indicates that the fund reacts inversely to the fluctuations of its reference indicator (beta = -0.6 means that the fund falls by 6% when the index increases by 10% and vice versa).

**Bottom up investing:** Investment based on analysis of individual companies, whereby that company's history, management, and potential are considered more important than general market or sector trends (as opposed to top down investing).

**Capitalisation:** A company's stock market value at any given moment. It is obtained by multiplying the number of shares of a company by its stock exchange price.

**Duration:** A bond's duration is the period beyond which interest rate variations will no longer affect its return. The duration is like a discounted average lifetime of all flows (interest and capital).

**ESG:** E for Environment, S for Social, G for Governance

**ESG score Calculation:** Only the Equity portion of the fund considered. Overall Fund Rating calculated using MSCI Fund ESG Quality Score methodology: excluding cash and non ESG-rated holdings, performing a weighted average of the normalized weights of the holdings and the Industry-Adjusted Score of the holdings, multiplied by (1+Adjustment%) which consists of the weight of positively trending ESG ratings minus the weight of ESG Laggards minus the weight of negatively trending ESG ratings. For a detailed explanation see "MSCI ESG Fund Ratings Methodology", Section 2.3. Updated April 2020.

<https://www.msci.com/documents/1296102/15388113/MSCI+ESG+Fund+Ratings+Exec+Summary+Methodology.pdf/ec622acc-42a7-158f-6a47-ed7aa4503d4f?t=1562690846881>.

**High yield:** A loan or bond rated below investment grade because of its higher default risk. The return on these securities is generally higher.

**Investment grade:** A loan or bond that rating agencies have rated AAA to BBB-, generally indicating relatively low default risk.

**Investment/exposure rate:** The investment rate constitutes the volume of assets invested expressed as a percentage of the portfolio. Adding the impact of the derivatives to this investment rate results in the exposure rate, which corresponds to the real percentage of asset exposure to a certain risk. Derivatives can be used to increase the underlying asset's exposure (stimulation) or reduce it (hedging).

**S&P Trucost methodology:** Trucost uses company disclosed emissions where available. In the instance it is not available, they use their proprietary EEIO model. The model uses the revenue breakdown of the company by industry sector to estimate the carbon emissions. For further information, please visit: [www.spglobal.com/spdji/en/documents/additional-material/faq-trucost.pdf](http://www.spglobal.com/spdji/en/documents/additional-material/faq-trucost.pdf). Although S&P Trucost does report Scope 3 emissions where available, such emissions are commonly considered to be poorly defined and inconsistently calculated by companies. As a result, we have chosen not to include them in our portfolio emission calculations.

To calculate the portfolio carbon emissions, the companies' carbon intensities (tonnes of CO<sub>2</sub>e /USD mn revenues) are weighted according to their portfolio weightings (adjusted for holdings for which carbon emissions are not available), and then summed.

**Scope 1:** Greenhouse gas emissions generated from burning fossil fuels and production processes which are owned or controlled by the company.

**Scope 2:** Greenhouse gas emissions from consumption of purchased electricity, heat or steam by the company.

**Scope 3:** Other indirect Greenhouse gas emissions, such as from the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc.

**Sharpe ratio:** The Sharpe ratio measures the excess return over the risk-free rate divided by the standard deviation of this return. It thus shows the marginal return per unit of risk. When it is positive, the higher the Sharpe ratio, the more risk-taking is rewarded. A negative Sharpe ratio does not necessarily mean that the portfolio posted a negative performance, but rather that it performed worse than a risk-free investment.

**Top-down investing:** an investment strategy which finds the best sectors or industries to invest in, based on analysis of the corporate sector as a whole and general economic trends (as opposed to bottom up investing).

**VaR:** Value at Risk (VaR) represents an investor's maximum potential loss on the value of a financial asset portfolio, based on a holding period (20 days) and confidence interval (99%). This potential loss is expressed as a percentage of the portfolio's total assets. It is calculated on the basis of a sample of historical data (over a two-year period).

**Volatility:** Range of price variation of a security, fund, market or index, which enables the measurement of risk over a given period. It is determined using the standard deviation obtained by calculating the square root of the variance. The variance is obtained by calculating the average deviation from the mean, which is then squared. The greater the volatility, the greater the risk.

## 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. **Emerging markets:** Operating conditions and supervision in "emerging" markets may deviate from the standards prevailing on the large international exchanges and have an impact on prices of listed instruments in which the Fund may invest. **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.

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