

# FP CARMIGNAC EUROPEAN LEADERS: A STRONG START OF THE YEAR

What can we expect next?

02/04/2024

## YTD PERFORMANCE

Since the beginning of the year (as of 28/03/2024), FP Carmignac European Leaders has outperformed its benchmark with a performance of 10.3% (A GBP Acc) vs +6.8% for the MSCI Europe Ex UK Net Total Return<sup>1</sup>.

This excess return can be attributed primarily to strong stock selection in the Information Technology and Healthcare sectors which have been driving the gains. It is important to note that the fund's performance is not solely reliant on the hype surrounding artificial intelligence (AI) and anti-obesity treatments. Indeed, after a challenging year in 2023 for the health care sector (when we exclude the GLP-1 theme), this year's reversal has supported our broad and diversified exposure to the sector (Alcon and Lonza are among the top contributors).

In addition, our lack of exposure to Energy stocks was beneficial to our performance YTD.

On the detractor side, our limited exposure to communication services and underweight Industrials and Consumer Discretionary impacted performance, despite the strong performance of our new positions.

We have a dynamic approach to weights in our portfolio. For example, **Amadeus** and **Kingspan** which were strong performers last year were reduced and/or exited this year. This has been helpful in terms of contribution to performance. On the other hand, we bought back into Adyen this year. Despite being a detractor towards the end of 2023, Adyen has been a contributor to this year's performance.

## PORTFOLIO

Over the past two months, the Fund Manager, Mark Denham took advantage of the market momentum to lock in profits in some of his healthcare names and reduced his position in **Zealand Pharma**, a player in the obesity drug market, Merus and Alcon post their results as well as **Nordnet** in financials. He also reduced weight in **Dassault Systemes** and **Edenred**, as well as selling out of positions in **Puma**, and **Kingspan** following disappointing results.

During January Hermes was added and we bought back into **Adyen**. Hermes has a long-term track record of protecting brand equity and limiting supply of its products to maintain exclusivity. This has been a strong driver of growth for the consumer stock which demonstrated a strong 2023 revenue print and promising forward looking numbers thanks to their pricing power.

Regarding Adyen, we see the company as a global leader and industry standard setter in the global payments processor space. The company demonstrates traits of high-quality compounding stock with strong long-term growth potential in a very attractive industry. Mark also added back to **ASML** and **SAP** on the IT side to benefit from the growth in AI as well as ArgenX and Sartorius in healthcare after a disappointing 2023 for these companies.

# GOING FORWARD – HOW ARE WE POSITIONED AND WHY NOW

As we approach the end of Q1 2024, Mark remains cautious due to the potential impact of weaker corporate and economic data. The view is that as economic growth slows down, inflation will also decrease, leading to a gradual decline in interest rates.

We see a strong opportunity for quality growth stocks in the current environment driven by eased headwinds from inflation and high interest rates, as well as **attractive valuations relative to their 2020 peak**. When looking at the two themes that have strongly contributed to our performance, we believe that AI continues to display a significant potential for forward earnings growth. Playing this theme through **ASML** as a disruptor in the semiconductor space would be beneficial as the company benefits from key structural trends in growth of leading-edge, geographical redistribution of manufacturing capacity and AI will further fuel a semiconductor refresh cycle.

Similarly, GLP-1 players in the healthcare space should continue to fare well as near term profit forecasts do not yet reflect likely ongoing strength in diabetes and resumption supply in obesity treatment. With our focus on ESG, we also see names like **Schneider Electric** in the energy efficiency space benefit from structural growth going forward as electrification for sustainability and digitization for efficiency are secular trends.

## OUTLOOK

The fund demonstrates a strong track record since its launch in May 2019<sup>2</sup>. To the 28th March 2024 the fund's cumulative performance is **83.1%** vs **54.6%** for its benchmark, the MSCI Europe Ex UK Net Total Return. This places the fund in the **first decile** in terms of performance versus the IA sector Europe excluding UK.

MSCI Europe Ex UK Net Total Return USD, converted to GBP end of day  
The fund was launched on the 15/05/2019

SFDR - Fund Classification :

Article 8



Recommended minimum investment horizon **5 YEARS**

## 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.

## FEES

- Maximum subscription fees paid to distributors : 0,00%
- Redemption Fees : 0,00%
- Conversion Fee : •

Ongoing Charges : 0.89%

Management Fees : 0,81% EXT

Performance Fees : •

ANNUALISED PERFORMANCE (ISIN: GB00BJHPHZ49)

Calendar Year Performance (as %)	2019	2020	2021	2022	2023
FP Carmignac European Leaders	+18.2 %	+27.1 %	+13.9 %	-14.8 %	+13.9 %
Indicateur de référence	+8.8 %	+7.5 %	+16.7 %	-7.6 %	+14.8 %

Annualised Performance	3 Years	5 Years	Since launch
FP Carmignac European Leaders	+4.6 %	- %	+12.3 %
Indicateur de référence	+6.6 %	- %	+8.7 %

Source: Carmignac at 30 Apr 2024.

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