

## **CARMIGNAC EUROPEAN LEADERS: SUSTAINABLE INVESTING IN EUROPE'S INNOVATIVE LEADERS**

02.06.2020

**A European ex-UK strategy which capitalises on a robust process, a sustainable approach, and a passion for innovation.**

### **Commitment to our UK clients**

In May 2019, we aligned Mark Denham's expertise in European Equities to our UK client base<sup>1</sup> by launching FP Carmignac European Leaders. This **dedicated OEIC** investing in Europe ex UK equities follows Mark's robust process, refined over more than 16 years, alongside his passion for innovation and sustainability.

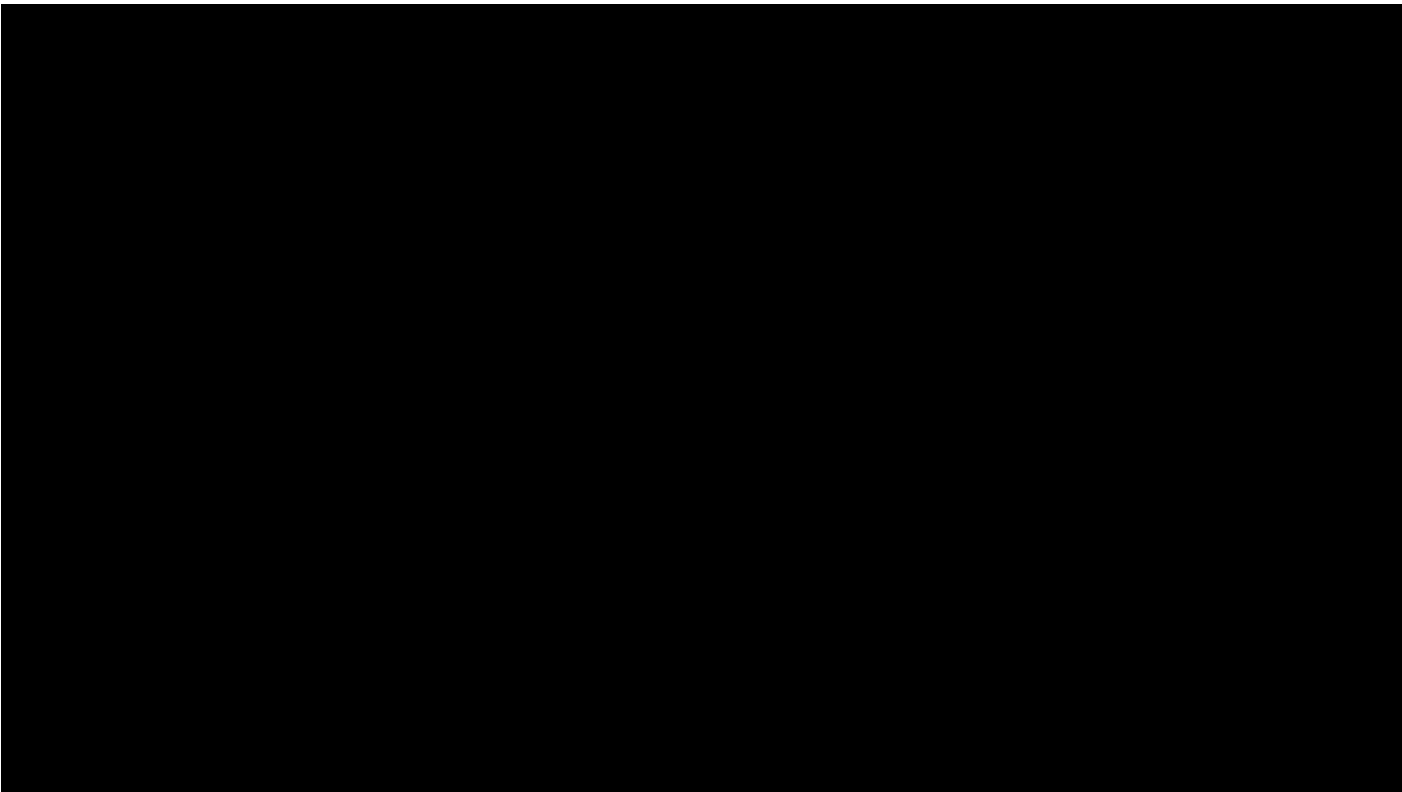
### **Socially Responsible Investment**

**Socially responsible investing is integral to Mark's process. He considers environmental, social and governance (ESG) criteria when assessing the potential risk and return for a given stock.**

Starting with an investment universe of 1600 of the largest companies in Europe, he filters them using a range of factors related to their profitability and reinvestment rates. From a combination of these metrics, he focusses on the c.500 which score well, narrowing down the universe to the companies which demonstrate self-sustaining growth. Mark

then applies SRI exclusions and screens to reduce it by another 20%. Finally, he conducts fundamental research, including forecasting, modelling, and valuation, to select only the best 30-40 holdings for this high conviction portfolio.

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**“ To my mind, you can’t say a company has the best long-term prospects if it doesn’t score well in environmental, social and governance criteria ”**

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## **Innovation at the center stage: The biotech case**

One of the key drivers Mark looks for when searching for names across Europe is innovation.

**Innovation can be found within multiple sectors** - for example, within Healthcare<sup>2</sup>, it is fundamental to the Biotech space.

It is often thought that investing in the Biotech space requires a higher threshold in terms of risk/return appetite, the sub-sector is perceived to be more volatile than others. Contrary to popular belief, **there are sizable Biotech names in Europe with enough liquidity** where we believe we can generate alpha whilst keeping risk under control. As part of Mark's rigorous process, he sticks to a maximum exposure (around 8-9%)<sup>3</sup> within his Fund to the Biotech space, so as to contain the risk at a portfolio level. This 'cap' respects the quality/growth bias of the Fund while allowing Mark the option to seize these opportunities. Moreover, he only invests in biotech companies where there is a diversified pipeline of products treating a range of illnesses, and at different stages of clinical development. Often they will also have a product which has been de-risked through partnership with a larger pharmaceutical company.

Innovation is exciting, and when researched thoroughly through a tried and tested process, it can yield results. **Mark's skilful ability to stock-pick from a diverse universe represents one of the competitive advantages of FP Carmignac European Leaders** and can be seen through his Biotech investments to date.

## **FP Carmignac European Leaders A GBP Acc\* performance**

**+13.97%**

1 Year performance vs comparator benchmark -6.72%

**-3.59%**

YTD performance vs comparator benchmark -14.24%

**+18.21%**

2019 calendar performance vs comparator benchmark +8.77%

**Discover the Fund's webpage:**

[FP Carmignac European Leaders](#)

## FP Carmignac European Leaders

### 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.

Recommended  
minimum investment  
horizon:



\*A GBP Acc share class ISIN code: GB00BJHPHZ49. Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time.

Source: Carmignac, 15/05/2020.

<sup>1</sup> FP Carmignac European Leaders replicates Carmignac Portfolio Grande Europe strategy excluding investments in the UK. Mark Denham became Carmignac Portfolio Grande Europe lead manager in November 2016. He has been covering the region for 26 years, including 13 years at Aviva Investors, prior to joining Carmignac in September 2016.

<sup>2</sup> Healthcare Providers, Medical Equipment, Medical Supplies, Pharmaceuticals, and Biotechnology sub-sectors.

<sup>3</sup> The 8-9% is an indicative cap for illustrative purposes which can vary overtime. <sup>4</sup> Comparator benchmark: MSCI Europe Ex UK Net Total Return USD. Past performance is not necessarily indicative of future performance. The return may increase or decrease as a result of currency fluctuations. Performances are net of fees (excluding possible entrance fees charged by the distributor).

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