

## CARMIGNAC PATRIMOINE: A VISION FOR THE LONG TERM

Investing for tomorrow

02.07.2020

**Financial markets can fall fast, and they can bounce back fast too, as the Covid-19 outbreak strikingly illustrated. Thinking long term can help investors limit the impact of such changes on their holdings – and even take advantage of them – provided they succeed in identifying the major growth trends taking shape.**

After the crisis we've just been through, somewhere between the extremes of "Nothing new under the sun" and "Nothing will ever be the same again," we sense a more subtle reality emerging. The liquidity bubble created by central banks, the technological revolution under way and changing consumer spending patterns have ramifications that all require **rigorous analysis if we are to be able to turn them into exciting investment opportunities.**



**“ It’s a good feeling for a fund manager overwhelmed by European inertia to get to observe economic growth from up close. It’s still out there; I’ve seen it ”**

Edouard Carmignac, on his return from a trip to China in September 1993.

Our asset management style rests precisely on that vision. Our sole purpose is to **leverage our long-term convictions so that our clients can build up their wealth over time.**

## **Carmignac Patrimoine: constructing a portfolio for the long term**

Developing a long-term investment solution requires a rigorous process that offers flexibility and diversification across three performance drivers: equities, fixed income and currencies. It also means crafting a core portfolio narrowed down to long-term strategic winners, while keeping an eye out for pockets of instability no less than for tactical opportunities.

Carmignac Patrimoine combines top-down and bottom-up analyses and our approach is benchmark agnostic. **The result is that we are both highly responsive and capable of tracking down attractive long-term opportunities.**

## **Taking advantage of major trends**

### **EQUITIES**

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Our core equity portfolio revolves around three key long-term themes: the connected consumer, digitisation, and demographic and social changes, which in our view hold major long-term potential. Using a rigorous stock-picking process, we identify the business models related to those themes that can generate powerful growth in profitability over a five- or ten-year span, irrespective of the business cycle.

#### **Example: e-commerce**

It took e-commerce 10 years to go from 6% to 16% of total retail sales in the US, but just 8 weeks to go from 16% to circa 27%. The current crisis has amply validated our long-term exposure to this market segment and to offshoots like fintech and digital advertising.

### **FIXED INCOME**

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In today's highly leveraged environment, we have identified three key performance drivers for the coming months. In corporate bonds, we

#### **Example: European banks**

Our allocation to European bank debt dates back to 2012, as banks in the region were re-

focus on names that have been strongly affected by the Covid-19 crisis, as they may offer attractive entry points. In currencies, we have turned away from the dollar to favour other developed-world and emerging-world currencies. In government bonds, we actively manage modified duration to deal with a climate marked by rising uncertainty and spikes in volatility.

regulated and forced to de-leverage and de-risk their balance sheets. Since then, European banks have slowly but surely increased their capital ratios, while their balance sheets have shrunk. As a result, financial corporate bonds have seen significant spread compression across the capital structure.

## For whom?

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For investors who want to build up their wealth over time.

## Why?

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It allows to take advantage of major long-term trends while limiting risk.

## How?

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By identifying long-term investment themes using an active, and global approach.

Our solution: Carmignac Patrimoine

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## Carmignac Patrimoine's objective

The Fund aims to outperform its reference indicator<sup>1</sup> over 3 years.

**Carmignac Patrimoine**

## 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.

**INTEREST RATE:** Interest rate risk results in a decline in the net asset value in the event of changes in interest rates.

**CREDIT:** Credit risk is the risk that the issuer may default.

**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.

The Fund presents a risk of loss of capital.

Recommended  
minimum investment  
horizon:



\* Source: Carmignac, 18/06/20. For the share class A EUR 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.

<sup>1</sup> Reference indicator: 50% MSCI ACWI (USD) (Reinvested net dividends) + 50% Citigroup WGBI All Maturities (EUR). Quarterly rebalanced.

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