



## Carmignac Portfolio Grande Europe: Letter from the Fund Manager



Author(s)  
Mark Denham

Published  
July 27, 2021

+7.04%

**Carmignac Portfolio Grande Europe's performance**  
in the 2nd quarter of 2021 for the A EUR Acc share class.

+6.43%

**Reference indicator's performance**  
in the 2nd quarter of 2021 for Stoxx 600 (Reinvested net dividends).

+11.40%

**Performance of the Fund Year-to-Date**  
versus +15.15% for the reference indicator

## European Equity Market Review

In the period, European stocks continued to progress steadily higher, with very little daily volatility, bringing the year to date return to low-double digit. **Equities continue to respond positively to the ongoing vaccine rollouts worldwide and the prospect of economies re-opening at some point later in 2021, thereby anticipating strong profit recovery across the equity market.** However, whereas in the first quarter this optimism was accompanied by rising inflation expectations and significant increases in bond yields, in the second quarter bond yields in Europe, and globally, fell back on the realisation that many **inflationary pressures are likely temporary aftershocks from lockdowns** (ie: supply chain disruptions and tightness of labour supply, among others).

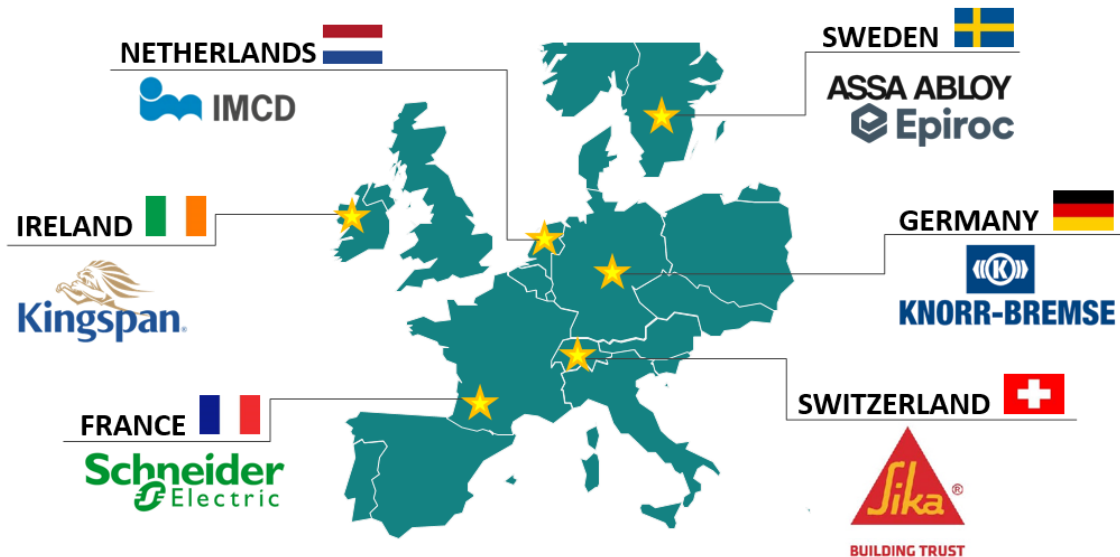
## Portfolio Management

**This backdrop brought about a sharp change in the leadership within the market.**

Previously, outperforming **cyclical areas of the market like Banks, Oil & Gas, Commodities, and Autos started to lag the overall market. As we have little or no exposure to these areas, this change was beneficial for our comparative performance from a top-down perspective.** Among the other sectors, the performance was quite balanced, but generally stocks with better long-term visibility performed best over the period. This has been the case for our Healthcare names and specifically for **Novo Nordisk – the diabetes specialist – one of our best performers in the period.** The stock responded well to a strong Q1 earnings' report and also benefited from the approval in the US of a modified version of one of its drugs for the vast obesity indication – in full alignment with our investment thesis. Another stock that performed well is AstraZeneca, a pharmaceutical name we added in the quarter as we feel this is a particularly attractive opportunity based on the ongoing growth of their diversified portfolio of cancer drugs, among other therapeutic areas. To initiate this new position, we took advantage of a favourable entry point created by a M&A deal which we believe will be profit and cash flow accretive and will add to the company's portfolio a franchise in the niche "rare" diseases market.

**Our Industrial names were also another source of strong returns. Although cyclical stocks lagged in the period, our focus on high quality industrial names – characterised by high profitability benefiting from secular trends – stood us in good stead.** One example is Kingspan – the insulation specialist – which is benefiting from ongoing demand for more energy efficient buildings and tighter building standards.

# Industrials: Innovation and Sustainability in Niche Segments



Portfolio composition may vary over time  
The trademarks and logos do not imply any affiliation with or endorsement by the respective entities.  
Source: Carmignac

**Other stocks delivering sustained profit growth, not only above 2020 levels but comfortably above 2019 as well, have been among our consumer names.** LVMH saw its stock price rise in the quarter after a strong Q1 report, which was a testament to the strength of their brands. Although reducing our exposure after such a strong run, we retain our position in the name as we believe in the durability and desirability of consumer brands which have delivered results in a difficult environment such it was 2020.

**On the negative side, we continued to see significant weakness in our renewable energy names especially Vestas – wind turbines – and Orsted – offshore wind farms.** These stocks got ahead of themselves early in 2021 but now that prices have fallen dramatically from their peak levels, we think they look attractive again, especially given the rise in yields has abated. For these reasons, we have been gradually increasing our positions in both names, as well as adding to Solaria – the Spanish solar farm developer. Positive news flow momentum should also pick up in the coming months as more announcements related to spending of the EU Recovery fund in the second half of 2021 should be more targeted to “green” projects. We also believe an extension of renewable tax credits in the US is possible.

## Outlook

Heading into the second half of 2021 the broad structure of the portfolio is unchanged and remains a consequence of our bottom-up stock picking process which focuses on profitable companies with high return on capital. Such companies, we believe, are the most attractive names for investors who are seeking sustainable long-term returns.

Carmignac Portfolio Grande Europe

# A large and mid-cap European equity strategy with stock-picking at its core

[Discover the fund page](#)

## Carmignac Portfolio Grande Europe A EUR Acc

ISIN: LU0099161993

|   | 2016    | 2017     | 2018     | 2019     | 2020     | 2021 (YTD) ? |
|---|---------|----------|----------|----------|----------|--------------|
| Carmignac Portfolio Grande Europe A EUR Acc | +5.11 % | +10.36 % | -9.56 %  | +34.79 % | +14.46 % | +13.09 %     |
| Reference Indicator                         | +1.73 % | +10.58 % | -10.77 % | +26.82 % | -1.99 %  | +16.13 %     |

|   | 3 years  | 5 years  | 10 years |
|---|----------|----------|----------|
| Carmignac Portfolio Grande Europe A EUR Acc | +15.19 % | +12.58 % | +10.38 % |
| Reference Indicator                         | +8.45 %  | +8.53 %  | +9.77 %  |

Source : Carmignac at 30/09/2021

## Carmignac Portfolio Grande Europe A EUR Acc

ISIN: LU0099161993

← Lower risk Higher risk  
Potentially lower return Potentially  
higher return  
investment horizon →

- 1
- 2
- 3
- 4
- 5
- 6\*
- 7

### Key risks of the Fund

**6\* VOLATILITY:** 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.

Source: Carmignac, 30/06/2021.

This document is intended for professional clients. This is an advertising document. This document may not be reproduced, in whole or in part, without prior authorisation from the management company. This document does not constitute a subscription offer, nor does it constitute investment advice. The Management Company can cease promotion in your country anytime. Investors have access to a summary of their rights in French, English, German, Dutch, Spanish, Italian on the following link: [https://www.carmignac.com/en\\_US](https://www.carmignac.com/en_US). Carmignac Portfolio refers to the sub-funds of Carmignac Portfolio SICAV, an investment company under Luxembourg law, conforming to the UCITS Directive. The Funds are common funds in contractual form (FCP) conforming to the UCITS Directive under French law. The return may increase or decrease as a result of currency fluctuations, for the shares which are not currency-hedged. The French investment funds (fonds commun de placement or FCP) are common funds in contractual form (FCP) conforming to the UCITS Directive under French law. 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. Access to the Fund may be subject to restrictions with regard to certain persons or countries. The Fund is not registered in North America, in South America, in Asia nor is it registered in Japan. The Funds are registered in Singapore as restricted foreign scheme (for professional clients only). The Fund has not been registered under the US Securities Act of 1933. The Fund 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/or FATCA. The Fund presents a risk of loss of capital. The risks and fees are described in the KIID (Key Investor Information Document). The Fund's prospectus, KIIDs and annual reports are available at [www.carmignac.com](http://www.carmignac.com), or upon request to the Management Company. The KIID must be made available to the subscriber prior to subscription. - In Switzerland, the Fund's respective prospectuses, KIIDs and annual reports 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, Paris, succursale de Nyon/Suisse, Route de Signy 35, 1260 Nyon. - 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 material was prepared by Carmignac Gestion and/or Carmignac Gestion Luxembourg and is being distributed in the UK by Carmignac Gestion Luxembourg UK Branch (Registered in England and Wales with number FC031103, CSSF agreement of 10/06/2013). - In Spain: Carmignac Patrimoine is registered with Comisión Nacional del Mercado de Valores de España (CNMV) under number 386, Carmignac Investissement under number 385, Carmignac Sécurité under number 395, Carmignac Emergents under number 387 and Carmignac Portfolio under number 392.

