



Rose OUAHBA
Head of Fixed Income
Fund Manager

CARMIGNAC FIXED INCOME RANGE

THE POWER OF FLEXIBILITY TO SEIZE NEW ATTRACTIVE OPPORTUNITIES

14th March 2023

MARKETING COMMUNICATION

Please refer to the KID/prospectus of the fund before making any final investment decisions

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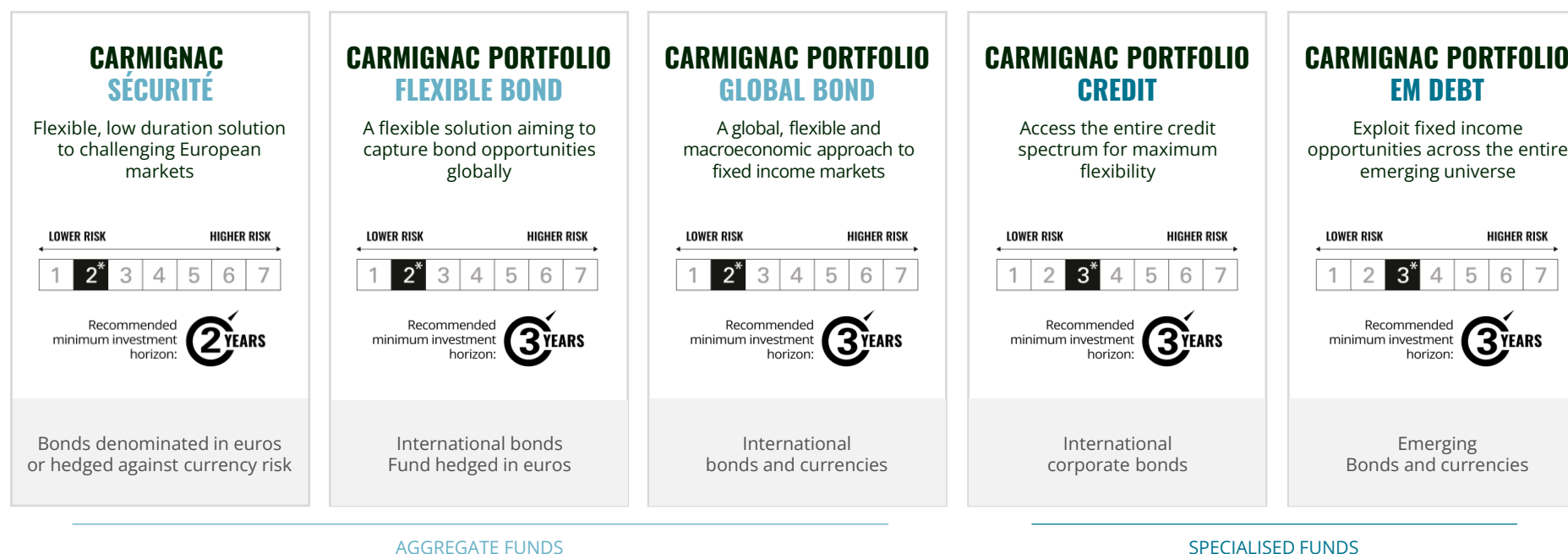
FIXED INCOME AT CARMIGNAC

DIVING INTO CARMIGNAC FIXED INCOME RANGE

Bond - Euro Corporates



Bond - EM Global Hard Currency



Source: Carmignac, 28/02/2023

*Risk Scale from the KID (Key Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time.

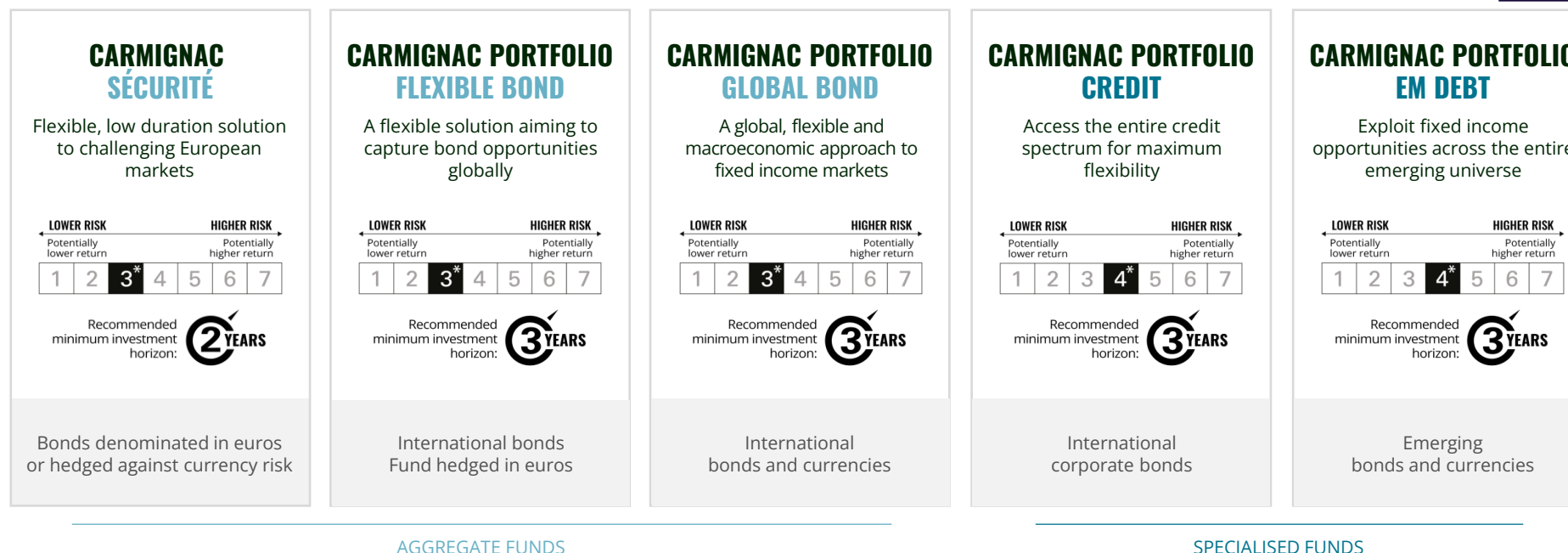
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DIVING INTO CARMIGNAC FIXED INCOME RANGE

Bond - Euro Corporates



Bond - EM Global Hard Currency



Source: Carmignac, 28/02/2023

*SRRI from the KIID (Key Investor Information Document): scale from 1 (lowest risk) to 7 (highest risk); category-1 risk does not mean a risk-free investment. This indicator may change over time.

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BENEFITING FROM THE ENTIRE MANAGEMENT TEAM EXPERTISE

GLOBAL FIXED INCOME



Keith **NEY**



Julien **CHERON**



Eliezer **BEN ZIMRA**



Guillaume **RIGEADE**



Abdelak **ADJRIOU**

EURO FIXED INCOME



Marie-Anne **ALLIER**



Aymeric **GUEDY**

G10 FIXED INCOME



Michael **MICHAELIDES**

MACRO



Raphael **GALLARDO**
Chief Economist



Apolline **MENUT**
Economist



FINANCIALS



Ayowande **MCCUNN**

CREDIT



Pierre **VERLÉ**



Alexandre **DENEUVILLE**



Florian **VIROS**

EMERGING MARKETS



Joseph **MOUAWAD**



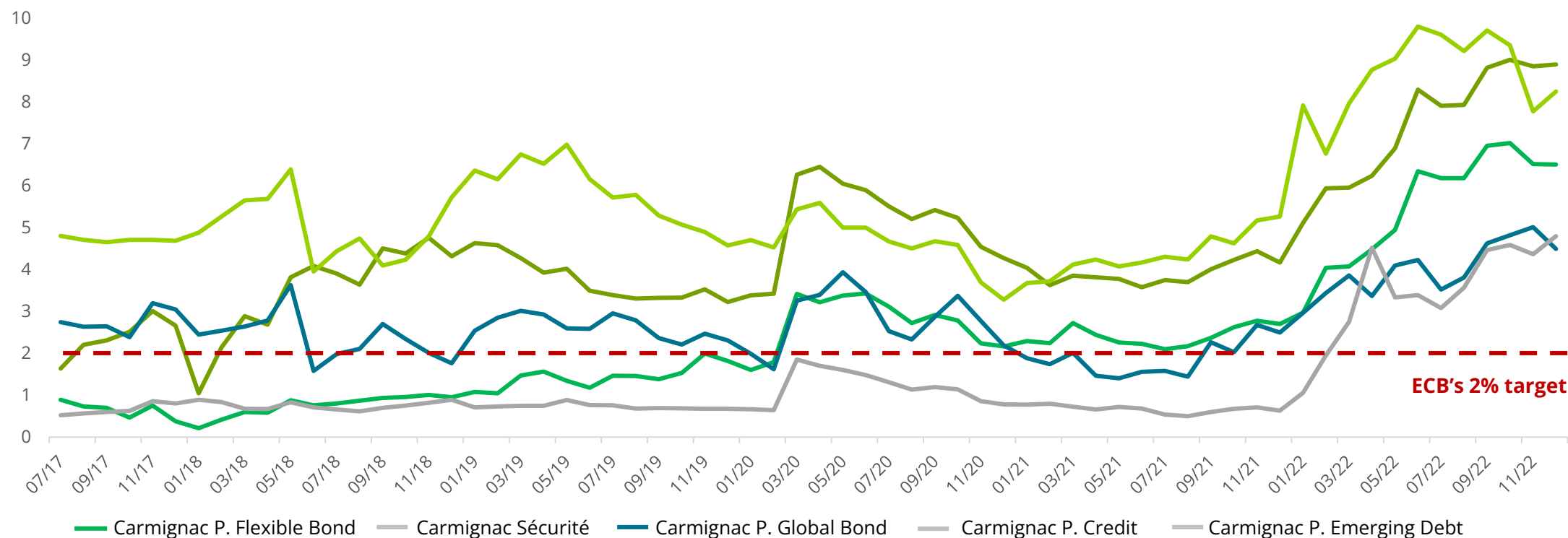
James **BLANNING**

Source: Carmignac Management team as of 30/12/2022.

The Fund's Management Team may change over the Fund's lifespan. Joseph Mouawad is AAA, Alexandre Deneuville AA, Pierre Verlé AA, Marie Anne Allier, Keith Ney Marie Anne Allier are + rated by Citywire for his rolling three-year risk-adjusted performance across all funds the manager is managing to 30th December 2022. Citywire Fund Manager Ratings and Citywire. Rankings are proprietary to Citywire Financial Publishers Ltd ("Citywire") and © Citywire 2022. All rights reserved.

FIXED INCOME RANGE: ATTRACTIVE CARRY

Yield evolution of our fixed income strategies



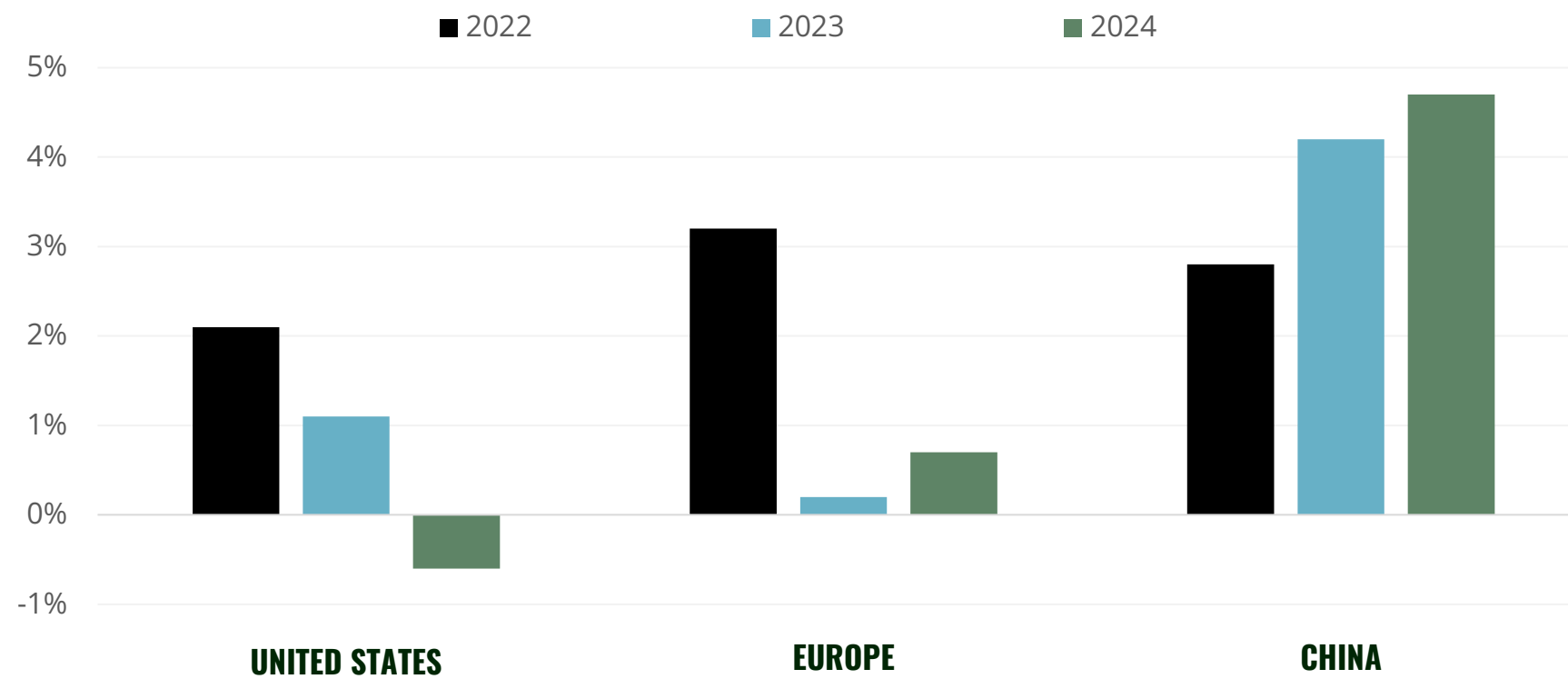
Source: Carmignac, 30/12/2022. Past performance is not necessarily indicative of future performance. Returns may increase or decrease due to currency fluctuations. Performance is net of fees (excluding entrance fees paid to the distributor).



WHAT ARE INTEREST RATES TELLING US?

GROWTH: A DESYNCHRONIZED GLOBAL RECESSION

Carmignac's forecasts for yearly GDP growth (%)



Source: Carmignac, January 2023

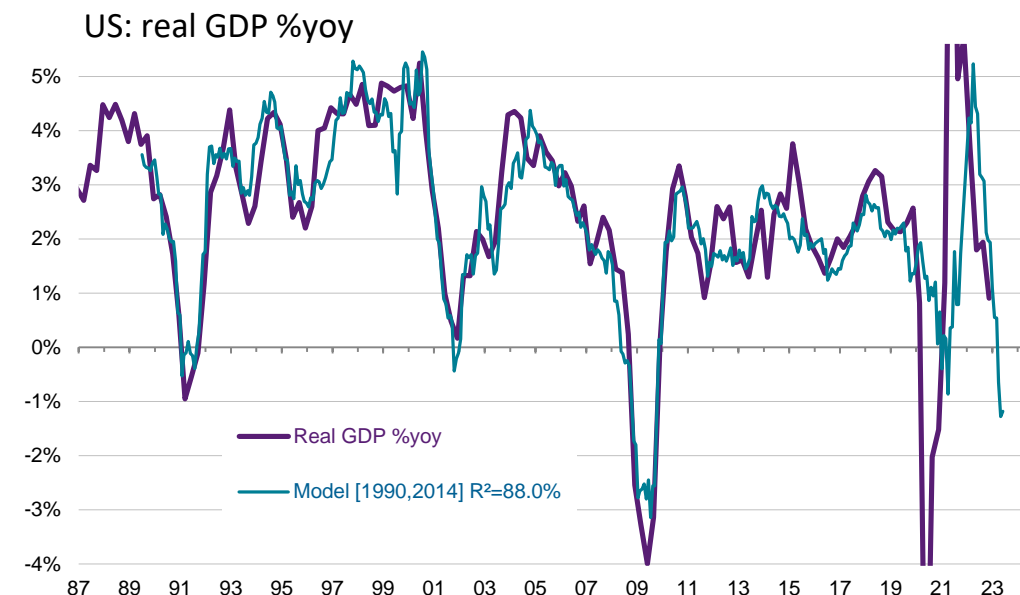
TUG OF WAR BETWEEN GROWTH AND INFLATION

We remain confident in our recession call for H2 2023

US: path of underlying PCE inflation has been revised much higher since Q4

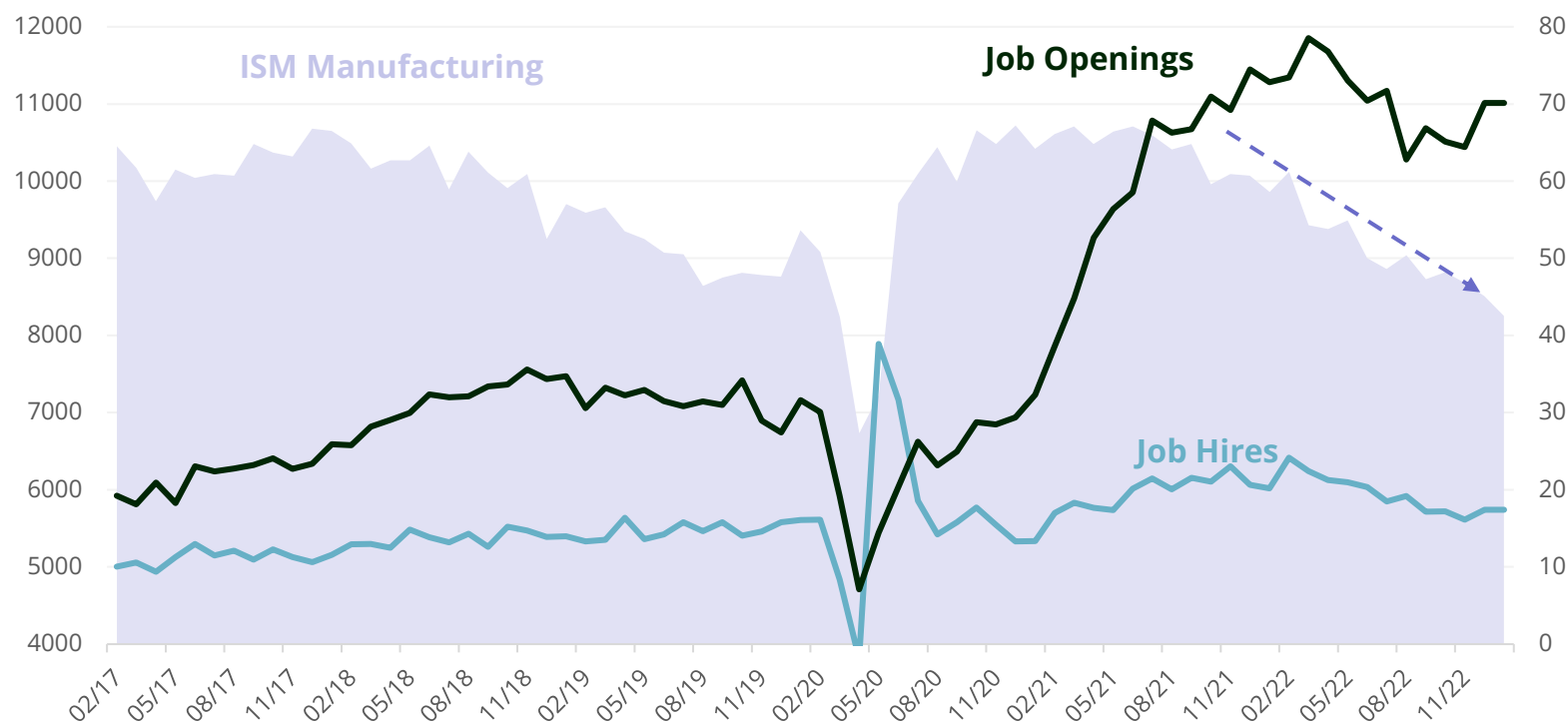
- **US:** we remain confident in our call for a **slow slide into recession** in H2 2023
- The key question is whether the 2024 recession will be deep enough to return inflation to target by end 2025.
- This will depend on whether or not the bubble in equities bursts early enough.

Real GDP YoY vs. Our Internal Model



Source: Bloomberg, Carmignac, 28/02/2023

DATA CONFIRM THE SLOWDOWN EXCEPT ON LABOR MARKETS



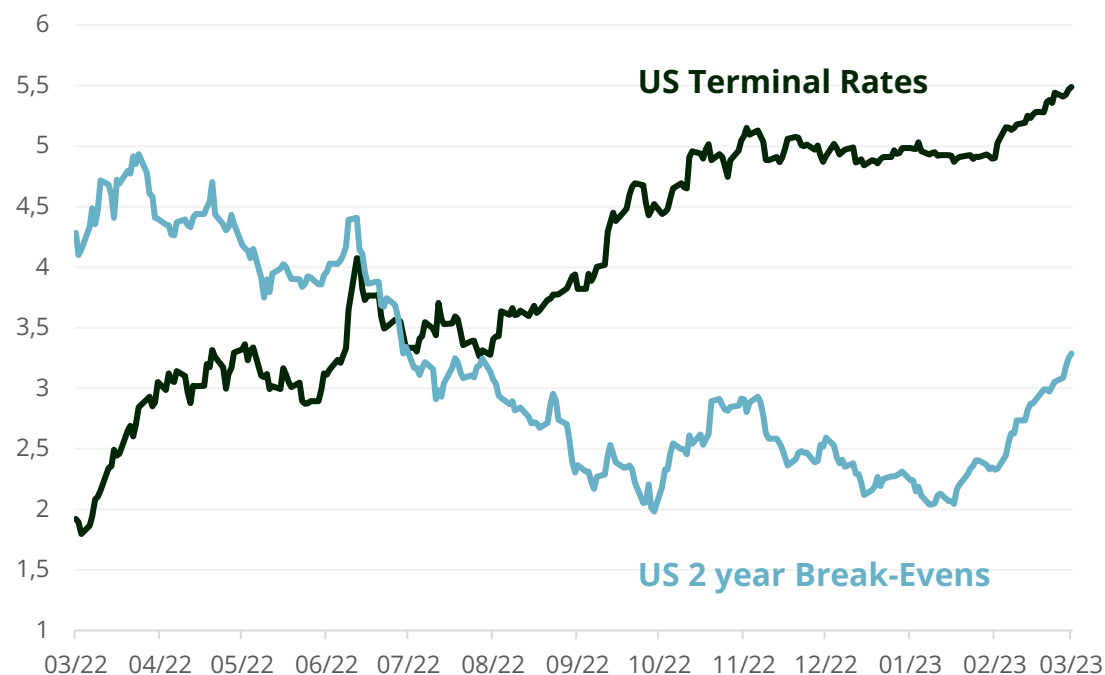
- We may have seen a **peak in the US labour market, but it remains very strong**
- The **FED has stated they want to rebalance labour demand and supply**
- That would mean cutting **the difference between job openings and hires** by over 3 months

Source: Carmignac, Bloomberg, 31/01/2023

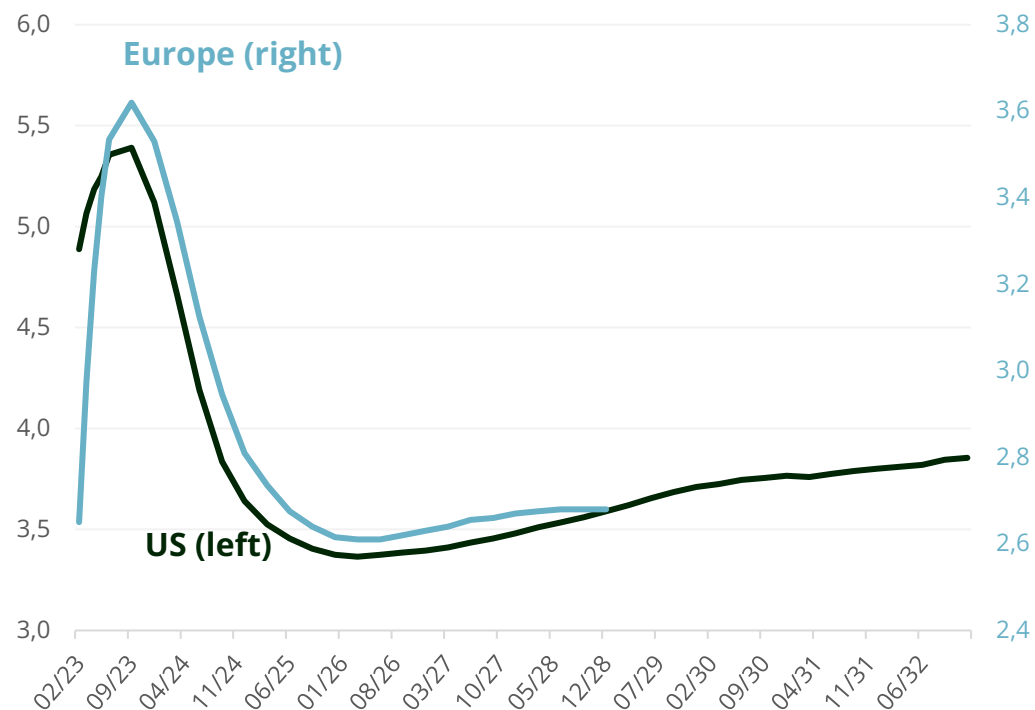
CENTRAL BANKS: DEALING WITH STICKY INFLATION

Warrants more hikes in 2023...

US terminal rate & inflation expectations



US and EUR yield curves (in %)



Source: Carmignac, Bloomberg, 28/02/2023

SHORT TERM PAIN, LONG TERM GAIN



Source: Carmignac, Bloomberg as of 08/03/2023

CARMIGNAC P. GLOBAL BOND: DYNAMIC MODIFIED DURATION MANAGEMENT

Abdelak **ADJRIOU**Julien **CHERON**

Our tools for flexibility:

- Negative short-end of the curve in Core countries which reflects risks on sticky inflation
- Positive on the long-end of the core in core countries which reflects a risk of recession
- Negative Switzerland short-term rates which we think is a good hedge
- Positive on short term rates in countries which are real-estate sensitive or ahead of the hiking cycle

Convictions by yield curve and maturity

	0-3 yrs	3-7 yrs	7-15 yrs	> 15 yrs	Total
United States	⊗	⊙		⊙ ⊙	⊙
Germany			⊙ ⊙	⊙	⊙ ⊙
Switzerland	⊗ ⊗				⊗ ⊗
Australia	⊙ ⊙				⊙
Latin America	⊙ ⊙				⊙



EMERGING MARKET DEBT LEADING THE MOVE?

EMERGING DEBT: TRACING THE INFLATION THEME

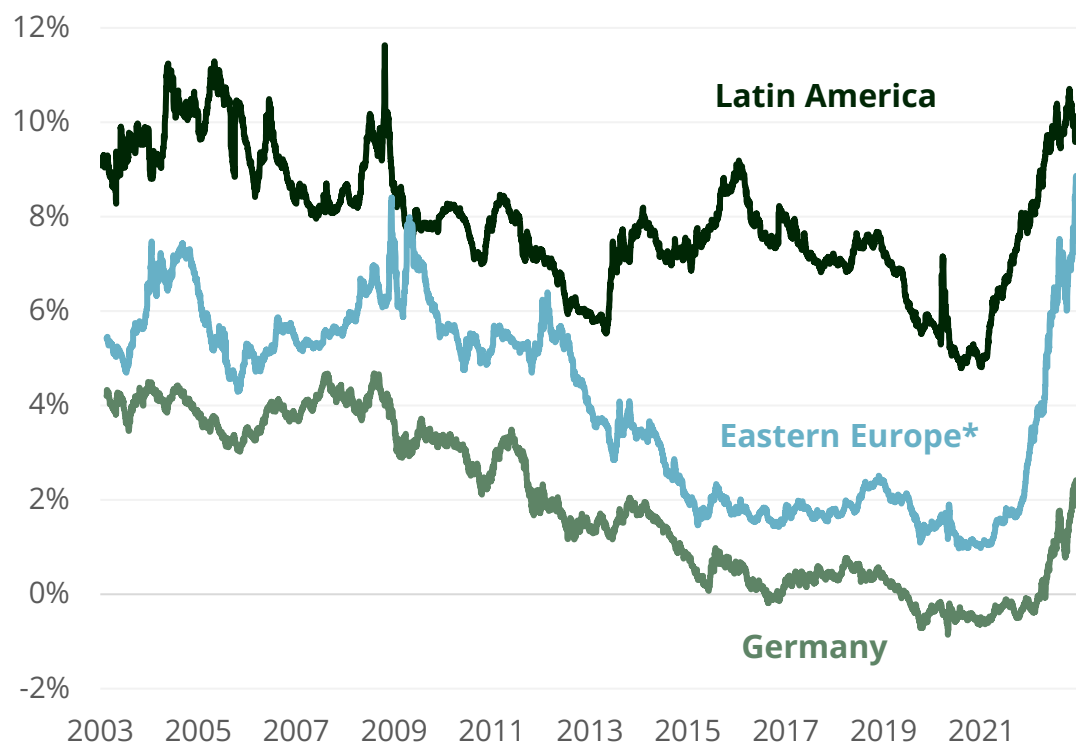
...A first positive glimps?

Actual		2022/03	2022/04	2022/05	2022/06	2022/07	2022/08	2022/09	2022/10	2022/11	2022/12	2023/01	2023/02
ASIA	CN	1,5	2,1	2,1	2,5	2,7	2,5	2,8	2,1	1,6	1,8	2,1	1
	KR	4,1	4,8	5,4	6	6,3	5,7	5,6	5,7	5	5	5,2	4,8
	TH	5,73	4,65	7,1	7,66	7,61	7,86	6,41	5,98	5,55	5,89	5,02	3,79
	MY	2,2	2,3	2,8	3,4	4,4	4,7	4,5	4	4	3,8	3,7	
	ID	2,64	3,47	3,55	4,35	4,94	4,69	5,95	5,71	5,42	5,51	5,28	5,47
	IN	6,95	7,79	7,04	7,01	6,71	7	7,41	6,77	5,88	5,72	6,52	
EMEA	CZ	12,7	14,2	16	17,2	17,5	17,2	18	15,1	16,2	15,8	17,5	16,7
	PL	11	12,4	13,9	15,5	15,6	16,1	17,2	17,9	17,5	16,6	17,2	
	HU	8,5	9,5	10,7	11,7	13,7	15,6	20,1	21,1	22,5	24,5	25,7	25,4
	IL	3,5	4	4,1	4,4	5,2	4,6	4,6	5,1	5,3	5,3	5,4	
	ZA	5,9	5,9	6,5	7,4	7,8	7,6	7,5	7,6	7,4	7,2	6,9	
LATAM	BR	11,3	12,13	11,73	11,89	10,07	8,73	7,17	6,47	5,9	5,79	5,77	5,6
	CO	8,53	9,23	9,07	9,67	10,21	10,84	11,44	12,22	12,53	13,12	13,25	13,28
	MX	7,45	7,68	7,65	7,99	8,15	8,7	8,7	8,41	7,8	7,82	7,91	7,62
	CL	9,4	10,5	11,5	12,5	13,1	14,1	13,7	12,8	13,3	12,8	12,3	11,9

Source: Bloomberg 10/03/2023

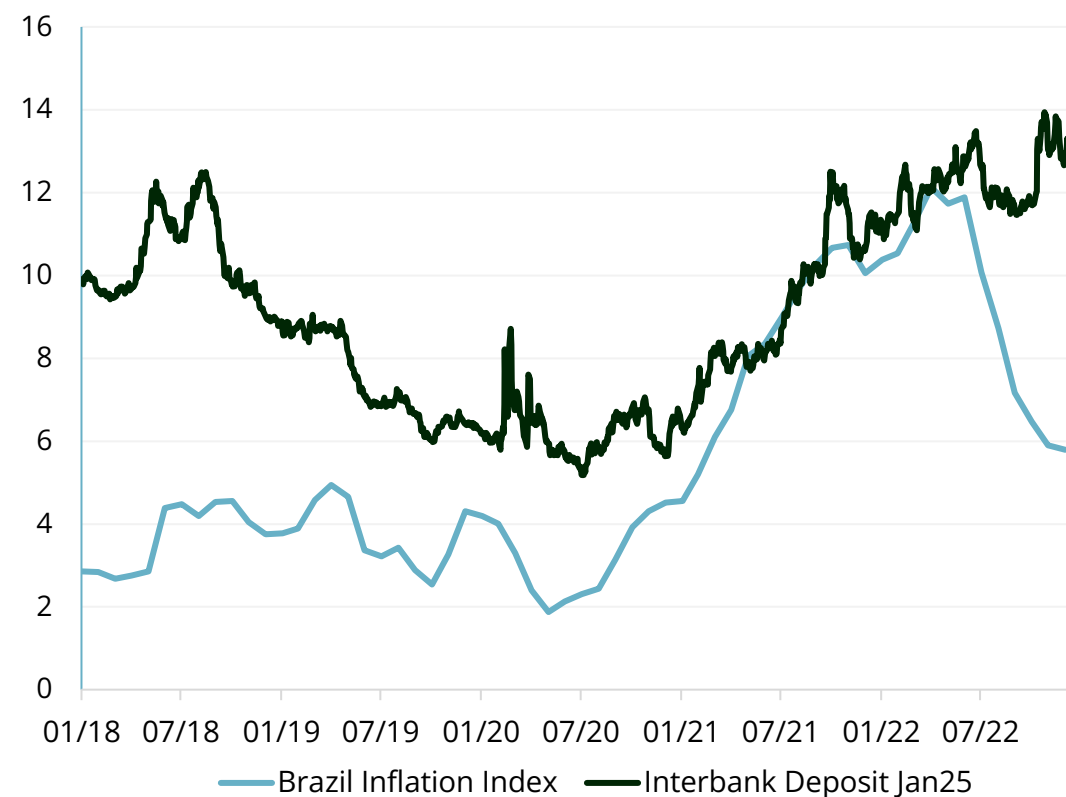
EMERGING DEBT: TARGETED OPPORTUNITIES

Yields in Latin America and Eastern Europe
(sovereign local debt yield, 10-year)



*Average yield of Czech, Polish and Hungarian bonds. Sources: Carmignac, Bloomberg, 31/12/2022.

Opportunities in local currency debt
Brazil case study : Interest Rate stands at 12,6% for a 5,8% inflation



CARMIGNAC P. EMERGING DEBT: TAKING THE BEST OF BOTH WORLDS



Joseph MOUAWAD



James BLANNING

Our tools for flexibility:

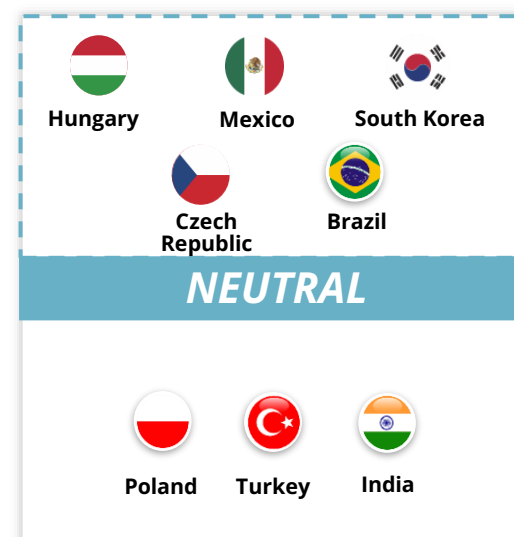
- A thorough bottom-up selection of investment ideas that reflect the inflation disparities between countries
- Investment opportunities from the wider EMD investment universe reflecting high yields and carry

POSITIVE
REAL YIELD

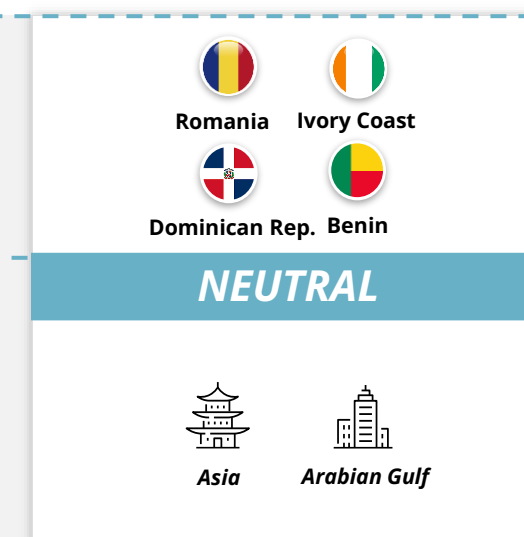
NEGATIVE
REAL YIELD



Local Currency



Hard Currency



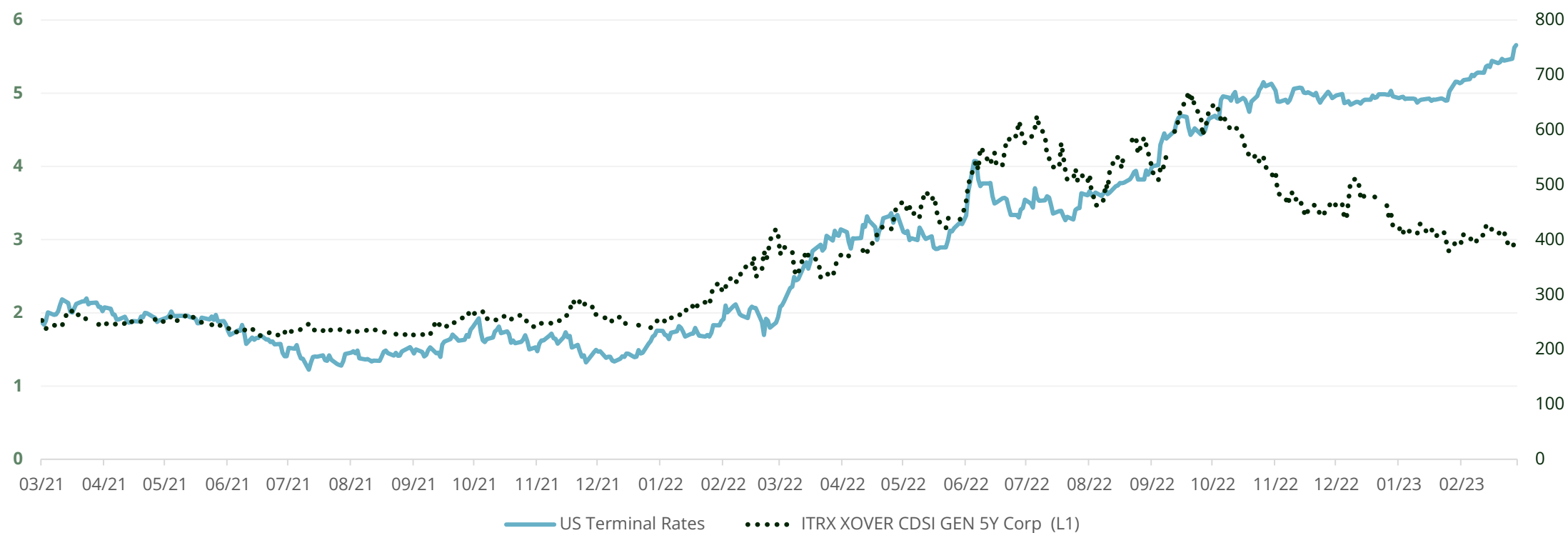
Source: Carmignac, 31/01/2023

A background image of sailboats on the ocean at sunset. The sun is low on the horizon, creating a warm, golden glow. The sky is filled with soft, white clouds. The water is dark and choppy. A dark green diagonal overlay covers the left side of the image, where the text is located.

CORPORATE CREDIT: IDIOSYNCRATIC PORTFOLIO CONSTRUCTION

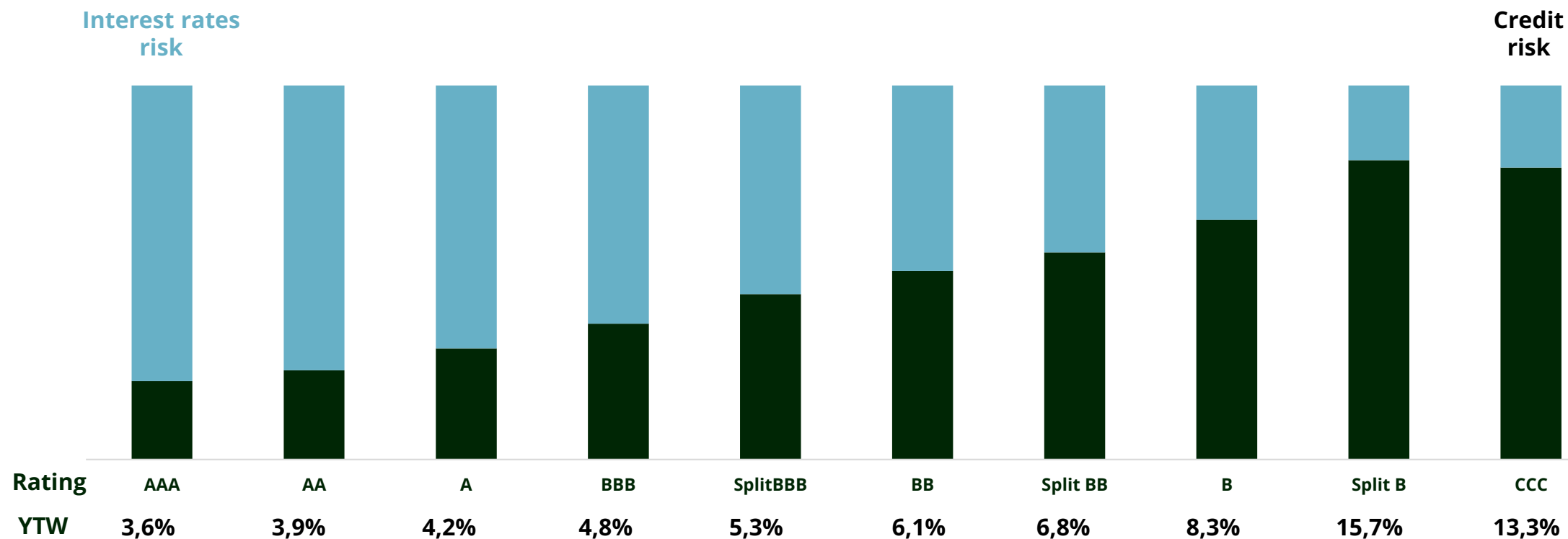
THE RESILIENCE OF CORPORATE CREDIT

Risk appetite and terminal rates have dissociated



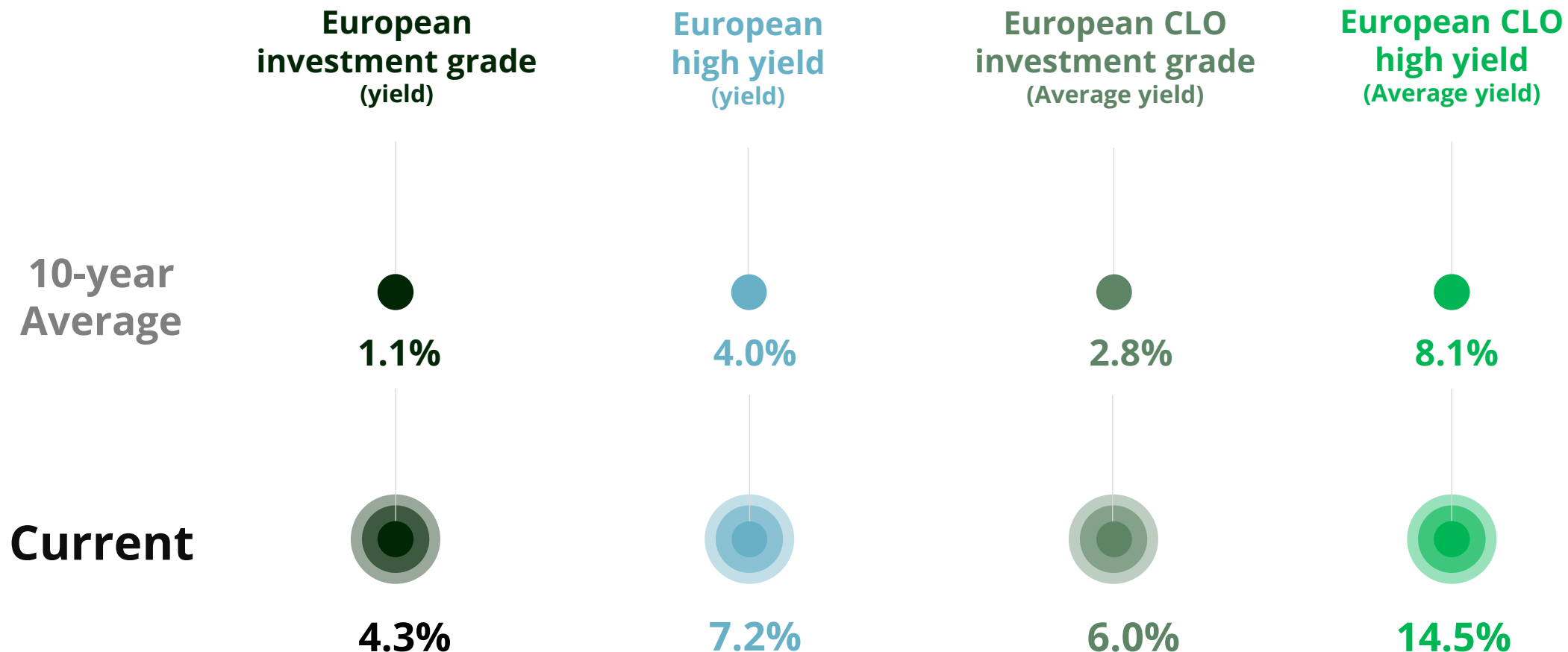
Source: Bloomberg

FINDING THE CREDIT SWEET SPOT



Source: Carmignac, Bloomberg as of 09/03/2023

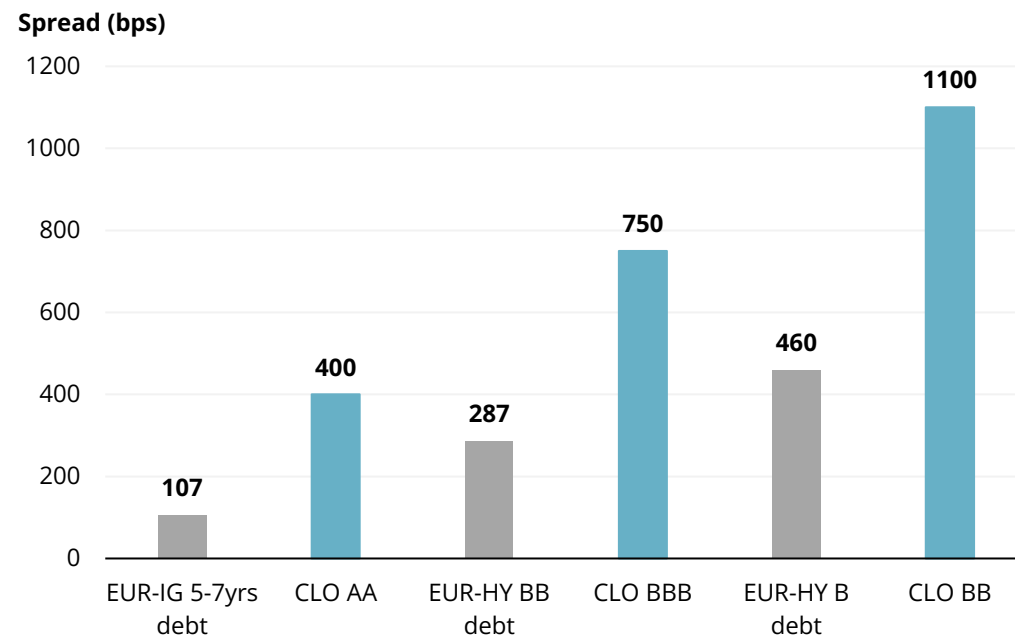
RENEWED OPPORTUNITIES ON CREDIT



Sources: Carmignac, Bloomberg, 28/02/2023

EUROPEAN CLO: AN ASSET CLASS WITH A PROVEN TRACK RECORD

Corporate bond yield and subsequent LT annualised returns



Source : Carmignac, S&P Global rating, Q4 2021

*Taking into account European CLO tranches rated until the end of 2021

¹ Default Rate: number of issues downgraded to D / total number of issues

Standard & Poor's – Cumulative default rates for European CLOs between 1997 and 2021

Rating at issue	Number of CLO* tranches rated	Number of default	Default Rate ¹ (%)
AAA	1117	0	0
AA	915	0	0
A	691	0	0
BBB	707	4	0.57
BB	598	17	2.84
B	356	1	0.28
Total	4384	22	0.50

CARMIGNAC P. CREDIT



Pierre **VERLÉ**



Alexandre **DENEUVILLE**



Florian **VIROS**

Our tools for flexibility:

- Conviction-driven strategies with flexible exposure management, no benchmark constraints* and limited currency exposure
- Access to the entire Credit spectrum aiming to capture the right alpha sources within a wide array of credit investment strategies
- An unconstrained investment approach to focus on attractive risk/return strategies in all credit cycles

Idiosyncratic convictions

Favor specific cases with an attractive risk/return ratio:

- Long specific convex opportunities in stressed sectors
- Long selected EM corporates
- Long CLOs

Lower market exposure

Reduced market exposure:

- **31% HY net exposure**
- **(17)% of net CDS exposure** (Index CDS)

Tactical opportunities

Primary pipeline as well as volatile secondary markets offer numerous **relative value opportunities**

Source: Carmignac, 28/02/2023

A negative number means we're a net protection buyer

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HOW DO THESE IDEAS COME TOGETHER?

Our global fixed income allocation

KEY TAKE-AWAYS

The world that we have depicted thus far:

1. **Inflation is going to remain stickier for longer** and it is affecting the global economy.
2. Therefore, a **forthcoming recession is being priced-in more and more by effective interest rates and yield curves.**
3. Under these conditions, **we find value in specific idiosyncratic ideas within the Credit and EM Debt space.**
4. Hence, we believe that **the Fixed Income space, obviously within an active portfolio management set-up is the sweet spot going forward.**

CARMIGNAC P. FLEXIBLE BOND: AN ALLOCATION SOLUTION



**High Yield
Corporate Debt**

% Assets
14%

**YTM
8.5%**

**YTM of the
Fund**

c. 6.4%



**Subordinated
Financials**

% Assets
15%

**YTM
8.4%**



CLOs

% Assets
8%

**YTM
12.4%**

**Modified
Duration**

6.26



Emerging Debt

% Assets
9%

**YTM
11.3%**

Cash

7%








Inflation linked

% Assets
20%

*Via Breakeven
(duration)*
110bps

Source 13/03/2023. 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 applicable entrance fee acquired to the distributor).
Portfolios are subject to change at any time
*Excluding cash & equivalent assets

MORNINGSTAR QUARTILES OVER 3 AND 5 YEARS

	Morningstar quartiles*					
	Our Funds	Inception Date	AUM	3Y	5Y	
	Carmignac Sécurité	12/01/1989	€7358 M	1st	1st	SFDR Fund Classification** ARTICLE 8
	Carmignac P. Flexible Bond	14/12/2007	€1356 M	1st	1st	SFDR Fund Classification** ARTICLE 8
	Carmignac P. Global Bond	14/12/2007	€779 M	1st	2nd	SFDR Fund Classification** ARTICLE 8
	Carmignac P. Credit	31/07/2017	€1062 M	1st	1st	SFDR Fund Classification** ARTICLE 6
	Carmignac P. EM Debt	31/07/2017	€205 M	1st	1st	SFDR Fund Classification** ARTICLE 8

Source: Carmignac, 25/01/2023

Source: Morningstar. © 2023 Morningstar, Inc - All rights reserved.

*The reference to a ranking or prize, is no guarantee of the future results of the UCIS or the manager.

**SFDR: EU Regulation 2019/2088 sustainability-related disclosure requirements in the financial services sector. For more information, please visit: EUR-lex.

MAIN RISKS OF CARMIGNAC P. FLEXIBLE BOND

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.

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.

The Fund presents a risk of loss of capital



Recommended
minimum investment
horizon: **3 YEARS**

SFDR Fund
Classification** **ARTICLE 8**

A EUR Acc share class

*Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time.

MAIN RISKS OF CARMIGNAC PORTFOLIO CREDIT

CREDIT

Credit risk is the risk that the issuer may default.

INTEREST RATE

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

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 assets selected.

The Fund presents a risk of loss of capital



Recommended
minimum investment
horizon: **3 YEARS**

MAIN RISKS OF PORTFOLIO GLOBAL BOND

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.

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:

3 YEARS

SFDR Fund
Classification**

ARTICLE 8

Share class: F 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. **The Sustainable Finance Disclosure Regulation (SFDR) 2019/2088 is a European regulation that requires asset managers to classify their funds as either 'Article 8' funds, which promote environmental and social characteristics, 'Article 9' funds, which make sustainable investments with measurable objectives, or 'Article 6' funds, which do not necessarily have a sustainability objective. For more information please refer to <https://eur-lex.europa.eu/eli/reg/2019/2088/oj>.

MAIN RISKS OF CARMIGNAC PORTFOLIO EM DEBT

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.

INTEREST RATE

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

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.

CREDIT

Credit risk is the risk that the issuer may default.

The Fund presents a risk of loss of capital



Recommended minimum investment horizon: **3 YEARS**

SFDR Fund Classification** **ARTICLE 8**

A EUR Share class.
Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment.
This indicator may change over time.

DISCLAIMER

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CARMIGNAC GESTION - 24, place Vendôme - F-75001 Paris - Tél : (+33) 01 42 86 53 35.

Investment management company approved by the AMF -Public limited company with share capital of € 15,000,000 - RCS Paris B 349 501 676.

CARMIGNAC GESTION Luxembourg - City Link - 7, rue de la Chapelle - L-1325 Luxembourg - Tel : (+352) 46 70 60 1. Subsidiary of Carmignac Gestion. Investment fund management company approved by the CSSF. Public limited company with share capital of € 23,000,000 - RC Luxembourg B 67 549.