

CARMIGNAC P. FLEXIBLE BOND: LETTER FROM THE FUND MANAGERS - Q2 2026

16/07/2026 | GUILLAUME RIGEADE, ELIEZER BEN ZIMRA

+0.34%

Relative outperformance of the Fund for A EUR share class versus its reference indicator¹ since the beginning of the year.

+1.78%

Relative annualized outperformance of the Fund for A EUR share class versus its reference indicator over a 3 year period.

+2.83%

Relative annualized outperformance of the Fund for A EUR share class versus its reference indicator over a 5 year period.

*In the second quarter of 2026, **Carmignac Portfolio Flexible Bond** posted a net performance of +0.98% for the A share class, while its reference indicator was up +1.97%.*

THE BOND MARKETS TODAY

The second quarter of 2026 was marked by renewed investor optimism following the announcement of a ceasefire between the United States and Iran, paving the way for negotiations aimed at reaching a lasting peace agreement. The prospect of a gradual resumption of maritime traffic through the strategically important Strait of Hormuz led to a sharp decline in oil prices, with Brent crude falling from USD 118.35 to USD 72.92 over the period¹.

Against this backdrop, investors revised down their short-term inflation expectations, despite continued uncertainty over the long-term stabilisation of the geopolitical situation and inflation figures remaining well above central bank targets on both sides of the Atlantic.

In the euro area, inflation reached 3.2% in May 2026, prompting the European Central Bank to raise its key policy rates at its June meeting. In the United States, inflationary pressures proved even stronger, with annual inflation reaching 4.2% at the end of May, driven by wage growth, the impact of tariffs, and the energy shock triggered by the conflict in the Middle East.

In response, the new Chair of the Federal Reserve (Fed) adopted a more hawkish communication stance than his predecessor. The Fed maintained a strongly data-dependent approach while providing limited forward guidance regarding the future path of interest rates. This firmer tone, combined with the decision to keep rates unchanged in June, appears consistent with the continued strength of the U.S. labour market, which no longer warrants additional monetary support.

In fixed income markets, the easing of geopolitical tensions translated into lower government bond yields in the euro area, with two-year yields declining by 7 basis points and ten-year yields by 15 basis points. In contrast, U.S. Treasury yields increased by 19 basis points at the short end of the curve and 15 basis points at the long end, reflecting the resilience of the U.S. economy and a Fed that proved more hawkish than expected.

Credit markets also benefited from a significant tightening in risk premiums. The iTraxx Xover index narrowed by 108 basis points, returning to levels close to those prevailing before the "Epic Fury" operation.

ASSET ALLOCATION

Carmignac Portfolio Flexible Bond delivered a return of +0.98% (A EUR Acc share class) during the second quarter of 2026, compared with +1.97% for its reference indicator, in an environment characterised by strong risk appetite.

Our carry exposures, particularly emerging market debt and corporate credit, were the primary contributors to performance, benefiting from tighter credit spreads. We also generated positive returns from our yield curve strategies, both through European short-rate positions and our short positions on long-dated U.S. interest rates. In addition, our inflation-linked strategies continued to contribute positively, supported by both consumer and producer inflation data exceeding market expectations.

Conversely, our credit index hedges were the main detractor from performance amid the sharp tightening in high-yield credit spreads.

We made full use of the flexibility afforded by our investment mandate, particularly in managing portfolio duration, which ranged between -0.6 and +3.4 during the quarter. This active management reflects our conviction that long-term interest rates in developed markets are likely to remain structurally elevated, while allowing us to implement tactical long positions in short-term rates whenever valuations became attractive, as was the case in European rates during the quarter.

We also increased our exposure to inflation-linked instruments by raising our allocation to both real rates and five- and ten-year inflation breakevens in Europe and the United States.

Within sovereign bonds, we took profits on our short position in the Japanese 10-year government bond before initiating a long position in the Japanese 30-year bond. Finally, we established two new positions in New Zealand and Moroccan sovereign bonds.

At the end of June, the portfolio's duration stood at 0.0, reflecting our cautious stance toward developed market yield curves, particularly at the long end. The portfolio offers a yield to maturity of 3.2%, an average credit rating of A-, and a level of credit risk hedging equivalent to 20% of net assets, providing a defensive profile in an environment that remains highly uncertain.

OUTLOOK

We believe the current environment remains particularly favourable for a flexible fixed income strategy. Valuations continue to appear demanding, while volatility is likely to increase further over the coming months, creating numerous investment opportunities.

Although yield curves have continued to flatten since the beginning of the year, driven by expectations of tighter monetary policy, we believe this trend could gradually reverse. In a scenario combining continued positive growth, inflation remaining persistently above expectations, and a rebuilding of the term premium due to deteriorating public finances across developed economies, pressure is likely to shift progressively toward longer maturities.

We also maintain a cautious stance on credit markets. The sharp tightening in spreads during the second quarter reflects a strong resurgence in risk appetite, even as the economic consequences of the conflict in the Middle East are likely to continue weighing on corporate fundamentals. In this environment, we continue to maintain credit index hedges representing approximately 20% of net assets in order to benefit from any future widening in credit spreads.

We also retain a meaningful allocation to money market instruments, providing a liquidity reserve that can be redeployed quickly should valuations become more attractive.

Finally, we remain convinced that medium- and long-term inflation expectations are likely to be revised upward. While markets significantly lowered their inflation expectations following the announcement of the ceasefire in the Middle East, we believe the structural drivers of inflation remain firmly in place and are likely to continue surprising to the upside.

With 28% of the portfolio invested in inflation-linked bonds and more than 300 basis points of inflation swap duration, we believe the portfolio is well positioned to benefit from such a scenario.

In an environment where traditional fixed income strategies remain vulnerable to a resurgence in inflation and a renewed increase in risk aversion, our flexible approach enables us to actively adjust our exposure to interest rates and credit through the use of derivatives, allowing us to capture the opportunities created by higher market volatility.

This flexibility currently leads us to favour a cautious allocation, combining a significant allocation to money market instruments, credit hedges, and tactical positions on interest rates and inflation, enabling us to potentially take advantage of future market dislocations.

¹Source : Bloomberg, in US dollar from 31/03/2026 to 30/06/2026.

CARMIGNAC PORTFOLIO FLEXIBLE BOND A EUR ACC

(ISIN: LU0336084032)

SFDR - Fund Classification** :

Article **8**



Recommended
minimum
investment horizon

3 YEARS

MAIN RISKS OF THE FUND

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. **LIQUIDITY:** Temporary market distortions may have an impact on the pricing conditions under which the Fund might be caused to liquidate, initiate or modify its positions. **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.

**Sustainable Finance Disclosure Regulation (SFDR) 2019/2088. The SFDR classification of the Funds may change over time.

FEES

Entry costs : 1,00 % of the amount you pay in when entering this investment. This is the most you will be charged. Carmignac Gestion doesn't charge any entry fee. The person selling you the product will inform you of the actual charge.

Exit costs : We do not charge an exit fee for this product.

Management fees and other administrative or operating costs : 1,23 % of the value of your investment per year. This estimate is based on actual costs over the past year.

Performance fees : 20,00 % when the share class overperforms the Reference indicator during the performance period. It will be payable also in case the share class has overperformed the reference indicator but had a negative performance. Underperformance is clawed back for 5 years. The actual amount will vary depending on how well your investment performs. The aggregated cost estimation above includes the average over the last 5 years, or since the product creation if it is less than 5 years.

Transaction Cost : 0,20 % of the value of your investment per year. This is an estimate of the costs incurred when we buy and sell the investments underlying the product. The actual amount varies depending on the quantity we buy and sell.

PERFORMANCE (ISIN: LU0336084032)

Calendar Year Performance (as %)	2026	2025	2024	2023	2022
Carmignac Portfolio Flexible Bond	+1,7 %	+4,3 %	+5,4 %	+4,7 %	-8,0 %
Reference Indicator	+1,3 %	+1,3 %	+2,6 %	+6,8 %	-16,9 %

Source: Carmignac at Jun 30, 2026.

Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor). The Fund presents a risk of loss of capital.

Calendar Year Performance (as %)	2021	2020	2019	2018	2017
Carmignac Portfolio Flexible Bond	+0,0 %	+9,2 %	+5,0 %	-3,4 %	+1,7 %
Reference Indicator	-2,8 %	+4,0 %	-2,5 %	-0,4 %	-0,4 %

Annualised Performance	3 Years	5 Years	10 Years
Carmignac Portfolio Flexible Bond	+5,1 %	+1,4 %	+2,0 %
Reference Indicator	+3,4 %	-1,5 %	-0,9 %

Source: Carmignac at Jun 30, 2026.

Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor). The Fund presents a risk of loss of capital.

Marketing communication. Please refer to the KID/KIID, prospectus of the fund before making any final investment decisions. This document is intended for professional clients.

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For Carmignac Portfolio Long-Short European Equities: Carmignac Gestion Luxembourg SA in its capacity as the Management Company for Carmignac Portfolio, has delegated the investment management of this Sub-Fund to White Creek Capital LLP (Registered in England and Wales with number OCC447169) from 2nd May 2024. White Creek Capital LLP is authorised and regulated by the Financial Conduct Authority with FRN : 998349.

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