

CARMIGNAC PORTFOLIO EM DEBT: LETTER FROM THE FUND MANAGER - Q4 2025

19/01/2026 | ALESSANDRA ALECCI

+3.03%

Carmignac Portfolio Emerging Debt performance in the 4th quarter of 2025 for the FW EUR Share class.

+3.08%

Reference indicator's performance in the 4th quarter of 2025 for 50% JPM GBI-EM Global Diversified Composite index + 50% JPM EMBI Global Diversified Hedged index.

+7.92%

Performance of the fund in 2025 versus +8.55% for the reference indicator¹.

In the fourth quarter of 2025, **Carmignac Portfolio Emerging Debt** delivered a net performance of +3.03%, while its reference indicator posted a performance of +3.08%. Over the full year 2025, the Fund achieved a performance of +7.92%, compared with +8.55% for the reference indicator supported by all its performance drivers, but slightly underperformed on a relative basis due to currency effects, notably the US dollar.

MARKET ENVIRONMENT IN 2025

The key event of 2025 was the inauguration of Donald Trump as the 47th President of the United States. His return to the White House was marked by a series of radical policy announcements, notably on immigration and tariffs, which initially triggered heightened volatility in bond markets. However, the subsequent implementation of these measures, combined with a visible slowdown in U.S. economic growth, quickly disappointed investors and led to a decline in long-term interest rates. The U.S. 10-year Treasury yield ended the year at 4.12%, down from 4.57% at the beginning of the year. Despite inflation remaining relatively persistent at around 3%, the Federal Reserve (Fed) adopted a more accommodative stance in response to a weakening labour market, delivering three policy rate cuts in the second half of 2025. These dynamics culminated in a particularly unusual final quarter of the year. On October 1st, the U.S. federal government entered a shutdown following Congress' failure to pass a budget, significantly complicating market analysis amid the absence of key employment and inflation data for 43 days. Despite this institutional paralysis, the Fed continued its easing cycle, implementing additional rate cuts during the quarter, reinforcing the accommodative policy stance that had gradually taken shape over the course of the year.

Emerging markets evolved within a more favourable macroeconomic environment. Despite persistent geopolitical risks and initial concerns surrounding new trade tariffs, they proved more resilient than expected over the year. Since the beginning of the year, the weakness of the U.S. dollar had been a key driver of the strong performance of emerging market bonds, reinforcing the attractiveness of the asset class and resulting in returns above expectations. Fundamentals remained solid,

supported by resilient growth and contained debt levels, in contrast with the more challenging fiscal dynamics observed in many developed economies. Continued disinflation, alongside still-elevated real interest rates, provided emerging market central banks with ample room to initiate or extend easing cycles while maintaining policy credibility. This trend extended into the final quarter of the year, with central banks such as Mexico, Poland and South Africa continuing to ease monetary policy. This backdrop was particularly supportive for local-currency debt, with performance driven by attractive carry and gradual policy rate cuts in several countries, notably South Africa and Poland. Stabilizing inflation expectations and improving macroeconomic balances further underpinned the asset class.

Hard-currency sovereign debt also benefited from resilient global growth, a more supportive U.S. interest rate environment in the second half of the year, as well as favourable technical factors, despite already tight valuations.

Emerging market currencies delivered differentiated performance. High-carry and commodity-linked currencies benefited from disinflation, attractive real interest rate differentials, solid terms of trade and the depreciation of the U.S. dollar.

PERFORMANCE REVIEW

During the quarter and throughout 2025, we maintained relatively high duration exposure across both hard- and local-currency debt to benefit from the monetary easing cycles initiated by several central banks, which proved supportive of performance.

Hard-currency sovereign debt was the main positive contributor over the quarter and the year, driven by exposure to high-yield issuers such as Egypt, Ivory Coast and Ecuador. In these markets, attractive yields persist despite solid fundamentals, creating compelling mispricing opportunities. Ivory Coast remains a key conviction, supported by robust 6–7% growth, sound fiscal management under IMF oversight, and improving medium-term prospects. President Ouattara's re-election in October with a decisive majority reinforced policy continuity and investor confidence, while euro-denominated bonds continue to offer yields above 8%, providing attractive carry and potential for spread tightening. During the fourth quarter our long positions in Argentina sovereign debt were the largest contributors, benefiting from the post-election rally following legislative elections that were positively received by investors.

In local-currency debt, long positions in countries offering high real interest rates, such as South Africa, Poland and Hungary, contributed positively as central banks began gradual easing cycles at the start of the year and continued them during the quarter. Our long exposure to Hungarian local debt also contributed positively to performance, as Hungary remained one of our key convictions, benefiting from declining inflation and attractive yields that allowed us to capture carry, while a significantly improved current account and moderate wage dynamics supported the macroeconomic backdrop. Overall, local-currency exposures made a positive contribution over the year and quarter; however, our long position in Colombian local-currency debt detracted from performance.

On the currency side, the Fund benefited from its exposure to emerging market currencies amid a broad weakening of the US dollar in 2025, notably through positions such as the Brazilian real. Performance was further supported in the fourth quarter by exposure to commodity-linked currencies, particularly the South African rand and the Chilean peso, which benefited from resilient commodity prices especially copper and an improvement in global risk sentiment.

Conversely, credit protection implemented via the iTraxx Crossover index, designed to hedge against a potential widening of credit spreads, detracted from performance.

OUTLOOK FOR COMING MONTHS

Going forward, in a context of easing inflation, accommodative monetary policies, resilient fundamentals and a weaker U.S. dollar, we remain constructive on emerging market debt. We believe the asset class continues to offer attractive carry, improved credit quality and compelling diversification versus developed markets. The fund currently offers a yield of around 7.8% (including currency carry) and maintains a high duration of approximately 640 basis points (as of 31/12/2025), evenly split between local and hard currency bonds.

On the local bond side, we maintain a significant allocation to local-currency debt, focusing on markets offering high real yields. In this context, our exposure is concentrated in countries such as South Africa, Poland, the Czech Republic and Hungary, complemented by selective positions in Latin America, notably Brazil, Peru and Mexico.

Turning to sovereign credit, we remain overweight hard-currency debt, favouring high-yield issuers with solid fundamentals and attractive valuations, including Ivory Coast, South Africa, Egypt and Turkey. This positioning continues to be supported by a favourable macroeconomic environment, strong technicals and elevated carry.

Regarding corporate credit, carry remains attractive, particularly in the energy and financial sectors, with a focus on high-yield issuers rated BB- to B. However, valuations remain tight, with credit spreads at multi-year lows. As a result, we remain underweight investment-grade credit and continue to maintain credit protection through the iTraxx Xover.

Finally, on the currency side, we maintain a selective approach, with a significant exposure to the euro (around 60%) and limited exposure to the U.S. dollar (around 3%). This is complemented by selective positions in emerging market currencies, notably commodity-linked currencies such as the South African rand, Chilean peso and Brazilian real, alongside selected Central and Eastern European currencies.

Source: Carmignac, Bloomberg, 31/12/2025. Performance of the FW EUR Acc share class, ISIN code: LU1623763734. ¹Reference indicator: 50% JPM GBI-EM Global Diversified Composite index + 50% JPM EMBI Global Diversified Hedged index.

CARMIGNAC PORTFOLIO EM DEBT FW EUR ACC

(ISIN: LU1623763734)

SFDR - Fund Classification** :

Article 8



Recommended minimum investment horizon



MAIN RISKS OF THE FUND

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.

*Risk Scale from the KID (Key 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>.

FEES

Entry costs : We do not charge an entry fee.

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

Management fees and other administrative or operating costs : 1.05% This estimate is based on actual costs over the past year.

Performance fees : There is no performance fee for this product.

Transaction Cost : 0.38% 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: LU1623763734)

Calendar Year Performance (as %)	2017	2018	2019	2020	2021
Carmignac Portfolio EM Debt	+1.1 %	-10.0 %	+28.9 %	+10.5 %	+3.9 %
Reference Indicator	+0.4 %	-1.5 %	+15.6 %	-5.8 %	-1.8 %

Source: Carmignac at Dec 31, 2025.

Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor).

Calendar Year Performance (as %)	2022	2023	2024	2025
Carmignac Portfolio EM Debt	-9.0 %	+15.3 %	+4.1 %	+7.9 %
Reference Indicator	-5.9 %	+8.9 %	+4.4 %	+8.6 %
Annualised Performance	3 Years	5 Years	Since launch	
Carmignac Portfolio EM Debt	+9.0 %	+4.1 %	+5.6 %	
Reference Indicator	+7.3 %	+2.7 %	+2.5 %	

Source: Carmignac at Dec 31, 2025.

Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor).

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.

This material may not be reproduced, in whole or in part, without prior authorisation from the Management Company. This material does not constitute a subscription offer, nor does it constitute investment advice. This material is not intended to provide, and should not be relied on for, accounting, legal or tax advice. This material has been provided to you for informational purposes only and may not be relied upon by you in evaluating the merits of investing in any securities or interests referred to herein or for any other purposes. The information contained in this material may be partial information and may be modified without prior notice. They are expressed as of the date of writing and are derived from proprietary and non-proprietary sources deemed by Carmignac to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. As such, no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors and omissions (including responsibility to any person by reason of negligence) is accepted by Carmignac, its officers, employees or agents.

Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor). The return may increase or decrease as a result of currency fluctuations, for the shares which are not currency-hedged.

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

Morningstar Rating™ : © Morningstar, Inc. All Rights Reserved. The information contained herein: is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Access to the Funds may be subject to restrictions regarding certain persons or countries. This material is not directed to any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) the material or availability of this material is prohibited. Persons in respect of whom such prohibitions apply must not access this material. Taxation depends on the situation of the individual. The Funds are not registered for retail distribution in Asia, in Japan, in North America, nor are they registered in South America. Carmignac Funds are registered in Singapore as restricted foreign scheme (for professional clients only). The Funds have not been registered under the US Securities Act of 1933. The Funds 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 FATCA.

The risks, fees and ongoing charges are described in the KID (Key Information Document). The KID must be made available to the subscriber prior to subscription. The subscriber must read the KID. Investors may lose some or all their capital, as the capital in the funds are not guaranteed. The Funds present a risk of loss of capital.

The Funds' prospectus, KIDs, NAVs and annual reports are available at www.carmignac.com/en, or upon request to the Management Carmignac Portfolio refers to the sub-funds of Carmignac Portfolio SICAV, an investment company under Luxembourg law, conforming to the UCITS Directive. The French investment funds (fonds communs de placement or FCP) are common funds in contractual form conforming to the UCITS or AIFM Directive under French law.

- **In the United Kingdom:** the Funds' respective prospectuses, KIDs and annual reports are available at www.carmignac.com/en-gb, or upon request to the Management Company, or for the French Funds, at the offices of the facilities Agent, Carmignac UK Ltd, 2 Carlton House Terrace, London, SW1Y 5AF. This document was prepared by Carmignac Gestion, Carmignac Luxembourg or Carmignac UK Ltd. FP Carmignac ICVC (the "Company") is an Investment Company with variable capital incorporated in England and Wales under registered number 839620 and is authorised by the FCA with effect from 4 April 2019 and launched on 15 May 2019. FundRock Partners Limited is the Authorised Corporate Director (the "ACD") of the Company and is authorised and regulated by the FCA. Registered Office: Hamilton Centre, Rodney Way, Chelmsford, Essex, CM1 3BY, UK; Registered in England and Wales with number 4162989. Carmignac Gestion Luxembourg SA has been appointed as the Investment Manager and distributor in respect of the Company. Carmignac UK Ltd (Registered in England and Wales with number 14162894) has been appointed as a sub-Investment Manager of the Company and is authorised and regulated by the Financial Conduct Authority with FRN:984288.
- **In Switzerland:** the prospectus, KIDs and annual report are available at www.carmignac.com/en-ch, or through our representative in Switzerland, CACEIS (Switzerland), S.A., Route de Signy 35, CH-1260 Nyon. The paying agent is CACEIS Bank, Montrouge, Nyon Branch / Switzerland, Route de Signy 35, 1260 Nyon. The Management Company can cease promotion in your country anytime. Investors have access to a summary of their rights in English on the following links: [UK](#); [Switzerland](#); [France](#); [Luxembourg](#); [Sweden](#).

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.

Carmignac Private Evergreen refers to the Private Evergreen sub-fund of the SICAV Carmignac S.A. SICAV – PART II UCI, registered with the Luxembourg RCS under number B285278.