

# CARMIGNAC PORTFOLIO GRANDE EUROPE: LETTER FROM THE FUND MANAGER - Q3 2025

14/10/2025 | MARK DENHAM

## -1.49%

Carmignac Portfolio Grande Europe's performance in the 3<sup>rd</sup> quarter of 2025 for the F EUR Share class.

## +3.51%

Performance of the reference indicator<sup>1</sup> in the 3<sup>rd</sup> quarter of 2025.

## -3.13%

Performance of the Fund since the start of the year vs +12.36% for its reference indicator.

During the third quarter of 2025, **Carmignac Portfolio Grande Europe** (F share class) posted a negative return of -1.49%, below its reference indicator which rose +3.51%.

## MARKET ENVIRONMENT

The third quarter of 2025 saw continued strength in European equities, albeit with periodic volatility often caused by news headlines related to President Trump's tariff agenda. On this front the eventual agreement of a 15% tariff between the EU and US on most goods was received well, as was the news later in the quarter that as long as pharmaceutical companies had committed to build manufacturing in the US, they would be exempt from specific tariffs. Most pharmaceutical companies have already committed to this.

Investors were also encouraged by domestic events, with the German parliament's agreement of the final budget for 2025 which allowed infrastructure funds to start being spent. However, on a negative front the vote of no-confidence in France's government caused temporary weakness in French domestic stocks for a few days. Nonetheless positive momentum for the period was underpinned by expectations of an eventual cut in US interest rates owing to some evidence of a weakening US job market.

## PERFORMANCE REVIEW

Our fund significantly lagged the benchmark during the period. The key reason for this was the continuation of the unprecedented rotation into value sectors, that we had seen in the first six months of the year. Value sectors, where we have little exposure, continued to lead in Q3 with Financials +9% and Energy +5% on average. By contrast areas where we typically have high exposure such as healthcare and technology lagged.

However, it is also fair to say that our stock selection in healthcare was also a significant detractor. Although we were underweight big pharmaceuticals overall, our only name Novo Nordisk suffered from poor execution and downgraded guidance

with Q2 results catalysing a further price fall in July. We also held many medical device names: Straumann (dental implants), Demant (hearing aids), Alcon (eye lenses) whose share prices fell 10-15% on average. These companies' earnings, which have a significant element of consumer discretion, have been subdued by cautious consumer activity in the US and Europe. However, as the underlying need for their products (cataracts/deafness etc.) doesn't go away, this is a case of deferred activity which we expect to return – hence we have retained all these names.

President Trump stated aims of reducing the cost of the healthcare burden to the US population, and imposing tariffs on pharma companies was unhelpful - depressing appetite for the area - although realistic paths to achieve this are already modelled in terms of analysts falling price assumptions. On the plus side we saw good performances from consumer-oriented names which have done well, such as aesthetic/skin specialist Galderma or eyewear company EssilorLuxottica both of whom met our near-term fair values and our positions in these stocks have been reduced accordingly.

Novo Nordisk was a terrible performer, falling 21% in the period. Prescription growth for their obesity drug Wegovy underperformed expectations as they lost market share to Eli Lilly who doctors believe have the more efficacious product. This was made worse by illegal compounders supplying copy-cat products of the Lilly and Novo drugs taking market share until recent bans. These issues among others forced the company to change CEO and cut FY guidance in July, when the stock price fell again.

Where do we go from here? We keep our holding where it is, as at 14x 2025 rebased profit forecasts it now trades 2 points cheaper than the wider market, despite being one of a 2-player duopoly addressing the world's largest and growing epidemics in diabetes and obesity. Profit forecasts already embed future drug price pressure and have been rebased with profits forecast to grow only 10% in 2025 and high single digits beyond that. We believe the stock is oversold here and market expectations are too cautious. Even after 2 years of such drugs on the market, only ~3% of the US adult overweight/obese population is prescribed a drug, which we think is way too low. Remaining illegal compounding is likely to be completely removed within 12 months. Novo's competitive situation vs Lilly will potentially improve through being the first to market with their competitive oral product by the year end. However, we have not added to the position size despite the fall, because after such a period of poor execution by Novo management we want to see a clear trend of improving prescription growth before adding, and we will monitor that closely.

Industrials are a large exposure for us at more than 20% of the fund, with a focus on electrification. We have had positive results for cable manufacturer Prysmian and confirmation of strong demand for high transmission cables as the Western world addresses years of underinvestment in electrical infrastructure. The dominant transmission cable division grew more than 20% in Q2 and they have more than 5 years of order backlog underwriting future visibility. The stock rose 40%.

Schneider only rose 5%. Their recent Q2 results were good, and they confirmed double-digit growth in key energy management division driven in part by strong datacenter end markets. Full year guidance was reiterated, and our thesis remains intact. This innocuous event though was met with a double digit sell off in the name, perhaps reflecting crowded positioning and/or no big upward surprises leading to disappointment for some.

On a positive note, Kion, a warehousing equipment and solutions company we bought in April, for its strong fundamentals and because it is a potential beneficiary of German infrastructure spending, saw strong order intake at their Q2 results and gave a bullish assessment of acceleration into H2. The name rose 22% in the period.

At the end of the period one of our biotech holdings in our innovation sleeve of the fund, Merus, was bid for by another pharma company Genmab at a 41% premium, driving a total rise of 78% in Q3.

Fear of AI disruption has been a big theme across many sectors including Software, Media, and publishing names - where many stocks have been weak. Among these areas we only have Software and we own 2 names that were affected, but for valuation reasons we had already reduced them substantially – SAP and Nemetschek, so the impact was not outsized. In general, the Q2 results reported during the period resulted in several double-digit, outsized moves in many of our names which were completely unwarranted on innocuous results. Examples include Hermes and Ferrari (luxury), Symrise (ingredients), Beiersdorf (personal care) - presenting us with opportunities to add modestly.

## WHAT IS OUR OUTLOOK FOR THE COMING MONTHS?

In Q3 we added enzyme and food ingredients company Novozymes – a company with a rare opportunity to grow organically high single digits as its products penetrate a range of industrial and end consumer.

We also added new names in Financials. Banks is certainly not a business-as-usual sector for us, as only a small handful of stocks in the sector score well on our process. In June we added BBVA, the Spanish bank, who subsequently justified our confidence with strong Q2 results with high single digit loan growth and profitability, committing to a solid medium term profitability target of 20% return on equity, resulting in the stock going up +23%. We also added Wise, a UK listed Fintech company providing low-cost currency transfers, and Flatexdegiro, the German listed consumer financial platform like existing holdings Nordnet and Finacobank. Finally, we added SPIE a French listed engineering service company with ~30% exposure to Germany, who are well exposed to benefit from infrastructure spending.

We believe this is a great opportunity for long-term investors. After the movements described above, many of the highest quality companies in Europe, if not the world, are trading on 10-year absolute and relative valuation lows.

We retain our exclusive focus on companies demonstrating high sustainable profitability and reinvestment, and the best sustainability standards, as we believe these names will deliver the highest and most consistent long-term profit growth. The good news is that the recent pullback in such companies offers the long-term investor an opportunity to add to holdings, which we have been doing.

Source: Carmignac, Bloomberg, 30/09/2025.

<sup>1</sup>From 01/01/2025 the Benchmark was changed to MSCI Europe (Net Return, EUR), historical data will be chain linked with STOXX Europe 600 (Net Return, EUR).

# CARMIGNAC PORTFOLIO GRANDE EUROPE F EUR ACC

(ISIN: LU0992628858)

SFDR - Fund Classification\*\* :

Article **9**



Recommended  
minimum  
investment horizon



## 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. **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.

\*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.

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**Management fees and other administrative or operating costs :** 1.15% 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 :** 0.64% 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: LU0992628858)

Calendar Year Performance (as %)	2016	2017	2018	2019	2020
<b>Carmignac Portfolio Grande Europe</b>	<b>+5.1 %</b>	<b>+11.0 %</b>	<b>-9.6 %</b>	<b>+35.5 %</b>	<b>+14.4 %</b>
Reference Indicator	+1.7 %	+10.6 %	-10.8 %	+26.8 %	-2.0 %

Calendar Year Performance (as %)	2021	2022	2023	2024	2025
<b>Carmignac Portfolio Grande Europe</b>	<b>+22.5 %</b>	<b>-20.6 %</b>	<b>+15.5 %</b>	<b>+12.0 %</b>	<b>-3.1 %</b>
Reference Indicator	+24.9 %	-10.6 %	+15.8 %	+8.8 %	+12.4 %

Annualised Performance	3 Years	5 Years	10 Years
<b>Carmignac Portfolio Grande Europe</b>	<b>+11.0 %</b>	<b>+5.8 %</b>	<b>+7.3 %</b>
Reference Indicator	+15.8 %	+11.8 %	+7.6 %

Source: Carmignac at Sep 30, 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.**

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The Funds' prospectus, KIDs, NAVs and annual reports are available at [www.carmignac.com/en](http://www.carmignac.com/en), or upon request to the Management Company. 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](http://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 Gestion 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.
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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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