# CARMIGNAC PORTFOLIO GRANDE EUROPE: LETTER FROM THE FUND MANAGER

**17/04/2025** | MARK DENHAM

**-4.17%**

Carmignac Portfolio Grande Europe's performance in the 1st quarter of 2025 for the F EUR Share class.

**+5.91%**

Performance of the Reference indicator[1] in the 1st quarter of 2025.

**+98.56%**

Performance of the Fund since Mark Denham took over (17/11/2016) vs +95.26% for its reference indicator.

*During the first quarter of 2025, **Carmignac Portfolio Grande Europe** (F EUR share class) posted a negative return of -4.17%, providing a return below its reference indicator which rose 5.91%.*

## MARKET ENVIRONMENT

The first quarter was one with many important events leading to quickly changing market dynamics. January started strongly, with similar trends to those seen at the end of 2024, namely growth stocks and technology names performing well. However rising uncertainty as to the intentions of the US President Trump, leading to rising inflation expectations and rising bond yields, combined with the Chinese artificial intelligence (AI) model DeepSeek, raising doubts over US dominance in technology, precipitated a selloff in technology stocks in the US and then also in Europe. In addition, the German government voted to increase defence and infrastructure spending raising the prospect of improving European economic growth which itself led to Banks, Defence stocks and other so-called value sectors performing well, while growth stocks fell back. So having started strongly in January the fund gave back performance in February and fell sharply in March.

Much of the damage to our fund's relative performance during the period was because we had no exposure to the Defence or Banking sectors. We are an SFDR article 9 fund and exclude many sectors of activities we are not prepared to invest our client's money in - this includes stocks with exposure to controversial or conventional weapons, and so we continue to avoid defence stocks. Many banks are aligned with our sustainable outcomes framework, but most do not satisfy the financial requirements we look for namely demonstrably high, sustainable profitability combined with reinvestment of profits for future growth. Hence, we have no banks in the fund currently. It may be in future if profitability at banks improves that they start to meet the threshold on the above metrics, and we are monitoring this carefully. If we focus on what we actually own, then it is fair to say that despite a poor fund performance in the quarter, the companies we invest in delivered operational results as we would have anticipated.

## PERFORMANCE REVIEW

Our leading software names continued to perform well. SAP full year results for 2024 were strong confirming that their program of transitioning clients to their cloud based software is performing very well, leading to double digit revenue growth for the company, because the transition typically results in clients buying more products. The majority of their customers have yet to make the transition and so we have strong visibility into the next 2-3 years of growth. The stock having risen 70% in 2024, eked out another modest positive return of 3% in Q1. Reflecting the higher valuation, we have cut back the position somewhat despite their continued positive prospects. Another German software stock Nemetschek did particularly well rising 14% as the construction and design industries use more of their productivity enhancing software, enabling revenue growth of the order 17%, a dynamic we expect to continue in an increasingly cost conscious world.

On a negative note, our Healthcare stocks performed poorly. Novo Nordisk having had a torrid end to 2024, continued to fare poorly, falling another -23% despite the prospect of c20% profit growth in 2025. This is due to concern around their competitive positioning in obesity, as well as continually disappointing prescription data in the US. We currently expect the latter to inflect positively as cheap copy-cat products are withdrawn from the market and we will soon get clarity around a competitor’s potential oral product. Both these events should be an opportunity for us to reassess our positioning. Biotech stock Zealand Pharma fell 27% despite the company agreeing a very lucrative partnership deal for their most valuable drug which exceeded our expectations, allowing us an opportunity to increase our holding in the name.

Our Industrials stocks were also a source of weakness in the quarter, mainly due to a weaker economic growth outlook. Schneider Electric is also benefiting from many secular growth drivers, and one of them is an increased datacentre investment requiring growing electrical infrastructure. However, the DeepSeek event started some concerns about how much investment is required to run AI models. This caused an initial setback in the name, which was amplified about concerns any US tariffs may have on economic growth generally. The stock fell 12%, but we maintain it as a large holding as we are optimistic on the longevity of their future growth.

Generally, our consumer names performed well. EssilorLuxottica rose 12% after Q4 results showed accelerating organic growth driven by innovations such as smart glasses as well as ongoing penetration of the market for addressing and managing refractive impairments. They also gave a solid medium term outlook which looks achievable and underpins our confidence in the investment case. Hermes is one of the few luxury goods names we own owing to our observation of its position at the apex of exclusivity and therefore pricing power. This was rewarded by FY results demonstrating high single digit growth, as well as a similar level of price increases announced for 2025, contributing to the stock rising 4% over the period.

## WHAT IS OUR OUTLOOK FOR THE COMING MONTHS?

We retain our focus on companies demonstrating high sustainable profitability and reinvestment 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, 31/03/2025.*

[1]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**

LOWEST RISK — HIGHEST RISK

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

Recommended minimum investment horizon **5 YEARS**

## 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.

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

**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 |
|---|---|---|---|---|---|
| **Carmignac Portfolio Grande Europe** | **+5.1 %** | **+11.0 %** | **-9.6 %** | **+35.5 %** | **+14.4 %** |
| Indicateur de référence | +1.7 % | +10.6 % | -10.8 % | +26.8 % | -2.0 % |

| Calendar Year Performance (as %) | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| **Carmignac Portfolio Grande Europe** | **+22.5 %** | **-20.6 %** | **+15.5 %** | **+12.0 %** | **-4.2 %** |
| Indicateur de référence | +24.9 % | -10.6 % | +15.8 % | +8.8 % | +5.9 % |

| Annualised Performance | 3 Years | 5 Years | 10 Years |
|---|---|---|---|
| **Carmignac Portfolio Grande Europe** | **+4.0 %** | **+10.0 %** | **+5.9 %** |
| Indicateur de référence | +8.2 % | +13.5 % | +5.7 % |

Source: Carmignac at 31 Mar 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, 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 France, Luxembourg, Sweden**: 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, NAV and annual reports are available at www.carmignac.com, or upon request to the Management.
- **In the United Kingdom:** the Funds' respective prospectuses, KIIDs and annual reports are available at 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 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.
- **In Switzerland**: the prospectus, KIDs and annual report are available at 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, Montrouge, Nyon Branch / Switzerland, Route de Signy 35, 1260 Nyon.
- **In Spain** : The Funds are registered with the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores) under the following numbers: Carmignac Sécurité 395, Carmignac Portfolio 392, Carmignac Patrimoine 386, Carmignac Absolute Return Europe 398, Carmignac Investissement 385, Carmignac Emergents 387, Carmignac Credit 2027 2098, Carmignac Credit 2029 2203, Carmignac Credit 2031 2297, Carmignac Court Terme 1111.

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.