

# CARMIGNAC PORTFOLIO EMERGENTS: LETTER FROM THE FUND MANAGERS - Q3 2025

24/10/2025 | XAVIER HOVASSE, NAOMI WAISTELL

## +11.3%

Performance of the third quarter for Carmignac P. Emergents F EUR Acc versus +10.53% for its reference indicator<sup>1</sup>.

## +38.9%

Performance of Carmignac P. Emergents F EUR Acc over 3 years versus +37.7% for its reference indicator.

## 1 st quartile

Carmignac P. Emergents ranking within its category Morninstar<sup>2</sup> for its performance since the beginning of the year and 1 year.

During the third quarter, **Carmignac Portfolio Emergents F EUR Acc** delivered a solid gain of +11.35%, outperforming its reference indicator, which rose by +10.53%. Since the beginning of the year, the Fund has advanced by +17.45%, compared with +12.39% for its benchmark, representing an outperformance of +5.1%.

As is typical of the strategy, performance was primarily driven by stock selection, with balanced contributions across both countries and sectors.

## MARKET ENVIRONMENT

The first nine months of **2025** have marked the strongest three-quarter performance for emerging markets in fifteen years, with the index posting gains in every consecutive month so far this year. The **MSCI EM Index** closed the third quarter within **8%** of its early-2021 market high. The pace of gains accelerated through September, supported by the **US Federal Reserve's** long-awaited rate-cutting cycle. At the same time, the surge of investment linked to artificial intelligence continued to drive enthusiasm across Asia. North Asian technology markets ? particularly **South Korea, Taiwan**, and parts of **China** ? have led the gains, with Korea and Taiwan continuing to reach new all-time highs.

This strength in emerging markets coincided with a markedly weaker **US dollar**, as well as a temporary détente in **US-China** trade tensions during the period. Elsewhere, tariff headlines continued to abound, with many Asian countries securing agreements that were seen as manageable, and the resulting certainty was met with relief. **India** and **Brazil**, however, were each hit with **50%** headline tariff rates on grounds that were more politically than economically motivated, making it clear that the **White House** is using tariffs as a tool to advance foreign policy goals and promote the US diplomatic agenda in ways that previously seemed unthinkable. These moves are largely symbolic ? an opening gambit in negotiations ? and therefore we do not see them as altering the attractiveness of these countries as investment destinations.

In **China**, most top-down indicators remained soft, yet industrial profit growth firmed up, ostensibly reflecting the early fruits of

the government's "anti-involution" policy aimed at curbing overcapacity. We remain unconvinced that this will drive meaningful change without a concurrent demand-side boost, which is not expected. Regardless, history shows that the Chinese equity market and the real economy are often uncorrelated. Chinese offshore **H-shares** have seen the traditional discount to their onshore **A-share** counterparts narrow from **43%** at the beginning of the year to a six-year low of **17%**, signaling a return of both retail and foreign investor appetite. Support can be attributed to optimism surrounding the anti-involution reforms, technology localization potential, and incremental government measures to support the equity market.

**India** lagged during the quarter due to slower growth, tariff threats, and an unclear path for its AI strategy. However, the government has accelerated the pace of reforms, notably by adjusting the **GST (Goods and Services Tax)**, which could spur higher consumption. Valuations, while still high, have come down after underperforming broader EM by close to **20%** during the quarter. We are now starting to see signs of stabilization within a context of still-positive long-term potential.

The **Latin American** markets have once again been dominated by politics. Much of the early-year rally in **Brazil** was driven by mean reversion, along with expectations that **Lula** would not run in the next election. **Trump's** support for **Bolsonaro** has re-polarized the political landscape, though the US leader has now agreed to meet Lula. Ongoing performance in Brazil will likely be heavily influenced by electoral noise and the trajectory of the **Selic** rate.

**Argentina** experienced significant turmoil as the government depleted FX reserves to defend the peso and contain inflation ahead of October's critical midterm elections, pushing the country to the brink of economic collapse and leaving it reliant on potential US financial support. Given this backdrop, we maintain no exposure to the country.

In the **CEEMEA** region (*Central and Eastern Europe, the Middle East and Africa*), **Saudi Arabia** made gains following the announcement of forthcoming changes to foreign ownership limits, while **South Africa** benefited from the strong rally in gold.

## PERFORMANCE REVIEW

In this context, **Carmignac Portfolio Emergents** delivered a solid performance of **+11.35%**. As is typical for the **Fund**, performance over the quarter was predominantly driven by strong stock selection. Pleasingly, this performance was diversified across both countries and sectors, with our top ten contributors spanning five countries and five sectors. The detractors this quarter, however, were more concentrated in one area, with five of the bottom ten contributors coming from India. It should be noted that while absolute performance in **India** has been weak, our stock selection in that market has been significantly positive and reflects our discipline and ability to identify and value assets on a risk-adjusted basis.

**Taiwan** was by far the largest positive contributor on a country basis, owing to positions in mid-cap AI hardware supply chain names **Elite Material** and **Lite-On**, which underline our strategic approach to AI investment opportunities ? looking beyond the large caps in the limelight in pursuit of the most compelling investments. Diversifying our exposure through lesser-known stock picks has not only helped us deliver enhanced returns, but also spread risk across different companies and various parts of the technology value chain.

**China** and **Brazil** also contributed positively, with our large positions in Chinese online discount retailer **Vipshop** and Brazil's utilities company **Eletrobras** experiencing strong rallies and closing some of the significant valuation anomalies that had previously attracted us to these names. Meanwhile, **Mexico** and **Indonesia** detracted during the quarter.

On a sector basis, **Industrials** was a key highlight, with our positions in **Didi** (China's leading ride-hailing company) and **CATL** (Chinese battery manufacturer) being the main contributors. Our selective positioning in **Consumer Discretionary** detracted, as we continue to avoid index heavyweights such as **Alibaba**, which surged on renewed AI optimism. Despite the share price rebound, we believe earnings headwinds persist and that valuations do not yet justify exposure.

## PORTFOLIO CHANGES

Portfolio activity was limited, with one new purchase and one sale during the quarter.

We reinitiated a position in the Chinese battery leader **CATL**. We had originally purchased **CATL** in May during its **Hong Kong IPO**, but quickly sold it after the stock performed very strongly in the initial days following the listing, resulting in an atypical premium to its **A-share** listing. In July, we observed that the premium had risen to **23%**, prompting us to repurchase **CATL** ? this time via the **A-share**. **CATL** stands out as a global leader and is particularly well positioned within

transition theme thanks to its energy storage business ? an area essential for the advancement of renewable energy. The rapid adoption of autonomous driving technologies also represents a significant tailwind for **CATL**, as self-driving vehicles will require substantially more onboard energy.

We exited our remaining position in **Galicja**, an Argentine bank, at the beginning of the quarter due to concerns about the country's economic and political environment, where we felt the risks were too high.

More broadly, the portfolio became slightly more concentrated during the quarter, ending the period with **37 holdings**, within the **35–45** target range. Our key actions involved ongoing trimming of strong performers to take profits and redeploying the proceeds into undervalued or lagging names with solid upside potential.

## OUTLOOK

Looking ahead, with the **MSCI EM Index** now trading at around **14 times forward earnings**, we are becoming more mindful of the potential for a short-term pause in performance. However, this comes in a context where gross margins, **Return on Equity (ROE)** and **Return on Invested Capital (ROIC)** levels have also improved. As for **China**, we note that Chinese equities have only recovered a fraction of their three-year underperformance.

We expect increasing volatility in the coming months, and it is likely that near-term market performance will, to a large extent, be dictated by the outcome of the **Trump–Xi** meeting at the end of October. Nevertheless, we continue to believe that the longer-term EM rally still has multiple supports, including **USD** weakness, rate cuts, improvements in corporate governance and industrial policy across the region, greater certainty on trade dynamics, AI supply-chain beneficiaries, and continued earnings growth ? all alongside broader global diversification of positioning. These new dynamics highlight that **Emerging Market equities** are no longer simply a high-beta proxy for developed market growth. Instead, they are increasingly viewed as an alternative to slowing developed markets.

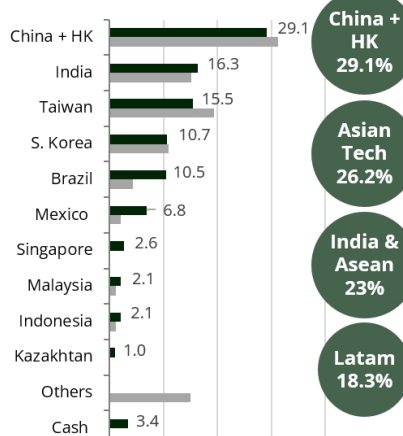
While we are somewhat more cautious towards the frothier areas of the market, we remain confident that we continue to hold companies with structural advantages in areas such as **technology**, the **energy transition**, and **mobility**. We observe a new, more growth-oriented environment, but remain firmly committed to maintaining a strong balance across the portfolio and valuation discipline ? always anchored in fundamentals rather than market sentiment.

## POSITIONING AS OF 30/09/2025

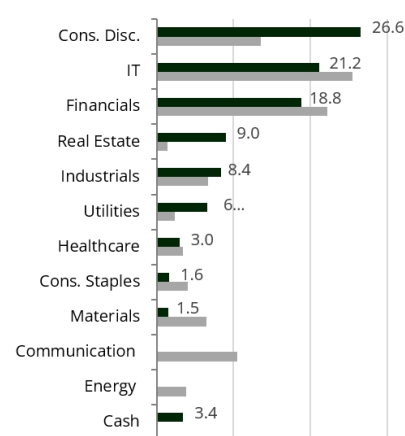
### Top 10 Holdings

Stocks	Country	% Exposure
1 TSMC	Taiwan	9,7%
2 Sk Hynix	South Korea	5,7%
3 Vipshop	China	5,5%
4 Didi Global	China	5,3%
5 Grupo Banorte	Mexico	5,0%
6 Eletrobras	Brazil	4,5%
7 Prosus (Tencent)	China	4,2%
8 Embassy	India	3,9%
9 Hyundai Motor	South Korea	3,5%
10 Hong Kong Exchange	Hong Kong	3,4%
<b>TOTAL</b>		<b>50.7%</b>

### Country Breakdown



### Sector Breakdown



<sup>1</sup>Reference indicator: MSCI EM NR (USD) (Reinvested net dividends rebalanced quarterly), Carmignac 30/09/2025. Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor).

<sup>2</sup>Morningstar category: Global Emerging Markets Equity.

# CARMIGNAC PORTFOLIO EMERGENTS F EUR ACC

(ISIN: LU0992626480)

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. **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. **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 :** 0.53% 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: LU0992626480)

Calendar Year Performance (as %)	2016	2017	2018	2019	2020
<b>Carmignac Portfolio Emergents</b>	<b>+1.7 %</b>	<b>+19.8 %</b>	<b>-18.2 %</b>	<b>+25.5 %</b>	<b>+44.9 %</b>
Reference Indicator	+14.5 %	+20.6 %	-10.3 %	+20.6 %	+8.5 %

Calendar Year Performance (as %)	2021	2022	2023	2024	2025
<b>Carmignac Portfolio Emergents</b>	<b>-10.3 %</b>	<b>-14.3 %</b>	<b>+9.8 %</b>	<b>+5.5 %</b>	<b>+17.4 %</b>
Reference Indicator	+4.9 %	-14.9 %	+6.1 %	+14.7 %	+12.4 %

Annualised Performance	3 Years	5 Years	10 Years
<b>Carmignac Portfolio Emergents</b>	<b>+11.6 %</b>	<b>+5.3 %</b>	<b>+7.1 %</b>
Reference Indicator	+11.2 %	+7.0 %	+7.4 %

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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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.

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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](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.
- **In Switzerland:** the prospectus, KIDs and annual report are available at [www.carmignac.com/en-ch](http://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.