

FP CARMIGNAC GLOBAL BOND: LETTER FROM THE FUND MANAGER - Q2 2025

11/07/2025 | ABDELAK ADJRIOU

+0.11%

Performance of the Fund in the 2nd quarter of 2025 (A GBP Acc HGD Share class).

+4.34%

Relative performance of the Fund versus the comparator benchmark¹ in the 2nd quarter of 2025 (A GBP Acc HGD Share class).

+25.41%

Outperformance of the Fund over 5-year versus the comparator benchmark¹ (A GBP Acc HGD Share class).

*During the second quarter of 2025, **FP Carmignac Global Bond** posted a performance of +0.11%, compared with -4.23% for its comparator benchmark¹, bringing its performance since the beginning of the year to +1.49%, compared with -5.53% for its comparator benchmark¹.*

MARKET REVIEW

The second quarter of 2025 began with renewed risk aversion in fixed income markets following the Trump administration's announcement of tariffs on all trading partners. Although the tariffs were delayed until July, investor confidence faltered, with markets pricing in up to four US rate cuts amid pessimism over growth. However, resilient employment data and stronger-than-expected inflation later shifted expectations to two rate cuts in the second half of the year.

Geopolitical tensions escalated in the Middle East between Israel and Iran, triggering air strikes on Iranian nuclear sites. While this caused volatility in commodity prices and fears of a wider conflict and Strait of Hormuz blockade, fixed income markets remained resilient, supported by strong technical factors. Credit spreads tightened despite these pressures, with the iTraxx Xover index narrowing by 45 basis points.

In the eurozone, rates eased, erasing the impact of Chancellor Merz's earlier announcements; the German 10-year yield fell 13 basis points. The European Central Bank (ECB) implemented two rate cuts but maintained a cautious tone amid inflation concerns. Leading indicators, especially in manufacturing, showed signs of improving growth momentum.

In the US, the yield curve steepened sharply amid fears of budgetary slippage, with long-term rates reaching levels not seen since 2007, especially for 30-year bonds. Short-term rates, meanwhile, anticipated further rate cuts on the back of growth worries. Finally, Japan also saw strong pressure on its 30-year rates, which rose by 40 basis points during the quarter as inflation exceeded 3%.

On the currency front, the euro has risen sharply against the dollar, reaching its lowest level since 2021 amid concerns about growth and the demand for USD assets in general. Against this backdrop of a dominant euro, only a few currencies appreciated, such as the Mexican peso and certain Eastern European currencies (the Hungarian forint and the Czech koruna).

PERFORMANCE REVIEW

In this volatile environment, the portfolio's duration was actively managed within a range of 3.8 to 6.4. The rate component contributed positively overall, driven by its steepeners on the German yield curve and a long stance on UK rates. However, short positions in the intermediate segments of the Japanese yield curve and French debt had a negative impact. Additionally, tensions at the longer end of the US yield curve slightly weighed on performance. In emerging local rates, our selections in Eastern Europe (Hungary and Poland) and Latin America (Brazil and Mexico) contributed positively.

On the credit front, although credit spreads narrowed sharply in May¹ reversing the downward trend seen after the US tariff announcement in April² the tightening was more moderate in June. Against this backdrop, the Fund benefited from its exposure to spread products, primarily through its selection of emerging market bonds denominated in hard currencies. These performed well during the quarter, supported by improved sentiment following President Trump's tariff reversal and the weakness of the US dollar, which favoured emerging markets.

The sharp depreciation of the US dollar against the euro³ nearly 9% over the quarter⁴ negatively affected the portfolio's absolute performance. Concerns about the trade war's impact on the US economy undermined investor confidence, triggering a sell-off of USD-denominated assets. Although the portfolio had limited exposure to the dollar, its steep decline versus the euro, the portfolio's reference currency, weighed on returns. To a lesser extent, our long positions on the Japanese yen also suffered from the euro's strength.

OUTLOOK

In an environment marked by uncertainty due to the introduction of tariffs, ongoing geopolitical tensions, and the risk of fiscal slippage in certain countries, we expect major central banks across both developed and emerging markets to maintain an accommodative monetary stance. Reflecting this outlook, we continue to maintain a relatively high modified duration, positioned between 4 and 5.

Our rates positioning reflects a nuanced assessment of regional economic dynamics and central bank policies. We hold a modestly long position on US rates, anticipating that while the Federal Reserve will remain cautious until tariff impacts become clearer, it is likely to resume its rate-cutting cycle after the summer. Conversely, we are maintaining short positions in Europe, where growth prospects should improve thanks to the German budget plan, and in Japan, where inflation is taking hold, which should force the Bank of Japan to take action. Within emerging markets, we remain selective, favouring countries such as Brazil and certain Eastern European economies that offer attractive local yields supported by elevated real rates.

On the credit side, we retain significant exposure to capitalize on attractive carry opportunities, focusing on the financial and energy sectors, as well as carefully selected emerging market debt denominated in hard currencies. However, given relatively elevated valuations, we maintain a prudent approach by employing substantial hedging through iTraxx Xover protection to guard against potential spread widening.

Our currency exposure remains conservative, with limited positions in the US dollar and emerging market currencies. We emphasize diversification through allocations to Latin American currencies like the Brazilian real and Chilean peso, alongside commodity-linked currencies such as the Australian dollar, Canadian dollar, and Norwegian krone. Finally, we maintain a long position on the Japanese yen, anticipating that the Bank of Japan will likely be the only major central bank to raise rates this year.

Source: Carmignac, Bloomberg, 30/06/2025. Performance of the A GBP Acc HGD share class, ISIN code: GB00BJHQ2J63. ¹Comparator benchmark: JP Morgan Global Government Bond Index (coupons reinvested).

FP CARMIGNAC GLOBAL BOND A GBP ACC HGD

(ISIN: GB00BJHQ2J63)

SFDR - Fund Classification :

Article 



Recommended minimum investment horizon



MAIN RISKS OF THE FUND

CREDIT: Credit risk is the risk that the issuer may default. **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. **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 KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time.

FEES

Maximum subscription fees paid to distributors : 0,00%

Redemption Fees : 0,00%

Conversion Fee : •

Ongoing Charges : 0.70%

Management Fees : 0,62% MAX

Performance Fees : •

PERFORMANCE (ISIN: GB00BJHQ2J63)

Calendar Year Performance (as %)	2019	2020	2021	2022
FP Carmignac Global Bond	+5.8 %	+6.6 %	+0.0 %	-2.5 %
Indicateur de référence	+3.7 %	+0.6 %	+0.6 %	-11.8 %

Source: Carmignac at 30 Jun 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 %)	2023	2024	2025
FP Carmignac Global Bond	+4.3 %	+2.3 %	+1.5 %
Indicateur de référence	+0.5 %	+2.8 %	-5.5 %

Annualised Performance	3 Years	5 Years	Since launch
FP Carmignac Global Bond	+2.3 %	+1.7 %	+2.9 %
Indicateur de référence	+2.7 %	+3.6 %	+1.6 %

Source: Carmignac at 30 Jun 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 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 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, KIIDs 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 acilities 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, 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.