



## Carmignac Investissement : Letter from the Fund Manager



Author(s)  
David Older

Published  
July 27, 2021

Length  
4

+6.64%

### Carmignac Investissement's performance

in the 2nd quarter of 2021 for the A EUR Acc share class.

+6.43%

### Reference indicator's performance

in the 2nd quarter of 2021 for MSCI ACWI (USD) (net dividends reinvested).

+10.71%

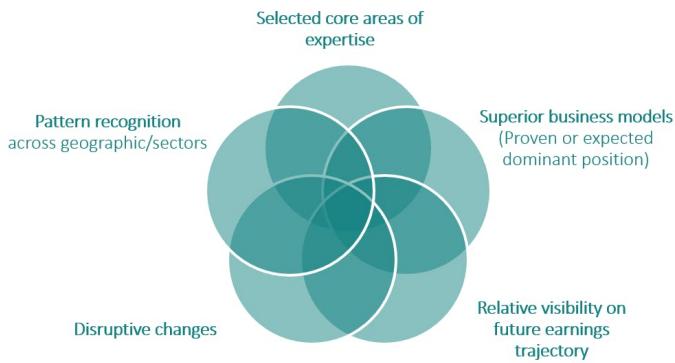
### Performance of the Fund Year-to-Date

versus 15.87% for the reference indicator.

## Quarterly performance review

Markets pursued their upward move boosted by the reopening of economies, ongoing highly accommodative Central bank policies and massive government fiscal support. However, after several months of outperformance of cyclical/value stocks, we saw a change in market leadership in the second half of the quarter with growth stocks outperforming. **This move has been accelerated by a change in the Federal Reserve's tone in June as inflation fears were rising.**

Overall, the outlook remains constructive for equity markets, with the "runaway" inflation scenario receding thanks to a more vigilant Fed. Secular growth stocks should benefit from this environment especially at a time when overall corporate earnings growth will decelerate, making their steady growth relatively more attractive. In addition, the probability of sharp US tax increases is decreasing as fiscal spending seems to be curtailed somewhat by a divided US Congress.



Source: Carmignac

In this context, Carmignac Investissement benefited from its balanced positioning with a performance coming from both secular growth stocks and reopening trades. Among our top contributors of the quarter, we note Hermès, that is supported by strong demand in China as well as e-commerce rollouts to more countries. Alphabet and Facebook also recorded strong gains thanks to supportive trends in digital advertising. In healthcare, Chinese biologics technology platform Wuxi Biologics and Chinese vaccine company Chongqing Zhifei were strong performers.

On the other hand, outside of the Healthcare sector, Chinese exposure in the fund continued its 2021 underperformance hurt mainly by regulatory attacks on Internet companies and their technology partners. Longstanding positions like JD.com and Kingsoft Cloud have penalized the performance of the Fund this year but we remain convinced as to their potential value creation over time under new regulatory frameworks.

## How is the fund positioned?

**Our investment process revolves around identifying the most promising secular trends in order to invest in companies that show strong growth regardless of economic conditions.** Social Responsible Investment (SRI) is a core part of our philosophy and is fully integrated in this process. This allows us to build strong convictions that can outperform over the long term, and to avoid secularly challenged businesses that fail to offer long term attractive and visible growth. This approach, however, did not prevent us from adding some cyclical to the portfolio this year such as a basket of high-quality US Industrials, and travel names levered to tourism such as Ryanair which supported performance.

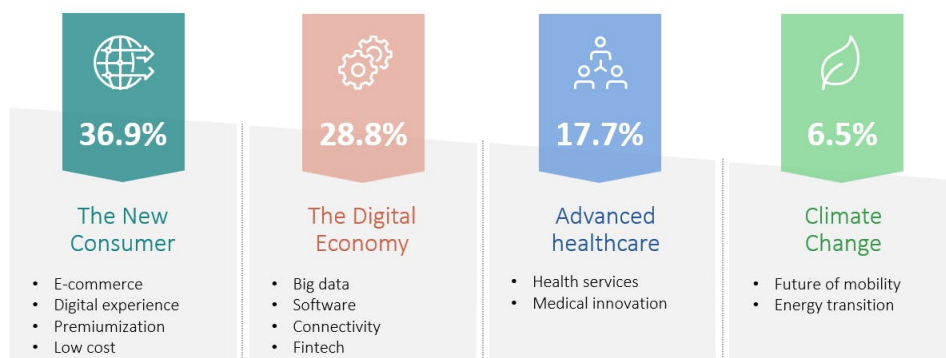
As we ended the second quarter, the most cyclical part of the market, especially in the United States, has reflected the growth recovery leading us to exit the Industrial basket and reduce/exit several positions geared to capitalize on the reopening of economies, such as Booking.com (online travel), and Carnival (cruise lines).



## What is our outlook for the coming months?

As we enter the second half of 2021, we continue to pay particular attention to stocks with high valuation multiples in an environment of potential rate hikes. **We have therefore weighted the portfolio towards growth stocks offering valuations that we judge reasonable, and which can be found among certain mega-caps** such as Facebook and Google. Facebook has an estimated price-earnings (P/E) for 2021 in line with the S&P 500 with vastly superior growth. Sector rotation and regulatory uncertainties have penalized the share price but do not take into account the outlook for its unmonetized initiatives like in-app “social” commerce and virtual reality, which has been a focus of multi-billion-dollar investment in recent years and which we believe will be the next interactive social platform. In addition, the regulatory environment around Facebook improved at quarter end as the company won a court ruling dismissing two monopoly lawsuits filed by the U.S. government and a coalition of states that sought to break up the company. This risk was identified as an environment, social and corporate governance (ESG) risk for the company leading us to monitor it very closely alongside all subjects linked to consumer data privacy practices.

Overall, **we maintain a liquid and solid portfolio of strong conviction investments, diversified in terms of geography, sectors and themes**  
Our core thematics revolve around :



Source: Carmignac, 30/06/2021. Others: 9.3%. Portfolio composition can change over time and without prior notice.

These disruptive themes have proven to be particularly resistant to the global economic downturn brought on by COVID. Many of their adoption curves have sharply accelerated, driving up penetration rates and sustainable profits. As global economies reopen it is our strong belief that these penetration gains will be maintained: consumers and businesses will continue to embrace the powerful trends of e-commerce, digital payments, cloud infrastructure, online advertising, and medical advancement.

Carmignac Investissement

## Looking for winners of today and tomorrow

[Discover the fund page](#)

# Carmignac Investissement A EUR Acc

ISIN: FR0010148981

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.

<sup>1</sup>Peer group: Global Large-Cap Equity

<sup>2</sup>Reference indicator: MSCI ACWI (USD) (Reinvested net dividends).

<sup>3</sup>Takeover on January 1st, 2019. Performance of the A EUR acc share class. Past performance is not necessarily indicative of future performance. The return may increase or decrease as a result of currency fluctuations, for the shares which are not currency-hedged. 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](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 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/en](http://www.carmignac.com/en), or upon request to the Management Company.

**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 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.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.

**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](#).

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.