

CARMIGNAC P. CREDIT: LETTER FROM THE FUND MANAGERS

11/10/2023 | PIERRE VERLÉ, ALEXANDRE DENEUVILLE

+1.74%

Carmignac P. Credit's performance in the 3rd quarter of 2023 for the A EUR Share class.

+0.64%

Reference indicator's performance in the 3rd quarter of 2023 for the 75% ICE BofA Euro Corporate Index et 25% ICE BofA Euro High Yield Index.

+4.29%

Of annualized performance since launch of the fund (31/07/2017), compared to -0.27% for its reference indicator¹.

Carmignac Portfolio Credit was up +1.74% during Q3 2023, versus +0.64% for its reference indicator¹. Since the beginning of the year, the fund is up +4.69% vs. +3.27% for its reference indicator, outperforming by 1.42%.

OVERVIEW OF CURRENT CREDIT MARKETS

After the volatile episodes surrounding the demise of Silicon Valley Bank and Credit Suisse, we saw a return to calm in May and June which persisted during the third quarter of 2023. **Primary markets were well functioning and very active in most corners of our investment universe, offering attractive new investment opportunities**, especially in high yield in developed and emerging markets.

Now that fixed income investors enjoy low risk investment options that offer meaningful positive return (such as short-term treasuries), they feel much less need to stretch across the risk spectrum to reach for yield than they used to. This has re-established the balance between supply and demand for credit risk in favour of investors. For example, as the primary market reopened widely in the past months, we have seen plain vanilla BB issuers in the primary market financing themselves at spreads 20 to 30% higher than in 2019 or 2021, all things being equal. **We believe investors are now well compensated in the high yield space, even taking into account an expected pickup in defaults.** Complex situations attract even higher remunerations compared to the past, which is illustrated by the generous spreads on offer in the "collateralized loan obligation" space (CLO tranches have been the largest contributor to performance of the fund so far this year).

POSITIONING

As a result, the fund offers now a yield superior to 9% while maintaining a solid credit quality (with an average BB+ rating) and a high level of diversification. This is despite maintaining c. 10% of hedges through CDS on HY indices. **This high level of carry offers meaningful protection against the impact of potential credit incidents or the widening of spreads.** In addition, our exposure to (floating) CLO tranches and inflation friendly sectors such as natural resources and financials should mitigate the impact of interest rate volatility on performance going forward.

OUTLOOK

As we discussed in our last letter, this return of value for the credit markets as well as the presence of wide complexity premia available to bond pickers is very exciting for the future performance of Carmignac Portfolio Credit. Additionally, **we expect this higher cost of financing across the board will restore an environment for credit defaults, similar to what we had for the first three decades of the high yield market, and hence attractive opportunities for high alpha distressed debt investments.**

¹Source: Carmignac, Bloomberg, 30/09/2023

CARMIGNAC PORTFOLIO CREDIT A EUR ACC

(ISIN: LU1623762843)

SFDR - Fund Classification** :

Article **6**



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. **LIQUIDITY:** Temporary market distortions may have an impact on the pricing conditions under which the Fund might be caused to liquidate, initiate or modify its positions.

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 : 2,00% of the amount you pay in when entering this investment. This is the most you will be charged. Carmignac Gestion doesn't charge any entry fee. The person selling you the product will inform you of the actual charge.

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

Management fees and other administrative or operating costs : 1,20% 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 : 0,25% 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: LU1623762843)

Calendar Year Performance (as %)	2017	2018	2019	2020	2021
Carmignac Portfolio Credit	+1.8 %	+1.7 %	+20.9 %	+10.4 %	+3.0 %
Indicateur de référence	+1.1 %	-1.7 %	+7.5 %	+2.8 %	+0.1 %

Calendar Year Performance (as %)	2022	2023	2024	2025 (YTD)
Carmignac Portfolio Credit	-13.0 %	+10.6 %	+8.2 %	+2.7 %
Indicateur de référence	-13.3 %	+9.0 %	+5.7 %	+1.8 %

Annualised Performance	3 Years	5 Years	Since launch
Carmignac Portfolio Credit	+6.1 %	+4.5 %	+5.5 %
Indicateur de référence	+3.7 %	+1.6 %	+1.4 %

Source: Carmignac at May 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 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 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, or upon request to the Management Company.
- **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 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, 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.

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