Carmignac Investissement: Letter from the Fund Manager

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+5.79%

Carmignac Investissement's performance

in the 1st quarter of 2023 for the A EUR Share class

+5.41%

Reference indicator's performance

in the 1st quarter of 2023

1st Quartile

Over 1-year

in the global large-cap growth equity category

*Over the first quarter of 2023, **Carmignac Investissement** recorded a performance of +5.8%, outperforming its reference indicator (+5.4%).*

Market environment

In January, markets were convinced that a soft landing was possible and that the worst might be behind us. This brought core bond yields down, supporting the performance of risky assets. The mood changed in February as strong employment figures and persistently high inflation led markets to raise their estimate for terminal rates. Against this backdrop, sovereign bond yields climbed, and equity markets corrected, except in Europe where growth prospects brightened as gas prices fell. Finally, March saw the appearance of stress within the US banking sector leading to wild swings in markets and violent risk-on and risk-off moves.

In terms of equity behavior, sectors like tech and consumer discretionary led the markets while energy posted a negative performance. Indeed, lower rates and recession fears have allowed high valuation/long duration stocks to make a come-back after a very negative 2022 year. On the contrary, recession fears in the US and in Europe have weighed on oil.

How did we fare in this context?

Carmignac Investissement recorded a solid positive performance over the period, above its reference indicator. Its positive performance can be mostly ascribed to a good stock picking. Stocks within the Consumer Discretionary (Hermès) and Info Tech (AMD, Palo Alto, Microsoft) sectors are among the biggest contributors. Our selection of long-cycle industrial stocks also supported the performance with companies like Airbus and Safran. However, our exposure to the defensive Healthcare sector weighed on performance.

Outlook

Our main scenario for the coming months remains that the US will enter recession in H2 2023, leading to earnings downgrade but also lower interest rates and inflation. In Europe, the willingness of the ECB to bring inflation down to 2% sooner rather than later means that a tight monetary policy will continue to be a headwind for growth. Meanwhile, China remains desynchronized from the rest of the world and hence a silver lining of this cloudy outlook.

Given this environment, our investment strategy advocates for a selective and diversified approach to portfolio construction. To achieve our objectives, we rely on a growth-oriented strategy anchored in identifying strong opportunities balanced by core holdings in recession-resistant companies.

We notably seek to take advantage of the reopening of China through domestic companies such as Alibaba, as well as European luxury brands like Hermès and LVMH.

Furthermore, we prioritize investment opportunities related to digitalization, especially those companies levered to the explosion of Artificial Intelligence, in the software/cloud infrastructure space (Microsoft, Oracle) and the semi-conductor space (AMD, Nvidia). Cybersecurity (Palo Alto) is another software opportunity, as is the disruption of the payment/banking sector (Block).

We also have significant exposure to recession-resistant sectors such as healthcare, consumer staples, and long-cycle industrial companies (aerospace).

In line with our investment philosophy, we embrace a diversified approach to commodities, investing in both metals relating to electrification like copper (Glencore, Freeport) as well as traditional and purely renewable energy through companies such as Schlumberger (exploration technology) and Orsted.

We believe our portfolio provides investors with growth opportunities that are positioned to deliver long-term value, even in the face of economic uncertainties.

Source: Carmignac, Bloomberg, 31/03/2023

Carmignac Investissement

A Fund geared for a changing world

Discover the fund page

Carmignac Investissement A EUR Acc

ISIN: FR0010148981

Lower risk Higher risk

Recommended minimum investment horizon

1	2	3	4*	5	6	7

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.