

WEBCAST

CARMIGNAC DIRECT LINE

15 DECEMBER 2020



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Head of Fixed Income

Carmignac Patrimoine - A Balanced Portfolio



LOW GROWTH ENVIRONMENT

High exposure to **secular growth companies**



Main long term investment themes

- Digitalization of everything
- Demographic shift
- Technological accelerators
- Climate change

REFLATIONARY/CYCLICAL ACCELERATION

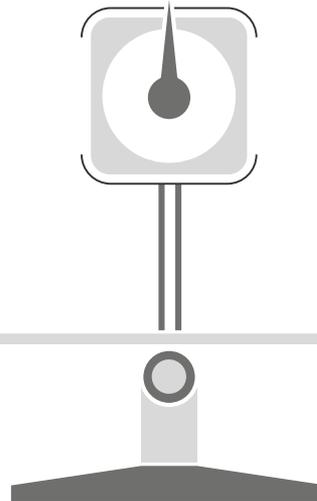
Exposure to **reopening beneficiaries companies** notably in travel space



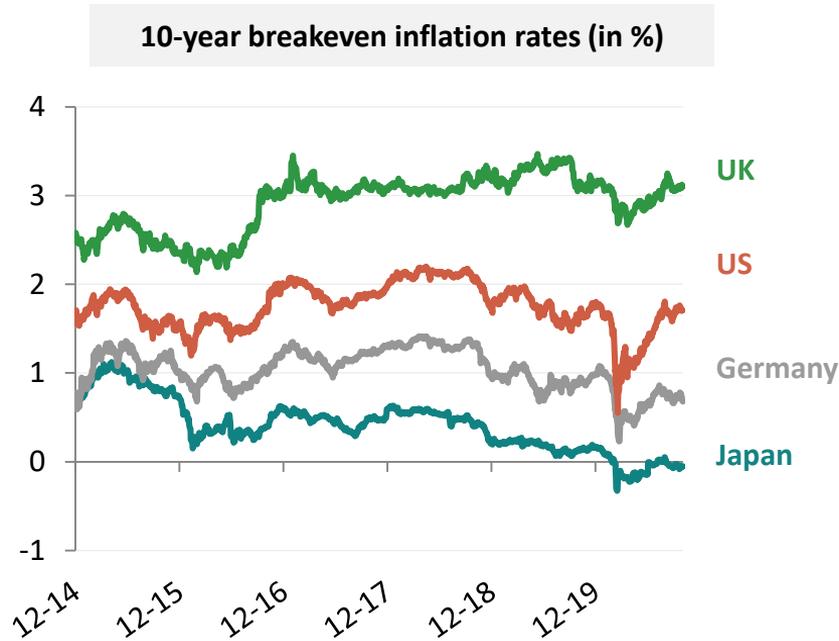
Diversified credit book comprising debt of **cyclical companies**

Increased exposure to **EM debt**

Gold exposure



Rates: The Environment of Financial Repression Remains



Credit: 3 Long-Term Themes



3.5%*

RE-OPENING
Airline Company
Aeronautics
Tourism



5.5%*

COMMODITIES
Oil
Gas



10.5%*

FINANCIALS
Banks
Insurance
Financial Services



**Allocation of
Carmignac Patrimoine
(% assets)*

Credit: Carnival, Reopening Should Pave the Way Back to IG



Investment Rationale

- ▶ Largest cruise line company
 - 100+ vessels, 10 brands
 - Book value of ~\$38 bn
- ▶ Paying a high price for liquidity
 - Raising \$6bn via equity, bonds and convertibles
 - Dilution and very high coupon
- ▶ Overly negative assumptions
 - No revenue for 1Y with a monthly cash burn of \$1bn
 - No significant value of the fleet

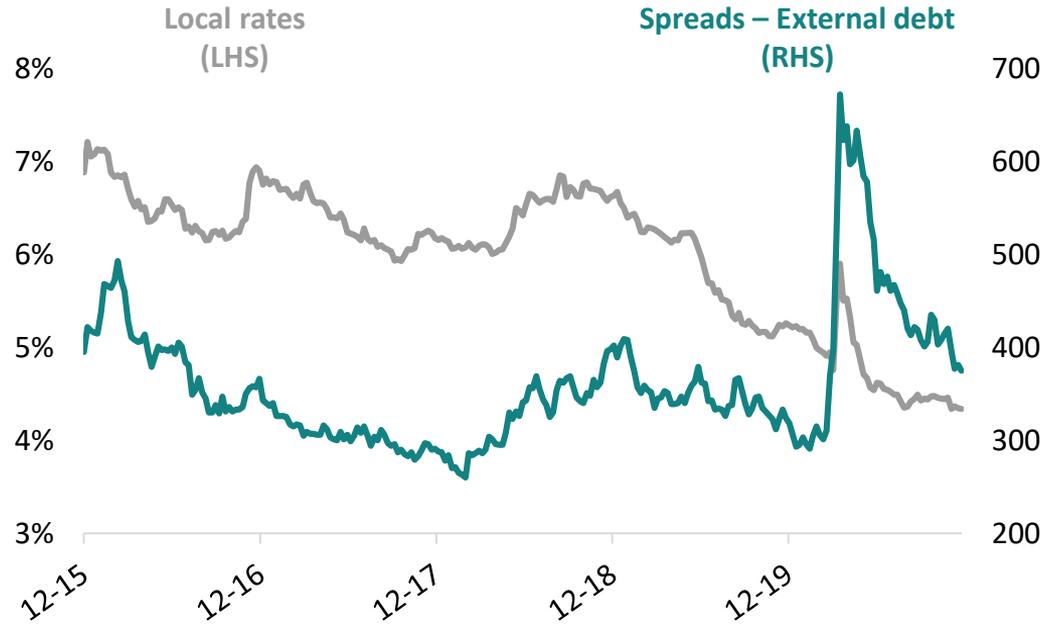
Cash Price and Yield evolution of the 2029 senior unsecured



Portfolio may vary over time. 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. Source : Carmignac, Bloomberg as of 24/11/2020

EM: Preference For External Debt and Currency Strategies

EM debt – Local rates Vs. Spreads on external debt



EM currencies Index



Local rates: JP Morgan GBI – Emerging Markets Global Diversified Composite Index
 Spreads on external debt : JP Morgan EMBI Global Diversified Composite Index
 EM currencies Index: FXJPEMCS
 Source: Bloomberg, 25/11/2020

EM: 3 Long-Term Themes



RE-OPENING

Russian Rouble



Dominican Republic bonds



PEMEX bonds



CYCLE & EU RECOVERY FUND

Ukrainian bonds



Ivory Coast bonds



Eastern European curves: Long & Short



ATTRACTIVE VALUATIONS

BRL



Chinese bonds



Carmignac Patrimoine: Our **Fixed Income** Convictions

WHAT YOU HAVE TO REMEMBER



Highly selective on credit

- ▶ **Re-opening theme**
Issuers who should benefit directly from the reopening of the economies
- ▶ **Commodities**
Cyclical bias to take advantage of a recovery
- ▶ **Financials**
Persistent support of central banks to preserve their profitability and good carry



Inflation premium should rise

- ▶ **Nominal rates**
Inflationary pressures on nominal rates
- ▶ **Real rates**
Rates kept low by central banks to preserve the recovery



Still Value in EM external debt

- ▶ **External debt**
Attractive yields compared to local debt
- ▶ **EM currencies**
A certain lagging behind the EM currencies, particularly interesting against the dollar



Q&A



Main Risks of Carmignac Patrimoine



- **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.

- **Interest rate**

Interest rate risk results in a decline in the net asset value in the event of changes in interest rates.

- **Credit**

Credit risk is the risk that the issuer may default.

- **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.

- **The Fund's capital is not guaranteed.**

Source: Carmignac
A EUR Acc share class

Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment.
This indicator may change over time.

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