

CARMIGNAC P. GLOBAL BOND: LETTER FROM THE FUND MANAGERS

12/10/2023 | ABDELAK ADJRIOU, JULIEN CHÉRON

-0.84%

Carmignac P. Global Bond (A Euro Acc) Q3 2023 performance.

-1.36%

Reference indicator's¹ (JP Morgan GBI Global (EUR)) Q3 2023 performance.

+0.52%

Outperformance of the fund during the third quarter of the year versus its reference indicator.

Carmignac Portfolio Global Bond has realised a QTD performance of -0.84% (class A shares), and it outperformed its reference indicator (JP Morgan Global Government Bond Index (EUR)), which delivered -1.36%.

THE BOND MARKETS TODAY

The bond markets remained relatively volatile in 2023, with inflation once again being the main concern. Despite the deflationary trends observed in recent months especially in the core inflation component, inflation in the United States and the eurozone remained above central banks' targets in Q3 2023. Having said that, geopolitics, and supply cuts by OPEC+ are still driving US headline inflation.

As a result, central banks - the majority of which have so far maintained a hawkish position - were the second most important theme during the quarter. Even after the banking sector crisis in March, the US economy and job market remained (surprisingly) rather robust. In this context, US real rates at 10 years increased by about 60 basis points since the beginning of the year, a trend that particularly intensified in August. Meanwhile, the Chinese economy continued to disappoint markets, mainly due to the prolonged crisis in the real estate sector. Despite making marginal interest rate cuts in Q3, the People's Bank of China is still refraining from implementing a significant stimulus package to jumpstart the economy. Consequently, it was not able to support global growth, especially in Europe.

In fact, the eurozone has begun to raise concerns about growth among most investors. Nevertheless, corporate credit remained somehow resilient during most of the period and only slightly widened towards the end of September.

FUND PERFORMANCE

Carmignac Portfolio Global Bond generated a negative absolute performance in the third quarter, although above its benchmark. Within the different contributors to the absolute performance, our selection of corporate credit securities has positively contributed to the absolute performance of our fund, despite our hedging strategies in that space. Our structured credit has also been particularly positive for the fund's absolute performance. Additionally, our currency and emerging debt strategies have positively contributed to the fund's performance, despite negative absolute contributions from the US dollar and Japanese yen during the period. Overall, we are satisfied with the performance of our investment strategies and the contributions made by various asset classes.

However, despite the banking sector crises, central banks remained optimistic, and our long duration strategy weighed on overall performance during the period.

OUTLOOK

We have revised our view with regards to recession which we no longer believe will take place at the end of the year. In fact, the market's concerns about the impact of slowing economies on risky assets such as corporate credit, emerging markets, and the US housing sector have been almost dampened by better-than-expected global economic conditions. However, we also believe that due to the US economic resilience, the market got carried away almost assuming a near-perfect economic landing. This has led in our view to an asymmetric risk profile in most asset classes.

Nevertheless, the market keeps a cautious perspective on inflation, monetary policy, and the possibility of a recession, further into 2024. Having said that, as we keep going the economic cycle too advances, and in a way, we keep on running out of time. Considering this, we think that an effective investing strategy in this climate requires acting and positioning portfolios to take advantage of appealing late-cycle opportunities while they are still present.

Due to the belief that real interest rates are currently too high and will eventually hurt the real economy, the investment strategy suggested in this scenario calls for maintaining a structural long duration position with opportunities primarily in core but also in some emerging market countries to some extent.

While keeping a neutral stance towards the US dollar, the portfolio is also invested in currencies in of high real rate economies and nations that export commodities. Hedging tactics are used to actively control credit risk, and at the conclusion of the term, there is up to 10% credit protection. Last but not least, long bets on the Japanese yen are kept because of the conviction that the Bank of Japan should keep loosening its accommodating policies.

Source : Carmignac, Bloomberg, 30/09/2023. Shareclass: A EUR Acc (ISIN: LU0336083497).

¹Reference indicator :JP Morgan Global Government Bond Index (Coupons reinvested). Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor).

CARMIGNAC PORTFOLIO GLOBAL BOND A EUR ACC

(ISIN: LU0336083497)

SFDR - Fund Classification** :

Article **8**



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 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 : 1,36% 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: LU0336083497)

Calendar Year Performance (as %)	2014	2015	2016	2017	2018
Carmignac Portfolio Global Bond	+13.8 %	+3.3 %	+9.5 %	+0.1 %	-3.7 %
Indicateur de référence	+14.6 %	+8.5 %	+4.6 %	-6.2 %	+4.3 %

Calendar Year Performance (as %)	2019	2020	2021	2022	2023
Carmignac Portfolio Global Bond	+8.4 %	+4.7 %	+0.1 %	-5.6 %	+3.0 %
Indicateur de référence	+8.0 %	+0.6 %	+0.6 %	-11.8 %	+0.5 %

Annualised Performance	3 Years	5 Years	10 Years
Carmignac Portfolio Global Bond	+0.2 %	+0.7 %	+2.3 %
Indicateur de référence	+3.4 %	+1.8 %	+1.4 %

Source: Carmignac at 29 Nov 2024.

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.

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, 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, or upon request to the Management Company.
- **In the United Kingdom:** the Funds' respective prospectuses, KIIDs and annual reports are available at www.carmignac.co.uk, 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.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](#).