

# CARMIGNAC PORTFOLIO EMERGING DISCOVERY: LETTER FROM THE FUND MANAGERS

05/08/2024 | XAVIER HOVASSE, AMOL GOGATE

**+6,0%**

Return of Carmignac Portfolio Emerging Discovery A EUR Acc during the quarter (compared with +5.1% for its reference indicator).

**+17,1%**

Return of Carmignac Portfolio Emerging Discovery A EUR Acc since the beginning of the year (compared with +8.0% for its reference indicator).

**1 st quartile**

Ranking of Carmignac Portfolio Emerging Discovery compared to its Morningstar category over 1 year and the beginning of the year, for its performance and Sharpe ratio.

**Carmignac Portfolio Emerging Discovery** (A EUR ACC share class, ISIN LU0336083810<sup>1</sup>) continued its good run returning for its reference indicator. The fund has an Article 8 designation with over 50% of its holdings contributing to United Nations Sustainable Development Goals (UN SDGs)<sup>3</sup>.

## PERFORMANCE REVIEW

The fund's holdings in India contributed well as also specific long term holdings in China (SITC), Turkey (BIM) and Vietnam (FPT). On the other hand, the fund's exposure to the semiconductor supply chain in Taiwan and South Korea did not work the way we had hoped.

As we had highlighted before, 2024 is the year of elections around the world and we had some of the most consequential elections in Emerging Markets in Q2. In India, Prime Minister Modi did not do as well as expected but returned to power with the support of long-standing alliance partners. The political continuity in India is a relief as we believe the Modi government has prepared the ground for a capex upcycle which, if it becomes reality, can greatly benefit India. On the other hand, the election results from Mexico have caused worries in the markets. Our investments in Mexico are mainly concentrated around the near-shoring theme which we believe is structural and mutually beneficial to both the USA and Mexico. So we used the sell-off in Mexico and Latin America in general to increase our positions. The final major election was the one in South Africa. While there was no clear winner, the government formation has boosted optimism for a government more focused on improving the economy. Given this outlook we bought into South African equities for the first time in many years.

## CHANGES TO THE FUND

Even as the Fund benefits from the several positive trend across our markets (e.g. growth in India, Artificial Intelligence, near-shoring etc), our focus is on reducing risks in the portfolio by increasing diversification. For example, we are looking to increase exposure to geographies such as South-East Asia which have been out-of-favour. With this in mind we initiated a position in Asia Commercial Bank (ACB) in Vietnam. We believe ACB is one of the best-run banks in the private sector in Vietnam, has a long runway for growth and can be a great long-term compounder for the Fund. We do worry about the political risks in Vietnam but also believe that the growth opportunity is compelling and low starting valuations will protect us.

In a similar vein, we have started building a position in the Clicks Group in South Africa. Clicks is a very well-managed chain of pharmacies and brands. As mentioned earlier, the political changes in South Africa gave us the confidence to increase exposure to that country. We continue to evaluate IPOs across our geographies but participating only in those that can be long term holdings. One such business we invested in was TBO Tek which is a global travel distribution platform based in India. The new investments have been funded by reducing our holdings in businesses which we like structurally but where valuations have gone beyond our zone of comfort in the near term.

## OUTLOOK GOING FORWARD

The focus of the Fund continues to be on identifying long-term compounders in Emerging Markets. Discussion on Emerging Markets often centers around China and mega-cap stocks. We believe that global equity markets have not been paying sufficient attention to wonderful businesses that are bubbling up below the surface. However we can also see increasing investor interest in EM, especially the high growth countries/ industries which is reassuring.

We recognize that there are signs of slowdown in the global economy which may also mean equity markets switch away from countries/ industries/ themes that have been recent 'winners' to more defensive businesses. We aim to take advantage of the diversity of our investment universe to ensure our portfolio is resilient to short-term shocks while staying true to our long term objective.

<sup>1</sup>Performance of the A EUR acc share class ISIN code: LU0336083810. Past performance is not necessarily indicative of future performance. The return may increase or decrease as a result of currency fluctuations. Performances are net of fees (excluding possible entrance fees charged by the distributor). From 01/01/2013 the equity index reference indicators are calculated net dividends reinvested.

<sup>2</sup>50% MSCI EM SmallCap (EUR) + 50% MSCI EM MidCap (EUR) (Reinvested net dividends rebalanced quarterly).

<sup>3</sup>To find out more about the United Nations Sustainable Development Goals, please visit <https://sdgs.un.org/goals>.

# CARMIGNAC PORTFOLIO EMERGING DISCOVERY A EUR ACC

(ISIN: LU0336083810)

SFDR - Fund Classification\*\* :

Article **8**



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. **EMERGING MARKETS:** Operating conditions and supervision in "emerging" markets may deviate from the standards prevailing on the large international exchanges and have an impact on prices of listed instruments in which the Fund may invest. **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. **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.

**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 :** 4,00% 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 :** 2,30% 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 :** 0,52% 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: LU0336083810)

Calendar Year Performance (as %)	2014	2015	2016	2017	2018
<b>Carmignac Portfolio Emerging Discovery</b>	<b>+13.1 %</b>	<b>+3.0 %</b>	<b>+3.8 %</b>	<b>+17.9 %</b>	<b>-8.9 %</b>
Indicateur de référence	+13.0 %	+0.2 %	+6.7 %	+18.1 %	-11.6 %

Calendar Year Performance (as %)	2019	2020	2021	2022	2023
<b>Carmignac Portfolio Emerging Discovery</b>	<b>+10.0 %</b>	<b>-0.2 %</b>	<b>+25.5 %</b>	<b>-22.4 %</b>	<b>+12.7 %</b>
Indicateur de référence	+14.4 %	+5.4 %	+21.3 %	-11.7 %	+14.9 %

Annualised Performance	3 Years	5 Years	10 Years
<b>Carmignac Portfolio Emerging Discovery</b>	<b>+2.5 %</b>	<b>+6.3 %</b>	<b>+5.2 %</b>
Indicateur de référence	+4.8 %	+9.0 %	+6.1 %

Source: Carmignac at 30 Sep 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.**

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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 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](http://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.

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- **In the United Kingdom:** the Funds' respective prospectuses, KIIDs and annual reports are available at [www.carmignac.co.uk](http://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](http://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.

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