



## Carmignac Emergents: Heading into 2023

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### China is expected to drive growth in emerging markets

We enter 2023 with an optimistic view on emerging markets in the wake of China's gradual reopening of its economy after easing its draconian zero-Covid policy. This major shift is likely to boost economic growth throughout the emerging world, especially in Asia and Latin America.

The People's Republic of China expressed a growth-friendly tone in December and indicated that the focus would be on expanding domestic consumption in 2023 during the China Economic Work Congress (the country's biggest economic gathering). We are therefore expecting policies aimed at stimulating consumer demand to be implemented over the coming weeks. We also think that the government's U-turn over zero-Covid will [restore confidence to consumers and investors](#) in a market that is looking particularly attractively priced after years of decline.

Elsewhere, we are keeping a large allocation to Latin American commodity-producing countries to take advantage of the positive price momentum for raw materials and basic resources such as energy.

## Our main convictions for 2023

Carmignac Emergents is therefore starting 2023 with a positioning driven by our main convictions:

**Conviction on China.** We increase our allocation to the Chinese markets, given the end of the zero-Covid policy.

**Diversification in Latin America.** In order to take advantage of the recovery of the commodity cycle, we buy names that benefit from high energy prices, such as renewables, but also have a strong exposure to commodity exporting countries and currencies in the region (mainly Brazil and Mexico).

**A strong focus on sustainability.** Through each investment, we aim to contribute to the United Nations Sustainable Development Goals (SDGs), while seeking to achieve carbon emissions 50% below our reference indicator<sup>1</sup> - the index against which our performance is measured.

## What happened in 2022 and how did it affect the strategy?

The war in Ukraine marked the return of political risk, leading, for example, to a sharp rise in the risk premium for Chinese and Taiwanese assets due to fears of a Chinese invasion of Taiwan, while commodity-related countries (Brazil, Mexico, South Africa) outperformed due to rising raw material prices.

Brazil also performed very well despite a busy political agenda, with the presidential election, thanks to improved terms of trade and a sense that Lula would take a pragmatic approach with the Brazilian Congress that would ensure the country's political stability and the balance of power of his government.

## Gross performance contribution over 2022

<b>Positive contributors</b>
Chinese stock picking
Increased allocation to LATAM equities
<b>Negative contributors</b>
Russian exposure
Weakness in Asian tech names

<sup>1</sup>MSCI EM (USD) (Reinvested net dividends)



Carmignac Emergents

# Grasping the most promising opportunities within the emerging universe

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## Carmignac Emergents A EUR Acc

ISIN: FR0010149302

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.

**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.

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