

## Carmignac Patrimoine: a vision for the long term

Investing for tomorrow

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Financial markets can fall fast, and they can bounce back fast too, as the Covid-19 outbreak strikingly illustrated. Thinking long term can help investors limit the impact of such changes on their holdings – and even take advantage of them – provided they succeed in identifying the major growth trends taking shape.

After the crisis we've just been through, somewhere between the extremes of "Nothing new under the sun" and "Nothing will ever be the same again", we sense a more subtle reality emerging. The liquidity bubble created by central banks, the technological revolution under way and changing consumer spending patterns have ramifications that all require **rigorous analysis if we are to be able to turn them into exciting investment opportunities.**



It's a good feeling for a fund manager overwhelmed by European inertia to get to observe economic growth from up close. It's still out there; I've seen it

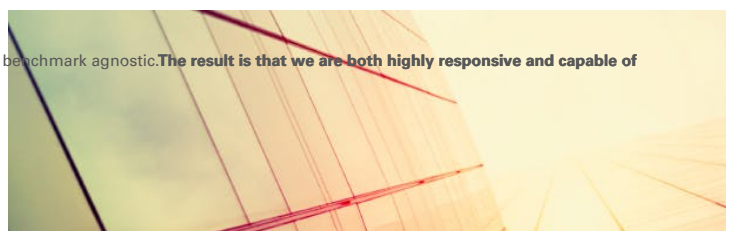
Edouard Carmignac, on his return from a trip to China in September 1993.

Our asset management style rests precisely on that vision. Our sole purpose is to **deleverage our long-term convictions so that our clients can build up their wealth over time.**

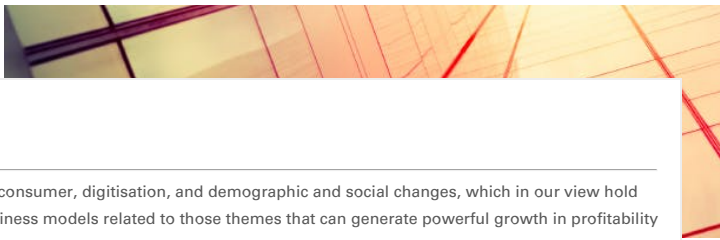
### Carmignac Patrimoine: constructing a portfolio for the long term

Developing a long-term investment solution requires a rigorous process that offers flexibility and diversification across three performance drivers: equities, fixed income and currencies. It also means crafting a core portfolio narrowed down to long-term strategic winners, while keeping an eye out for pockets of instability no less than for tactical opportunities.

Carmignac Patrimoine combines top-down and bottom-up analyses and our approach is benchmark agnostic. **The result is that we are both highly responsive and capable of tracking down attractive long-term opportunities.**



## Taking advantage of major trends



### EQUITIES

Our core equity portfolio revolves around three key long-term themes: the connected consumer, digitisation, and demographic and social changes, which in our view hold major long-term potential. Using a rigorous stock-picking process, we identify the business models related to those themes that can generate powerful growth in profitability over a five- or ten-year span, irrespective of the business cycle.

#### Example: e-commerce

It took e-commerce 10 years to go from 6% to 16% of total retail sales in the US, but just 8 weeks to go from 16% to circa 27%. The current crisis has amply validated our long-term exposure to this market segment and to offshoots like fintech and digital advertising.

### FIXED INCOME

In today's highly leveraged environment, we have identified three key performance drivers for the coming months. In corporate bonds, we focus on names that have been strongly affected by the Covid-19 crisis, as they may offer attractive entry points. In currencies, we have turned away from the dollar to favour other developed-world and emerging-world currencies. In government bonds, we actively manage modified duration to deal with a climate marked by rising uncertainty and spikes in volatility.

#### Example: European banks

Our allocation to European bank debt dates back to 2012, as banks in the region were re-regulated and forced to de-leverage and de-risk their balance sheets. Since then, European banks have slowly but surely increased their capital ratios, while their balance sheets have shrunk. As a result, financial corporate bonds have seen significant spread compression across the capital structure.



to think long term

#### For whom?

For investors who want to build up their wealth over time.

#### Why?

It allows to take advantage of major long-term trends while limiting risk.

#### How?

By identifying long-term investment themes using an active, and global approach.



Our solution: Carmignac Patrimoine

## Carmignac Patrimoine's objective

The Fund aims to outperform its reference indicator<sup>1</sup> over 3 years.

### Carmignac Patrimoine

ISIN:

#### 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.

**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 presents a risk of loss of capital.

Recommended  
minimum investment  
horizon: **3** years



\* Source: Carmignac, 18/06/20. For the share class A EUR Acc. Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time.

<sup>1</sup> Reference indicator: 50% MSCI ACWI (USD) (Reinvested net dividends) + 50% Citigroup WGBI All Maturities (EUR). Quarterly rebalanced.

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