



Carmignac Patrimoine: Q2 2020 overview

Auteur(s)

Rose Ouahba, David Older

Publié

30 Juillet 2020

Longue

🕒 3 m

Carmignac Patrimoine gained +8.76% in the second quarter of 2020, taking its full-year return to +1.99%. Our equity portfolio accounted for +3.60% of the quarterly total, while our bond portfolio reduced our overall performance by -1.61%.¹

What happened?

The handling of the Covid-19 pandemic triggered the greatest shock to growth ever recorded. After contracting by nearly 16% in the first quarter, the global economy appears to be recovering – thanks to life support for consumer spending.



The speed, scope and form of the authorities' response to the emergency were truly unprecedented. Central banks and governments took concerted action to ensure that enough money would continue to flow to economic agents – businesses and households – to keep them going and to regulate the debt financing of economic activity via the financial markets and banking system.

The rally in financial assets currently under way flies in the face of what are still patchy economic fundamentals and a most uncertain outlook.

How did we manage the Fund?

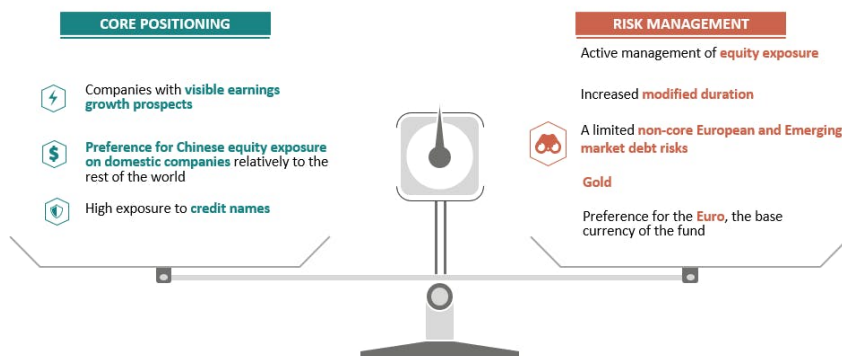
Our asset allocation gave us the agility we needed to get through the period, and we feel reasonably upbeat as we enter the second half of the year.

The crisis we are experiencing is accelerating a number of major underlying trends: **digital transformation**, with all the disruptions it may entail; an **increasingly decarbonized economy**, with non-financial criteria forming an integral part of how businesses are analysed; and perhaps for the first time, a **big political step forward in Europe**.

Those meaningful advances have driven our core equity allocation themes, from **tech stocks** selected from around the world – in the US, Europe and China – to **healthcare stocks**. Just when it looked like central banks had run out of ammunition, they pivoted swiftly to a degree of cooperation with governments that was previously unheard-of, or even taboo. This barely disguised monetisation of debt has given gold an enduring presence in our equity portfolio and enabled us to balance our risks.

The corporate credit market was hit with a solvency shock – amplified by a liquidity shock – that impacted our performance. In response, **we began in March to seize on emerging opportunities to strengthen our allocation, building up a carry portfolio we believe will boost our returns in the next few quarters**. We have increased that allocation with three basic themes in mind: quality issuers hurt by unfair spreads since the coronavirus struck, subordinated bank bonds, and those segments of the tourism industry that find themselves at the epicentre of the pandemic. We financed that larger allocation by rebalancing our holdings of sovereign bonds, which have become less attractive.

Carmignac Patrimoine: A Fine Balance of Opposing Forces



Our asset allocation thus reflects a fairly constructive take on market trends in the months to come. The outlook for the virus shows signs of improving, monetary and fiscal policies are providing extraordinary support for the economy and investors are still basically playing it safe.

We combine an equity portfolio heavily invested in secular growth companies (described in our Carmignac Investissement report), **an allocation to gold stocks, coupled with a yield-oriented fixed-income portfolio centred on carefully chosen names whose solvency risk has been amply assessed.**

Our US dollar currency risk is adequately hedged.

Discover the Fund's webpage:

Carmignac Patrimoine

	2015	2016	2017	2018	2019	2020 (YTD)
Carmignac Patrimoine A EUR Acc	+0.72%	+3.88%	+0.09%	-11.29%	+10.55%	+1.99%
Reference Indicator*	+8.35%	+8.05%	+1.47%	-0.07%	+18.18%	-0.14%

	3 years	5 years	10 years
Carmignac Patrimoine A EUR Acc	-0.32 %	-0.31 %	+2.07 %
Reference Indicator*	+6.22 %	+5.37 %	+6.70 %

Source: Bloomberg, Carmignac, 30/06/2020. Performance of the A EUR acc share class. Past performance is not necessarily indicative of future performance. The return may increase or decrease as a result of currency fluctuations, for the shares which are not currency-hedged. Performances are net of fees (excluding possible entrance fees charged by the distributor). *Reference indicator: 50% MSCI AC World NR (USD) (net dividends reinvested), 50% Citigroup WGBI All Maturities (EUR). Quarterly rebalanced. From 01/01/2013 the equity index reference indicators are calculated net dividends reinvested.

Carmignac Patrimoine

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.



*Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time. A EUR Acc share class ISIN code: FR0010135103.

Source: Bloomberg, Carmignac, 30/06/2020.

¹ Performance of the A EUR acc share class. Past performance is not necessarily indicative of future performance. The return may increase or decrease as a result of currency fluctuations, for the shares which are not currency-hedged. Performances are net of fees (excluding possible entrance fees charged by the distributor). Reference indicator: 50% MSCI AC World NR (USD) (net dividends reinvested), 50% Citigroup WGBI All Maturities (EUR). Quarterly rebalanced. From 01/01/2013 the equity index reference indicators are calculated net dividends reinvested.

This document is intended for professional clients. This is an advertising document. This document may not be reproduced, in whole or in part, without prior authorisation from the management company. This document does not constitute a subscription offer, nor does it constitute investment advice. The Management Company can cease promotion in your country anytime. Investors have access to a summary of their rights in French, English, German, Dutch, Spanish, Italian on the following link: https://www.carmignac.com/en_US. Carmignac Portfolio refers to the sub-funds of Carmignac Portfolio SICAV, an investment company under Luxembourg law, conforming to the UCITS Directive. The Funds are common funds in contractual form (FCP) conforming to the UCITS Directive under French law. The return may increase or decrease as a result of currency fluctuations, for the shares which are not currency-hedged. The French investment funds (fonds commun de placement or FCP) are common funds in contractual form (FCP) conforming to the UCITS Directive under French law. 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. Access to the Fund may be subject to restrictions with regard to certain persons or countries. The Fund is not registered in North America, in South America, in Asia nor is it registered in Japan. The Funds are registered in Singapore as restricted foreign scheme (for professional clients only). The Fund has not been registered under the US Securities Act of 1933. The Fund 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/or FATCA. The Fund presents a risk of loss of capital. The risks and fees are described in the KIID (Key Investor Information Document). The Fund's prospectus, KIIDs and annual reports are available at www.carmignac.com, or upon request to the Management Company. The KIID must be made available to the subscriber prior to subscription. - In Switzerland, the Fund's respective prospectuses, KIIDs and annual reports 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, Paris, succursale de Nyon/Suisse, Route de Signy 35, 1260 Nyon. - 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 material was prepared by Carmignac Gestion and/or Carmignac Gestion Luxembourg and is being distributed in the UK by Carmignac Gestion Luxembourg UK Branch (Registered in England and Wales with number FC031103, CSSF agreement of 10/06/2013). - In Spain: Carmignac Patrimoine is registered with Comisión Nacional del Mercado de Valores de España (CNMV) under number 386, Carmignac Investissement under number 385, Carmignac Sécurité under number 395, Carmignac Emergents under number 387 and Carmignac Portfolio under number 392.