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Head of Emerging Equities  
Fund Manager

## CARMIGNAC PORTFOLIO EMERGENTS :

# WHAT'S NEXT FOR EMERGING MARKETS IN THE NEW WORLD ORDER?

November 3rd 2022

### MARKETING COMMUNICATION

Please refer to the KIID/prospectus of the fund before making any final investment decisions



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# A SUSTAINABLE APPROACH TO EMERGING EQUITIES: CARMIGNAC EMERGENTS

SFDR Fund Classification\*\* **Article 9**

★★★★★  
Overall Morningstar Rating™



**AUM: 1.1 bn €**

Recommended minimum investment horizon: **5 years**



**A source of performance**

**A source of diversification**

**A portfolio with a positive contribution**

**A none-benchmarked portfolio, with a high conviction**

High active share (> 85%)  
Concentrated portfolio (~35/55 stocks)



\*Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time. Past performance is not necessarily indicative of future performance  
Carmignac Emergents and Carmignac P. Emergents both obtained the French and Belgian SRI labels. <https://www.llelabelisr.fr/en/> ; <https://www.towardssustainability.be/> ; <https://www.febelfin.be/fr>  
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For further information, see <https://eur-lex.europa.eu/eli/reg/2019/2088/oj>. Carmignac Emergents and Carmignac P. Emergents both obtained the French and Belgian SRI labels. <https://www.llelabelisr.fr/en/> ; <https://www.towardssustainability.be/> ; <https://www.febelfin.be/fr>

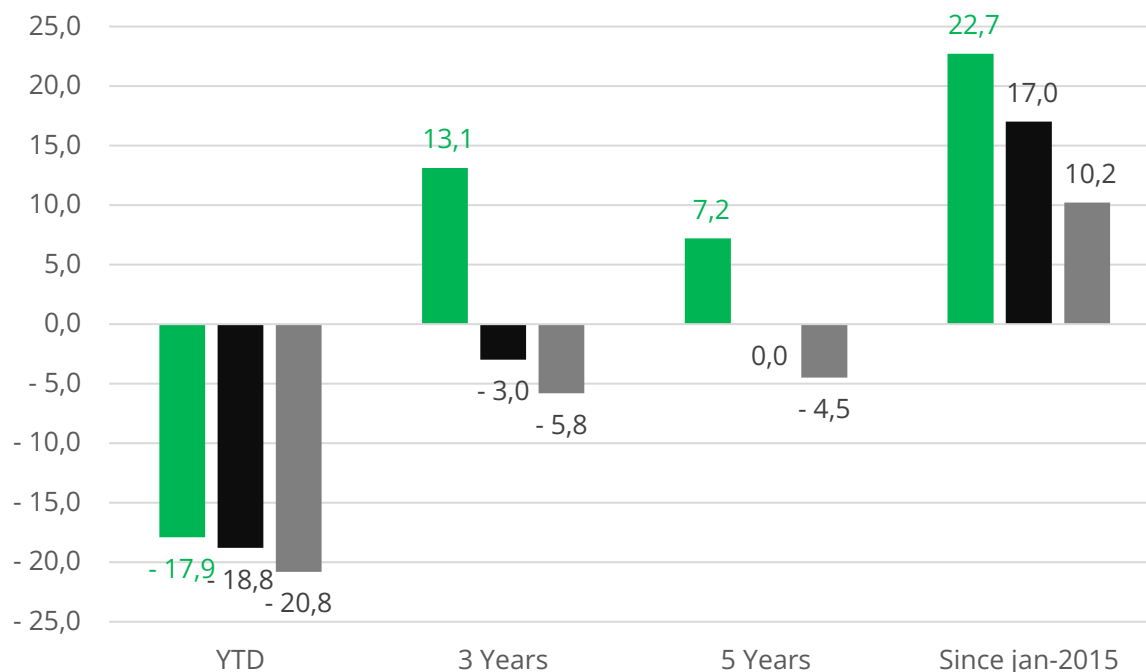
# AN APPEALING RISK/ REWARD PROFILE OVER 3Y, 5Y AND FULL PM TENURE

Outperforming both category average and reference indicator

Morningstar rating

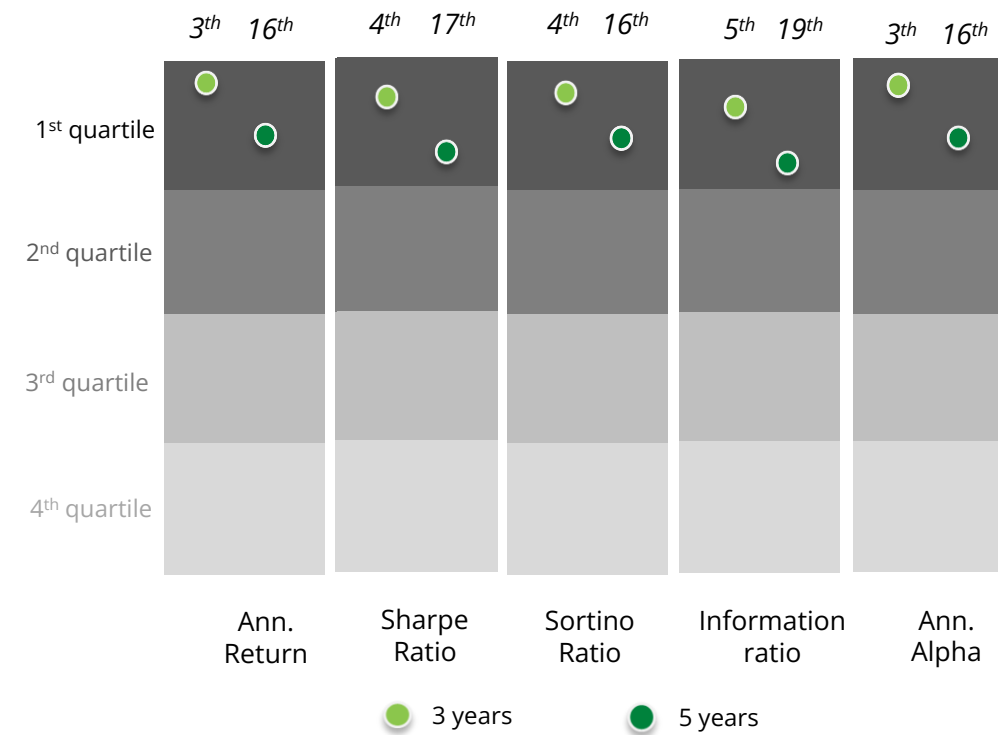


Trailing performance as end of October 2022 (ann. return over 3, 5 and since Jan-2015)



■ Carmignac P. Emergents F EUR Acc ■ MSCI EM NR EUR ■ Global EM Equity category average

Carmignac P. Emergents positioning versus Morningstar category peers (Global Emerging Market Equity) as of September 2022

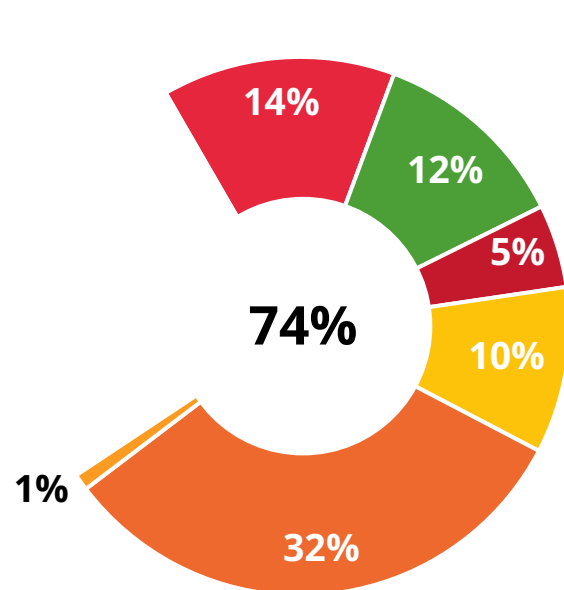


Source: Carmignac, Morningstar. Funds included in the Global EM Equity category. Data as end of October 2022. Carmignac P. Emergents F EUR Acc (ISIN : LU0992626480. Past performance is not necessarily indicative of future performance. The return may increase or decrease as a result of currency fluctuations. Performances are net of fees (excluding possible entrance fees charged by the distributor). Performance in euros as of 30/09/2022. Reference indicator: MSCI EM NR USD) (Reinvested net dividends rebalanced quarterly). From 01/01/2013 the equity index reference indicators are calculated net dividends reinvested. Morningstar category: Global Emerging Markets Equity. © 2022 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. The reference to a ranking or prize, is no guarantee of the future results of the UCITS or the manager.

# A PORTFOLIO WITH A POSITIVE CONTRIBUTION

SFDR Fund Classification\*\*  
Article 9

Measured with revenue alignment to UN SDGs



Improving living standards



Clean energy and green mobility



Financial inclusion



Development of sustainable infrastructure

Source: Carmignac, MSCI ESG Research, FactSet, 31/10/2022

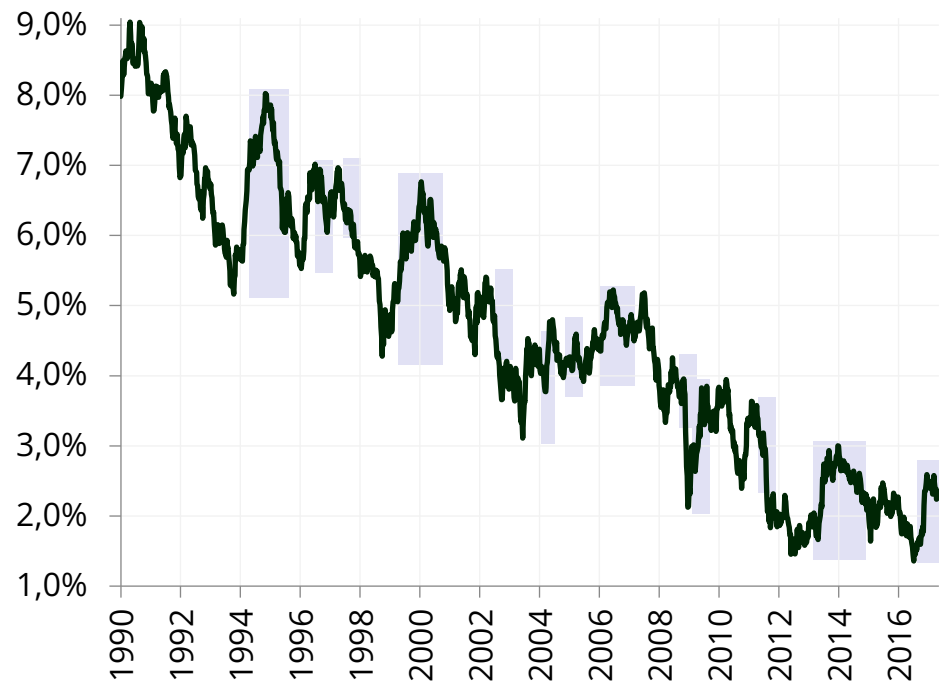
The proprietary ESG system START combines and aggregates market leading data providers ESG indicators. Given the lack of standardisation and reporting of some ESG indicators by public companies, not all relevant indicators can be taken into consideration. START provides a centralised system whereby Carmignac's proprietary analysis and insights related to each company are expressed, irrespective of the aggregated external data should it be incomplete. For more information, please refer to our website. The EU Sustainable Finance Disclosure Regulation (SFDR) 2019/2088 "lays down harmonised rules on the provision of sustainability-related information with respect to financial products". For further information, see <https://eur-lex.europa.eu/eli/reg/2019/2088/oj>. Carmignac Emergents and Carmignac P. Emergents both obtained the French and Belgian SRI labels. <https://www.lelabelisr.fr/en/>; <https://www.towardssustainability.be/>; <https://www.febelfin.be/fr>



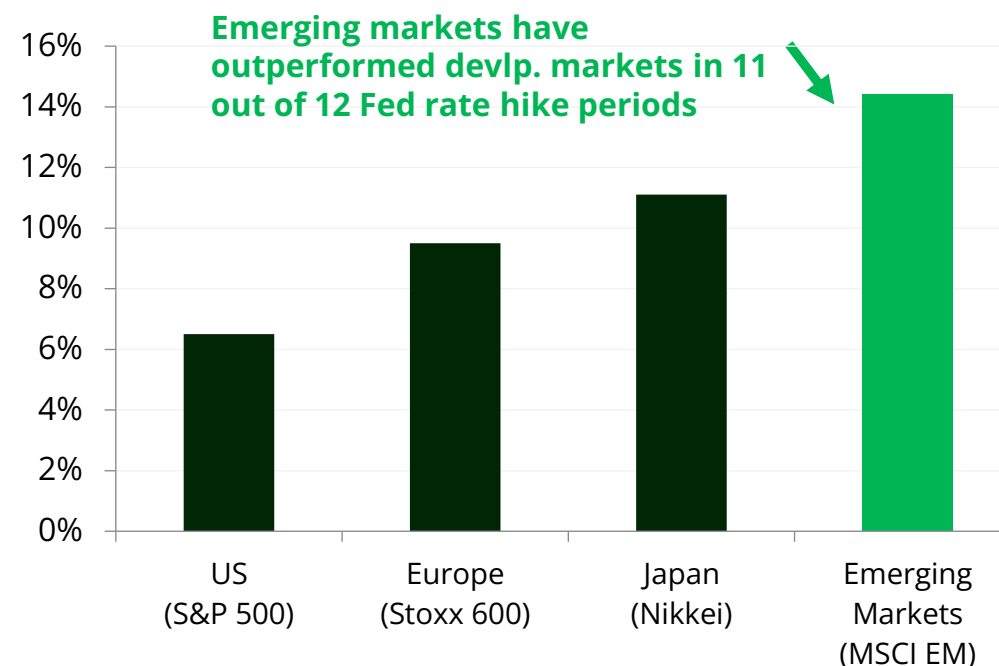
# OUR VIEWS ON EMERGING MARKETS

# EMERGING MARKETS HAVE OUTPERFORMED DURING PAST FED RATE HIKE PERIODS

## US 10-year rates



## Average performance of different markets during previous Fed rate hike episodes

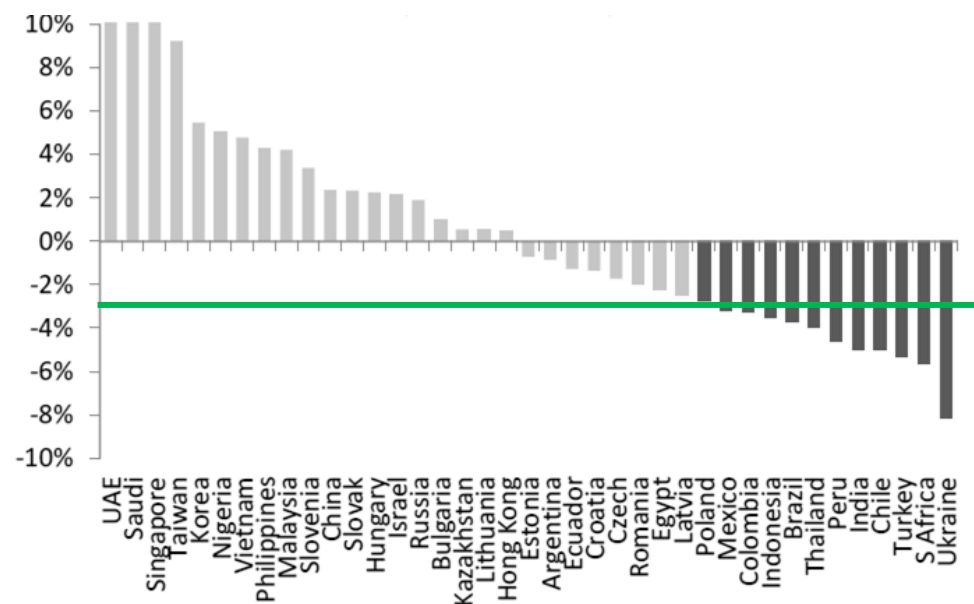


Average performance of different market indices during 100 bp hike in US 10 year rates, during periods where US rate increased significantly.  
Source: Carmignac, Bloomberg, CEIC, 2021

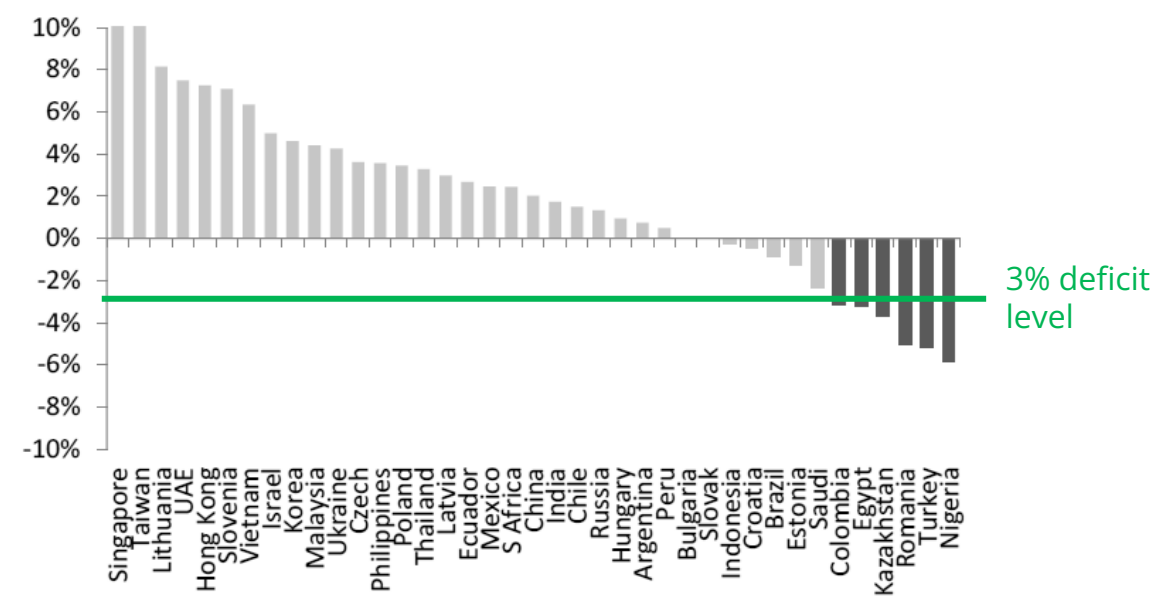
# EMERGING MARKETS HAVE BETTER FUNDAMENTALS THAN IN THE PAST

2013 vs today

Current account balances in % GDP in 2013



Current account balances in % GDP in 2021



12m cum, % PIB  
Source: Emerging Advisors Group, March 2022



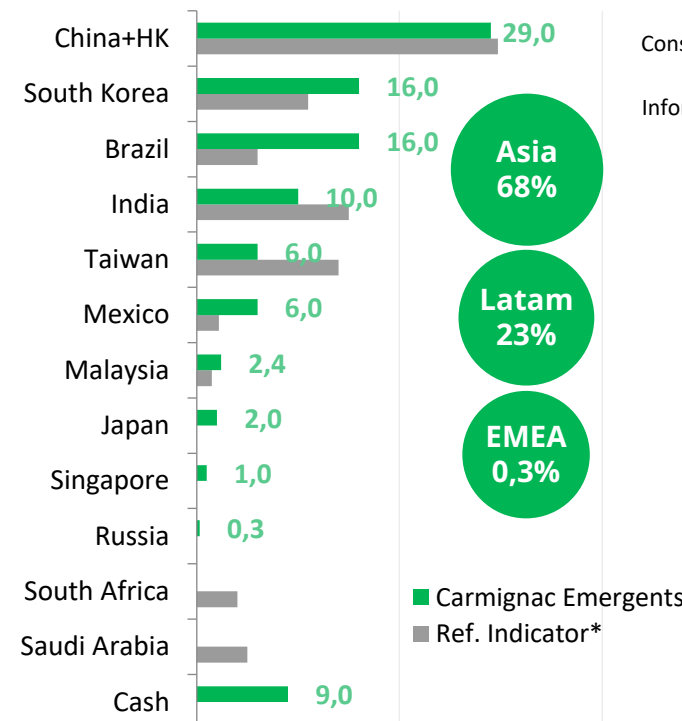
# CURRENT POSITIONING OF CARMIGNAC ÉMERGENTS

As of 31/10/2022

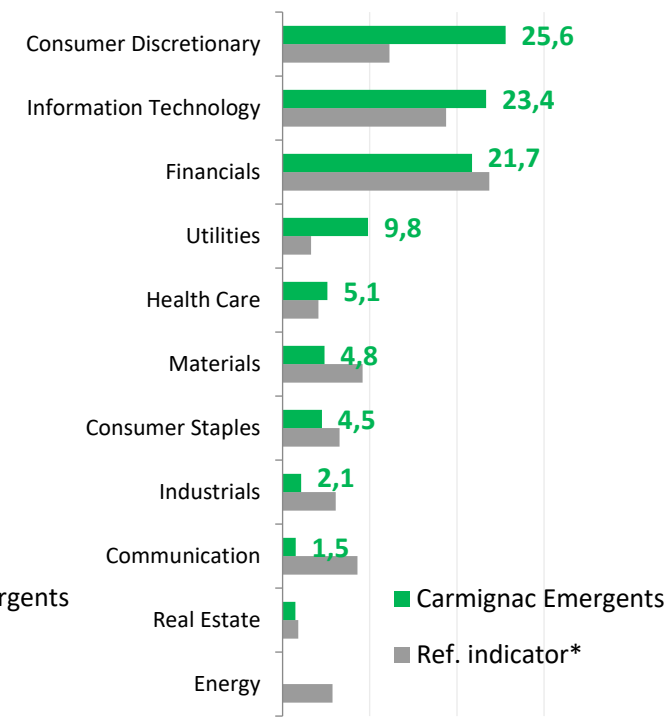
## Top 10

Stock	Country	AUM	MSCI ESG	START
1 SAMSUNG ELECTRONICS	Korea	9,4%	A	B
2 GRUPO BANORTE	Mexico	6,0%	AA	C
3 TAIWAN SEMICONDUCTOR	Taiwan	5,7%	AAA	A
4 B3 BOLSA BALCAO	Brazil	5,6%	A	B
5 NEW ORIENTAL	China	4,6%	B	B
6 LG CHEM	Korea	4,3%	BBB	B
7 ICICI LOMBARD	India	3,3%	BBB	B
8 ANTA SPORTS	China	3,3%	BB	B
9 ELETROBRAS	Brazil	3,3%	BB	A
10 HAIER SMART	China	3,2%	A	B
<b>TOTAL</b>		<b>48,8%</b>		

## By country (none rebased)



## By Sector (rebased)



\* MSCI EM NR (USD) net dividend reinvested

China - including Hong Kong. Excluding derivative positions. Carmignac's portfolios are subject to change at any time. Data are rebased to 100% for Sector & Country positioning.

Source: Carmignac, 30/10/2022 The proprietary ESG system START combines and aggregates market leading data providers ESG indicators. Given the lack of standardisation and reporting of some ESG indicators by public companies, not all relevant indicators can be taken into consideration. START provides a centralised system whereby Carmignac's proprietary analysis and insights related to each company are expressed, irrespective of the aggregated external data should it be incomplete.



# CONGRESS OF THE CHINESE COMMUNIST PARTY

## KEY TAKEAWAYS

### 20th National Congress of the CCP



Source: Carmignac Press 30/10/2022



**Consolidation of Xi's power**



**No Change in zero-Covid policy**



**No appeasement regarding Taiwan**



**Policy continuity with "Development first" doctrine maintained and support for private sector**



**Long-term growth targets maintained**

# GEOPOLITICAL TENSIONS



## The future of ADRs

Risk factor



## US-China relations

Risk factor



## China -Taiwan

Risk factor



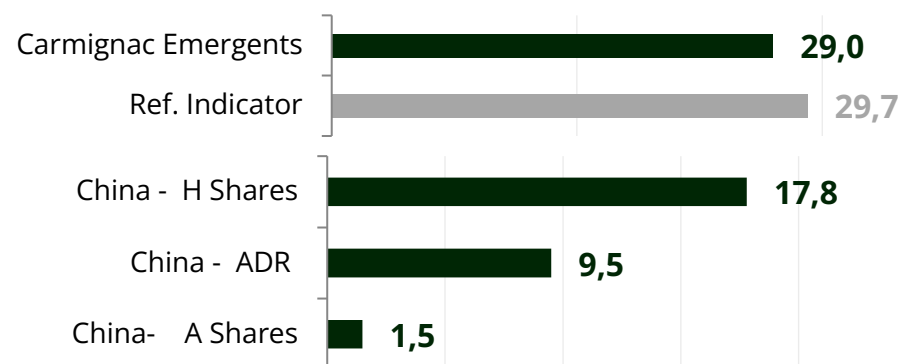
## European energy crisis

Opportunity for Chinese  
industrials sector

Source! Carmignac, 2022

# DETAIL ON OUR CHINESE EXPOSURE

## Carmignac Emergents Chinese exposure



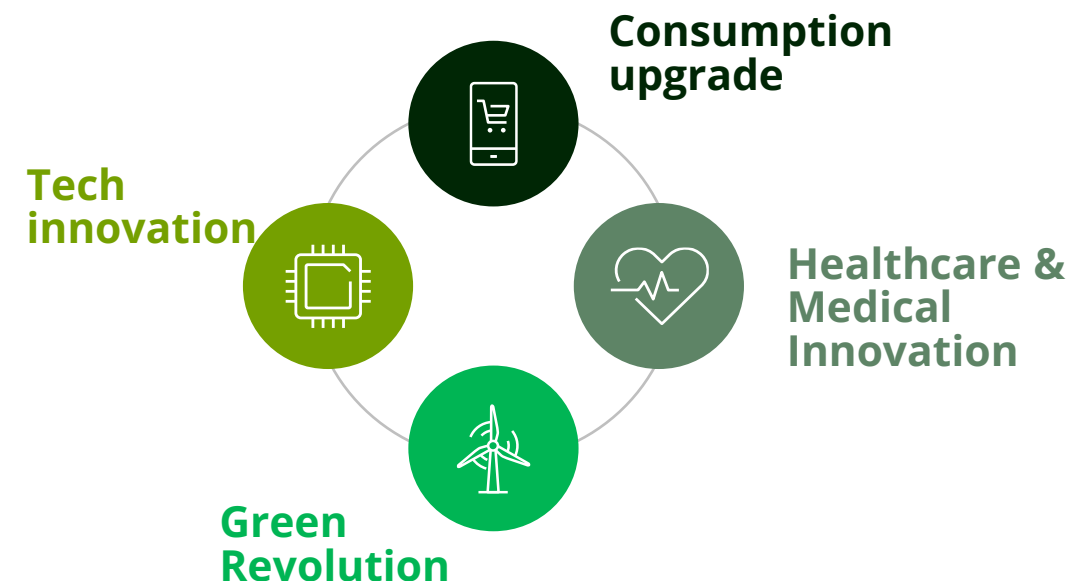
## Top Chinese positions

	Stock	Theme	% AUM	MSCI ESG	START
1	NEW ORIENTAL EDUCATION	Education	4.6%	B	B
2	ANTA SPORTS	Conso disc.	3.3%	BB	B
3	HAIER SMART HOME	Conso. Disc.	3.3%	AA	B

Source: Carmignac Company data, 30/10/2022

For illustrative purposes. Carmignac's portfolios are subject to change at any time.

## 4 key investment themes we favor in China



# SECTORS WE FAVOR IN CHINA

## Green Revolution



**SUNGROW**  
Clean power for all

**FCG** 福莱特集团  
FLAT GROUP

## Improving living standards



**JD.COM**

**新东方**  
XDF.CN  
NEW ORIENTAL EDUCATION & TECHNOLOGY GROUP

**MINI**  
SO

**tuyō**

## Healthcare and medical innovation

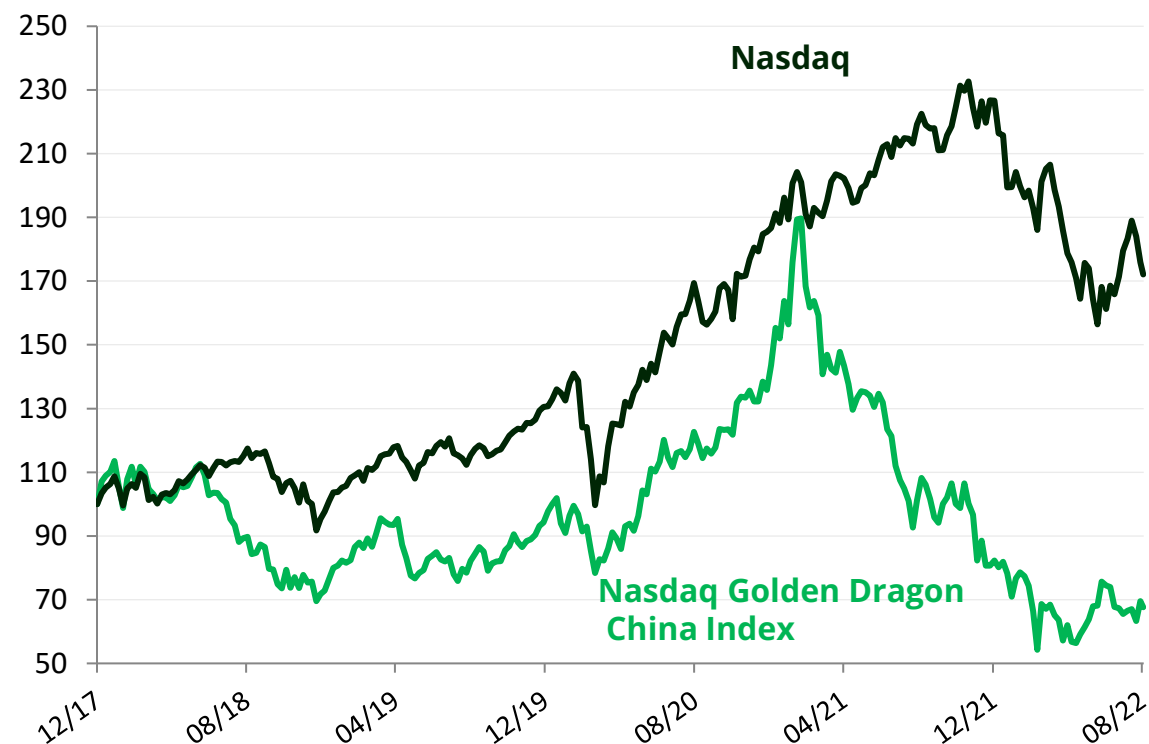


**ANTA**

For illustrative purposes. Carmignac's portfolios are subject to change at any time. For more details: <https://sdgs.un.org/goals>  
Source: Carmignac, MSCI ESG Research, FactSet, 31/10/2022

# CHINA: STILL ATTRACTIVE VALUATIONS

## Performance of tech stocks: USA vs China



Source: Carmignac, Bloomberg, 30/09/2022

## Net cash of our chinese holdings



Beike

Net Cash / Market cap

31/03/2022

45%

31/08/2022

25%



MINI  
SO

Net Cash / Market cap

31/03/2022

43%

31/08/2022

36%



新东方  
NEW ORIENTAL

Net Cash / Market cap

31/03/2022

177%

31/08/2022

71%

# SEIZING THE OPPORTUNITIES OFFERED BY DIVERSIFICATION

## Mexico: 6%

Score MSCI ESG : **AA**  
Score START : **C**

## Brazil: 16%

Score MSCI ESG : **A**  
Score START : **B**

## India: 10%

Score MSCI ESG : **BBB**  
Score START : **A**

## South Korea: 16%

Score MSCI ESG : **BBB**  
Score START : **B**

## Legend

- MSCI ESG score  
AAA - CCC
- START score :  
A - E

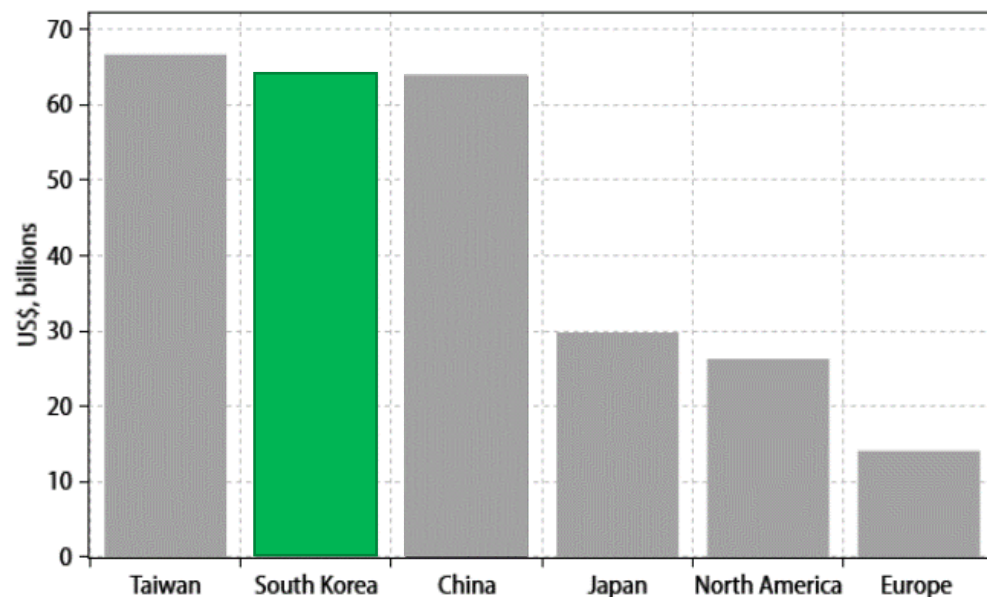
Source : Carmignac, MSCI ESG, FactSet, Company data, 30/10/2022

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# KOREA: GLOBAL TECH LEADERS WITH ATTRACTIVE VALUATIONS

Spending on semiconductor equipment 2019-2022 (forecasts)



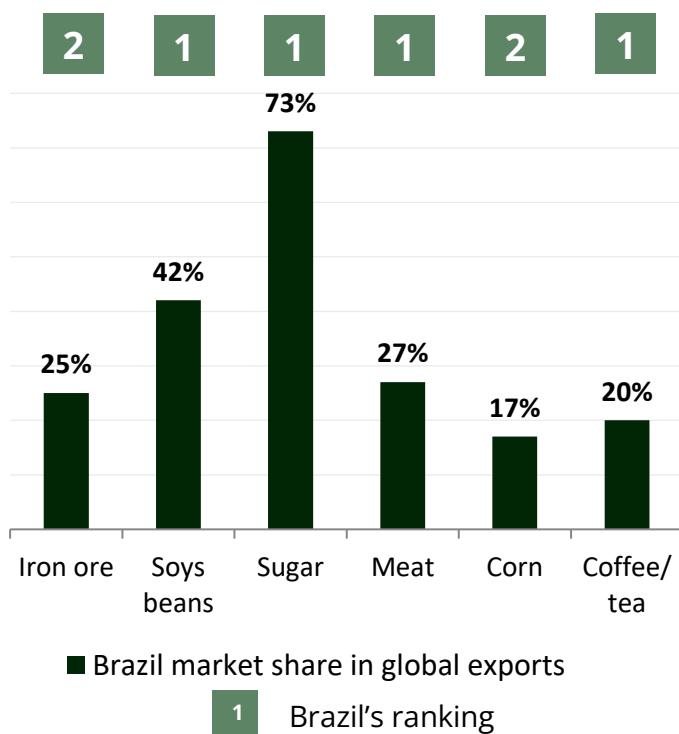
\* Sources : World Fab Forecast,Semi, Gavekal Dragonomics Bloomberg, 30/08/2022

Financial ratios of our Korean names			Extra-financial contribution
	EV/ EBITDA (12 months forward)	Sales Growth (%)	SDG alignment
SAMSUNG ELECTRONICS	2.7x	18%	 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
LG Chem	5.9x	42%	

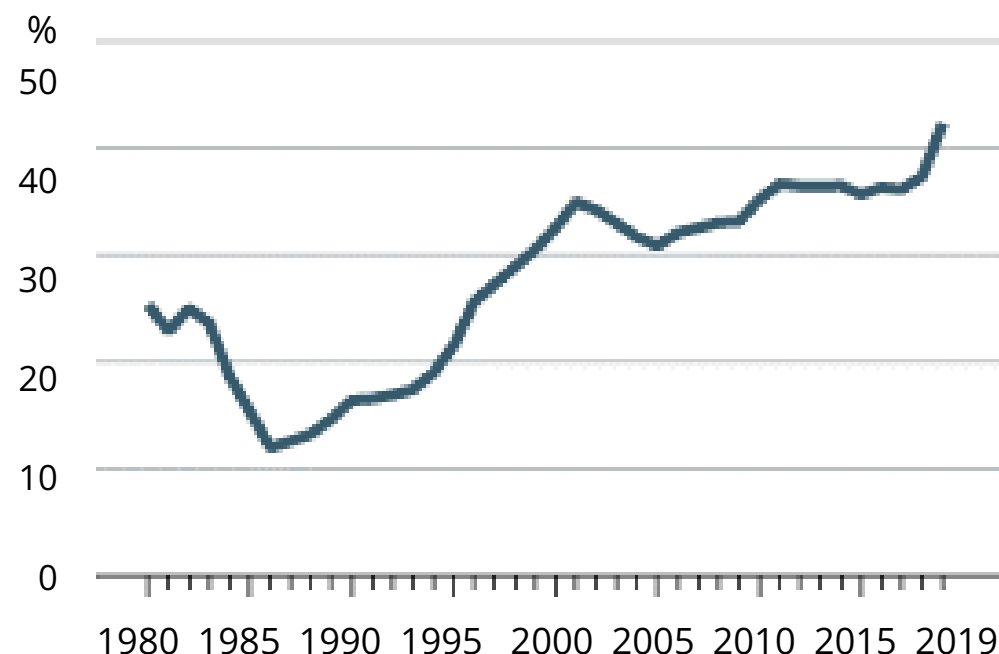


# LATIN AMERICA: IMPROVING FUNDAMENTALS

Brazil's market share and ranking in global commodities exports



Mexico's market share in US imports (%)

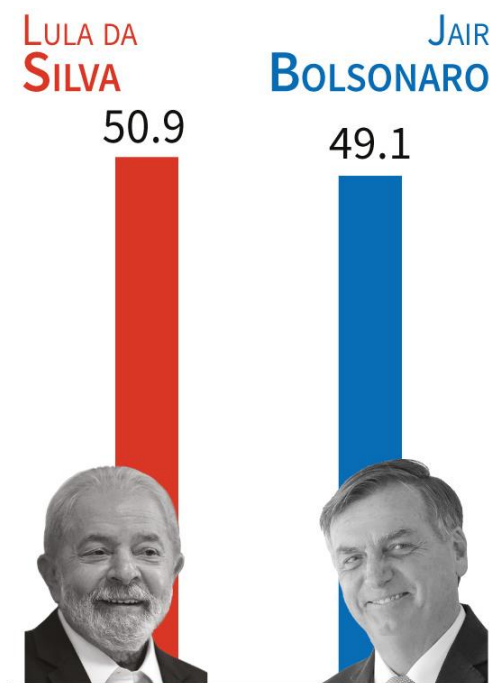


Source: Carmignac, Brazil Commerce Association, Statista,, BoAML Research Juillet 2022

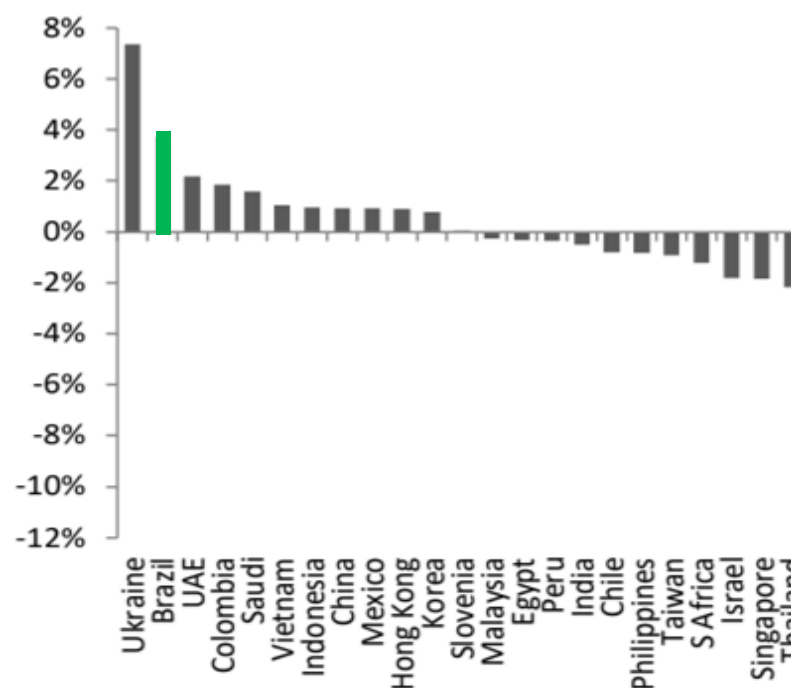


# BRAZIL: LOWER POLITICAL RISK PREMIUM AND IMPROVING MACRO-FUNDAMENTALS

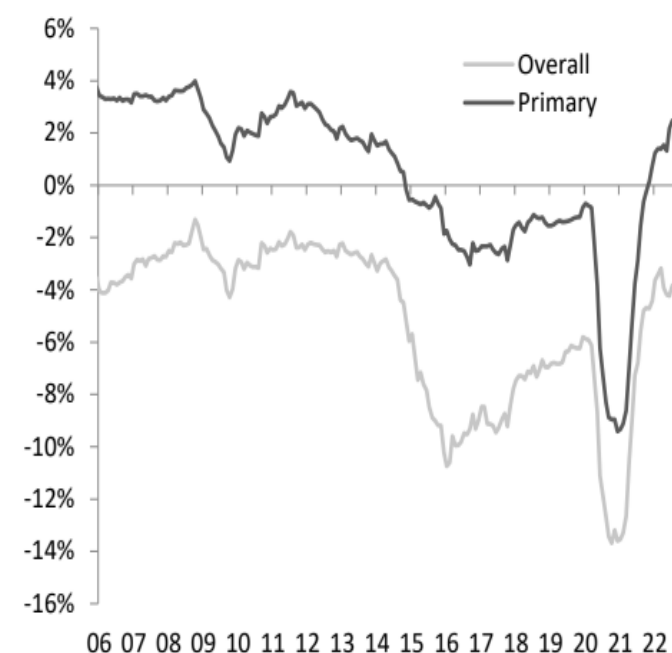
**Brazil: Presidential elections results**  
(results of 2nd round votes in %)



**Real interest rates (August 2022)**



**Public sector balance (% GDP)**



Source: Carmignac, Press, AFP, Brazil Commerce Association, Statista,, BoAML Research Aug 2022

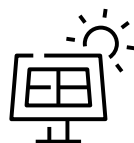
# NEW POSITION IN BRAZIL: ELETROBRAS



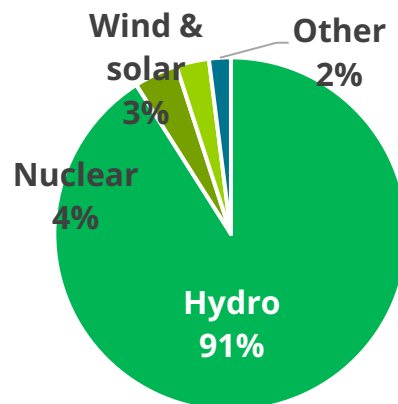
**Latin America's biggest power utility company**



- 29% of Brazil's total electricity generation output
- Operating 40% of Brazil's transmission lines



**98% of the electricity it produces comes from renewable sources :**



**Best-in-class corporate governance following major changes & improvement after its privatization**



Sources : company data, Bloomberg, BoAML, 30/09/2022

# LATIN AMERICA: OPPORTUNITIES IN UNDERPENETRATED SECTORS



## Financial inclusion



## Infrastructure



## Improving living standards

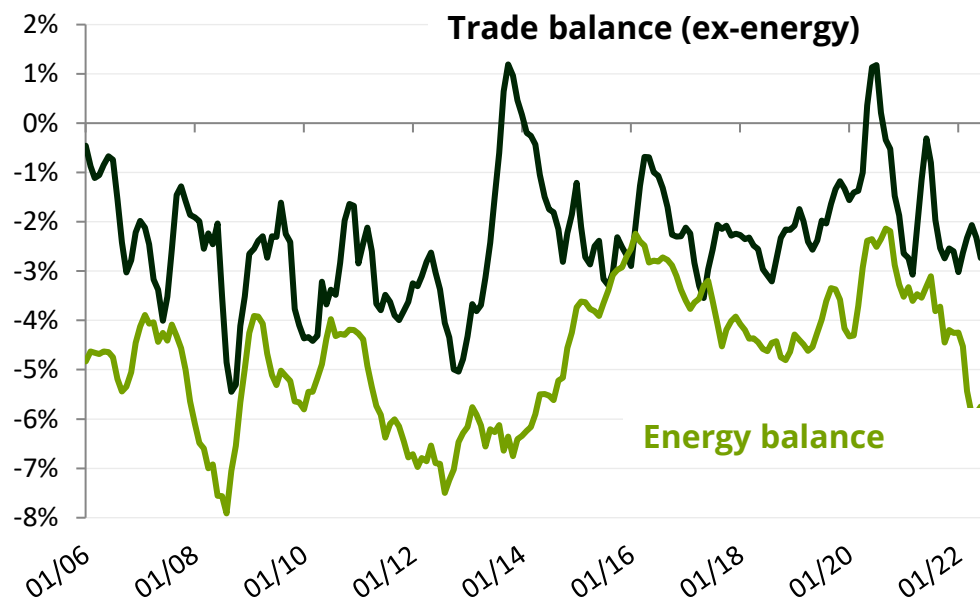


For illustrative purposes. Carmignac's portfolios are subject to change at any time. For more details: <https://sdgs.un.org/goals>  
Source: Carmignac, MSCI ESG Research, FactSet, 31/10/2022



# INDIA: CAUTIOUSNESS AND SELECTIVITY

India trade balance in % of GDP



Source: EM Advisors, Bloomberg, 30/08/2022  
 For illustrative purposes. Carmignac's portfolios are subject to change at any time. For more details: <https://sdgs.un.org/goals>  
 RHS: Carmignac, MSCI ESG Research, FactSet, 31/10/2022

## Financial inclusion & Basic needs



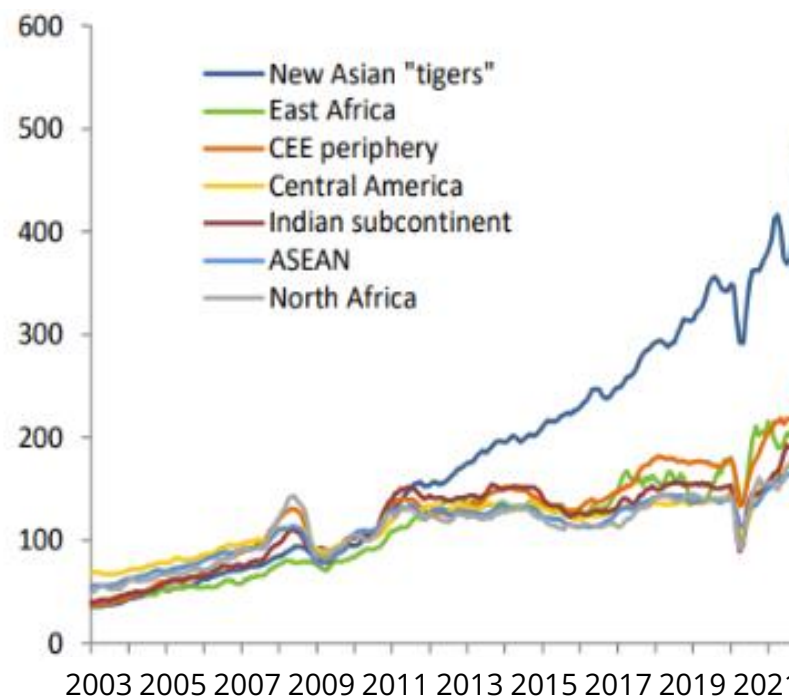
## Improving living standards



# OPPORTUNITIES IN SOUTHEAST ASIA



The era of the new Asian "tigers" ?  
Export index (USD, base 100 in 2009)



## Improving living standards



Source: Bloomberg, Press, EM Advisors Group, Presse, Factset, 2022  
For illustrative purposes. Carmignac's portfolios are subject to change at any time. For more details: <https://sdgs.un.org/goals>  
RHS: Carmignac, MSCI ESG Research, FactSet, 31/10/2022

A person in silhouette stands on a balcony, looking out over a city skyline at dusk. The sky is a warm, orange-brown color. A prominent skyscraper, the Shanghai Tower, is illuminated and stands out against the sky. The city lights are visible in the background. The foreground is a dark green silhouette of the person and the balcony railing.

# CONCLUSION



# CARMIGNAC ÉMERGENTS: A PORTFOLIO WITH A POSITIVE CONTRIBUTION

Portfolio breakdown by SGD Alignment as of 31/10/2022



Source: Carmignac, MSCI ESG Research, FactSet, 31/10/2022  
 For illustrative purposes. Carmignac's portfolios are subject to change at any time. For more details: <https://sdgs.un.org/goals>

# MAIN RISKS OF THE FUND CARMIGNAC EMERGENTS

## A EUR ACC

### 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



Recommended minimum investment horizon: **5** years

Past performances are not a guide to future performances. 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). The Fund presents a risk of capital loss.

Risk Scale from the KII10(Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time.

Source: Carmignac, 28/02/2022

# MAIN RISKS OF THE FUND CARMIGNAC PORTFOLIO

## EMERGENTS F EUR ACC

### 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.

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Source: Carmignac, 28/10/2022

# PERFORMANCE CARMIGNAC EMERGENTS A EUR ACC

## Calendar Return (%)

Calendar performance (%)	2015	2016	2017	2018	2019	2020	2021	YTD 2022
Fund A EUR Acc	+5.2	+1.3	+18.8	-18.6	+24.3	+44.7	-10.7	-16.8
Ref. Indicator*	-5.2	+14.5	+20.6	-10.3	+20.6	+8.5	+4.9	-15.4

## Annualized Returns (%)

Annualised performances	3 Y	5 Y	10 Y
Carmignac Emergents A EUR acc	+6.9	+3.7	+4.3
Ref. Indicator*	+3.5	+4.0	+5.0

Source: Carmignac as of 30/09/2022

Carmignac Emergents A EUR Acc (ISIN: FR0010149302). Reference indicator: MSCI EM NR USD. Daily returns in EUR as of 31/07/2021. Past performance is not necessarily indicative of future performance. The return may increase or decrease as a result of currency fluctuations. Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time.

# PERFORMANCE CARMIGNAC P. EMERGENTS F EUR ACC

## Calendar Return (%)

Calendar performance (%)	2015	2016	2017	2018	2019	2020	2021	YTD 2022
Fund F EUR Acc	+3.9	+1.7	+19.8	-18.2	+25.5	+44.9	-10.3	-17.9
Ref. Indicator*	-5.2	+14.5	+20.6	-10.3	+20.6	+8.5	+4.9	-18.8

## Annualized Returns (%)

Annualised performances	3 Y	5 Y
Fund F EUR acc	+6.2	+3.0
Ref. Indicator*	+1.5	+2.0

Source: Carmignac as of 30/09/2022

Carmignac P. Emergents F EUR Acc (ISIN: LU0992626480). Reference indicator: MSCI EM NR USD. Daily returns in EUR as of 31/07/2021. Past performance is not necessarily indicative of future performance. The return may increase or decrease as a result of currency fluctuations. Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time.

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Investment management company approved by the AMF -Public limited company with share capital of € 15,000,000 - RCS Paris B 349 501 676.

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