

## Breaking down European stereotypes: Carmignac Portfolio Patrimoine Europe

Author(s)

Keith Ney, Mark Denham

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**Keith Ney** and **Mark Denham** speak about their successful European multi-asset Fund and reveal how they plan to tackle challenges ahead while keeping intact their long-term investment themes.

The Fund has just been named the Best Balanced Fund in Europe by Lipper? To what do you attribute this success?

**MD:** Carmignac Portfolio Patrimoine Europe was launched in 2017 to provide investors with a moderate risk sustainable solution in a constantly changing European environment. Over the last four years, in spite of a very volatile context, the Fund has managed to minimize market declines and to participate in the upward phases, even in the eventful year of 2020 or the beginning of 2022. We carry out in-depth analysis on our investments without losing sight of possible overlap risks. Consequently, our risk management strategies have contributed positively to the fund's performance since its launch. The wide range of available tools has been useful in mitigating both the downside risks and generating positive gross performance. However, over the long term, it is securities selection that has contributed most significantly to the positive performance of the Fund, and we are fine with it!

The Fund is based on the "Patrimoine" philosophy, characterised by an agile, multi-asset class and long-term approach. What makes Carmignac Portfolio Patrimoine Europe different from the flagship Carmignac Patrimoine?

**KN:** Indeed, sharing the same philosophy does not mean investing in the same manner. Carmignac Portfolio Patrimoine Europe was not created to be a carve-out of Carmignac Patrimoine. Alongside not having the same investment universe, which significantly influences the management, the Funds also differ in terms of securities selection in both equity and fixed income. Consequently, the overlap between the funds is low, as well as their correlation, which makes them complementary in an investor portfolio.

Looking ahead, what are the biggest risks and how do you plan to tackle them?

**KN:** The Russo-Ukrainian conflict and associated economic sanctions induce a stagflation risk, i.e., an economic slowdown coupled with high inflation. The scarcity of available commodities could lead to major disruptions in supply chains, with negative effects on growth and further price increases. While the economic outlook for 2022 was already pointing to a slowdown in the pace of growth and resilient inflation, this conflict is amplifying economic trends that we had incorporated into our investment strategy. Although Europe is particularly affected by this geopolitical crisis, a strong fiscal response by governments is expected and could benefit some sectors such as renewable energy.

Speaking of these promising sectors, could you tell us more about your long-term investment opportunities?

**MD:** In the past, the Fund has been exposed to forward-looking sectors such as Healthcare, Technology, and Renewable energy. Our approach to Europe is therefore very selective and based on a robust process. In the current environment, we remain committed to our core holdings, which are winners in their respective fields, but we also make some adjustment. Thanks to the risk management strategies, we could build exposure to these promising sectors without increasing the short-term risk level of the fund.

#### Carmignac Portfolio Patrimoine Europe in a nutshell

The Fund was launched in 2017 to provide investors with a moderate risk sustainable investment solution in a constantly changing European environment. The Fund is characterised by an agile, multi-asset class and long-term approach. The Fund's ambition is to find pockets of promising stocks within the European equity and bond markets, while adapting to different market configurations and to bear markets in particular. Exposure to the equity markets can therefore vary from 0% to 50% of the portfolio and we, as portfolio managers, have the possibility of modifying this exposure at any time, which enables us to react quickly and effectively when, in our opinion, economic, political or social conditions so require.

The proof of the Fund's ability to fulfil its mandate:

34%

Performance since launch compared to 19% for the reference indicator<sup>1</sup>.

1st quartile

Within its Morningstar category<sup>2</sup> for its performance.

1st Place

Best Fund over 3 years in Europe by Lipper Fund Award 2022<sup>3</sup>.



<sup>1</sup> 40% STOXX Europe 600 (Reinvested net dividends) + 40% ICE BofA All Maturity All Euro Government + 20% ESTER capitalised. Quarterly rebalanced. Until 31/12/2021, the reference indicator was 50% STOXX Europe 600, 50% BofA Merrill Lynch All Maturity All Euro Government Index. Performances are presented using the chaining method. Launch date: 29/12/2017. Source: Carmignac 31.03.2022. Performance for share class A eur acc.

<sup>2</sup> Morningstar category „EUR Moderate Allocation“. The reference to a ranking or prize, is no guarantee of the future results of the UCIS or the manager. The return may increase or decrease as a result of currency fluctuations, for the shares which are not currency-hedged. **Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor).** Morningstar Rating™ : © 2022 Morningstar, Inc. All Rights Reserved.

<sup>3</sup> Lipper Methodology: <https://www.lipperfundawards.com/Methodology>

Carmignac Portfolio Patrimoine Europe

# Fund built to take advantage of Europe's many sectors and opportunities.

[Visit the Fund Page](#)

## Carmignac Portfolio Patrimoine Europe A EUR Acc

ISIN: LU1744628287

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.

**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.

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