

II. CARMIGNAC PATRIMOINE - THE COMPONENTS

A diversified strategy using a variety long term performance drivers

12.02.2017

Bringing together 3 performance drivers to offer a long term investment solution through a conviction driven approach.

Our in-depth macroeconomic analysis is essential to determine the allocation amongst asset classes and the long-term investment themes. The portfolio's construction is a result of Fund managers' views and market analysis, it has no bias to any benchmark. Our disciplined bottom-up approach aims to find the best investment opportunities across all asset classes.



Long Term Beliefs

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To a fund manager surrounded by European inertia, it is both comforting and encouraging to find pockets of growth. It's still out there, I've seen it

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

EQUITIES

Emerging Markets

Rising living standards in emerging markets have been one of our core investment themes since 1989. We were convinced that not only China, but also that the rest of Asia and the emerging world as a whole held the potential for major growth and still do.

Challenges Ahead

Increasing life expectancy and changing consumption patterns among Millennials are likely to determine which companies will be out in front tomorrow. Those companies represent major sources of growth for our portfolio.



FIXED INCOME

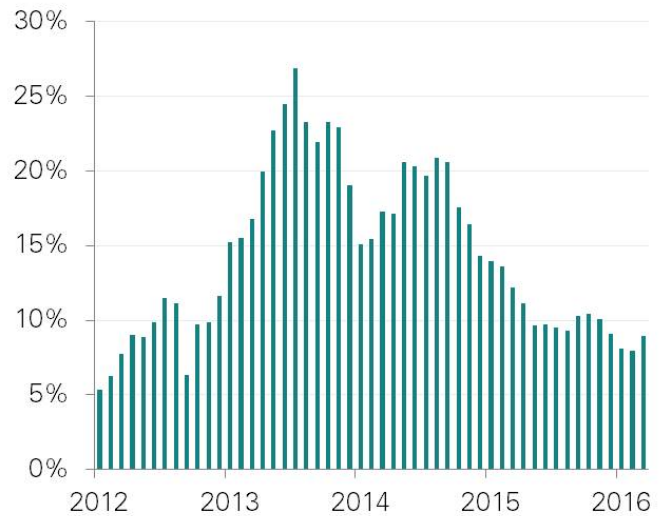
European Banks

Our allocation to European financial credit dates back to 2012, as banks in the region were reregulated 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.

European Sovereign Debt

Since August 2012, following ECB chairman Mario Draghi's announcement that he would do "whatever it takes" to save the Euro, we have expressed a strong belief in government bonds of the European peripheral regions.

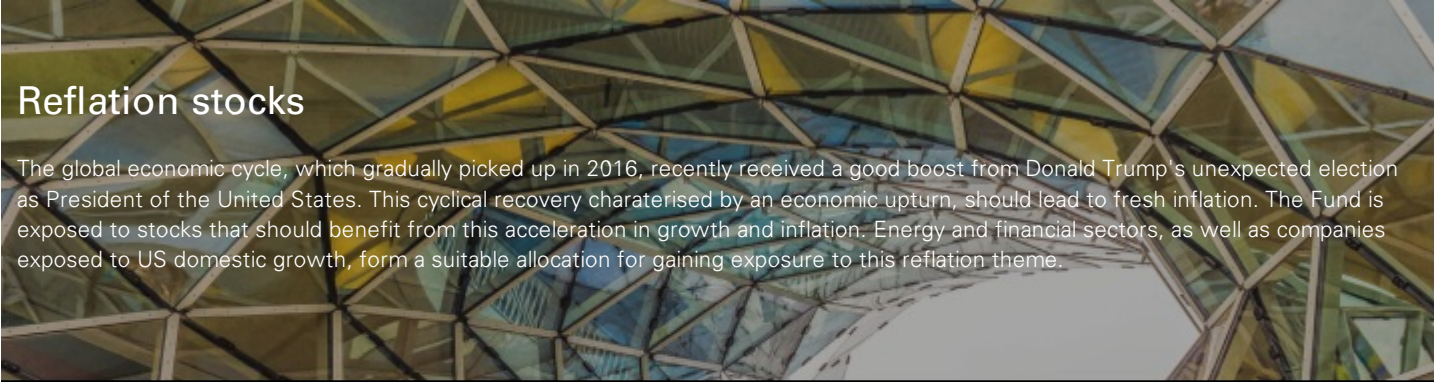
WEIGHT OF EUROPEAN PERIPHERAL DEBT IN CARMIGNAC PATRIMOINE SINCE AUGUST 2012



Current Views

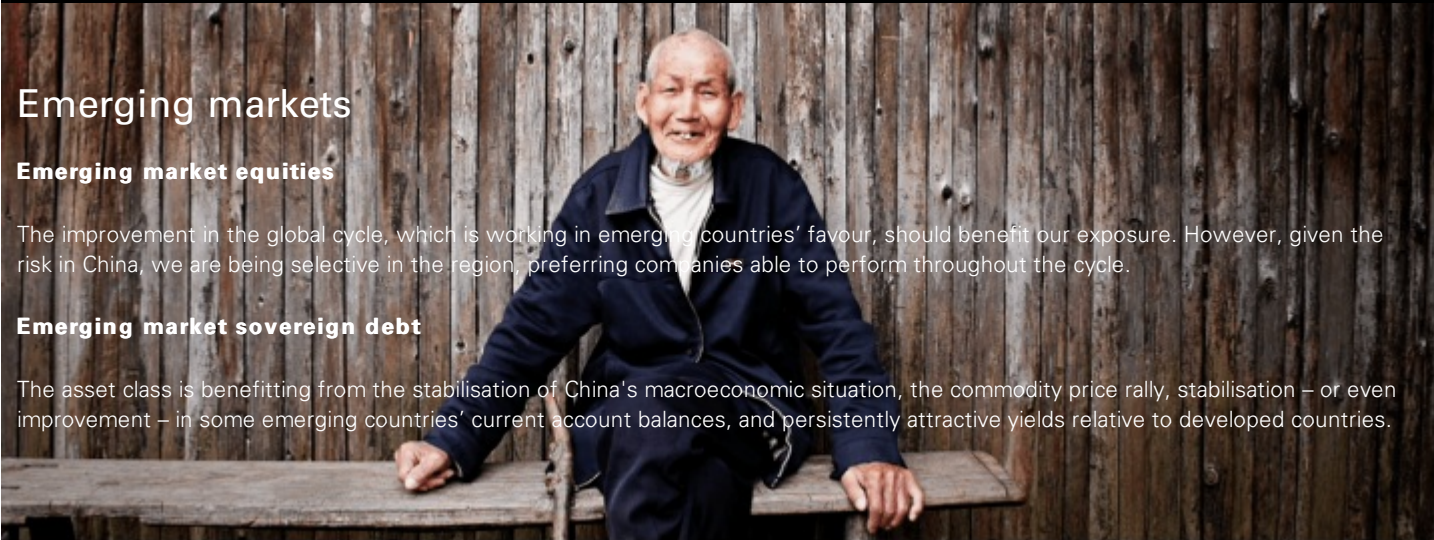
High visibility stocks

Global leaders, who are able to generate growth independently of the economic cycle, retain an important place in our allocation. Innovation, and especially growth, are the cornerstones of technology and Internet enterprises. Our portfolio is built around companies involved in disruptive innovations and able to create new long-term growth drivers. Companies experiencing secular growth such as Amazon and Facebook are good examples of firms able to generate long-term performance while staying on course through any macroeconomic condition.



Reflation stocks

The global economic cycle, which gradually picked up in 2016, recently received a good boost from Donald Trump's unexpected election as President of the United States. This cyclical recovery characterised by an economic upturn, should lead to fresh inflation. The Fund is exposed to stocks that should benefit from this acceleration in growth and inflation. Energy and financial sectors, as well as companies exposed to US domestic growth, form a suitable allocation for gaining exposure to this reflation theme.



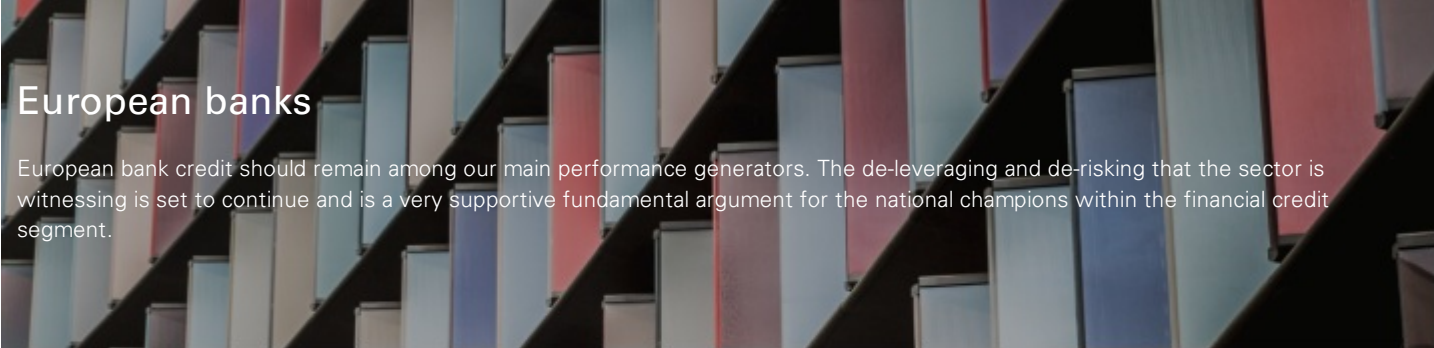
Emerging markets

Emerging market equities

The improvement in the global cycle, which is working in emerging countries' favour, should benefit our exposure. However, given the risk in China, we are being selective in the region, preferring companies able to perform throughout the cycle.

Emerging market sovereign debt

The asset class is benefitting from the stabilisation of China's macroeconomic situation, the commodity price rally, stabilisation – or even improvement – in some emerging countries' current account balances, and persistently attractive yields relative to developed countries.



European banks

European bank credit should remain among our main performance generators. The de-leveraging and de-risking that the sector is witnessing is set to continue and is a very supportive fundamental argument for the national champions within the financial credit segment.

PROMOTIONAL MATERIAL

(1) Source: Swiss Re Data, 2015. (2) Source: BoA Merrill Lynch, August 2015. (3) Source: Carmignac, Company data, Deutsche Bank, 31/12/2015. (4) Source: Swiss Re Data 2014; Company data, Carmignac, 30/06/2016.

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