QUARTERLY REPORT

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Carmignac Investissement: Letter from the Fund Manager

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+2.5%

Carmignac Investissement's performance

in the 4th quarter of 2022 for the A EUR Share class

+0.8%

Reference indicator's performance

in the 4th quarter of 2022 for the reference indicator

+0.9%

Performance of Carmignac Investissement over the semester

versus +0.2% for the reference indicator

*Over the period, **Carmignac Investissement** recorded a performance of +2.49%, above its reference indicator (+0.75%). Over 2022, the fund posted a -18.33% performance vs -13.01% for its reference indicator.*

Market environment

As US inflation peaked over the quarter, markets celebrated hopes of a future pivot by central banks, especially as a global economic recession looms large. Towards the end of the quarter, both the Fed and ECB dashed market hopes by putting rate cuts off the table, albeit confirming a slowdown in their pace of tightening. In China, recession risks led the government to lift its zero-covid restrictions, which boosted hopes of a recovery. Despite a correction at the end of the year, equity markets recorded a strong rebound from their yearly low, supported by less volatile interest rates.

How did we fare in this context?

Carmignac Investissement recorded a solid positive performance over the period, above its reference indicator, allowing it to regain some of the yearly losses. Its positive performance can be mostly ascribed to a good stock picking within energy (Schlumberger), Industrials (Airbus, Safran), Luxury (Hermes) and Healthcare (Novo Nordis, Essilor). It also reflects the positive contribution of various portfolio allocation changes operated throughout the year (reduction in high P/E companies, increased exposure to industrial & energy names, significant allocation to defensive sectors).

Outlook

Taking advantage of this year's volatility, we have built a portfolio that capitalizes on what can be the next promising market trends and dynamics:

A core equity portfolio which remains geared towards companies and sectors that we consider as best able to withstand an economic slowdown, especially in developed countries where we expect 2023 GDP growth rates to face headwinds. However, we did take profits on some of our holdings in healthcare and consumer staples, as they already reaped the benefits of their defensive nature. One area of focus for us revolves around how companies can use innovation to address global health challenges. One challenge is the worrying increase in obesity, which **Novo Nordisk** and **Eli Lilly** are addressing with blockbuster drugs Wegovy and Mounjaro. Within consumption, we focus on companies offering essential goods (**Nestle, Colgate**), as they historically performed well in recessionary backdrops, on luxury companies with high and stable margins (**Hermes, LVMH**), and on companies leveraging the increasing adoption of digital technologies (**Universal Music, UBER, Booking**).

The rising trends of digitization and artificial intelligence (AI) also create long term secular opportunities with less sensitivity to the economic cycle. For example, the growth of AI requires significant investments in infrastructure and compute power, and we have related investments in AMD, Marvell, Microsoft and Oracle around this theme.

The prospect of structurally higher developed market' inflation and rates, both likely to pressure market valuations, has prompted us to **focus on investment themes that can perform with this backdrop**.

One focus has been on the industrial sector, especially in the US. The firms we selected: 1) are benefiting from the trend towards reshoring supply chains with government support; and 2) already have production capacity in place which confers them a notable advantage in an environment of high inflation and borrowing costs (**Emerson Electric, Eaton, Ingersoll Rand, Ferguson**).

We also believe that the energy transition to a green future can't take place effectively without the involvement of today's oil and gas majors. We have therefore decided to work judiciously with those "transitioners" like technology leader **Schlumberger** that are firmly committed to promoting clean energy, adopting policies that are in line with our ESG criteria. As responsible investors, we see this as an opportunity to profitably combine our duty as asset managers with our environmental aims.

Finally, we increased our exposure to Asia. In China, the lifting of Covid restrictions will lead to a strong rebound in consumption, and government policies have recently become much more supportive.

We have thus increased our exposure to domestic names in the ecommerce (**JD.com, Alibaba**), sportswear (**ANTA**) and the property sector (**Beike**). In Japan, wage growth is supporting higher domestic purchasing power (**Dentsu**).

Source: Carmignac, Bloomberg, 30/12/2022. Performance of the A EUR Acc share class ISIN Code A EUR Acc : FR0010148981. [1]Reference indicator : MSCI ACWI (USD) (Reinvested net dividends).

Carmignac Investissement

Geared for a changing world

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Carmignac Investissement A EUR Acc

ISIN: FR0010148981

Recommended minimum investment horizon

Lower risk Higher risk

1	2	3	4*	5	6	7

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.

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.

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