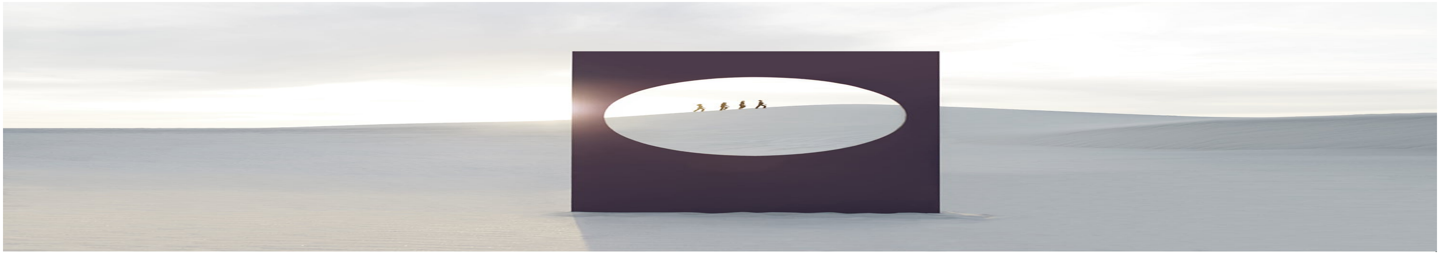

Carmignac Portfolio Human Xperience: Letter from the Fund Manager

Author(s)
Obe Ejikeme

Published
July 28, 2023

Lengt
5

+5.58%

Carmignac Portfolio Human Xperience performance

in the 2nd quarter of 2023 for the A EUR Acc share class

+5.73%

Reference indicator's performance

in the 2nd quarter of 2023 for MSCI AC World Index Net Return (EUR)

+14.52%

Performance of the Fund Year to date

versus +11.45% for the reference indicator

During the second quarter of 2023, the return of ***Carmignac Portfolio Human Xperience*** *(A share class) was +5.58%, against its reference indicator, which rose 5.73%. The Fund posted a performance of +14.52% year to date, versus its reference indicator +11.45%.*

Quarterly Performance Review

Global equity markets performed well in the quarter, continuing their positive run which started in October last year. Whereas the initial catalyst for the positive momentum had been a realisation that with headline inflation falling a cessation of interest rate rises in the coming months was possible, latterly the driver was the ongoing resilience of the US economy where expectations of recession starting in the third quarter were pushed out to later this year or even into 2024. Consequently, the better sectors over the period were those reflecting some economic optimism, including Industrials, Consumer Discretionary, as well as Financials who regained a solid footing as the previous quarters sector crisis was well contained to just a small handful of names. The best sector was Technology rising more than 15%, propelled by the fervour around artificial intelligence (AI). An additional drawback for us was the fact that some of our preferred sectors such as Healthcare and Consumer staples lagged this market recovery.

The best performer in the quarter was Technology driven by extremely bullish statements from Nvidia the semiconductor graphics chip specialist around the impact on future chips sales to their datacentre customers to satisfy demand for future AI applications. Specifically, they guided for an immediately visible and large impact coming in their next fiscal quarter with a guidance of $11bn in sales, some 57% ahead of prior expectations. The scale of the impact and the fact it is happening now, caught everyone by surprise, and drove stocks most exposed to the AI theme higher. Nvidia itself rose 51% in the period, having already climbed more than 90% in Q1. Nvidia was a top 10 holding due to its strong Carmignac Human Xperience scores so we used the opportunity to take profits in the name. Microsoft was also seen as a major beneficiary – not just because of its stake in OpenAI the owner of ChatGPT a major AI program, but because its current software should benefit from AI functionality becoming embedded in future years cementing their competitive position and their pricing. Their Azure infrastructure business should also benefit from higher volume of activity. Microsoft remains a top 10 holding.

The other mega-trend we are benefiting from is the opportunity in drugs to treat obesity. Danish company Novo Nordisk and US company Eli Lilly are best placed for this theme, as the dominate the fast-growing market of GLP-1 drugs for treating diabetes and obesity. We see this as a trend likely to last for decades. Both companies are seeing strong growth from their leading products, with Novo upgrading FY sales and profits growth to levels around 30%, despite being unable to fully satisfy strong demand with existing capacity until new plants come on stream in second half. Current analyst forecasts of a rapid slowing in growth next year and beyond look far too cautious, because even modest projections of only single digit percentage treatment penetration of the likely $100bn+ market opportunity would imply both names can sustain growth for much longer. In addition, both companies demonstrated strong data at recent industry conferences for their follow-on products in development, thus likely keeping competition at bay for many years to come. Both names have strong customer and employee related metrics and hence in total account for 7% of the maximum 8% that within our process we can distribute across 2 separate positions.

How is the fund positioned?

At the end of the quarter, we remain tactically balanced in our exposure, having allocated 38% to both Consumer Discretionary and Consumer Staples, leveraging the potential of an improving consumer backdrop. Additionally, we maintained a strategic 28% investment in the Technology sector, underpinning our belief in its capacity to deliver high-demand products and retain top talent for long-term competitiveness.

To enhance the fund's growth potential, we have added AstraZeneca and Edenred as new investments. AstraZeneca is a pharmaceutical giant committed to developing innovative medicines that address a range of medical needs, from oncology to cardiovascular and respiratory diseases. Edenred, on the other hand, operates in the digital services industry, specializing in providing prepaid corporate services, incentives, and employee benefits solutions to foster better employee well-being and motivation.

What is our outlook for the coming months?

We remain cautious about economically sensitive sectors, maintaining an underweight position in Energy, Materials, Industrials, and Financials/Banks. Thus, we remain confident in focusing on quality companies as they deliver relative resilience during market volatility, and believe this prudent strategy will contribute to performance in the 2nd half of the year.

Carmignac Portfolio Human Xperience

A thematic fund focused on customer and employee experience

Discover the fund page

Carmignac Portfolio Human Xperience A EUR Acc

ISIN: LU2295992163

Recommended minimum investment horizon

Lower risk Higher risk

1	2	3	4*	5	6	7

Main risk 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.

Marketing communication. Please refer to the KID/KIID, prospectus of the fund before making any final investment decisions. This document is intended for professional clients.

This material may not be reproduced, in whole or in part, without prior authorisation from the Management Company. This material does not constitute a subscription offer, nor does it constitute investment advice. This material is not intended to provide, and should not be relied on for, accounting, legal or tax advice. This material has been provided to you for informational purposes only and may not be relied upon by you in evaluating the merits of investing in any securities or interests referred to herein or for any other purposes. The information contained in this material may be partial information and may be modified without prior notice. They are expressed as of the date of writing and are derived from proprietary and non-proprietary sources deemed by Carmignac to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. As such, no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors and omissions (including responsibility to any person by reason of negligence) is accepted by Carmignac, its officers, employees or agents.

Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor). The return may increase or decrease as a result of currency fluctuations, for the shares which are not currency-hedged.

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. The reference to a ranking or prize, is no guarantee of the future results of the UCIS or the manager.

Access to the Funds may be subject to restrictions regarding certain persons or countries. This material is not directed to any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) the material or availability of this material is prohibited. Persons in respect of whom such prohibitions apply must not access this material. Taxation depends on the situation of the individual. The Funds are not registered for retail distribution in Asia, in Japan, in North America, nor are they registered in South America. Carmignac Funds are registered in Singapore as restricted foreign scheme (for professional clients only). The Funds have not been registered under the US Securities Act of 1933. The Funds 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 FATCA. The risks, fees and ongoing charges are described in the KID (Key Information Document). The KID must be made available to the subscriber prior to subscription. The subscriber must read the KID. Investors may lose some or all their capital, as the capital in the funds are not guaranteed. The Funds present a risk of loss of capital.

The Funds' prospectus, KIDs, NAVs and annual reports are available at www.carmignac.com, or upon request to the Management Carmignac Portfolio refers to the sub-funds of Carmignac Portfolio SICAV, an investment company under Luxembourg law, conforming to the UCITS Directive. The French investment funds (fonds communs de placement or FCP) are common funds in contractual form conforming to the UCITS or AIFM Directive under French law.

In France, Luxembourg, Sweden: The risks, fees and ongoing charges are described in the KID (Key Information Document). The KID must be made available to the subscriber prior to subscription. The subscriber must read the KID. Investors may lose some or all their capital, as the capital in the funds are not guaranteed. The Funds present a risk of loss of capital. The Funds' prospectus, KIDs, NAV and annual reports are available at www.carmignac.com, or upon request to the Management.
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 document was prepared by Carmignac Gestion, Carmignac Gestion Luxembourg or Carmignac UK Ltd. FP Carmignac ICVC (the "Company") is an Investment Company with variable capital incorporated in England and Wales under registered number 839620 and is authorised by the FCA with effect from 4 April 2019 and launched on 15 May 2019. FundRock Partners Limited is the Authorised Corporate Director (the "ACD") of the Company and is authorised and regulated by the FCA. Registered Office: Hamilton Centre, Rodney Way, Chelmsford, Essex, CM1 3BY, UK; Registered in England and Wales with number 4162989. Carmignac Gestion Luxembourg SA has been appointed as the Investment Manager and distributor in respect of the Company. Carmignac UK Ltd (Registered in England and Wales with number 14162894) has been appointed as a sub-Investment Manager of the Company and is authorised and regulated by the Financial Conduct Authority with FRN:984288.
In Switzerland: the prospectus, KIDs and annual report 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, Montrouge, Nyon Branch / Switzerland, Route de Signy 35, 1260 Nyon.

The Management Company can cease promotion in your country anytime. Investors have access to a summary of their rights in English on the following links: UK ; Switzerland ; France ; Luxembourg ; Sweden.