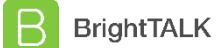


WEBCONFERENCE



REGIME CHANGE?

Tuesday, February 23rd 2021
3:00 pm CET

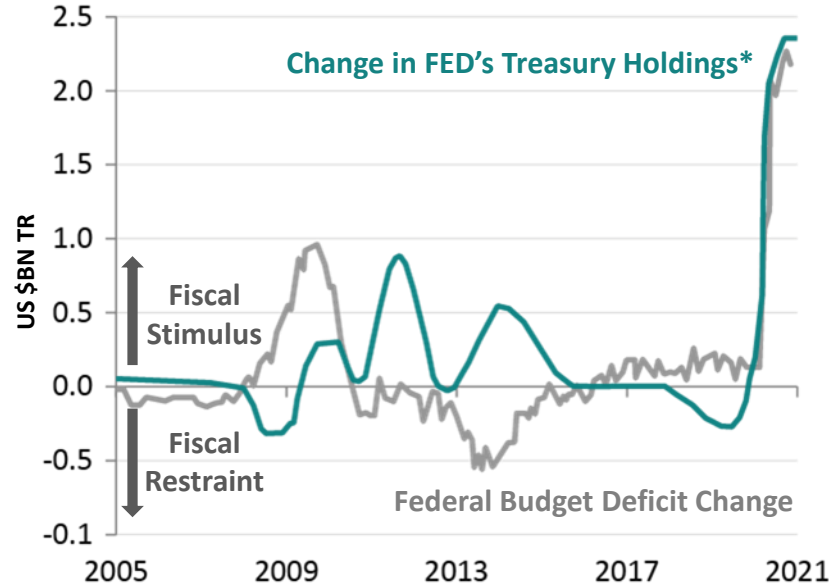


Didier SAINT-GEORGES

Managing Director,
Member of the Strategic
Investment Committee

This Is An Precedented Situation. How To Think About The Possible Outcomes?

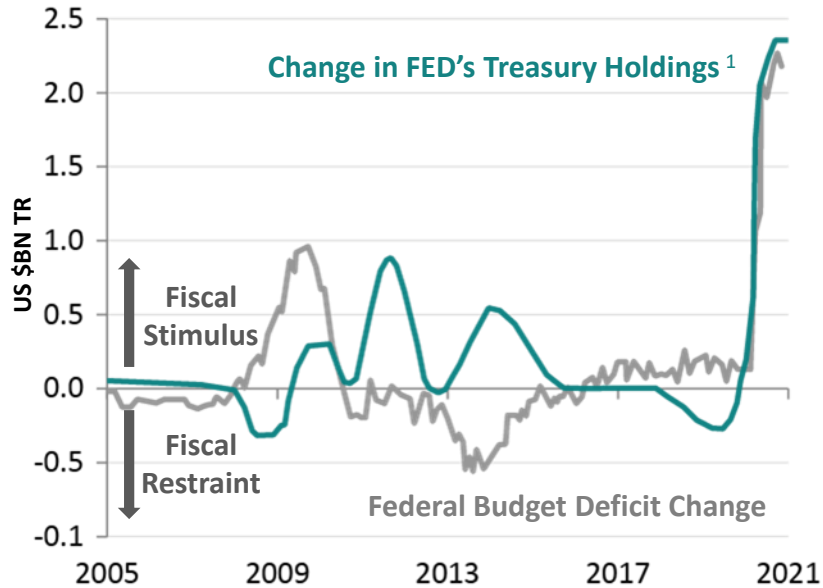
US: Money Creation and Fiscal Deficit



*12M US\$ TR change in Treasury Securities Held outright on the Federal Reserve's balance sheet
Source: Federal Reserve notes, Bloomberg, Carmignac, 01/02/2021

This Is An Precedented Situation. It Has Been Extraordinarily Favorable To Equity Markets

US: Money Creation and Fiscal Deficit



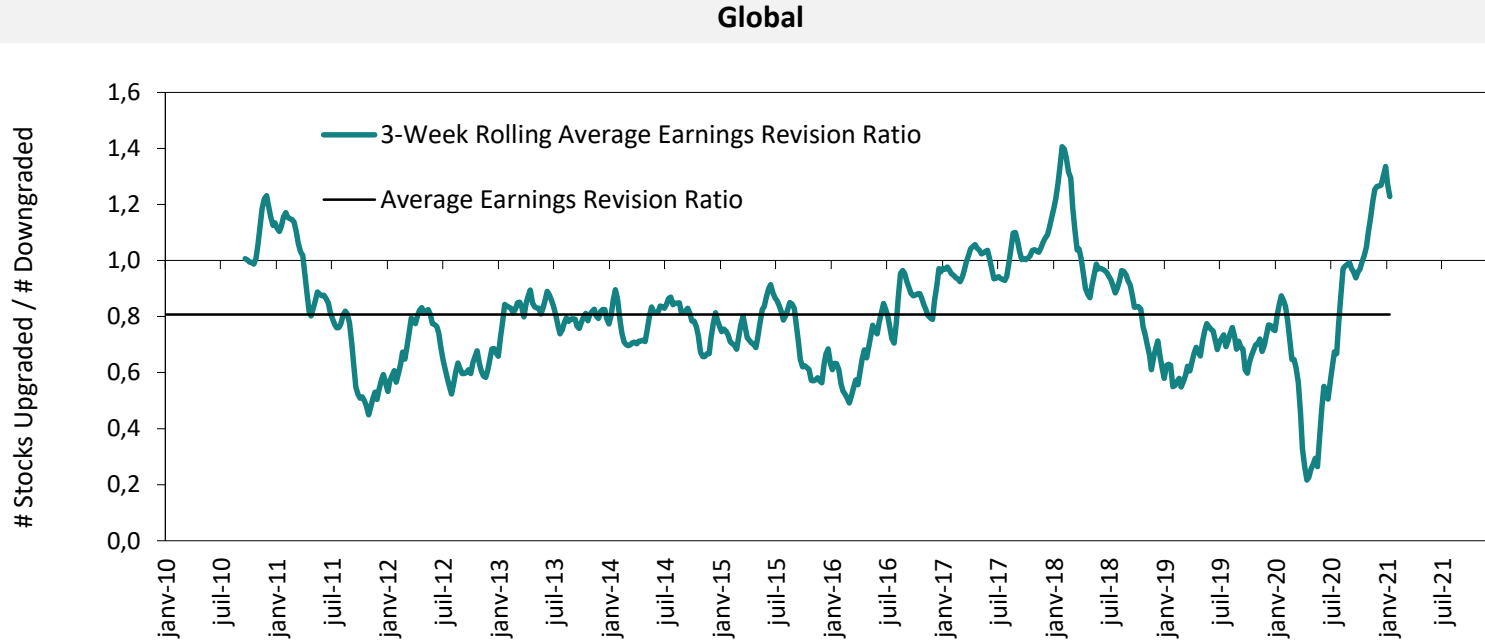
Free Liquidity and Equity Markets



1: 12M US\$ TR change in Treasury Securities Held outright on the Federal Reserve's balance sheet
2: pushed forward by 1-year, LS

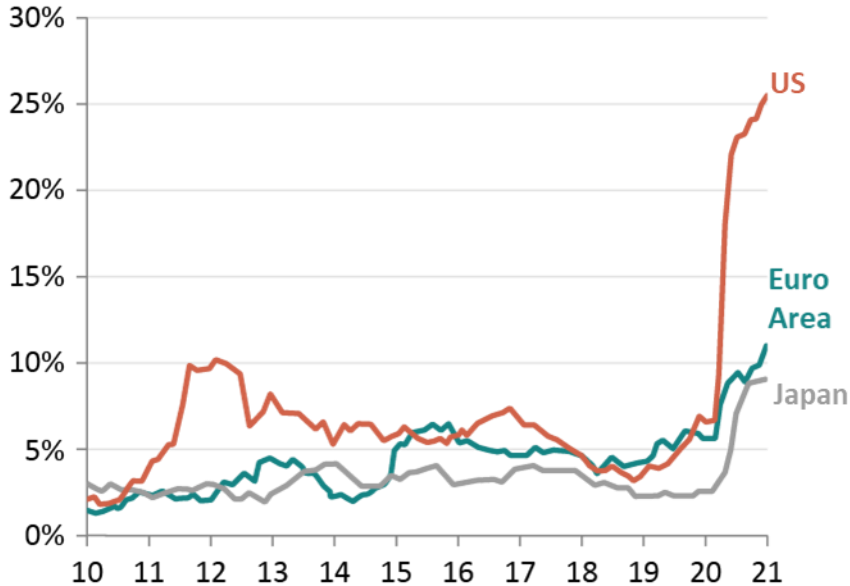
Source: Federal Reserve notes, Bloomberg, MSCI, Factset, BofA, Carmignac, 01/02/2021

Market Positioning Has Adjusted Fast To A Global Recovery

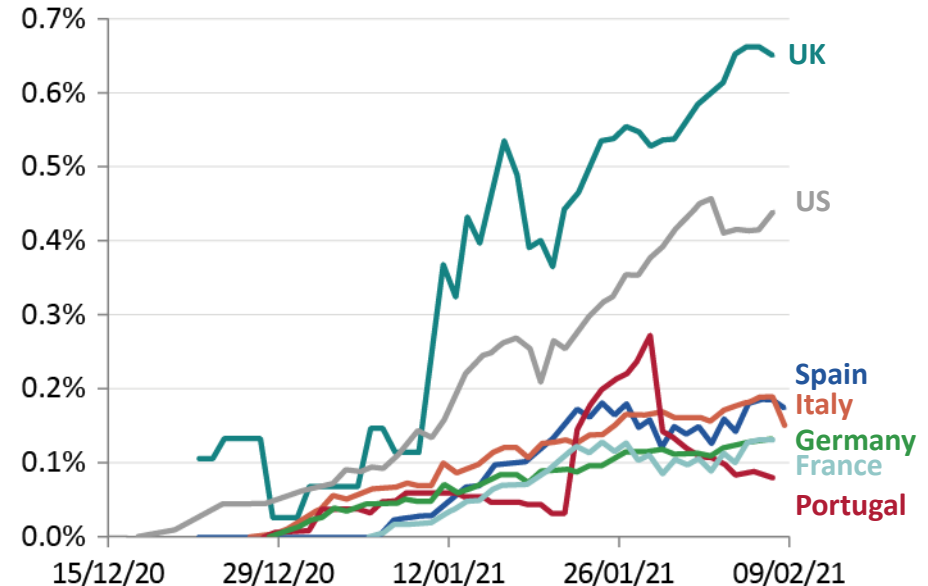


The Question Of Regime Change Concerns Primarily The US

Money Supply Growth (%YoY)



Daily Pace of Vaccinations in % of Population¹

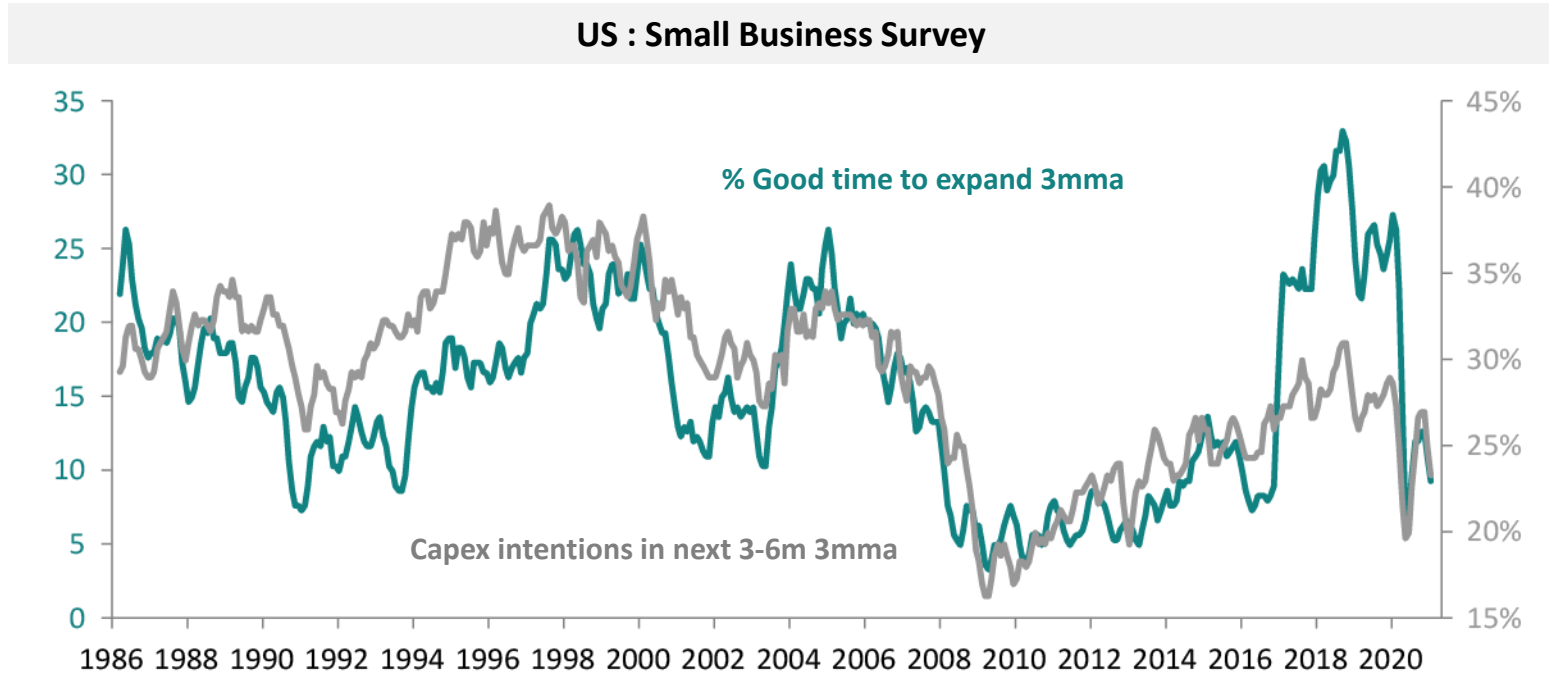


1: 1 dose, 7 day average

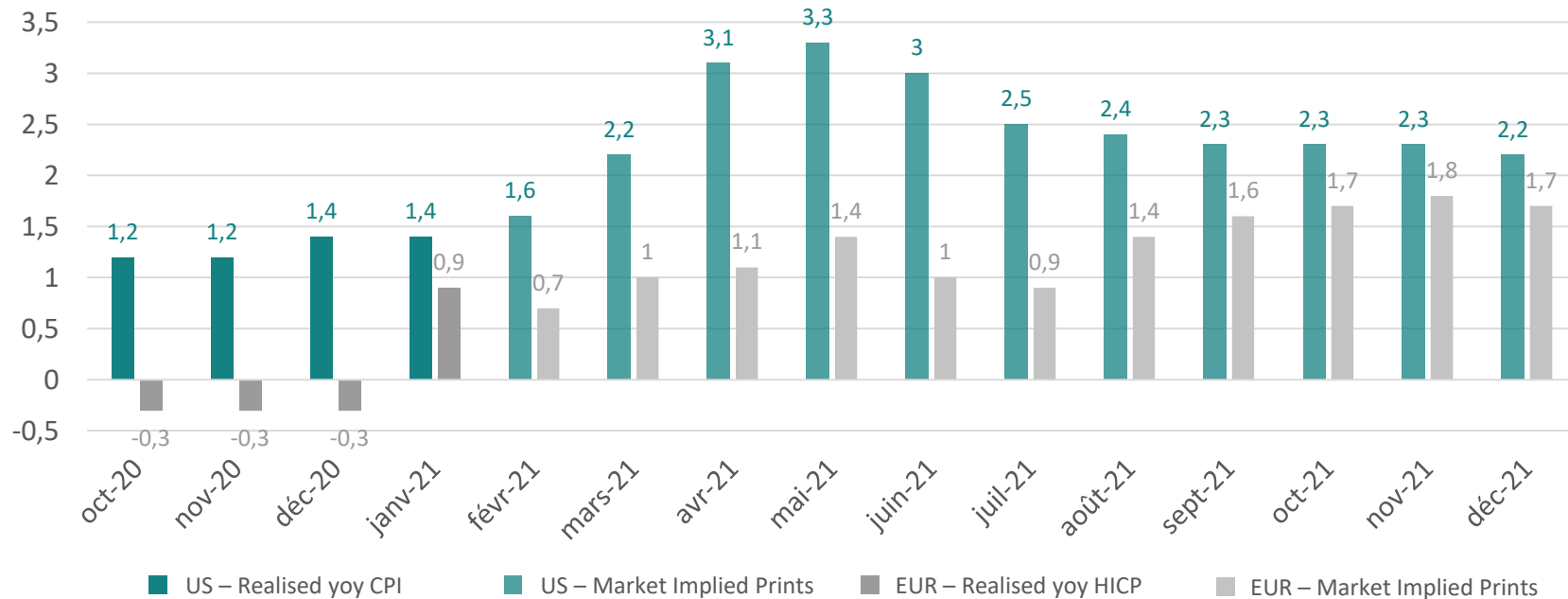
Source: Carmignac, Our World in data, ECB, FRB, BOJ, Haver, Bofa
09/02/2021

Pitfall #1: Over-optimistic Economic Growth Expectation

SMEs have weak economic growth expectations and are cutting capex intentions, as they fear higher taxes/regulation and a resumption of skilled labor shortages

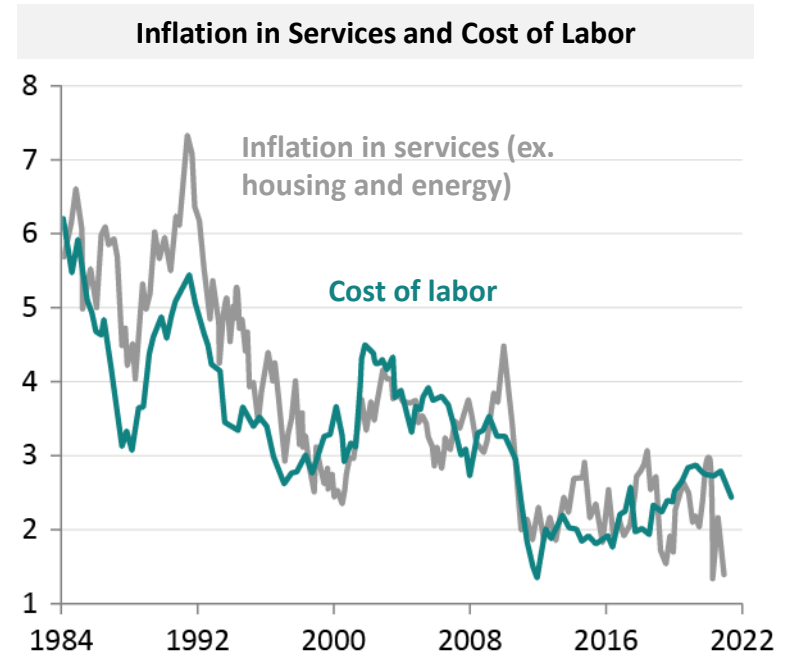
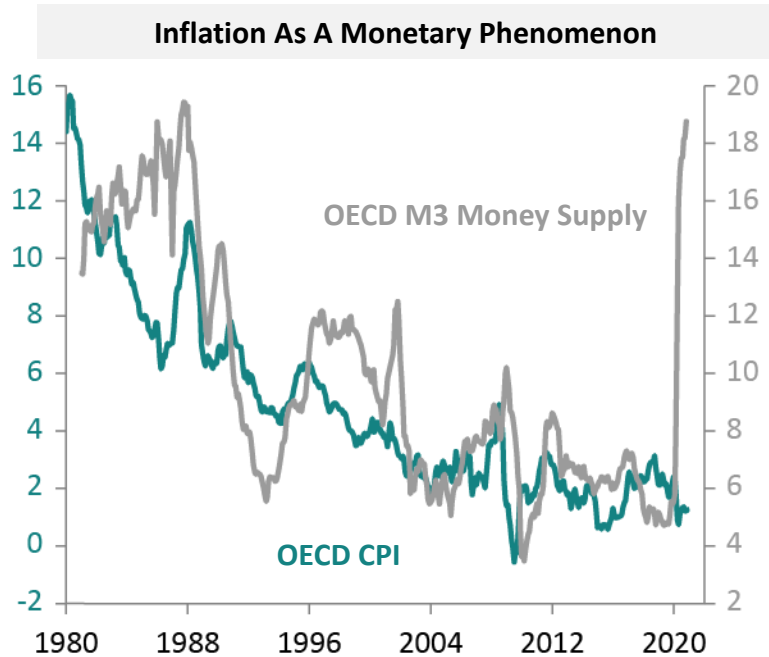


Lasting Gap between US and EU Inflation

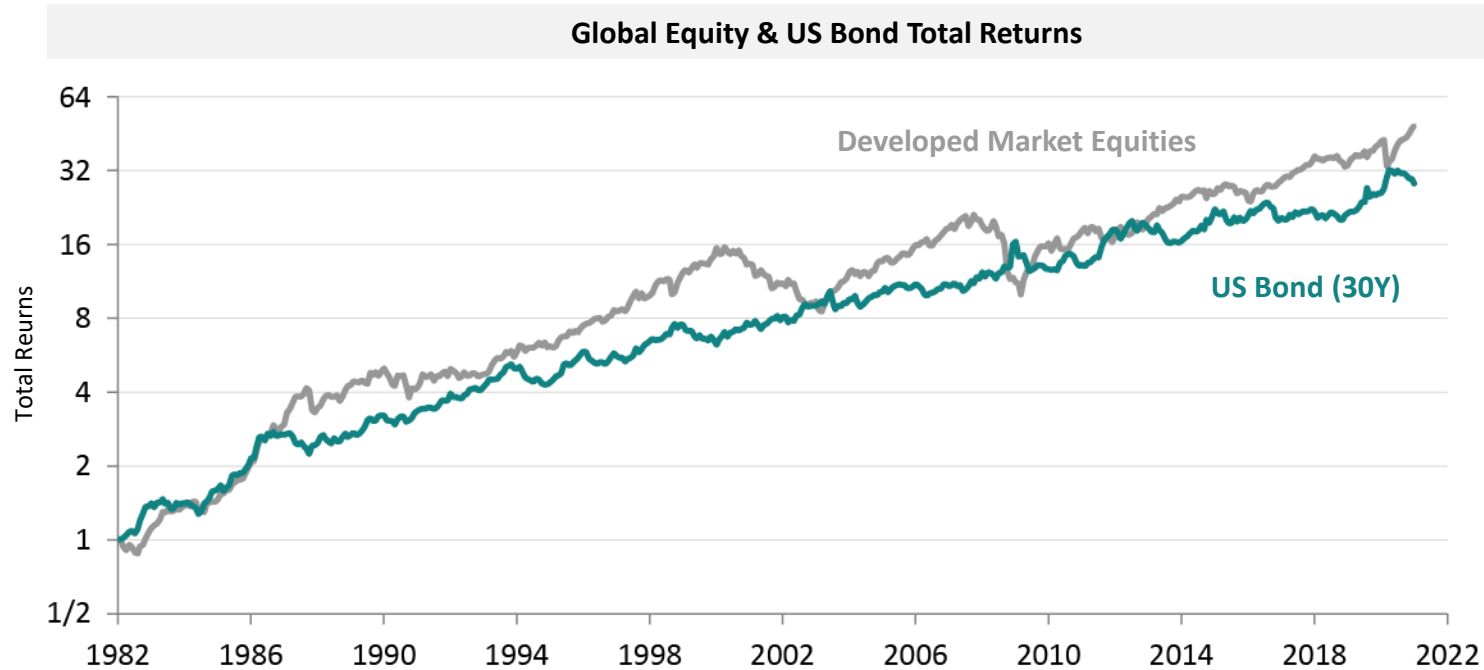


Source: Bloomberg, Carmignac, 17/02/2021

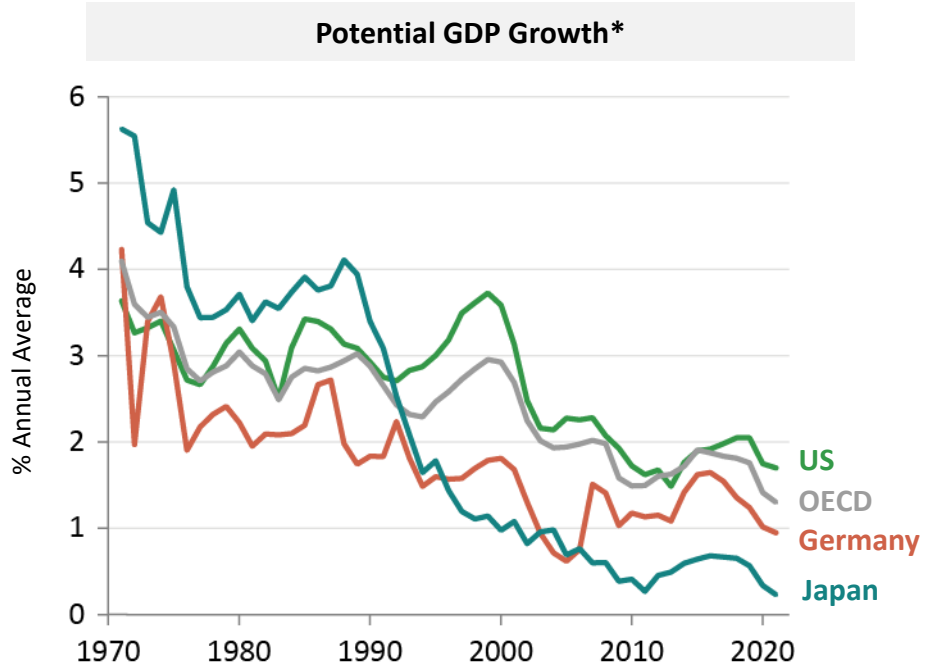
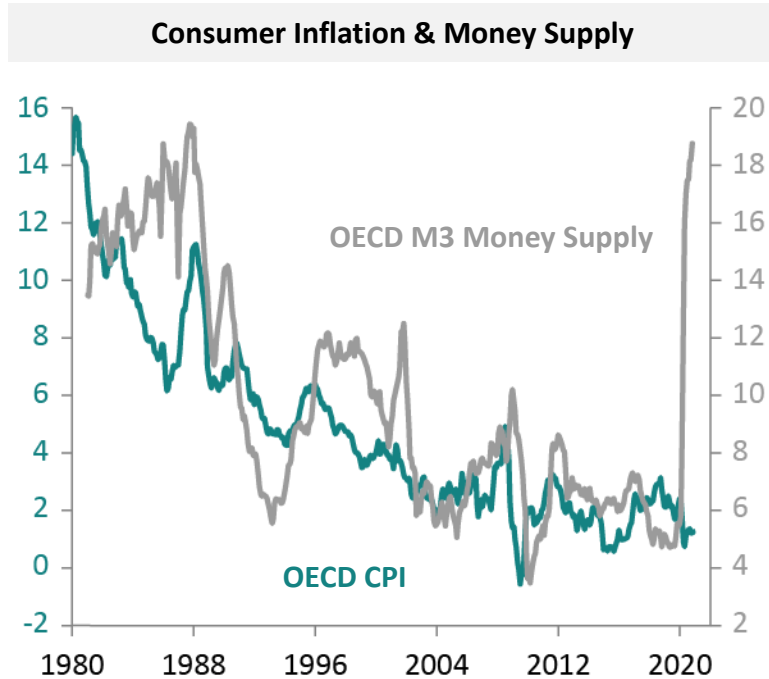
Pitfall #2: Rising Inflation Expectations



Equity And Bond Markets Are Joined At The Hip



Pitfall 1 + Pitfall 2 = The Spectre of Stagflation In The Medium Term

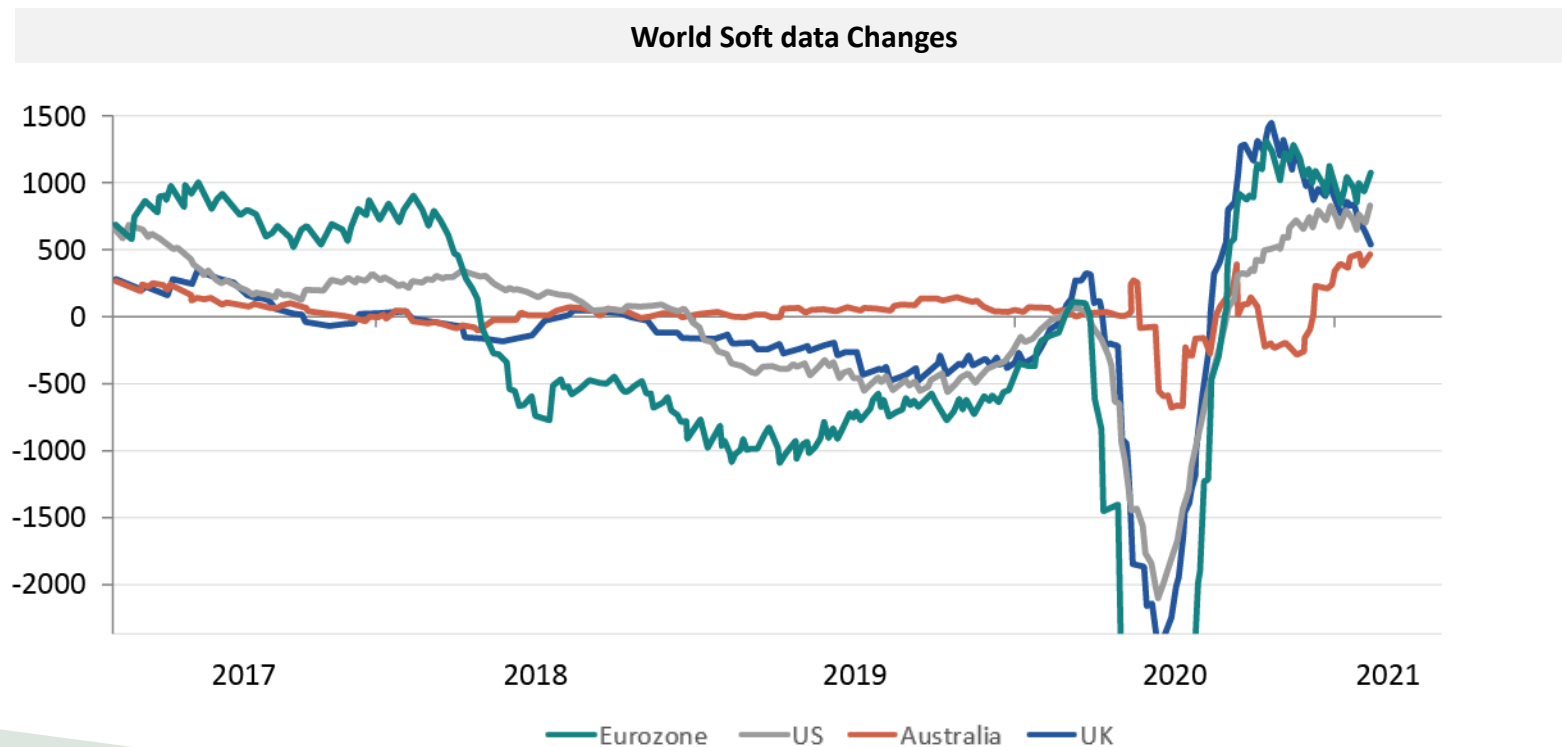


*OECD Estimate

Source: Bloomberg, BIS, NBER, OECD
As of 02/2021

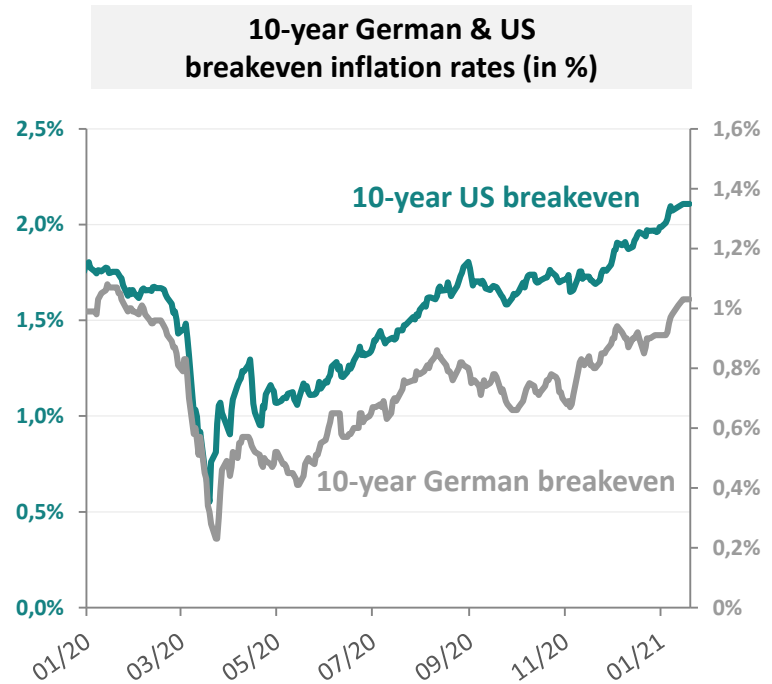
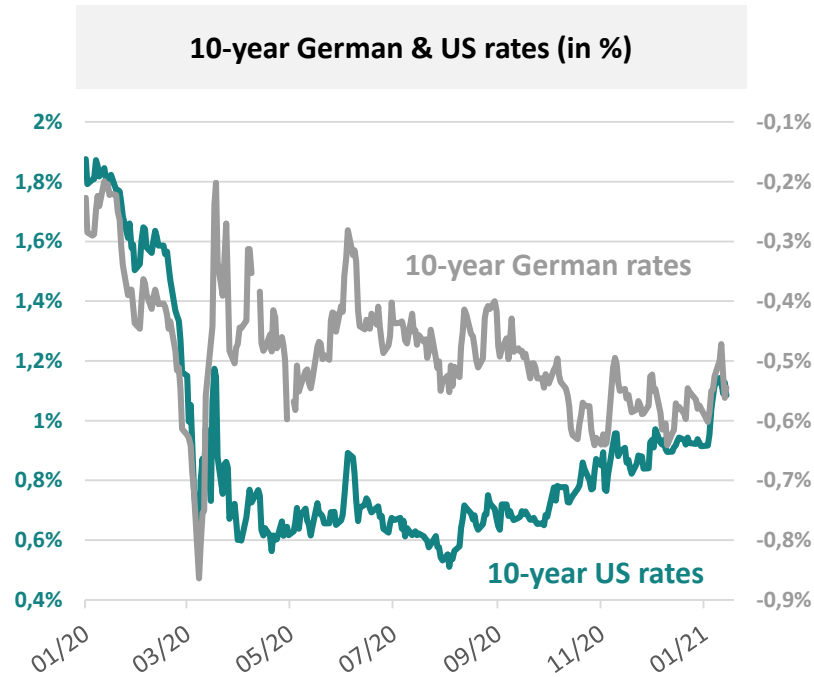
What To Do?

Soft Data Changes: The US is The Only One Consistently Improving



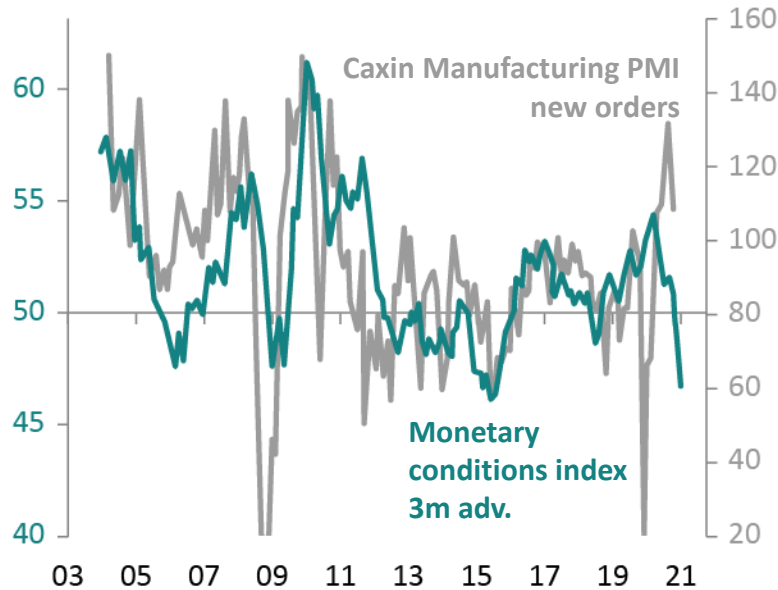
Source: Bloomberg, Carmignac, 03/02/2021

Europe Still Financially Repressed, But Rates Would Certainly Slowly Follow US Rates Higher

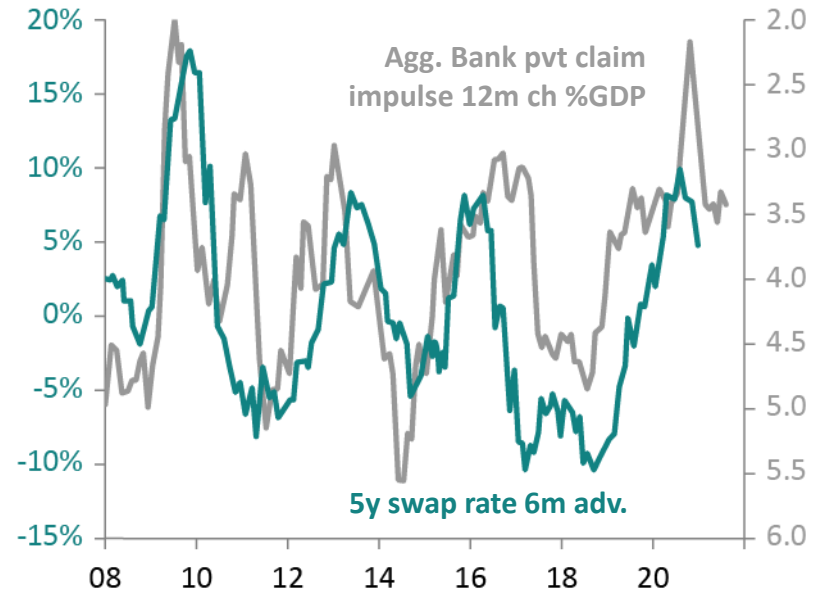


China Set To Slow Down Within The Global Recovery

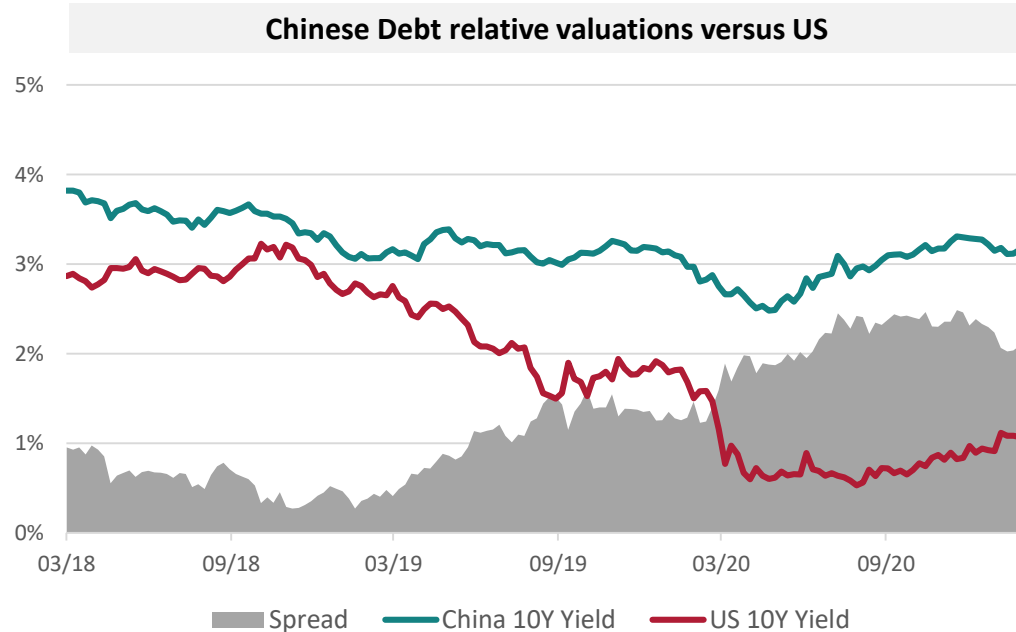
China: PMI & monetary conditions index



China: credit impulse & interest rate

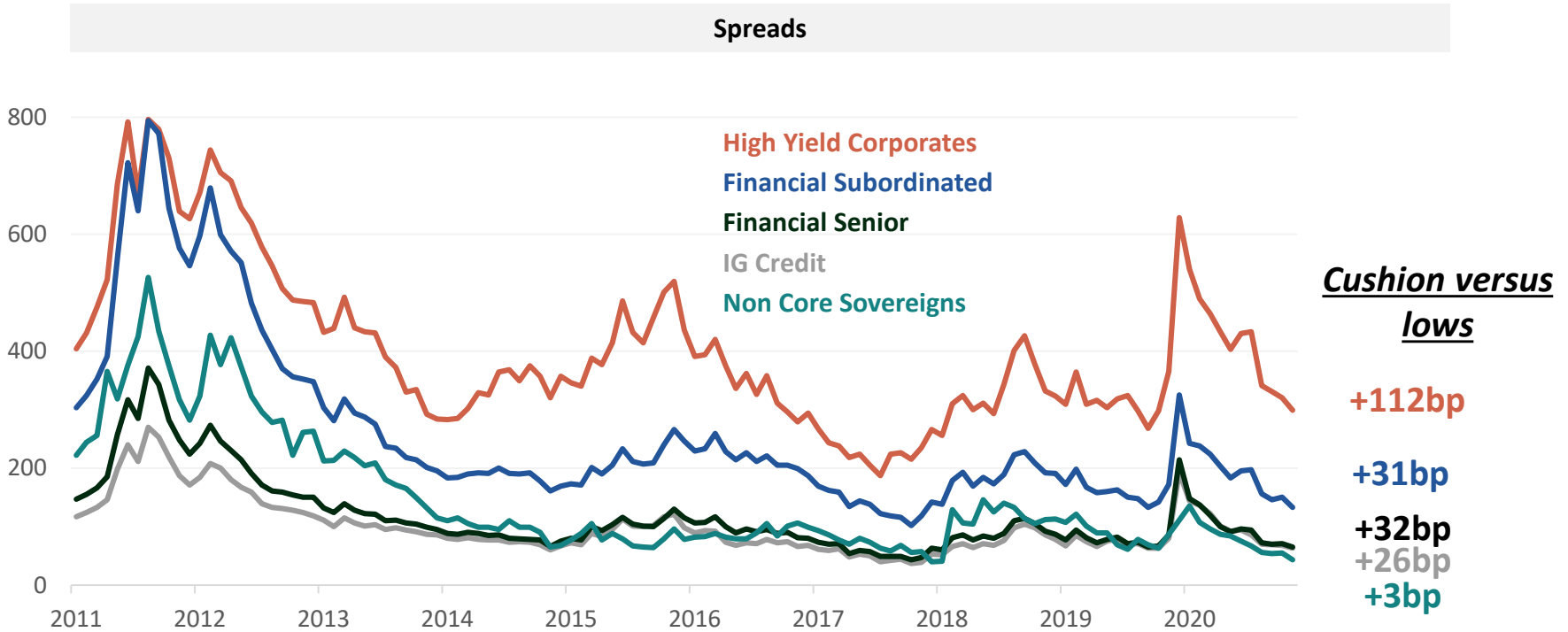


China: One the Highest Real Rates Worldwide



- ▶ Inflows in Chinese assets continue at a record level
- ▶ Tight liquidity management from the PBoC
- ▶ No signs of excess credit
- ▶ Valuations: real rates remain elevated in the EM world versus core inflation

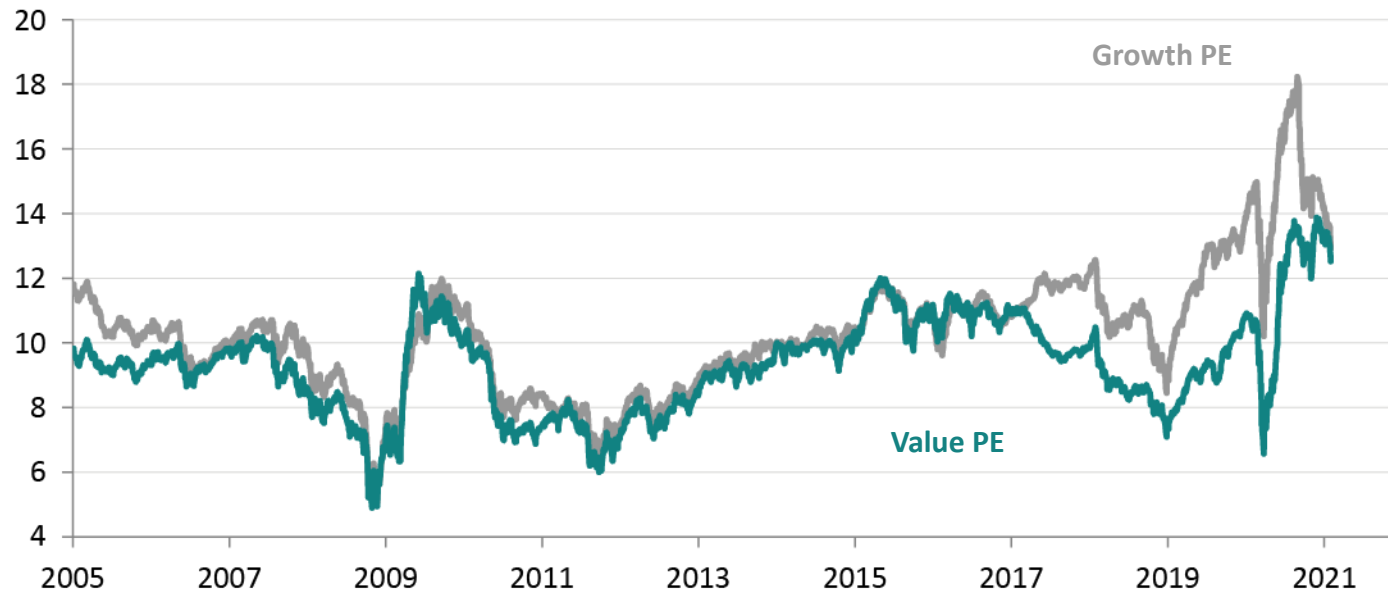
European Fixed Income Markets: Bond-Picking as the Main Performance Driver



Source: Refinitiv, 15/02/2021

The Valuation Gap Has Narrowed Between Growth And Value

MSCI Growth & Value Prospective Long Run PE



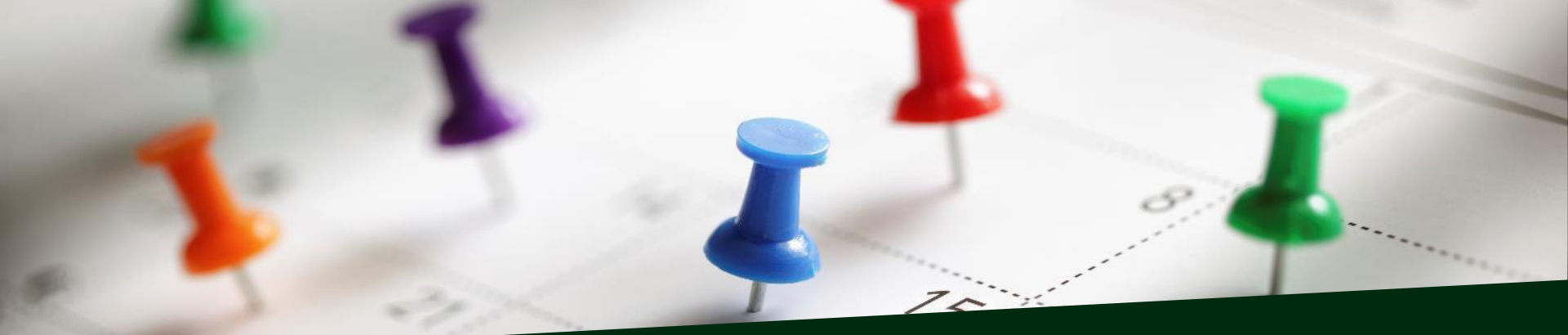
Wrap-Up

- Overall Reduction In Risk Profile

- Barbell Strategy Still Warranted

- Fixed-Income: Manage Risk of Rising Rates, Focus on Alpha in Credit

- Equities: Reopening Trades + High Visibility Earnings Growth



Next Update in March



Didier SAINT-GEORGES

Managing Director,
Member of the Strategic
Investment Committee

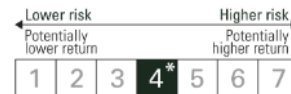
PROFESSIONALS ONLY



Main risks of the fund

Carmignac Patrimoine

Recommended
minimum investment
horizon: **3** years



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.

Share class A EUR Acc

Source: Carmignac at 07/09/2020

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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