

WEBINAR

# CARMIGNAC SCOPE WEBINAR

09 MARCH 2021

WEBCAST

# DEEP DIVE INTO CARMIGNAC EMERGENTS






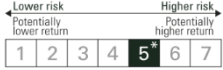

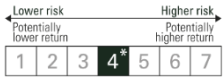

MARCH 2021



**Xavier HOVASSE**

Head of EM Equities  
Fund Manager

# An Emerging Market Fund Range Meeting Different Investors' Needs

	<i>Capitalisations</i>	<i>Morningstar rating</i>	<i>Risk scale</i>	<i>Labels</i>						
<b>Carmignac Emergents<sup>(1)</sup></b>	<table border="1"> <tr> <th>Small</th> <th>Mid</th> <th>Large</th> </tr> <tr> <td></td> <td>●</td> <td>●</td> </tr> </table>	Small	Mid	Large		●	●	 Overall Morningstar Rating™		  <a href="http://www.lelabelisr.fr">www.lelabelisr.fr</a> <a href="http://www.towardsustainability.be">www.towardsustainability.be</a>
Small	Mid	Large								
	●	●								
<b>Carmignac Portfolio Emerging Discovery<sup>(2)</sup></b>	<table border="1"> <tr> <th>Small</th> <th>Mid</th> <th>Large</th> </tr> <tr> <td>●</td> <td>●</td> <td></td> </tr> </table>	Small	Mid	Large	●	●		 Overall Morningstar Rating™		<a href="http://www.lelabelisr.fr">www.lelabelisr.fr</a>
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<b>Carmignac Portfolio Emerging Patrimoine<sup>(3)</sup></b>	<table border="1"> <tr> <th>Small</th> <th>Mid</th> <th>Large</th> </tr> <tr> <td></td> <td>●</td> <td>●</td> </tr> </table>	Small	Mid	Large		●	●	 Overall Morningstar Rating™		 <a href="http://www.lelabelisr.fr">www.lelabelisr.fr</a>
Small	Mid	Large								
	●	●								

\*SRRI from the KIID (Key Investor Information Document). This indicator may change over time.  
 (1) For A EUR Acc share class. Carmignac Emergents' strategy is also available through Carmignac Portfolio Emergents, sub-fund of Carmignac Portfolio, a Luxembourg SICAV. Both Funds share the same investment strategy, portfolio construction and the same management process.

(2) For A EUR Acc share class.

(3) For A EUR Acc share class.

# Carmignac, Historic Investor in Emerging Markets

**1989**

Carmignac invests in emerging markets since its inception in 1989

**More than 50% of our global flagship equity Fund's\* total net assets were invested in emerging markets**

**1997**

Launch of **Carmignac Emergents**

**2007**

Launch of **Carmignac Portfolio Emerging Discovery**

**2011**

Launch of **Carmignac Portfolio Emerging Patrimoine**

**2014**

**RQFII license** granted by the Chinese authorities. Carmignac was one of two first French players to obtain this license.

**2020**

Launch of **Carmignac China New Economy**

**€ 9.5bn of emerging AuMs**

## Carmignac Investissement Quarterly report extract at 31/03/1989

	Cours	Valeur totale
<b>VALEURS PAYS NEUFS</b>		<b>41.724.481,28</b>
6 000 AMERICAN STANDARD (Bangkok)	1 420,00	2 139 201,80
200 000 BANGKOK PRODUCE (Bangkok)	27,25	1 368 386,00
2 000 000 CHINESE ESTATES BON DE SOUS. (Hong-Kong)	0,31	508 784,09
4 025 ELF GABON (Paris)	860,00	3 481 500,00
100 000 FURAMA HOTEL (Hong-Kong)	7,70	631 877,02
430 000 GREAT EAGLE BON DE SOUS. (Hong-Kong)	1,46	515 184,92
500 000 HOPEWELL HOLDINGS (Hong-Kong)	3,27	1 341 712,89
500 000 HOPEWELL HOLDINGS BON DE SOUS. (Hong-Kong)	2,20	902 661,46
250 000 HUTCHINSON WHAMPOA (Hong-Kong)	10,30	2 113 095,23
200 000 KEPPEL CORP (Singapour)	3,82	2 490 160,67
110 000 MALAYSIA INT. SHIPPING (Kuala Lumpur)	8,65	2 216 177,66
100 000 MEXICO FLUND (New-York)	7,25	4 632 750,00
400 000 SELANGOR PROPS. (Kuala Lumpur)	1,51	1 968 661,05
300 000 SUN HUNG KAI PROPS. (Hong-Kong)	13,90	3 421 983,35
100 000 SINGAPORE AIRLINES (Singapour)	17,40	5 671 308,34
3 000 000 TELEFONOS DE MEXICO (New-York)	0,33	6 326 100,00
100 000 THANULUXE (Bangkok)	80,25	2 014 917,00
<b>VALEURS PAYS DÉVELOPPÉS</b>		<b>33 940 358,38</b>
100 ARABIAN OIL BON DE SOUS. (Tokyo)	1 581,25	1 010 418,75
10 000 BANNER INDUSTRIES (New-York)	23,50	1 501 650,00
1 058 CARBONE-LORRAINE (Paris)	830,00	878 140,00
4 000 DELHAIZE (Bruxelles)	5 260,00	3 379 813,42
17 000 HACHETTE (Paris)	335,00	5 695 000,00
6 300 JUMBERCA (Madrid)	545,00	931 005,02
10 000 KOIPE (Madrid)	448,00	2 429 534,01
100 MITSUBISHI METAL BON DE SOUS. (Tokyo)	1 960,00	1 252 440,00
15 000 ORACLE SYSTEMS (New-York)	25,25	2 420 212,50
90 000 PARKER DRILLING (New-York)	5,87	3 378 712,50
10 000 PHELPS DODGE (New-York)	54,25	3 466 575,00
3 000 TOYOTA MOTOR BON DE SOUS. (Tokyo)	940,00	1 085 857,18
17 000 VALLOUREC (Paris)	383,00	6 511 000,00
<b>VALEUR PORTEFEUILLE</b>		<b>75 664 839,66</b>
<b>VALEUR LIQUIDATIVE</b>		<b>81 633 044,73</b>

Source: Carmignac, 26/2/2021  
\* Data for Carmignac Investissement

# Investment Philosophy & Process

# An Investment Process Incorporating Financial and Extra Financial Criteria<sup>1</sup>

Macro Level

Micro Level

EMERGING UNIVERSE<sup>2</sup>

≈ 1365 stocks



**Country Selection**

Strong macro fundamentals



**Sector Selection**

Underpenetration & positive impact screening



**Stock Selection**

Sustainable FCF, self financed growth

INVESTABLE UNIVERSE ACCORDING TO FINANCIAL & EXTRA FINANCIAL CRITERIA

≈ 580 stocks



**Detailed ESG analysis based on trajectory & best efforts approach**



**Add. exclusions based on sectorial & controversy considerations**



**Active voting & engagement**

SUSTAINABLE EMERGING UNIVERSE

≈ 460 STOCKS

© Carmignac Emergents

© Carmignac Portfolio Emergents

*40-55 stocks*

<sup>1</sup> All the funds and underlying issuers are not concerned by this statement. For more details, please refer to: [https://www.carmignac.lu/en\\_GB/responsible-investment/in-practice-4744](https://www.carmignac.lu/en_GB/responsible-investment/in-practice-4744)

<sup>2</sup> Universe: MSCI Emerging Markets Index (USD). Portfolio composition may vary overtime. \*The investable universe is reviewed on a quarterly basis. Data as of 30/09/2020. Source: Carmignac October 2020

# Underpenetration Goes Hand in Hand with Sustainability






Favouring companies with attractive long-term growth prospects **AND** bringing a solution to environmental and social challenges within the EM countries\*



\*The portfolios of Carmignac funds may change without previous notice.

All the funds and underlying issuers are not concerned by this statement. For more details, please refer to: [https://www.carmignac.lu/en\\_GB/responsible-investment/in-practice-4744](https://www.carmignac.lu/en_GB/responsible-investment/in-practice-4744) Source: Carmignac, company data 31/12/2020

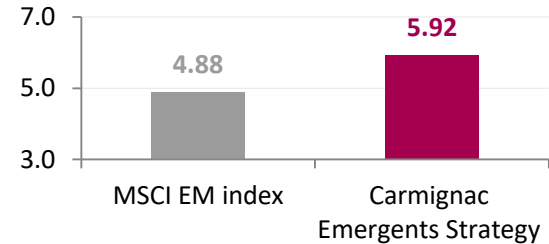
# Result of Our Approach: A Sustainable & Low Carbon Approach with Strong Recognition

-  Non-benchmarked approach, with a high active share
-  'Best-in-universe' and 'Best efforts' selection
-  Low carbon footprint
-  Extended exclusions
-  Active voting policy

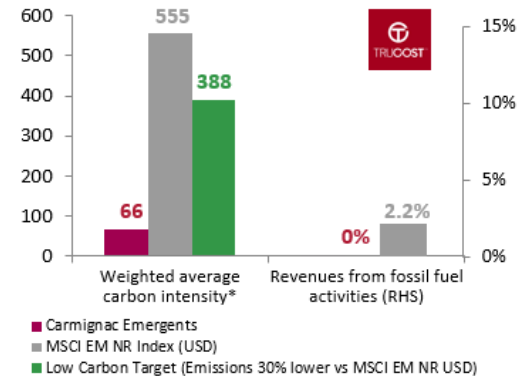
## 'Socially Responsible Investment' Labels<sup>1</sup>



## MSCI ESG score<sup>2</sup>



## Fund Carbon Footprint as of 31/12/2020<sup>3</sup>



(1) Carmignac Emergents obtained the French and Belgian sustainability labels. <https://www.lalabelisr.fr/en/>; <https://www.towardsustainability.be/>; <https://www.febelfin.be/fr> (2) Source: MSCI Portfolio Analytics, 31/12/2020. All scores are on a 0-10 scale, with 10 being the best. If ESG coverage is less than 100% holdings are adjusted to 100% for report calculations. The MSCI ESG score is updated on an annual basis. (3) To calculate the portfolio carbon emissions, the companies' carbon intensities (tonnes of CO<sub>2</sub>e /USD mn revenues converted to Euros, (Scope 1 and 2 GHG Protocol), S&P Trucost) are weighted according to their portfolio weightings (adjusted for holdings for which carbon emissions are not available), and then summed. Source: S&P Trucost, Carmignac, October 2020.



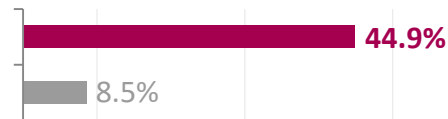
# Performance Review

# Result of Our Process & Positioning: 2020 Performance

## 2020 NET PERFORMANCE\*

Carmignac P. Emergents F EUR Acc

Ref. indicator\*



## WHAT IS BEHIND THIS OUTPERFORMANCE?



**Geographic & thematic allocation choices**

Focus on Asia  
Focus on winners of digital revolution



**Bottom up stock picking choices & disciplined position sizing**



**SRI process & focus on sustainability themes**

### Digitalisation: eCommerce & Internet



### Tech Leaders Cloud & Data Centres, 5G & Semiconductors



### Healthcare & Biotech



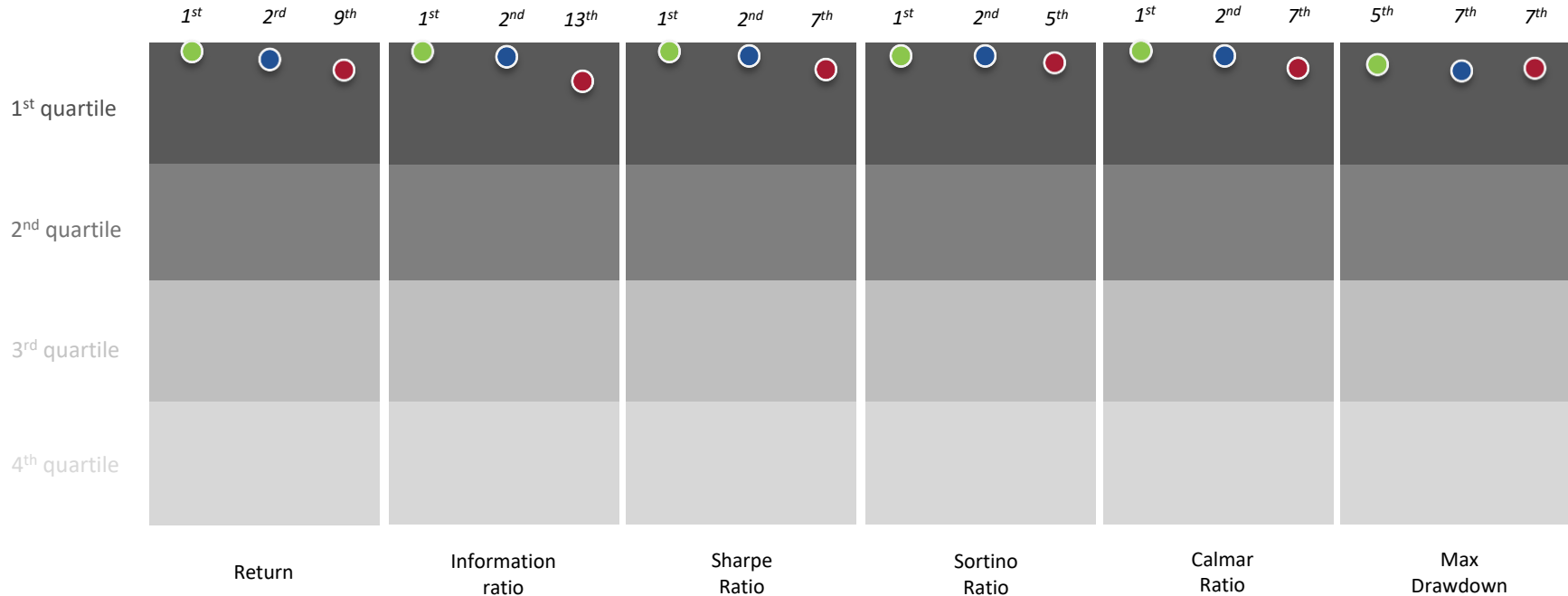
### Green Technologies & eMobility



\*For the F EUR Acc share class, ISIN LU0992626480 Reference indicator : MSCI EM NR USD converted into EUR. The portfolios of Carmignac funds may change without previous notice. Source: Carmignac, Company data, 31/12/2020

# Top Quartile Metrics Over Multiple Periods

Carmignac P. Emergents F EUR Acc positioning in the Global Emerging Markets Equity category

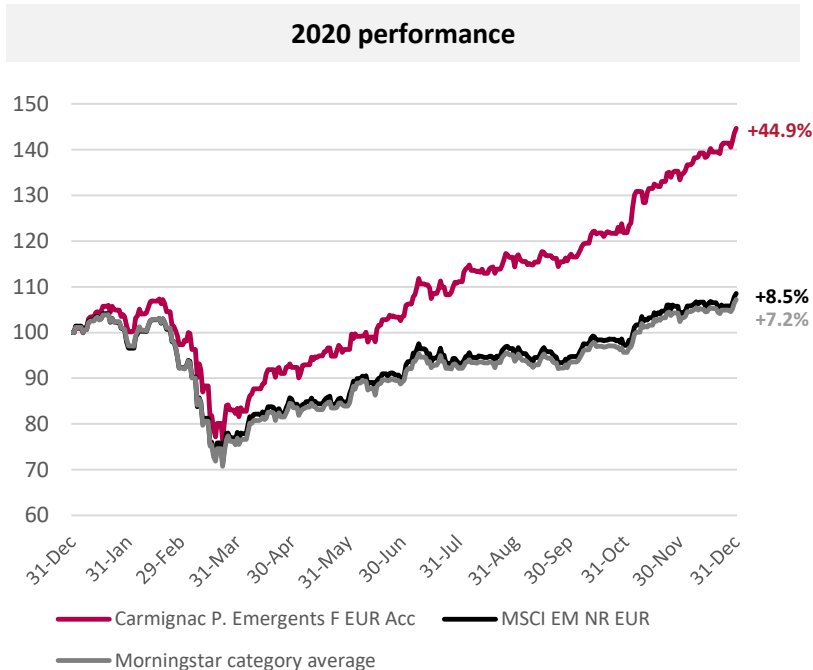


● 2020      ● 3 years      ● 5 years

Source: Carmignac, Morningstar. © 2021 Morningstar, Inc - All rights reserved. 31/12/2020.  
 Data in EUR, F EUR Acc share class, ISIN LU0992626480. Performances are net of fees (excluding possible entrance fees charged by the distributor). Past performance is not necessarily indicative of future performance. Risk-free rate used: Daily capitalized EONIA. Information ratio measured against the MSCI EM NR index. Daily return used over one year, monthly for all other periods. Morningstar category: Global Emerging Markets Equity

# Carmignac P. Emergents – Attractive Risk/Return Ratios

Top performer for 2020 return, information ratio and max drawdown



Return	Value	% of peer group beaten
<b>Carmignac P. Emergents F EUR Acc</b>	<b>44.9 %</b>	<b>99 %</b>
MSCI Emerging Markets	+8.5 %	-
Category Average	+7.2 %	-
Information Ratio	Value	% of peer group beaten
<b>Carmignac P. Emergents F EUR Acc</b>	<b>4.7</b>	<b>100 %</b>
MSCI Emerging Markets	-	-
Category Average	-0.3	-
Calmar Ratio	Value	% of peer group beaten
<b>Carmignac P. Emergents F EUR Acc</b>	<b>1.6</b>	<b>99 %</b>
MSCI Emerging Markets	0.3	-
Category Average	0.2	-
Max Drawdown	Value	% of peer group beaten
<b>Carmignac P. Emergents F EUR Acc</b>	<b>-28.7</b>	<b>95%</b>
MSCI Emerging Markets	-31.7	-
Category Average	-31.9	-

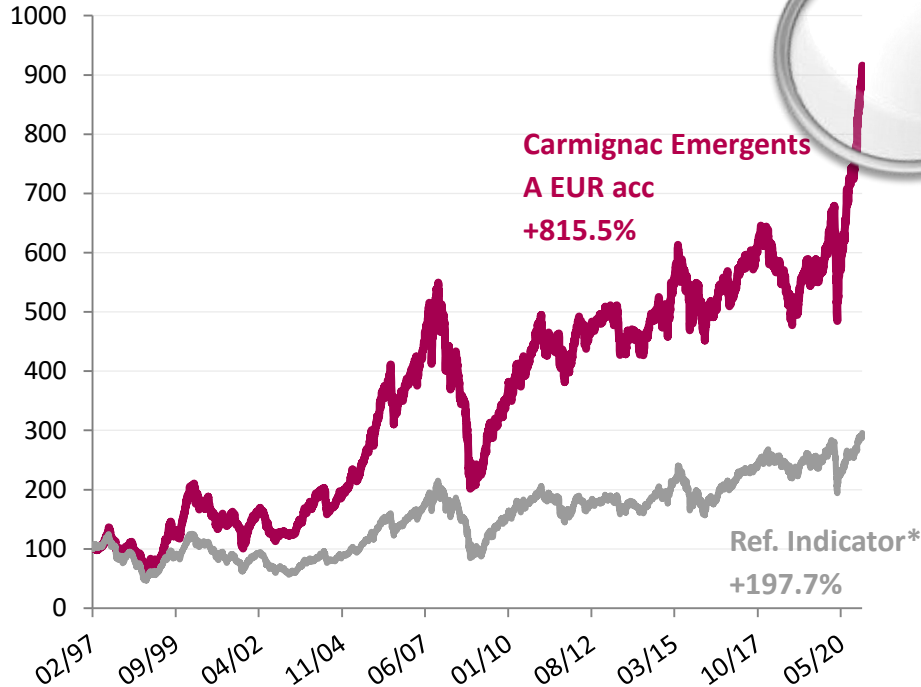
Source: Carmignac, Morningstar monthly data. © 2021 Morningstar, Inc - All rights reserved. 31/12/2020.

Data in EUR, F EUR Acc share class, ISIN LU0992626480

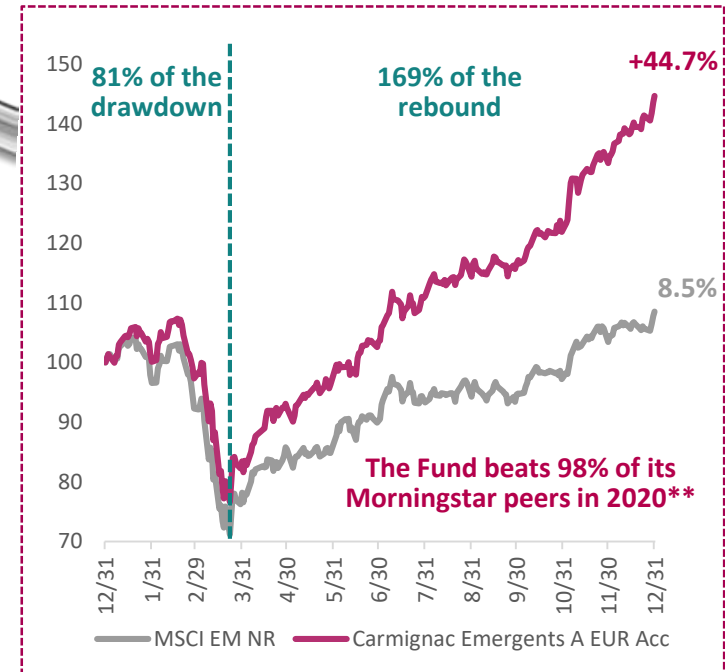
Performances are net of fees (excluding possible entrance fees charged by the distributor). Past performance is not necessarily indicative of future performance. Risk-free rate used: Daily capitalized EONIA. Information ratio measured against the MSCI EM NR index. Morningstar category: Global Emerging Markets Equity

# Carmignac Emergents – Attractive Risk/Return Ratios

PERFORMANCE SINCE LAUNCH (02/1997)



2020 Performance



\*Reference Indicator: MSCI EM NR USD.

\*\* For its performance from 31/12/2019 to 31/12/2020. Morningstar Category: Global Emerging Markets Equity.

Source: Carmignac, Morningstar 31/12/2020. Carmignac Emergents A EUR Acc (ISIN: FR0010149302). Reference indicator: MSCI EM NR USD. Daily returns in EUR as of 31/12/2020. Past performance is not necessarily indicative of future performance. The return may increase or decrease as a result of currency fluctuations.

# Current Positioning

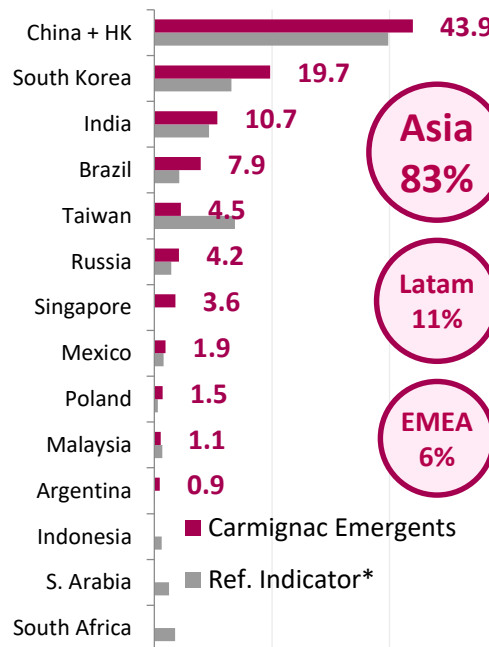
# Current Positioning & Biggest Convictions

## As of end of February 2021

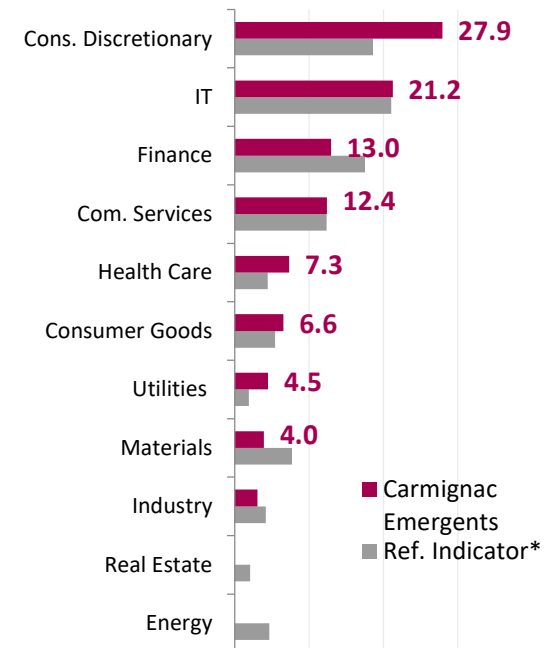
### Top 10

	Stock	Country	% Assets
1	SAMSUNG ELECTRONICS	S. Korea	8.1%
2	JD.COM INC	China	6.5%
3	TAIWAN SEMICONDUCTOR	Taiwan	4.3%
4	HYUNDAI MOTOR	S. Korea	4.0%
5	LG CHEM	S. Korea	3.8%
6	SEA LTD	Singapore	3.5%
7	ITAUSA	Brazil	3.2%
8	JOYY	China	3.0%
9	WUXI BIOLOGICS	China	3.0%
10	KINGSOFT CLOUD	China	2.9%

### By country



### By sector



\* MSCI EM NR (USD) net dividends reinvested  
China - including Hong Kong. Excluding derivative positions  
Carmignac's portfolios are subject to change at any time.  
Source: Carmignac, 28/02/2021

# Focus on Beneficiaries of Digital Revolution & Long-Term Demographic Trends

## BENEFICIARIES OF DIGITAL REVOLUTION

### eCommerce & Internet



### Green Tech leaders

#### Semiconductor Value Chain



#### Cloud & Data Centres



#### Clean Energy & EV Value Chain



## LONG-TERM DEMOGRAPHIC TRENDS

### Healthcare & Biotechs



### Consumption Upgrade



### Financial Inclusion



### Education





# Portfolio Adjustments

Discipline in position sizing and profit taking

## STRUCTURAL ADDITIONS

Asian/Chinese equities, and recently Brazil, as they emerge as the big winners of the crisis



## INCREASED FOCUS

Healthcare



eCommerce



allegro

5G, AI and winners of tech war



## REDUCTIONS/PROFIT TAKING

Electric Vehicles



Chinese Healthcare Names



## CYCLICAL ADJUSTMENTS



Increase exposure to Latam (Brazil & Mexico)



Increase of Russian exposure

Increased weighting of value or “quality cyclical” names

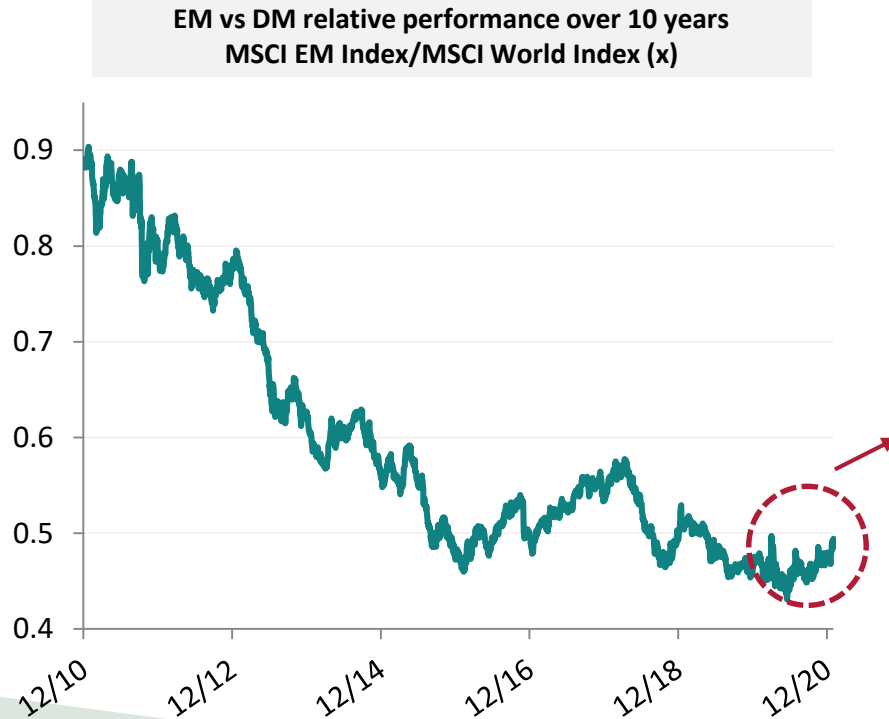


The portfolios of Carmignac funds may change without previous notice.  
Source: Carmignac, données des sociétés, 30/11/2020

# 2021 Views

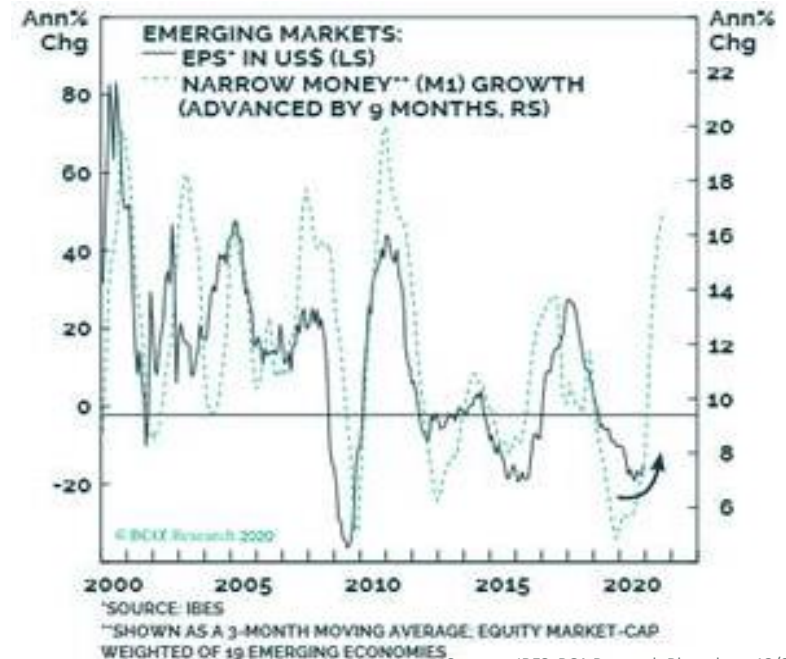
# A Favourable Context After 10 Years of Underperformance

2020 REBOUND IS NOT SIGNIFICANT  
COMPARED TO 10 YEAR UNDERPERFORMANCE TREND



IMPROVING EARNINGS PICTURE  
IN EMERGING MARKETS

Correlation between EM EPS in USD and global liquidity  
(measured by M1 growth)

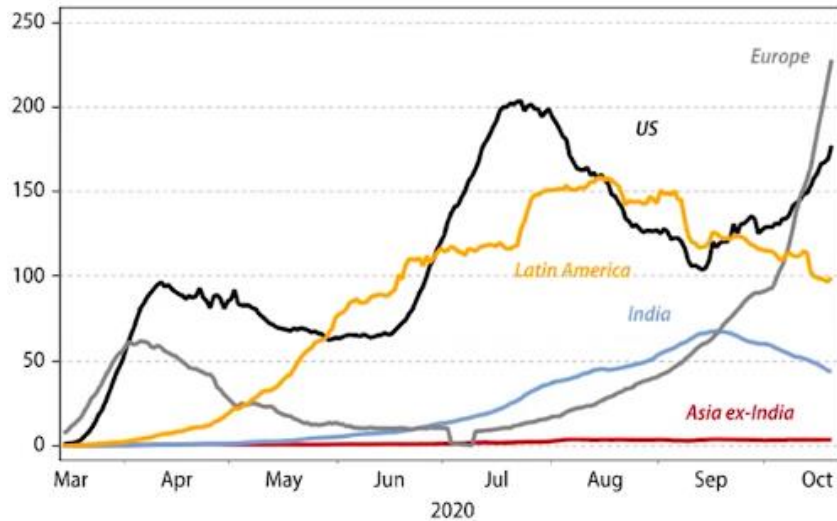


Source : IBES, BCA Research Bloomberg 12/01/2021

# Stars Aligned for Emerging Markets?

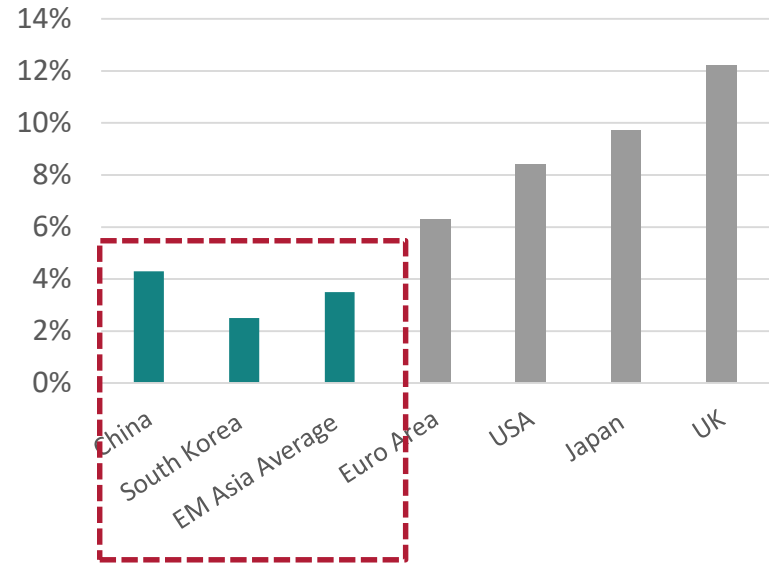
## BETTER MANAGEMENT OF PANDEMIC ESPECIALLY IN ASIA

Covid Cases per million of population  
(7day moving average)



## BETTER GROWTH PROSPECTS DESPITE LESS SIZEABLE STIMULUS PACKAGES

Estimated 2020 Stimulus Package,  
% of GDP



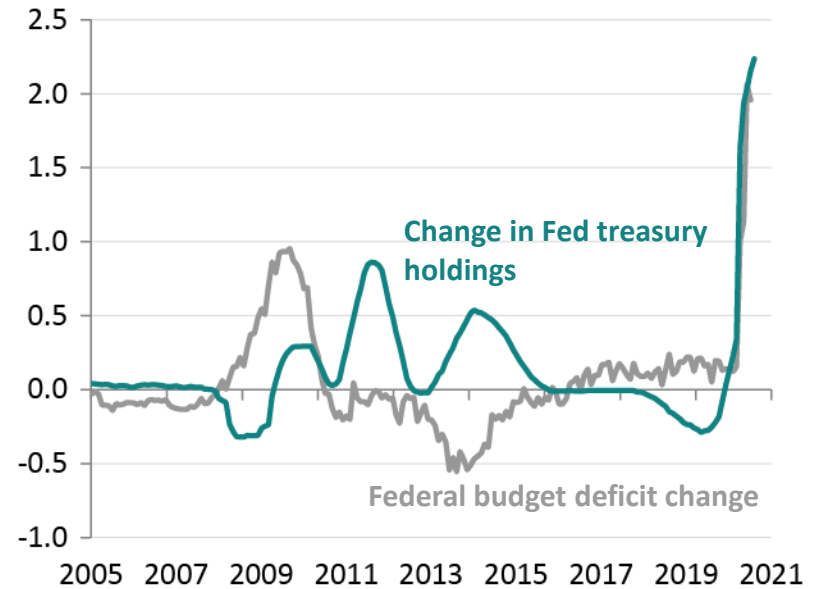
# Supportive Short/Mid-Term Catalysts

## FINALLY A WEAKER USD?

US: Federal Deficit, real 10-year yield, USD



US Fed deficit and balance sheet change



# Appendix

# Performance by Calendar Year

## Carmignac Portfolio Emergents – F EUR Acc

Recommended minimum investment horizon: **5** years



### CALENDAR RETURNS

F EUR Acc	2015	2016	2017	2018	2019	2020
<b>Carmignac Portfolio Emergents</b>	+3.9%	+1.7%	+19.8%	-18.2%	+25.5%	+44.9%
<b>Ref. Indicator*</b>	-5.2%	+14.5%	+20.6%	-10.3%	+20.6%	8.5%

<i>Annualized</i>	3 years	5 years
<b>Carmignac Portfolio Emergents</b>	+14.12%	+12.62%
<b>Reference Indicator*</b>	+5.50%	+10.15%

Source: Carmignac 31/12/2020. Carmignac Portfolio Emergents F EUR Acc (ISIN: LU0992626480). Reference indicator: MSCI EM NR USD. Daily returns in EUR as of 31/12/2020. Past performance is not necessarily indicative of future performance. The return may increase or decrease as a result of currency fluctuations. Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time.

# Main risks of the fund

## Carmignac Emergents

Recommended minimum investment horizon: **5** 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.

### Emerging markets

Operating conditions and supervision in "emerging" markets may deviate from the standards prevailing on the large international exchanges and have an impact on prices of listed instruments in which the Fund may invest.

### 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.**

### CALENDAR RETURNS

A EUR Acc	2015	2016	2017	2018	2019	2020
Carmignac Emergents A EUR ACC	+5.2%	+1.3%	+18.8%	-18.6%	+24.3%	+44.7%
Ref. Indicator*	-5.2%	+14.5%	+20.6%	-10.3%	+20.6%	8.5%

Annualized	3 years	5 years	10 years
Carmignac Emergents	+13.63%	+12.08%	+6.65%
Reference Indicator*	+5.50%	+10.15%	+4.05%

Share class A EUR Acc

Source: Carmignac at 31/12/2020

Source: Carmignac 30/09/2020. Carmignac Emergents A EUR Acc (ISIN: FR0010149302). Reference indicator: MSCI EM NR USD. Daily returns in EUR as of 30/09/2020. Past performance is not necessarily indicative of future performance. The return may increase or decrease as a result of currency fluctuations. Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time.



# Main risks of the fund

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Share class F EUR Acc

Source: Carmignac at 31/12/2020  
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**CARMIGNAC GESTION** – 24, place Vendôme - F - 75001 Paris - Tel: (+33) 01 42 86 53 35

Investment management company approved by the AMF. Public limited company with share capital of € 15,000,000 – RCS Paris B 349 501 676

**CARMIGNAC GESTION LUXEMBOURG** – City Link - 7, rue de la Chapelle - L-1325 Luxembourg - Tel: (+352) 46 70 60 1 – Subsidiary of Carmignac Gestion.

Investment fund management company approved by the CSSF. Public limited company with share capital of € 23,000,000 – RC Luxembourg B67549