

CARMIGNAC P. GLOBAL BOND: LETTER FROM THE FUND MANAGER

12/07/2024 | ABDELAK ADJRIOU

+3.9%

Carmignac P. Global Bond performance in one year for the FW EUR Share class versus +0.2% for its reference index.

+1.8%

Carmignac P. Global Bond annualised performance over 5 years for the FW EUR Share class versus -2.1% for its reference index.

+4.4%

Carmignac P. Global Bond 3 year volatility (calculated on a weekly basis) versus 6.8% for its reference index.

Carmignac Portfolio Global Bond has realised a Q2 performance of -0.47% (FW EUR Acc share), and it outperformed its reference indicator¹ (JP Morgan Global Government Bond Index (EUR)), which delivered -1.18%.

THE BOND MARKETS TODAY

In the United States, we are finally witnessing a deceleration in economic growth following three consecutive quarters of better-than-expected results, as well as a gradual normalisation of the labor market. Furthermore, there are indications that inflationary pressures are subsiding, particularly evident in the June data. Due to the recent macroeconomic indicators, there is a growing possibility of an earlier-than-anticipated rate cut by the Federal Reserve in September. Speaking of which, and when examining the movement of US treasuries, we observed an increase in yields from 4.2% as of end of March to 4.7% in mid-April, followed by a downward move to 4.4% by the end of Q2 (still finishing 20 bps above end of March).

In the Eurozone, economic growth continues to be timid, while inflation is experiencing a downward trend; although, it is worth noting that services inflation tends remain sticky. As a result, the European Central Bank (ECB) decided to lower interest rates by 25 basis points, following the example set by the Swiss National Bank and its Swedish counterpart. Furthermore, the outcome of the French elections has introduced a significant amount of volatility and uncertainty regarding the future direction of the Eurozone.

In fact, political risk took center-stage during Q2, especially in the EM world. The latter, lead to increased volatility in emerging markets such as India, Mexico, and South Africa. The elections in these countries led to excessive market reactions, causing significant impacts on local interest rates, currency exchange rates, and external debt spreads, which subsequently spilled over to other emerging market economies.

Local currency EM debt, particularly in Latin America, suffered initially due to the adverse effects of the US rate increase during the first half of the quarter, and later faced challenges due to local events such as the elections in Mexico. However, the high real rates in these countries and the normalization of election-induced volatility are expected to benefit these rates in the long run. The USD remained stable over the period despite.

FUND PERFORMANCE

Carmignac P. Global Bond had a negative absolute performance in Q2 2024, but it outperformed its reference index. Our selection of corporate credit securities, including structured credit investments, significantly contributed to performance. However, the developed market countries duration had a negative impact on the fund's absolute performance.

Additionally, in our emerging market debt strategies, particularly in local currency names such as Brazil, India or South Korea contributed negatively to the fund's performance. The local hard currency emerging debt positions had a neutral contribution. However, our currency strategies had a negative impact on performance this quarter with notably the Japanese Yen having a negative contribution. Nevertheless, our long positioning on the USD was profitable for the fund.

OUTLOOK

While growth has shown resilience so far, it seems unrealistic to expect the US economy to continue growing indefinitely at a pace twice its potential. Therefore, in the current context, with a certain slowdown in the US economy, we are maintaining a relatively high duration of around 4.5. We have also reinforced our view on a steepening of the yield curve, as short-term rates are expected to outperform in a scenario of cyclical inflation. As a result, we have strengthened our buying strategies on the short end of US rates. Additionally, in the framework of the European yield curve, we have implemented steepening strategies, particularly by initiating short positions on French Treasury bonds (OATs).

Regarding emerging market local currency debt, the fund continues to favour countries like Mexico and Brazil, where short-term real rates remain extremely high. We have also taken advantage of the correction in Mexican local rates following the elections and have strengthened our buying position to benefit from their rebound.

In terms of currencies, the fund reinforced long commodity-related positions on the Norwegian krone, Chilean peso, Brazilian real. The fund continues to have a long position on emerging market debt in hard currencies, in the EMEA region and Latin America.

Source: Carmignac, Bloomberg, 30/06/2024. Performance of the FW EUR Acc share class ISIN Code FW EUR Acc: LU1623762769.

¹Reference Indicator: JP Morgan GBI Global (EUR). Past performance is not necessarily indicative of future performance. **The return may increase or decrease as a result of currency fluctuations, for the shares which are not currency-hedged. Performances are net of fees (excluding possible entrance fees charged by the distributor).**

Marketing communication. Please refer to the KID/prospectus of the fund before making any final investment decisions.

CARMIGNAC PORTFOLIO GLOBAL BOND FW EUR ACC

(ISIN: LU1623762769)

SFDR - Fund Classification** :

Article **8**



Recommended
minimum
investment horizon



MAIN RISKS OF THE FUND

CREDIT: Credit risk is the risk that the issuer may default. **INTEREST RATE:** Interest rate risk results in a decline in the net asset value in the event of changes in interest rates. **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.

*Risk Scale from the KID (Key Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time. **

FEES

Maximum subscription fees paid to distributors : 0,00%

Redemption Fees : 0,00%

Conversion Fee : •

Ongoing Charges : 1.00%

Management Fees : 0,80% MAX

Performance Fees : •

PERFORMANCE (ISIN: LU1623762769)

Calendar Year Performance (as %)	2017	2018	2019	2020
Carmignac Portfolio Global Bond	-0.2 %	-3.2 %	+8.8 %	+5.6 %
Indicateur de référence	-1.4 %	+4.3 %	+8.0 %	+0.6 %

Source: Carmignac at 28 Jun 2024.

Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor).

Calendar Year Performance (as %)	2021	2022	2023	2024 (YTD)
Carmignac Portfolio Global Bond	+0.5 %	-3.7 %	+3.9 %	-0.3 %
Indicateur de référence	+0.6 %	-11.8 %	+0.5 %	-1.6 %

Annualised Performance	3 Years	5 Years	Since launch
Carmignac Portfolio Global Bond	+0.4 %	+1.8 %	+1.6 %
Indicateur de référence	+3.8 %	+2.1 %	+0.3 %

Source: Carmignac at 28 Jun 2024.

Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor).

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.

Morningstar Rating™ : © Morningstar, Inc. All Rights Reserved. The information contained herein: is proprietary to Morningstar and/or its content providers; may not be copied or distributed; and is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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 Company. 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 Company.
- **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](#).