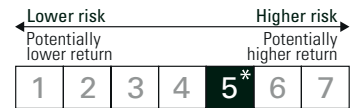




Frédéric Leroux

# Carmignac Portfolio Investissement Latitude



Fund combining strong convictions on global equities and expertise in managing market risk exposure. Its flexible equity exposure rate is defined by our risk management process. This process includes monitoring macroeconomic conditions as well as quantitative and country risk analysis. The Fund aims to outperform its reference indicator over 5 years.

**Carmignac Portfolio Investissement Latitude** had an outstanding first quarter, gaining +2.14% while its reference indicator retreated -3.37%. That +5.51% outperformance was accompanied by a +1.29% outperformance in relation to its **Carmignac Portfolio Investissement**. This excellent start to the year enabled us to recoup a large share of the Fund's underperformance of its reference indicator in 2017.

Our strong performance was driven primarily by equity derivatives. In January, a very good month for equities, we benefitted from our underexposure to interest rate-sensitive sectors, which we had established by shorting indices of stocks in utilities, telecoms, gold mines and highly indebted companies in cyclical sectors. Those shorts were counterbalanced by long positions on more cyclical sectors that didn't all contribute to our results. From late January onwards, we opted, on the whole, for more defensive positioning, scaling back our overall equity exposure notably by buying puts on the S&P 500.

Those gains, along with the 36 basis-point lift we got from shorting UK stocks, were large enough to offset our losses on long positions on European and Japanese banking indices and our long positions on the German DAX 30.

Over the quarter, our performance was also helped by our forex positions, particularly those favouring the yen over the dollar and the euro.

The macroeconomic outlook guiding our investment decisions hasn't changed substantially from the previous quarter. We believe we are witnessing a mild slowing of the global economy that is already visible in Europe, Japan and the more export-oriented emerging markets. Contrary to what happened in past business cycles, the United States is a latecomer to the current downtrend, due to the major tax reform pushed through by President Trump. However, we feel that the reform has only postponed a slowdown which is already underway in the US. We doubt that the corporate investment incentives created by the new law will have much effect at this late stage of the business cycle, given that profit margins are too mediocre to warrant higher spending. Similarly, American consumers are less likely to spend the extra money from the latest tax breaks than to use it to replenish their savings, which have slumped to a mere 2% of disposable income. We therefore think that the United States will eventually join the rest of the developed world in a phase of economic deceleration that we currently don't expect to be particularly deep or damaging.

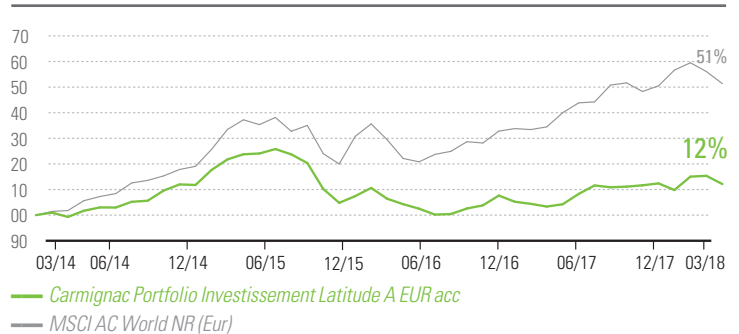
The slowdown is occurring just as monetary policy normalisation takes on sharper contours. The Federal Reserve is now rolling off \$30 billion in Treasuries a month, which means it will have too little ammunition to be able to respond swiftly to the US slowdown we anticipate. That strengthens our view that the country is heading for fairly slow medium-term growth.

As forecast, inflation has continued upwards under the impact of a low comparison basis for oil prices. We believe that US inflation will peak in July at around 2.7%, before falling off sharply. At the same time, however, we are aware that both supply and demand factors are driving up oil prices, which suggests that they may well rise more sharply than anticipated. The result in that case would be an immediate hike in interest rates and second-round effects on economic growth. With consumer spending constrained by rising energy costs, the economic slowdown would necessarily deepen – in classical late-cycle fashion. That oil-related risk is a distinct possibility, one that we have only partly priced into our baseline scenario of a mild slowdown in a period of sluggish but non-inflationary growth.

In light of the above outlook – and of how disappointingly a number of cyclical themes have played out since the start of the year – our current strategy and investment approach, which consists of combining long-range convictions with opportunistic, tactical flexibility, looks something like this:

- In the stock market, we will maintain maximum exposure (i.e., in line with that of the underlying strategy, Carmignac Portfolio Investissement), focused largely on high-quality companies with a high return on capital, negligible debt and substantial earnings growth. Tech stocks, held through our underlying fund, therefore feature prominently. The other key theme relates to those US oil companies most likely to benefit in the event that oil prices hold up for a lengthy period. In addition to these underlying investments, which we have reinforced with derivatives pegged to the Nasdaq and to tech stocks, we also have positions in derivatives designed to gain more tactical exposure to the cyclical markets – Japan, Germany and banks – that have for the most part underperformed since the beginning of the year. At the

## Performance of the fund since its launch



From 01/01/2013 the equity index reference indicators are calculated net dividends reinvested. Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding applicable entrance fee due to the distributor).

\* Risk scale from 1 (lowest risk) to 7 (highest risk); risk 1 doesn't mean an investment without risk. The risk category associated with this fund is not guaranteed and may change with time.

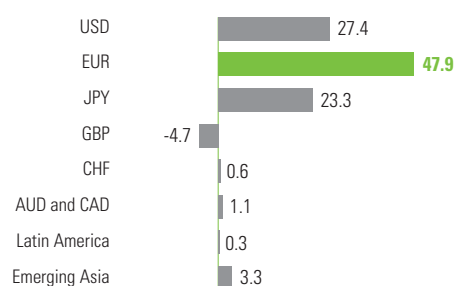
same time, we hold short positions on the more defensive indices, such as the Standard & Poor's 500, the British Footsie and European utilities indices.

- In the forex market, we have maintained our exposure to the US dollar in the vicinity of 30%. Though we are sticking to our view that in the long run the dollar will be trending downwards, we feel that the market has priced in that trend too largely for the euro to keep appreciating in the near term. Furthermore, we have increased our exposure to the yen, a currency we soon expect to gain ground as a result of the Bank of Japan's first statements on monetary policy normalisation.

- The fixed income market is not a major focus of our investment strategy as we enter the second quarter. We are awaiting the first signs confirming the slowdown in the United States before buying long-dated US paper.

We believe that our current strategy and positioning can strengthen our Fund's strong outperformance of its reference indicator, and we feel confident that a more cyclically functioning economy will provide the clarity we need to anticipate the bear and bull trends to come.

### Net currency exposure of Euro share classes (%)



### Statistics (%)

	1 year	3 years
Fund volatility	10.17	9.64
Benchmark volatility	9.95	11.06
Sharpe ratio	0.09	-0.28
Beta	0.83	0.57
Alpha	0.00	-0.41

Calculation period: weekly (1 year) and monthly (3 years).

### Value at Risk (%)

	Fund	Reference indicator
99% - 20 days (2 years)	7.73	7.71

### Quarterly gross performance contribution (%)

Equity Portfolio	Equity Derivatives	Bond Derivatives	Currency Derivatives	Mutual Fund	Total
0.24	2.15	0.17	-0.68	0.19	<b>2.07</b>

Exposure rate (%): **98.17**

### Cumulative performance (%)

	Since 29/12/2017	3 months	6 months	1 year	3 years	5 years	10 years	Since the first NAV
<b>Carmignac Portfolio Investissement Latitude A EUR acc</b>	<b>2.14</b>	<b>2.14</b>	<b>-0.22</b>	<b>0.92</b>	<b>-9.39</b>	-	-	<b>12.15</b>
MSCI AC World NR (Eur)	-3.37	-3.37	0.58	-0.20	10.29	-	-	51.36
Category average*	-2.63	-2.63	-1.50	-0.77	-2.16	-	-	2.75
Ranking (quartile)	1	1	2	2	4	-	-	3

\* EUR Flexible Allocation - Global. Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding applicable entrance fee due to the distributor).

HOLDINGS CARMIGNAC PORTFOLIO INVESTISSEMENT LATITUDE AT 29/03/2018			prices in currencies	total value (€)	% of net assets
<b>Cash, cash equivalents and derivatives operations</b>				<b>8 168 443.88</b>	<b>8.32</b>
167 300	Cash (including collateral cash from derivative positions)			246 434.99	0.25
<b>Mutual Fund</b>				<b>6 687 248.81</b>	<b>6.81</b>
5 502	Carmignac Investissement	Mutual Fund	1 215.33	6 687 248.81	6.81
<b>Equities Developed countries</b>				<b>64 532 806.09</b>	<b>65.76</b>
<b>North America</b>				<b>48 341 351.79</b>	<b>49.26</b>
34 989	ACTIVISION BLIZZARD (USA)	Information Technology	67.46	1 919 224.25	1.96
6 535	ALBEMARLE CORP (USA)	Materials	92.74	492 788.47	0.50
2 376	AMAZON.COM INC (USA)	Consumer Discretionary	1 447.34	2 796 178.27	2.85
7 329	APPLE INC (USA)	Information Technology	167.78	999 845.20	1.02
34 195	BANK OF AMERICA (USA)	Financials	29.99	833 848.07	0.85
18 011	CELGENE CORP (USA)	Healthcare	89.21	1 306 469.33	1.33
8 212	CLOVIS ONCOLOGY INC (USA)	Healthcare	52.80	352 558.12	0.36
12 839	CONCHO RESOURCES (USA)	Energy	150.33	1 569 367.70	1.60
4 962	COSTCO WHOLESALE CORP (USA)	Consumer Staples	188.43	760 246.91	0.77
14 723	CVS CAREMARK CORP (USA)	Consumer Staples	62.21	744 739.46	0.76
4 473	DROPBOX INC-CLASS A (USA)	Information Technology	31.25	113 657.15	0.12
12 656	ELECTRONIC ARTS (USA)	Information Technology	121.24	1 247 642.75	1.27
22 662	EOG RESOURCES (USA)	Energy	105.27	1 939 772.12	1.98
24 364	FACEBOOK INC (USA)	Information Technology	159.79	3 165 527.15	3.23
17 796	FRANCO-NEVADA CORP (Canada)	Materials	87.90	986 546.67	1.01
124 837	GOLDCORP INC (Canada)	Materials	13.82	1 402 811.19	1.43
27 838	GRUBHUB INC (USA)	Information Technology	101.47	2 296 801.94	2.34
5 798	INCYTE CORP (USA)	Healthcare	83.33	392 850.62	0.40
43 905	INTERCONTINENTAL EXCHANGE (USA)	Financials	72.52	2 588 925.97	2.64
3 928	INTUITIVE SURGICAL (USA)	Healthcare	412.83	1 318 531.72	1.34
148 988	ISHARES S&P HEALTH CARE (USA)	Healthcare	5.84	707 022.17	0.72
6 267	MASTERCARD INC (USA)	Information Technology	175.16	892 570.41	0.91
3 810	NETFLIX INC (USA)	Consumer Discretionary	295.35	914 976.22	0.93
64 202	NEWMONT MINING (USA)	Materials	39.07	2 039 575.67	2.08
59 173	NOBLE ENERGY INC (USA)	Energy	30.30	1 457 854.13	1.49
26 906	NUTRIEN LTD (Canada)	Materials	47.26	1 033 928.98	1.05
46 100	ORYX PETROLEUM (Canada)	Energy	0.20	5 814.83	0.01
15 700	PIONEER NAT. RESOURCES (USA)	Energy	171.78	2 192 906.45	2.23
19 036	PTC INC (USA)	Information Technology	78.01	1 207 462.99	1.23
12 313	SERVICENOW (USA)	Information Technology	165.45	1 656 450.66	1.69
8 190	SHOPIFY INC - CLASS A (Canada)	Information Technology	124.59	829 688.25	0.85
15 414	SM ENERGY CO (USA)	Energy	18.03	225 974.24	0.23
6 932	SPLUNK INC (USA)	Information Technology	98.39	554 571.27	0.57
8 451	STRYKER CORP (USA)	Healthcare	160.92	1 105 773.00	1.13
32 063	T-MOBILE US INC (USA)	Telecommunication Services	61.04	1 591 353.03	1.62
9 158	VISA INC (USA)	Information Technology	119.62	890 742.74	0.91
13 829	WAYFAIR INC - CLASS A (USA)	Consumer Discretionary	67.53	759 338.43	0.77
27 689	WELLS FARGO (USA)	Financials	52.41	1 179 965.44	1.20
70 404	WHEATON PRECIOUS METALS CORP (Canada)	Materials	20.37	1 166 101.13	1.19
25 236	ZAYO GROUP HOLDINGS INC (USA)	Telecommunication Services	34.16	700 948.70	0.71
<b>Europe</b>				<b>16 191 454.30</b>	<b>16.50</b>
12 424	ASML HOLDINGS (Netherlands)	Information Technology	160.15	1 989 703.60	2.03
14 577	ASOS PLC (United Kingdom)	Consumer Discretionary	69.60	1 157 247.86	1.18
593	DASSAULT AVIATION SA (France)	Industrials	1 551.00	919 743.00	0.94
10 221	DELIVERY HERO AG (Germany)	Consumer Discretionary	39.30	401 685.30	0.41
6 294	HERMES INTERNATIONAL (France)	Consumer Discretionary	481.50	3 030 561.00	3.09
268 469	HSBC HOLDINGS (United Kingdom)	Financials	6.65	2 037 632.86	2.08
21 292	LONDON STOCK EXCHANGE (United Kingdom)	Financials	41.26	1 002 062.19	1.02
26 626	RECKITT BENCKISER (United Kingdom)	Consumer Staples	60.34	1 832 568.54	1.87
54 322	RYANAIR HOLDINGS PLC (Ireland)	Industrials	16.00	869 152.00	0.89
11 630	TALEND SA (France)	Information Technology	48.12	455 043.79	0.46
58 326	UNICREDIT SPA (Italy)	Financials	16.99	990 842.09	1.01
5 341	VIFOR PHARMA AG (Switzerland)	Healthcare	147.25	667 795.07	0.68
39 877	VIVENDI (France)	Consumer Discretionary	21.00	837 417.00	0.85
<b>Equities Emerging markets</b>				<b>18 748 305.93</b>	<b>19.10</b>
<b>Latin America</b>				<b>6 818 417.64</b>	<b>6.95</b>
13 296	BANCO MACRO (Argentina)	Financials	107.97	1 167 271.72	1.19
25 370	GRUPO FINANCIERO GALICIA (Argentina)	Financials	65.76	1 356 532.26	1.38
67 948	GRUPO PAO DE ACUCAR (Brazil)	Consumer Staples	66.55	1 113 928.81	1.14
8 194	MERCADOLIBRE INC (Argentina)	Information Technology	356.39	2 374 484.42	2.42
16 636	PAMPA ENERGIA (Argentina)	Utilities	59.60	806 200.43	0.82
<b>Asia</b>				<b>10 954 744.98</b>	<b>11.16</b>
24 579	58.COM (China)	Information Technology	79.86	1 596 031.17	1.63
14 388	BITAUTO HOLDINGS LTD-ADR (China)	Information Technology	21.15	247 433.59	0.25
376 941	HANGZHOU HIKVISION DIGITAL-A (China)	Information Technology	41.50	2 021 627.65	2.06
102 675	HDFC BANK (India)	Financials	1 925.00	2 464 059.71	2.51
48 003	HOUSING DEVELOPMENT FINANCE (India)	Financials	1 825.60	1 092 520.99	1.11
42 427	INDUSIND BANK (India)	Financials	1 796.75	950 354.77	0.97
25 586	TENCENT HOLDINGS (China)	Information Technology	409.60	1 085 759.86	1.11
38 367	UNITED SPIRITS LTD (India)	Consumer Staples	3 129.65	1 496 957.24	1.53
<b>Eastern Europe</b>				<b>975 143.31</b>	<b>0.99</b>
30 400	YANDEX (Russia)	Information Technology	39.45	975 143.31	0.99
<b>Portfolio value</b>				<b>90 214 795.82</b>	<b>91.93</b>
<b>Net assets</b>				<b>98 136 804.71</b>	<b>100.00</b>