

CARMIGNAC PORTFOLIO HUMAN XPERIENCE: LETTER FROM THE FUND MANAGER

23/01/2024 | OBE EJKEME

+6.22%

Performance of the Fund in the quarter vs +6.42% for its reference indicator¹ (A EUR Share class).

+22.62%

Performance of the Fund in 2023.

+18.06%

Performance of the reference indicator in 2023.

*During the fourth quarter of 2023, the return of **Carmignac Portfolio Human Xperience** (A share class) was 6.22%. This compares to a return on the fund's reference indicator of 6.42% over the same period, meaning that for the calendar year the fund rose +22.62%, and above its reference indicator which rose +18.1%.*

MARKET ENVIRONMENT DURING THE PERIOD

Global equity markets had a positive year, with continued positive momentum. Initially, the positive momentum was driven by the possibility of a cessation of interest rate rises due to falling headline inflation. Later, the ongoing resilience of the US economy pushed expectations of a recession to later in the year or even into 2024. Global markets rose significantly in the final quarter responding to an unequivocally dovish message from central banks, notably the US Federal Reserve (the Fed), that inflation is now under control and that we can look forward to interest rate cuts in 2024. The S&P 500, known for its focus on growth, outperformed other major equity indices over the period, marking its best quarterly performance in three years. Throughout the year, the dominant force behind the index's returns was the 'magnificent seven' tech and artificial intelligence (AI) stocks, which accounted for approximately 80% of the overall returns.

The third quarter was dominated by rising bond yields and hawkish commentary from the Fed, which created downward pressure on Technology and Consumer Staples stocks. In the final quarter, global markets rose in response to a dovish message from central banks, with expectations of interest rate cuts in 2024, thus reversing the narrative of the prior quarter. The markets continue to be confident that central banks had completed their rate hikes, but remain cautious about the duration of restrictive interest rates and the potential impact on the stock market.

HOW DID WE FARE IN THIS CONTEXT ?

During the year, the Fund recorded a positive absolute and relative performance. The main performance came from stock selection. Information Technology, Healthcare, and Consumer Discretionary were the best contributing sectors to our fund.

The beginning of the year was driven by resilient consumer data in the US, falling energy prices in Europe and expectations of falling inflation. The rally was led by the Information Technology sector with our best contributor during the year, Nvidia, climbing more than 90% on the quarter propelled by the fervour around artificial intelligence (AI).

The second quarter was very strong for two of our Healthcare holdings. Eli Lilly and Novo Nordisk, who both provide the new GLP-1 drugs to treat diabetes and obesity, rising 60% and 50% respectively during the year, driven by strong sustained growth from their leading products, a trend which we see likely to last for decades.

Even if the third quarter was dominated by hawkish commentary from the Fed creating downward pressure on relatively highly rated stocks in the Technology and Consumer Staples sectors, as well as heightened concern for highly indebted companies such as those in the Utility and Real Estate sectors, we were under exposed to these areas, which was supportive for our Fund. The best performer in the quarter was Technology driven by extremely bullish statements from Nvidia around the impact on future chips sales to meet the growing demand for artificial intelligence applications (AI). Microsoft, which is a top 10 holding and contributor over the period, was also a major beneficiary – not just because of its stake in OpenAI, but because its current software should benefit from AI functionality becoming embedded in future years cementing their competitive position and their pricing.

In the last quarter, economically sensitive areas like Industrials, Commodities, and Technology performed well, along with sectors sensitive to falling rates like Utilities and Real Estate. Costco, which is one of our top 10 holdings and has a strong CHX Score of 12/100, performed exceptionally well in the last quarter, with a 22% increase. Additionally, Intel, a technology company ranked 32 out of 700 on the Forbes World's Best employer ranking, demonstrated the importance of a strong customer and employee score with a remarkable performance of 42% during the period which further validates our approach and strategy.

OUTLOOK

We maintain a cautious stance on economically sensitive sectors, such as Energy, Materials, Industrials, and Financials/Banks, and have chosen to maintain an underweight position in these sectors. Additionally, we have decided to maintain our overweight exposure to Consumer Staples, as we believe they will serve as a defensive position during periods of economic uncertainty. This prudent strategy is expected to contribute positively to our performance in 2024.

¹ MSCI ACWI (USD) (Reinvested Net Dividends).

SFDR - Fund Classification** :

Article 9



Recommended
minimum
investment horizon



MAIN RISKS 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. **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.

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.

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

**The Sustainable Finance Disclosure Regulation (SFDR) 2019/2088 is a European regulation that requires asset managers to classify their funds as either 'Article 8' funds, which promote environmental and social characteristics, 'Article 9' funds, which make sustainable investments with measurable objectives, or 'Article 6' funds, which do not necessarily have a sustainability objective. For more information please refer to <https://eur-lex.europa.eu/eli/reg/2019/2088/oj>.

FEES

Entry costs : 4,00% of the amount you pay in when entering this investment. This is the most you will be charged. Carmignac Gestion doesn't charge any entry fee. The person selling you the product will inform you of the actual charge.

Exit costs : We do not charge an exit fee for this product.

Management fees and other administrative or operating costs : 1,80% of the value of your investment per year. This estimate is based on actual costs over the past year.

Performance fees : 20,00% when the share class overperforms the Reference indicator during the performance period. It will be payable also in case the share class has overperformed the reference indicator but had a negative performance. Underperformance is clawed back for 5 years. The actual amount will vary depending on how well your investment performs. The aggregated cost estimation above includes the average over the last 5 years, or since the product creation if it is less than 5 years.

Transaction Cost : 0,26% of the value of your investment per year. This is an estimate of the costs incurred when we buy and sell the investments underlying the product. The actual amount varies depending on the quantity we buy and sell.

ANNUALISED PERFORMANCE (ISIN: LU2295992163)

Calendar Year Performance (as %)	2021	2022	2023
Carmignac Portfolio Human Xperience	+19.2 %	-21.8 %	+22.6 %
Indicateur de référence	+17.2 %	-13.0 %	+18.1 %

Annualised Performance	1 Year	3 Years	Since launch
Carmignac Portfolio Human Xperience	+20.0 %	+5.9 %	+6.7 %
Indicateur de référence	+21.3 %	+8.5 %	+8.9 %

Source: Carmignac at 30 Apr 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.

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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.

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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.

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- **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.

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