



Carmignac Patrimoine: Road to 2019

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Outlook 2019

The collision between a change in liquidity regime & slowdown in growth will keep on producing its effects.

Compared to 2018, 2019's situation remains unchanged and is putting very high pressure on equity markets. High-visibility growth sectors should resume their relative outperformance. On bond markets, the shift in supply and demand for government bonds should also put upward pressure on core rates. In periods of higher risk aversion, the best quality issuers will act as refuge assets.

Turning strategy into action

On the equity side: Overweight high visibility stocks

We believe the weaker companies and the weaker countries will become even weaker, whereas the stronger ones will basically get the benefit of all the flows. As a result, valuations should be supported by quality.

On the fixed income side: “Barbell” strategy combined with active management.

The gradual shift away from a prolonged period of central bank liquidity injections and volatility suppression call for a high allocation to cash counterbalanced by a higher risk budget on selective rates.

Increasing cash position and active management of exposures

Exposure to equity markets

We have been reducing the number of stocks to focus only on our highest convictions. Consequently, we have a portfolio balanced between a higher level of cash (& cash-equivalents) and strong convictions.

Exposure to bond markets

We favor non-core European sovereign bonds and selective allocation to special credit situations and emerging market debt.

Focusing on key convictions

Technology

We pay more attention to valuation levels on our growth names. We have been selling our high-multiple names in order to increase exposure to lower-multiple growth stocks.

Consumer & Health care

We invest selectively in high quality names

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. **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.**

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