



"It is possible to find great investment opportunities in Europe"

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Europe can be a source of performance for investors if they have the right strategy, explain [Mark Denham](#) and [Keith Ney](#), managers of Carmignac Portfolio Patrimoine Europe, before presenting the opportunities that may exist in the region.

Why, four years ago, did you decide to launch a fund specialising in Europe, when the Old Continent is not well perceived by international investors?

Mark Denham: Europe can be difficult for foreign investors to grasp. The region is culturally diverse, made up of many countries with heterogeneous growth dynamics, not to mention, as Brexit has reminded us, the potential for political uncertainty. In addition, the pace of growth of the European economy as a whole is slower than in the United States and Asia. Added to this is the low interest rates that weigh on European bond yields¹. Because of this, the region is currently not very popular with foreign investors, however, this is more a matter of misunderstanding than rejection.

Keith Ney: I agree with Mark. There are indeed many investment opportunities in Europe, and it is still necessary to take the time to study the region and the companies that operate there. Europe has many recognised leaders in the healthcare and luxury sectors, as well as some sources of innovation in industry, technology, consumption, and finance. [Carmignac Portfolio Patrimoine Europe](#) was created to find these companies that offer attractive long-term growth prospects. The last four years have enabled us to test our strategy in real conditions, such as an extremely heterogeneous and complex environment with a health crisis, very low interest rates, and a rebound in global stock markets.

How is your approach different from competitors?

M.D.: Firstly, as with the other funds managed at Carmignac, our approach is characterised by active and conviction-based management. This means that we do not simply replicate a stock market index or invest based on the opinions of other investors. Rather, we carefully study and select the companies in which we invest according to specific criteria (e.g. responsible investment, their growth prospects, etc.). In order to do this, we have significant resources at our disposal with real autonomy. Unlike other funds specialising in Europe, we rely on a global vision because an event in Asia can have significant consequences for Europe, as we can see, for example, with the shortage of semiconductors. To analyse what is happening here, we must understand and integrate what is happening elsewhere in the world. There is also a desire to reconcile financial performance and sustainable development, because we believe that the two often go hand in hand.

K.N.: Mark and I have developed a complementary relationship. We have also been working in the financial markets for many years – 53-years between us – so we have lived through some turbulent financial market periods. All this experience is very useful when turbulence occurs, as was the case last year during the health crisis. When an environment is complex, having the right approach can make all the difference. For this reason, the flexibility of the fund is its greatest asset because it allows it to seize opportunities when they arise. No position is fixed and we can invest in both equities and bonds. This means that our fund can invest in companies that are deemed to be performing well even in a context of lower growth. Then, it's all a matter of selectivity!



What are the investment opportunities in Europe?

M.D.: We are asked regularly whether 2022 could be the year of Europe, after several years of financial market underperformance compared to other global regions. It is difficult to say. On the other hand, the euro area is still expected to follow a different economic trajectory than the United States and Asia. After a more modest rebound so far, the region is expected to show a more resilient growth profile as the Next Generation EU plan – an investment programme designed to sustain the recovery and support the energy and digital transition of member states – gathers momentum.

K.N.: The environment, however, does remain complex for companies, with inflation rising and the pace of growth expected to slow down globally. In these conditions, we favour companies whose results are not too dependent on economic growth and are capable of operating in less buoyant environments. Several of these companies are in long-term themes such as digitalisation, innovation, or renewable energies. It is, therefore, quite possible to find great investment opportunities in Europe despite its complexity, provided you have the right approach. So don't underestimate Europe!

¹bonds are loans contracted by companies or governments to finance themselves. They represent a debt obligation whereby the lender receives compensation in the form of interest payments.

Find out more about the fund

Carmignac Portfolio Patrimoine Europe

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ISIN: LU1744628287

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.

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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