



## Carmignac P. Unconstrained Global Bond & Charles Zerah : 10-year anniversary



Author(s)  
Charles Zerah

Published  
June 9, 2020

Length  
31

**For investors with high volatility tolerance looking for bond performance drivers at a time when yields are extremely low and subject to volatility spikes.**

During periods of market volatility, Charles Zerah, Fund Manager of Carmignac P. Unconstrained Global Bond may:

**Make its overall portfolio more resilient by reducing directional risk**, lowering beta exposure to duration (or even being negative duration) and credit risk and tilting toward relative value opportunities

**Seize opportunities that arise in volatile periods**, providing debt capital to 'liquidity-hungry' issuers when they are most in need.

## Why invest in the Fund now?

The decades-long secular decline in interest rates across developed countries, which has been a major boon to fixed income total returns over the years, appears to have reached its lower bound with 10-year US Treasury yields and 10-year German yields respectively reaching +0.6% and -0.4<sup>1</sup>.

**If yields did begin an upward trend, returns to bond investors would be materially adverse.** Since most common Fixed Income benchmarks have durations over 8 years (for instance the JPMorgan GGB index has a duration of 8), it implies a negative price return of approximately -8% for every 1% increase in interest rates<sup>2</sup>.

Our Unconstrained bond strategies like **Carmignac P. Unconstrained Global Bond benefit from greater investment flexibility to defend against scenarios that are challenging for traditional Fixed Income Funds** while potentially capitalizing on market shifts.

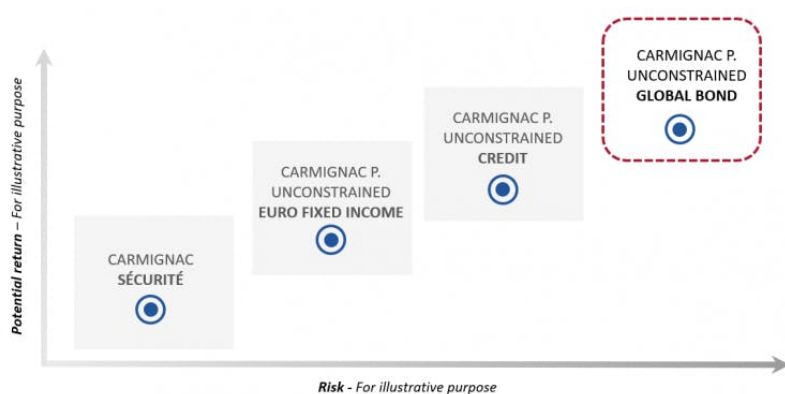
(1) Source: Bloomberg as of 03/06/2020 (2) Source: Bloomberg

## What are the main assets of the Fund?

Carmignac P. Unconstrained Global Bond is the “pioneer” in our unconstrained range, a philosophy *à la Carmignac* that relies on 3 pillars: **flexibility, global approach** and **non-benchmarked management**, shared among all our Fund Managers.

A **wider modified duration bracket** or the ability to take **long or short positions** on **rate, credit** and **currency markets** may help navigate a wider variety of market conditions relative to traditional strategies.

### Carmignac Fixed Income Range



Carmignac P. Unconstrained Global Bond positioned in the top-right part in terms of risk/return profiles

Source: Carmignac, 31/05/2020. Potential Returns are forecasts. Performance forecasts are not a reliable indicator of future performance. Risk level based on 52-week volatility average of the Funds since 31 July 2017 (launch date of Carmignac Portfolio Unconstrained Credit) as of 31 March 2020. The risks, fees and ongoing charges are described in the KIID (Key Investor Information Document). The KIID must be made available to the subscriber prior to subscription. For illustrative purpose only, do not take into account investors' specific individual circumstances and must not be interpreted as investment advice.

*On March 10th, 2021, four of our Fixed Income Funds have changed their name. The word "unconstrained" has been removed and Carmignac Portfolio Unconstrained Euro Fixed Income has been renamed Carmignac Portfolio Flexible Bond.*

**Discover the Fund's webpage:**

Carmignac Portfolio Unconstrained Global Bond

## Performance figures during Charles Zerah's management

Figures below, as of 29/05/2020, are a reflection of Charles Zerah's tenure managing Carmignac Portfolio Unconstrained Global Bond A Eur Acc share class since 26/02/2010.

### 1st quartile

of the Global Bond Morningstar category for its 10-year performance

**4.5%**

annualized performance during the management period of Charles Zerah

**7.2%**

52-week volatility on average

**0.0**

correlation to global equity markets over Charles' 10-year tenure

**3**

axes of performance added performance to the Fund over 10 years : rates, credit and to a lesser extent currencies

**89%**

of the 3-year performance periods rolled monthly are above the Global Bond Morningstar category average



	2010 <sup>3</sup>	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD 2020
<b>Fund<sup>4</sup></b>	+5.44%	+9.47%	+7.06%	-4.67%	+13.78%	+3.33%	+9.46%	+0.10%	-3.66%	+8.36%	+0.35%
<b>Category average<sup>5</sup></b>	+12.93%	+5.94%	+5.82%	-6.14%	+12.62%	+5.40%	+4.00%	-5.08%	+1.38%	+7.76%	+1.20%
<b>Reference indicator<sup>6</sup></b>	+13.82%	+10.81%	-0.26%	-8.62%	+14.63%	+8.49%	+4.60%	-6.16%	+4.35%	+7.97%	+5.05%

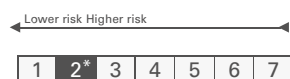
Source: Carmignac, 29/05/2020.

(3) Charles Zerah arrival (26/02/2010). **Past performance is not necessarily indicative of future performance.** Performances are net of fees (excluding applicable entrance fee due to the distributor). The return may increase or decrease as a result of currency fluctuations. Portfolio composition may be changed anytime without notice. (4) A Eur Acc share class. (5) Global Bond Morningstar category. Morningstar Rating™ : © May 2020 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. (6) JP Morgan Global Government Bond Index (JNUCGBIG), coupon reinvested.

## Carmignac Portfolio Global Bond Income E USD Hdg

ISIN: LU0992630326

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.

Recommended  
minimum investment  
horizon:



\*Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time. A EUR Acc share class ISIN code: LU0336083497.

Source: Carmignac, 05/06/2020

Important legal information. This is an advertising document. Source: Carmignac, 05/06/2020. This document is intended for professional clients. This is an advertising document. This document may not be reproduced, in whole or in part, without prior authorisation from the management company. This document does not constitute a subscription offer, nor does it constitute investment advice. Carmignac Portfolio refers to the sub-funds of Carmignac Portfolio SICAV, an investment company under Luxembourg law, conforming to the UCITS Directive. 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. Access to the Fund may be subject to restrictions with regard to certain persons or countries. The Fund is not registered in North America, in South America, in Asia nor is it registered in Japan. The Funds are registered in Singapore as restricted foreign scheme (for professional clients only). The Fund has not been registered under the US Securities Act of 1933. The Fund 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/or FATCA. The Fund presents a risk of loss of capital. The risks and fees are described in the KIID (Key Investor Information Document). The Fund's prospectus, KIIDs and annual reports are available at [www.carmignac.com](http://www.carmignac.com), or upon request to the Management Company. The KIID must be made available to the subscriber prior to subscription. - In Switzerland, the Fund's respective prospectuses, KIIDs and annual reports are available at [www.carmignac.ch](http://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, Paris, succursale de Nyon/Suisse, Route de Signy 35, 1260 Nyon. - In the United Kingdom, the Funds' respective prospectuses, KIIDs and annual reports are available at [www.carmignac.co.uk](http://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 material was prepared by Carmignac Gestion and/or Carmignac Gestion Luxembourg and is being distributed in the UK by Carmignac Gestion Luxembourg UK Branch (Registered in England and Wales with number FC031103, CSSF agreement of 10/06/2013). - In Spain: Carmignac Portfolio is registered with Comisión Nacional del Mercado de Valores de España (CNMV) under number 392. CARMIGNAC GESTION 24, place Vendôme - F-75001 Paris - Tél : (+33) 01 42 86 53 35 Investment management company approved by the AMF Public limited company with share capital of € 15,000,000 - RCS Paris B 349 501 676 CARMIGNAC GESTION Luxembourg - City Link - 7, rue de la Chapelle - L-1325 Luxembourg - Tel : (+352) 46 70 60 1 Subsidiary of Carmignac Gestion - Investment fund management company approved by the CSSF Public limited company with share capital of € 23,000,000 - RC Luxembourg B 67 549