

Carmignac Portfolio Human Xperience: Letter from the Fund Manager



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Lengt
5

+5.58%

Carmignac Portfolio
Human Xperience
performance

in the 2nd quarter of 2023
for the A EUR Acc share
class

+5.73%

Reference indicator's
performance

in the 2nd quarter of 2023
for MSCI AC World Index
Net Return (EUR)

+14.52%

Performance of the Fund
Year to date

versus +11.45% for the
reference indicator

*During the second quarter of 2023, the return of **Carmignac Portfolio Human Xperience** (A share class) was +5.58%, against its reference indicator, which rose 5.73%. The Fund posted a performance of +14.52% year to date, versus its reference indicator +11.45%.*

Quarterly Performance Review

Global equity markets performed well in the quarter, continuing their positive run which started in October last year. Whereas the initial catalyst for the positive momentum had been a realisation that with headline inflation falling a cessation of interest rate rises in the coming months was possible, latterly the driver was the ongoing resilience of the US economy where expectations of recession starting in the third quarter were pushed out to later this year or even into 2024. Consequently, the better sectors over the period were those reflecting some economic optimism, including Industrials, Consumer Discretionary, as well as Financials who regained a solid footing as the previous quarters sector crisis was well contained to just a small handful of names. The best sector was Technology rising more than 15%, propelled by the fervour around artificial intelligence (AI). An additional drawback for us was the fact that some of our preferred sectors such as Healthcare and Consumer staples lagged this market recovery.

The best performer in the quarter was Technology driven by extremely bullish statements from Nvidia the semiconductor graphics chip specialist around the impact on future chips sales to their datacentre customers to satisfy demand for future AI applications. Specifically, they guided for an immediately visible and large impact coming in their next fiscal quarter with a guidance of \$11bn in sales, some 57% ahead of prior expectations. The scale of the impact and the fact it is happening now, caught everyone by surprise, and drove stocks most exposed to the AI theme higher. Nvidia itself rose 51% in the period, having already climbed more than 90% in Q1. Nvidia was a top 10 holding due to its strong Carmignac Human Xperience scores so we used the opportunity to take profits in the name. Microsoft was also seen as a major beneficiary – not just because of its stake in OpenAI the owner of ChatGPT a major AI program, but because its current software should benefit from AI functionality becoming embedded in future years cementing their competitive position and their pricing. Their Azure infrastructure business should also benefit from higher volume of activity. Microsoft remains a top 10 holding.

The other mega-trend we are benefiting from is the opportunity in drugs to treat obesity. Danish company Novo Nordisk and US company Eli Lilly are best placed for this theme, as they dominate the fast-growing market of GLP-1 drugs for treating diabetes and obesity. We see this as a trend likely to last for decades. Both companies are seeing strong growth from their leading products, with Novo upgrading FY sales and profits growth to levels around 30%, despite being unable to fully satisfy strong demand with existing capacity until new plants come on stream in second half. Current analyst forecasts of a rapid slowing in growth next year and beyond look far too cautious, because even modest projections of only single digit percentage treatment penetration of the likely \$100bn+ market opportunity would imply both names can sustain growth for much longer. In addition, both companies demonstrated strong data at recent industry conferences for their follow-on products in development, thus likely keeping competition at bay for many years to come. Both names have strong customer and employee related metrics and hence in total account for 7% of the maximum 8% that within our process we can distribute across 2 separate positions.

How is the fund positioned?

At the end of the quarter, we remain tactically balanced in our exposure, having allocated 38% to both Consumer Discretionary and Consumer Staples, leveraging the potential of an improving consumer backdrop. Additionally, we maintained a strategic 28% investment in the Technology sector, underpinning our belief in its capacity to deliver high-demand products and retain top talent for long-term competitiveness.

To enhance the fund's growth potential, we have added AstraZeneca and Edenred as new investments. AstraZeneca is a pharmaceutical giant committed to developing innovative medicines that address a range of medical needs, from oncology to cardiovascular and respiratory diseases. Edenred, on the other hand, operates in the digital services industry, specializing in providing prepaid corporate services, incentives, and employee benefits solutions to foster better employee well-being and motivation.

What is our outlook for the coming months?

We remain cautious about economically sensitive sectors, maintaining an underweight position in Energy, Materials, Industrials, and Financials/Banks. Thus, we remain confident in focusing on quality companies as they deliver relative resilience during market volatility, and believe this prudent strategy will contribute to performance in the 2nd half of the year.



Carmignac Portfolio Human Xperience

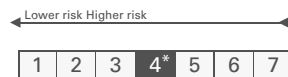
A thematic fund focused on customer and employee experience

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Carmignac Portfolio Human Xperience A EUR Acc

ISIN: LU2295992163

Recommended
minimum
investment horizon



Main risk 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.

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.

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The Funds' prospectus, KIDs, NAVs and annual reports are available at www.carmignac.com, or upon request to the Management 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.

In France, Luxembourg, Sweden: 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, NAV and annual reports are available at www.carmignac.com, or upon request to the Management.

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