Carmignac Investissement: the Fund Manager's thought

Autore/i
David Older

Data di pubblicazione
30 Ottobre 2020

Lu

Carmignac Investissement had a strong third quarter, generating 7.2% of performance while the reference indicator gained 3.6%, resulting in relative outperformance of 3.7%. This brings the fund's 2020 performance through the end of the third quarter to 15.8%, an outperformance of 18.7% versus the reference indicator.

The third quarter marked the ongoing recovery of the global economy from the COVID related low point in March. In the U.S., income levels remained largely consistent with pre-COVID levels due to fiscal stimulus and rebounding employment.

> Consumer balance sheets are robust, with personal savings up $1.7 Trillion since February and consumer net worth at an all-time high.

U.S. Covid case counts stabilized in August and have only risen modestly as schools reopened and indoor dining resumed. While European COVID infection trends have been more concerning, it is important to note that the mortality rate in both the US and Europe has fallen as therapeutics have improved, making it unlikely that economies return to the state of lockdown experienced at the end of the first quarter. While **we envision a steady improvement in global economic activity as fiscal and monetary policies remain supportive** – the "check mark" shaped recovery mentioned in our last letter – it is clear that a widely distributed vaccine is required for activity to recover to pre-COVID levels. Our expectations are for one or more vaccines to be approved for limited use in late Q4 with wide U.S./European distribution in late Q1 or early Q2 of 2021.

In the interim we believe that fiscal support will remain in place to "plug the gap". While U.S. fiscal policies have become highly political, **we see the election as a clearing event that will ensure the fiscal support needed to reach post-vaccine normalization**. The election is additionally highly relevant for forward tax rate, fiscal and regulatory policy and we envision many stock selection opportunities to present themselves once we have resolution.

With this backdrop in mind our portfolio construction is balanced between core positioning in secular growth stocks, which are not directly affected by the economic backdrop and benefit from the low interest regime, and some opportunistic exposure to companies levered to a normalization of behaviour post-vaccine, mainly in the travel sector.

> Our focus within secular growth is mainly in the Technology, Healthcare, Consumer and Fintech sectors.

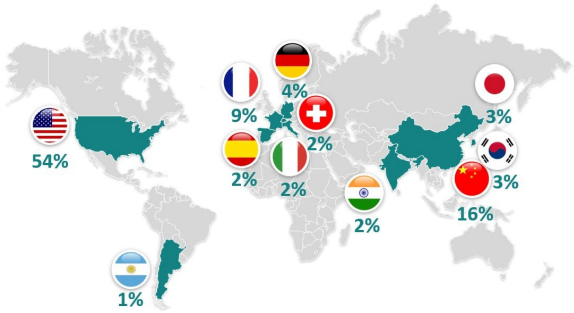
As noted in our last letter, these core positions proved **extremely resilient to a global economic stoppage** – consumers and enterprises simply did not stop adopting the powerful trends of e-commerce, digital payments, cloud-based software, and streamed entertainment.

Moreover, as the world adjusted to quarantine and "Work from Home/Stay at Home" dynamics, many of these adoption curves were vastly steepened, pulling forward penetration rates and profits into the near term. **Our view is that these penetration rates will be largely maintained as global economies re-open and continue to higher levels over time.** Of course, we are always sensitive to the risk/reward of our holdings, and we are very willing to take profits when we believe returns be less favourable.

On a sector basis, the Fund's portfolio saw gains over the third quarter mainly from the Consumer Discretionary, Technology, Communications Services, and Healthcare sectors. Third quarter returns in Consumer Discretionary were again dominated by significant e-commerce positions in **Amazon** and **JD.com**, which were notable beneficiaries of the COVID crisis, as well as from a new position in Chinese electric vehicle manufacturer **NIO**. Technology returns benefited from strong software performance by **Salesforce.com** and **Snowflake**, a data analytics company that we had followed for years as a private company, which positioned us well to receive a significant allocation when it went public in September. Our performance in Communications Services was led by positions in **Facebook, Nintendo** and **Twitter**, and our Healthcare performance was once again led by Chinese positions: **Zhifei Biologic** and **Wuxi Biologics**. Sector losses were led by relative weakness in U.S. healthcare positions which underperformed due to election uncertainty.

As we finish 2020 and look towards 2021, we believe that we are likely to remain in a low growth environment as we recover from COVID headwinds, and thus that secular growth is preferable. **We continue to search for investment ideas where we feel we can formulate a differentiated view from the consensus.**

Access to Tomorrow's Companies Around the World



The geographic location where exposure remains elevated for the fund is China where exposure rose again to 16%. Our investments in China remain focused on the same themes we have been expressing globally across the portfolio, namely Technology, Consumer Internet, and Healthcare. Two Chinese Electric Vehicle manufacturers, **NIO** and **XiaoPeng**, were added to the portfolio this quarter. We note that our Chinese exposure is focused on the domestic market, not companies dependent on U.S. technology or export markets.

Discover the Fund's webpage:

Carmignac Investissement

Reference indicator: MSCI ACWI (USD) (Reinvested net dividends). Annualized performance as of 30/09/2020. Performance of the A EUR acc share class**Past performance is not necessarily indicative of future performance. The return may increase or decrease as a result of currency fluctuations, for the shares which are not currency-hedged. Performances are net of fees (excluding possible entrance fees charged by the distributor).** The reference to a ranking or prize, is no guarantee of the future results of the UCIS or the manager. © 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.

Carmignac Investissement E EUR Acc

ISIN: FR0010312660

Periodo minimo di investimento consigliato

Rischio minimo Rischio massimo

1	2	3	4*	5	6	7

Principali rischi del Fondo

AZIONARIO: Le variazioni del prezzo delle azioni, la cui portata dipende da fattori economici esterni, dal volume dei titoli scambiati e dal livello di capitalizzazione delle società, possono incidere sulla performance del Fondo.

CAMBIO: Il rischio di cambio è connesso all'esposizione, mediante investimenti diretti ovvero utilizzando strumenti finanziari derivati, a una valuta diversa da quella di valorizzazione del Fondo.

GESTIONE DISCREZIONALE: Le previsioni sull'andamento dei mercati finanziari formulate dalla società di gestione esercitano un impatto diretto sulla performance del Fondo, che dipende dai titoli selezionati

L'investimento nel Fondo potrebbe comportare un rischio di perdita di capitale.

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. The Management Company can cease promotion in your country anytime. Investors have access to a summary of their rights in French, English, German, Dutch, Spanish, Italian on the following link:https://www.carmignac.com/en_US. Carmignac Portfolio refers to the sub-funds of Carmignac Portfolio SICAV, an investment company under Luxembourg law, conforming to the UCITS Directive. The Funds are common funds in contractual form (FCP) conforming to the UCITS Directive under French law.The return may increase or decrease as a result of currency fluctuations, for the shares which are not currency-hedged. The French investment funds (fonds commun de placement or FCP) are common funds in contractual form (FCP) conforming to the UCITS Directive under French law. 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, 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, 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, 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 Patrimoine is registered with Comisión Nacional del Mercado de Valores de España (CNMV) under number 386, Carmignac Investissement under number 385, Carmignac Sécurité under number 395, Carmignac Emergents under number 387 and Carmignac Portfolio under number 392.