CARMIGNAC INVESTISSEMENT: LETTER FROM THE FUND MANAGER

14/04/2025 | KRISTOFER BARRETT

-7.68%	-5.41%	1 st percentile
Performance of Carmignac Investissement over 2025 for its A EUR Acc share class.	Performance of the reference indicator MSCI ACWI NR EUR over 2025.	Carmignac Investissement is ranked 1st quartile in its Morningstar category[1] over 3 years for its performance and sharpe ratio.

*Over the first quarter of 2025, **Carmignac Investissement** returned -7.68% compared with -5.41% for its reference indicator[2].*

MARKET ENVIRONMENT

Wall Street experienced its worst quarter in nearly three years, driven by fears that tariffs imposed by Donald Trump could lead to stagflation in the world's largest economy.

Over the period, mega cap US stocks, which have been market leaders in recent years, saw significant declines after years of outperformance. Initially, the sector was impacted by the release of DeepSeek's R1, which raised concerns about the sustainability of the boom in spending on artificial intelligence (AI) infrastructure. Nvidia's shares dropped by nearly 20% in the first quarter despite no change in the company's fundamentals.

Broader concerns were further exacerbated by substantial policy uncertainties from the Trump administration, leading to significant economic fears as both consumer and business sentiment deteriorated sharply. Following Trump's election victory, market expectations were high; however, investor hopes have been dampened by the unexpected negative policy sequencing that prioritized stagflationary measures, such as tariffs and budget cuts, while sidelining "pro-growth" initiatives.

In this scenario, European equities have outperformed their US counterparts due to heightened policy optimism in Germany and hope for European unity in light of Trump’s stance on Ukraine.

Emerging markets also outperformed the US markets, with China leading the way. This was driven by renewed investor enthusiasm around China’s expected policy support.

HOW DID WE FARE IN THIS CONTEXT?

During the quarter, the Fund underperformed its reference indicator primarily due to its exposure to the technology sector. Additionally, the Fund's underweight positions in banks, Europe, and China contributed to the underperformance.

The largest detractor during the period was TSMC, the Fund's biggest holding. More broadly, our technology stocks/ mega caps such as Amazon, Nvidia, Alphabet, and Broadcom also weighed on the performance. The sharp price movements in the tech sector were first attributed to a reduction in positions of high-performing stocks. Then, concerns over tariffs as well as data centre demand have exerted downward pressure on the markets, particularly on our Taiwanese holdings in the fund. Nevertheless, the fundamentals across the technology value chain remain robust. Planned capital expenditures, which serve as the primary growth drivers for the sector, are still strong. Hyperscalers have already projected a significant 70% increase in capital expenditures for 2025, primarily directed towards the chips and data centres essential for supporting AI's intensive computational demands. As at the quarter end, we are therefore currently maintaining our tech positions.

In this environment, Cencora and McKesson emerged as key contributors to performance. These companies are the largest distributors of drugs in North America, serving retail pharmacies and hospitals. These defensive companies within a defensive sector are driven by the volume of drugs distributed in the US.

OUTLOOK

On April 2, 2025, President Donald Trump declared "Liberation Day," a move that reshaped the global economic landscape. The US administration swiftly imposed a minimum 10% tariff on all exporters, with certain trading partners facing even steeper duties. This marks a period filled with political and economic uncertainties, reminiscent of the last three financial crises combined.

Much like the fears of a technology bubble during the 2000 crisis, there are concerns about the current technological landscape. But today’s tech giants are far from speculative bets; they’re raking in real profits. Just as fiscal policies significantly impacted financial markets during the Global Financial Crisis (GFC), current fiscal measures are wielding similar influence. However, today's austerity measures may be temporary, with the potential for future relaxation. Furthermore, akin to the self-inflicted economic shutdown during the COVID-19 pandemic, tariffs are currently disrupting the economy. However, tariffs, similar to the COVID-related shutdowns, could potentially be rolled back, although there are no clear signs of this happening currently.

What does it mean for equity markets?

In a market environment influenced by political rhetoric, many investors tend to take off risk. Our strategy focuses on recognizing the long-term potential of equities. This involves identifying companies that are positioned to resist in the evolving landscape of a potential Trump 2.0 administration and with a rising risk of recession.

We favour assets such as growth stocks that are less dependent on the economic cycle across the US, Europe, and EM; and stocks already reflecting a high level of uncertainty in their valuations compared to the robustness of the fundamentals.

As the current situation forces Europe to become more self-reliant and simultaneously creates a multipolar world, we have reinforced two themes within our portfolios: aerospace & defense, and electricals & factories. Although our portfolio already had exposure to the aerospace value chain, we have reinforced this focus to benefit from the proposed increased military spending in Europe.

Furthermore, we believe that global data centre capital expenditures (capex) are set to grow at a 30% CAGR, benefiting power and electrical equipment suppliers. Currently, the US has 135GW of planned capacity additions versus a current 27GW install base. Consequently, we have capitalized on the recent correction in the data centre value chain to build exposure to companies like Eaton and Schneider Electric.

Despite negative sentiment affecting the tech sector, we are currently keeping our tech investments broadly unchanged. While there is a lot of noise in the market, little has changed regarding the fundamentals. However, we have implemented tactical hedges to cushion against volatility.

[1]Global Large-Cap Growth Equity.

[2]MSCI AC World NR index.

CARMIGNAC INVESTISSEMENT A EUR ACC

(ISIN: FR0010148981)

SFDR - Fund Classification** :

Article 8

LOWEST RISK — HIGHEST RISK

1	2	3	4*	5	6	7

Recommended minimum investment horizon 5 YEARS

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. **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.

*Risk Scale from the KID (Key Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time. **The Sustainable Finance Disclosure Regulation (SFDR) 2019/2088 is a European regulation that requires asset managers to classify their funds as either 'Article 8' funds, which promote environmental and social characteristics, 'Article 9' funds, which make sustainable investments with measurable objectives, or 'Article 6' funds, which do not necessarily have a sustainability objective. For more information please refer to https://eur-lex.europa.eu/eli/reg/2019/2088/oj.

FEES

Entry costs : 4,00% of the amount you pay in when entering this investment. This is the most you will be charged. Carmignac Gestion doesn't charge any entry fee. The person selling you the product will inform you of the actual charge.

Exit costs : We do not charge an exit fee for this product.

Management fees and other administrative or operating costs : 1,50% of the value of your investment per year. This estimate is based on actual costs over the past year.

Performance fees : 20,00% max. of the outperformance once performance since the start of the year exceeds that of the reference indicator and if no past underperformance still needs to be offset. The actual amount will vary depending on how well your investment performs. The aggregated cost estimation above includes the average over the last 5 years, or since the product creation if it is less than 5 years.

Transaction Cost : 1,30% of the value of your investment per year. This is an estimate of the costs incurred when we buy and sell the investments underlying the product. The actual amount varies depending on the quantity we buy and sell.

PERFORMANCE (ISIN: FR0010148981)

Calendar Year Performance (as %)	2016	2017	2018	2019	2020
Carmignac Investissement	**+2.1 %**	**+4.8 %**	**-14.2 %**	**+24.7 %**	**+33.7 %**
Indicateur de référence	+11.1 %	+8.9 %	-4.8 %	+28.9 %	+6.7 %

Calendar Year Performance (as %)	2021	2022	2023	2024	2025
Carmignac Investissement	**+4.0 %**	**-18.3 %**	**+18.9 %**	**+25.0 %**	**-7.7 %**
Indicateur de référence	+27.5 %	-13.0 %	+18.1 %	+25.3 %	-5.4 %

Annualised Performance	3 Years	5 Years	10 Years
Carmignac Investissement	**+7.4 %**	**+12.2 %**	**+4.5 %**
Indicateur de référence	+8.0 %	+15.5 %	+8.8 %

Source: Carmignac at Mar 31, 2025.
Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor).

CARMIGNAC
INVESTING IN YOUR INTEREST