FLASH NOTE

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Carmignac Investissement: Disruptive thematic

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Points to bear in mind following this black swan event on equity markets?

1. This health crisis has highlighted the fragile environment of the equity market.
The years of exceptional monetary policies have, by crushing volatility, led investors towards risky assets, and consequently made them more vulnerable. Therefore, the shock created by the sharp fall in demand led to an indiscriminate decline in the equity markets.

2. The large measures announced cannot claim to be driving an economic recovery.
While central banks and governments have, through their announcements, calmed the markets, these measures are more of an income replacement than a stimulus. The negative impact of this crisis on the economy and corporate earnings, especially due to its duration, could be much greater than what is priced into the market.

3. Beyond the impact on earnings, two equity market drivers will be weakened.
The dynamics of corporate share buybacks, the main driver of the US equity market in recent years, have changed. Most of them have already been cancelled. Also, some companies, particularly in Europe, have been forced to cancel their dividend payments.

4. This crisis will have a more structural impact, particularly on consumption patterns.
These new habits, adopted in these exceptional circumstances we are experiencing, could lead to an acceleration of structural trends, such as digitalization. In the coming months/years, these disruptive trends could benefit sectors as diverse as distribution, including food, health or entertainment, and video games.

Disruptive thematics at the heart of Carmignac Investissement

Given this very unstable growth environment, we have concentrated the equity portfolio on companies with growth profiles that are not very sensitive to the macro-economic environment. These companies can mainly be found in the technology, healthcare and consumer sectors.

We are trying to take advantage of the indiscriminate decline in equity markets to strengthen our positions. On the other hand, 'cheap' does not necessarily mean 'attractive'. Therefore, we are focusing only on the most robust companies, as the environment will remain very fragile in the coming months.

Our core portfolio remains exposed to disruptive themes linked to changes in habits, some of which have been accelerated by the lockdown:

E-commerce
Lockdown has favoured the development of e-commerce. In addition, to allow consumers to get more familiar with these new modes of consumption, they are likely to continue using them in the long run.

Fintechs
Precautionary measures, particularly those aimed at limiting physical contact when grocery shopping, are leading to greater use of electronic payments, supporting the development of fintech.

Entertainment
Entertainment is popular in this environment, such as video games and movie streaming. In this regard, we consolidated our video game thematic. The increased use of digital activity also supports the cloud, software and semiconductor industry.

Healthcare
Healthcare continues to be a key allocation in our portfolio, with a particularly interesting and relevant development in the field of biotechnology or vaccine creation/production.

TOP 5 by thematic

Connected consumer

Company	Thematic	Asset%
JD.COM INC	e-commerce	3,9%
AMAZON.COM INC	e-commerce	3,7%
NINTENDO CO LTD	Video games	2,3%
58.COM	e-commerce	2,0%
SEA LTD	e-commerce	1,7%

Digitisation

Company	Thematic	Asset%
FACEBOOK INC	Big data	3,9%
ALPHABET INC	Big data	3,9%
INTERCONTINENTAL EXCHANGE	Fintech	3,0%
SALESFORCE.COM	Cloud & software	2,3%
GODADDY INC - CLASS A	Connectivity	2,3%

Demographic & social change

Company	Thematic	Asset%
ANTHEM INC	Value Healthcare spending	2,3%
CHONGQING ZHIFEI BIOLOGICA-A	Consumer Health & wellness	1,8%
SANOFI-AVENTIS	Consumer Health & wellness	1,7%
CENTENE CORP	Value Healthcare spending	1,4%
WUXI BIOLOGICS CAYMAN INC	Consumer Health & wellness	1,3%

Carmignac Investissement

ISIN:

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.

Recommended minimum investment horizon: 5 years

Lower risk						Higher risk
Potentially lower return						Potentially higher return
1	2	3	4	5*	6	7

Source: Carmignac, 31/03/2020

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