

# *Carmignac*

March 2017



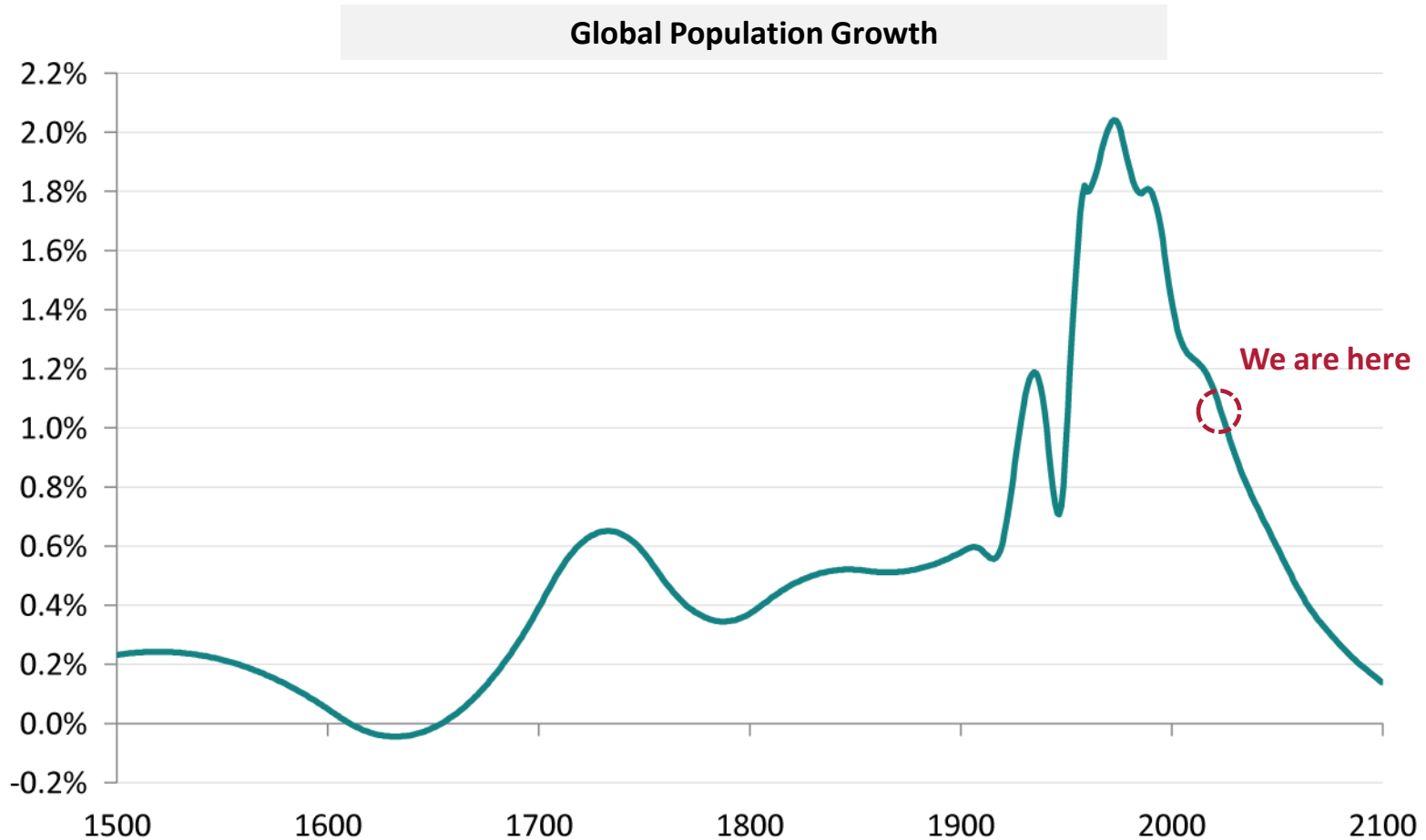
# Didier Saint-Georges

Managing Director,

Member of the Investment Committee

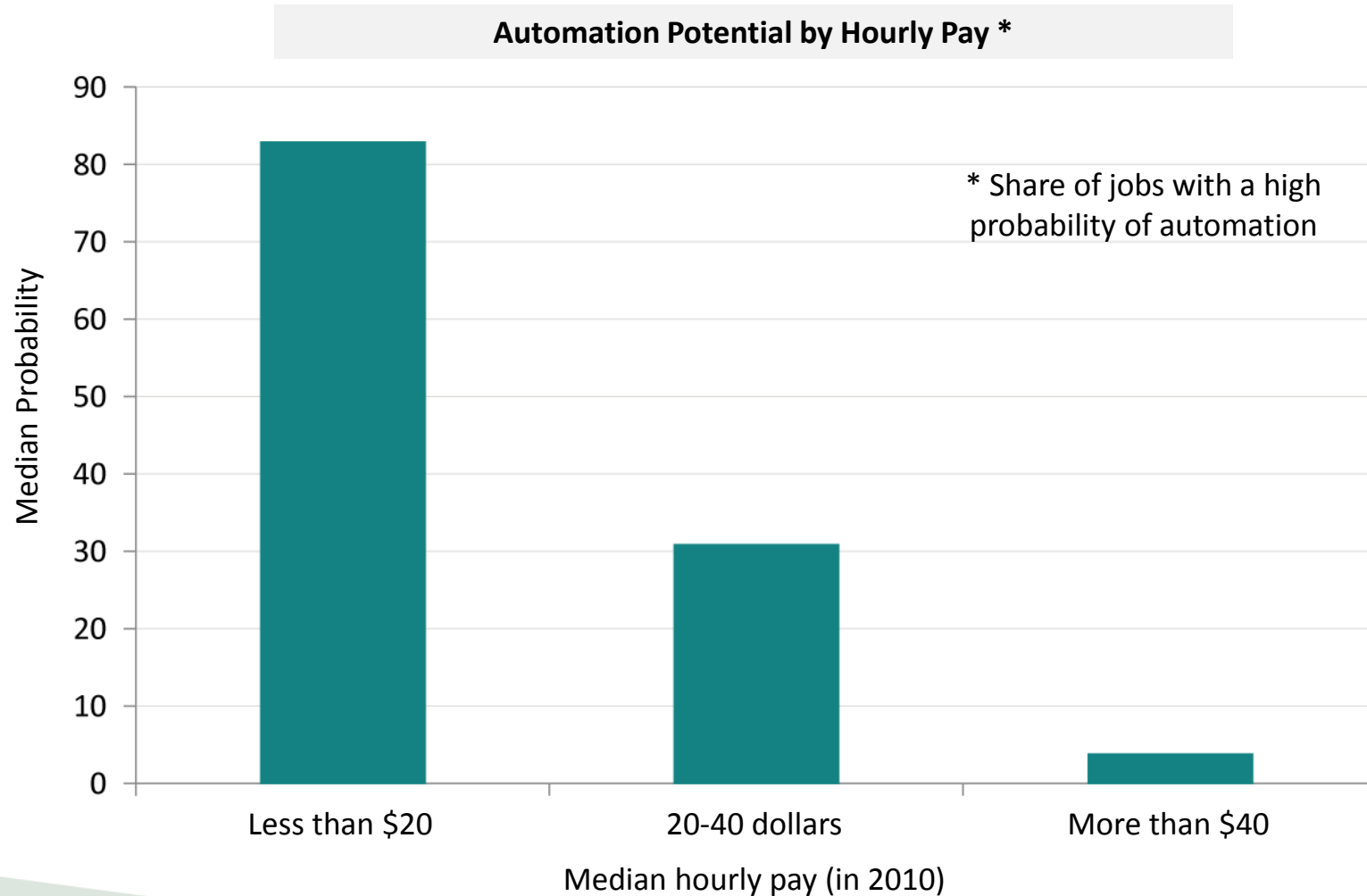
# Thinking Long Term: The Trend May Not Be Savers' Friend

Demographics is a headwind



Source : UN; Kremer, *Population growth and technological change, One million BC to 1990*; <https://ourworldindata.org/>, Minack Advisors. January 2017

# Will Technology Replace Globalisation to Make Capital Retains its Lead over Labour ?



Source: Executive Office Of The President, Artificial Intelligence, Automation and the Economy; Minack Advisors. January 2017

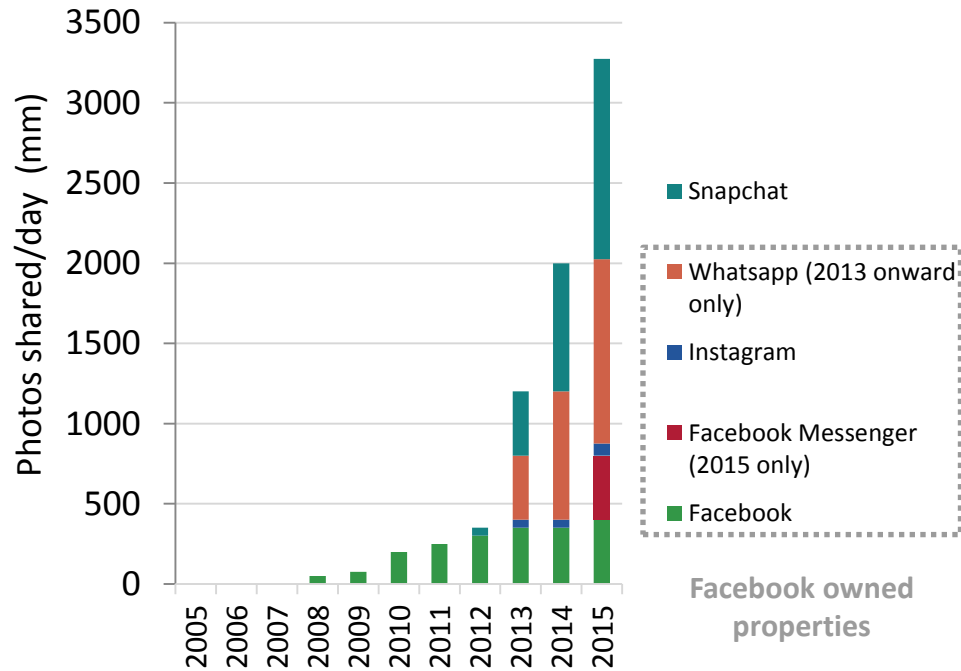
# Investing In Disruptive Companies

Beyond the legacy business, the ability to catch new mega trends

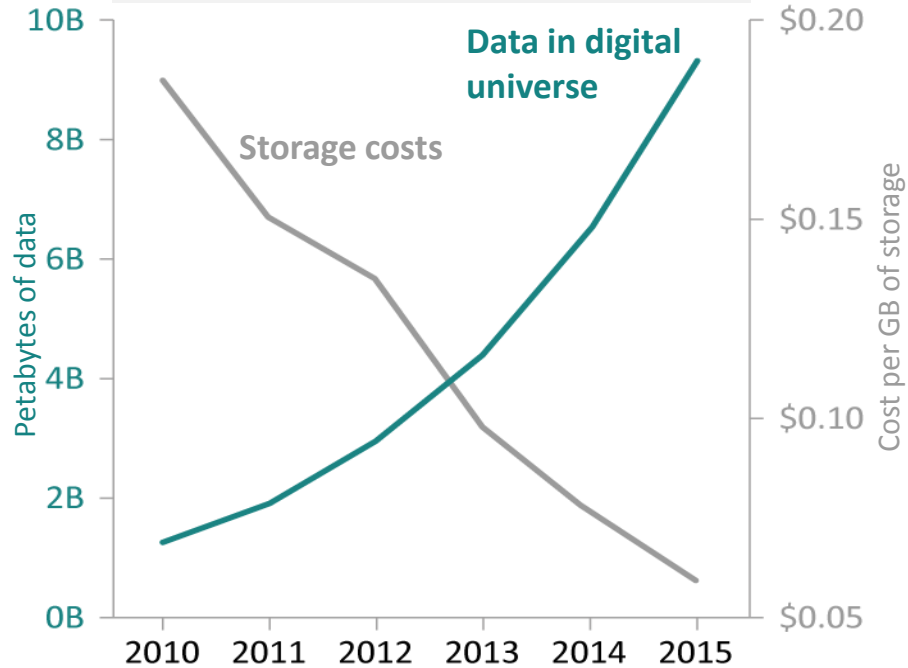
## The case of Facebook

## The case of Amazon

Daily number of photos shared, 2005-2015

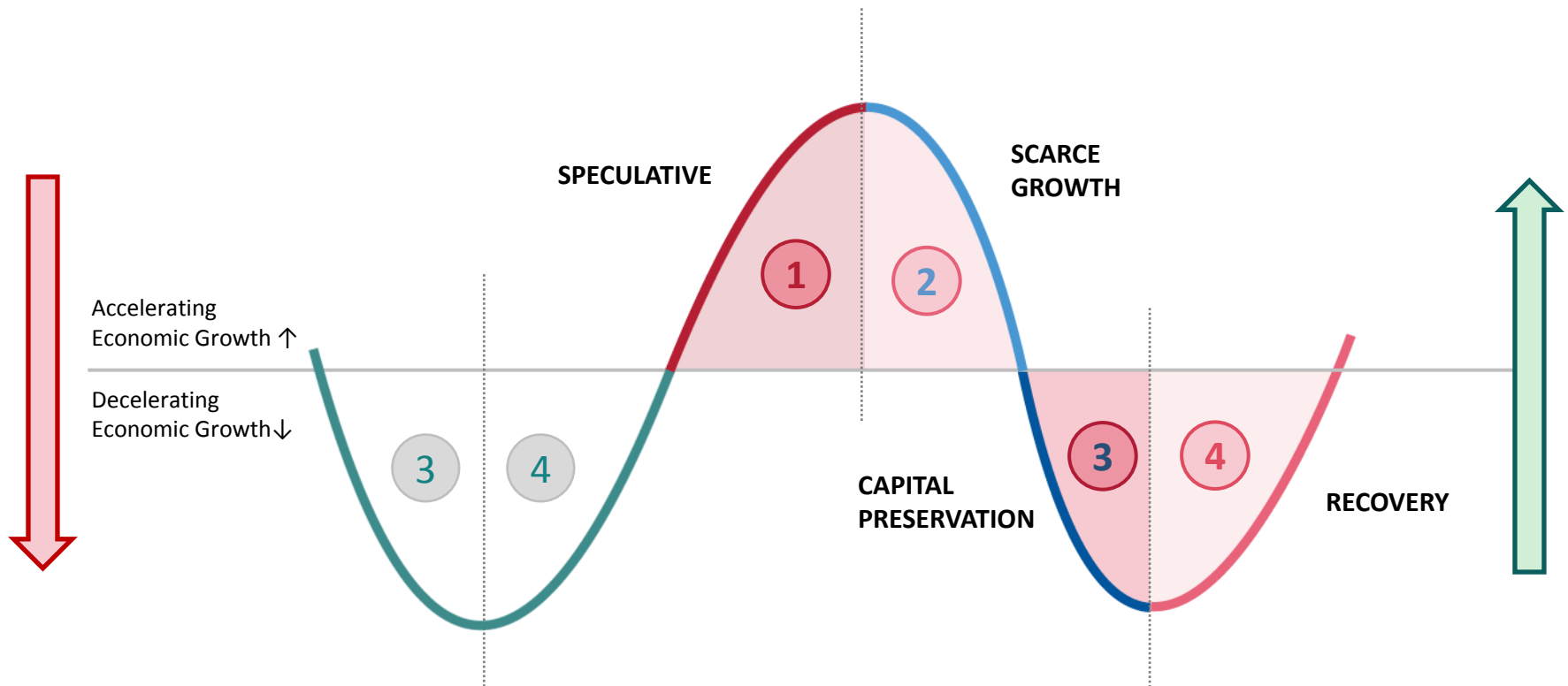


Data in digital universe vs Data Storage Costs, 2010-2015



# Quantifying the Cycle

The “market/business cycles” call for portfolio rotations



# Risk Management Is Key To Long Term Performance

FTSE 100: performance over past 30 years vs. performance excluding five worst months



FTSE 100 performance incl. five worst months +711%

FTSE 100 Performance excl. five worst months +269%

# The Traditional Asset Allocation Approach

Monitor

RISKS	Risk	Equity	FX	Rates	Credit	Specific
Portfolio	1.64%	28%	31%	40%	1%	0%

Date 26-janv

## Risk Budget

FX	78
USD	80
Commo	-6
EM	6
Euro Block	-2
Rates	104
Zone	59
Country	72
Curve	30
Equity exp.	99
Country	100
Sector	-1
Credit	45
Emerging	0
Dev	
Market	45

Risk Factors - Contribution		
1	USD	31%
2	US	14%
3	USD_4	13%
4	USD_3	10%
5	GBP_4	9%

FX

Rates

FX	Port.	Fwd
EUR	-9	-3
USD	15	13
JPY	-3	-3
GBP	-2	-4
CHF	0	0
CAD	-4	-4
AUD	0.0	0
NZD	0.0	0
KRW	0.0	0
ZAR	0.1	0
CNY	0.3	0
SGD	0.3	0
MXN	0.3	0
BRL	0.3	0
HUF	0.3	0
RUB	0.2	0
TRY	0.3	0
CLP	0.3	0
INR	0.3	0
Oth.	100	

DURATION	0-2y	2-5y	5-10y	10y+	Total
EUR	1	2	-8	10	5
ITA	9			43	52
SPA	4			55	59
PTL	2			25	27
GRE	1	4			5
GBP	0	0	0	44	44
USD	2	1	22	29	54
Other					
Total	18	6	14	206	245

CREDIT	Eurozone	UK & Swiss	US & Canada	Japan	Asia	Latam	East. Europe	Other	Total
Financials	13	7	1						21
Cons non cycl	2								2
Other									
Total	14.9	6.9	0.9	0.0	0.0	0.0	0.0	0.0	23

	Total	Equity	Rates
Cash	80%		
Comm Der	14%	8%	7%
Comm FX	30%		

Credit Rating	EUR	US	JPY	ASIA
IG	2.4%	1.0%		
HY	3.6%	0.2%		

Credit

CREDIT	Eurozone	UK & Swiss	US & Canada	Other	Total
Cons, Cyclical	0.1%				0.1%
Financials	4.2%	1.4%	1.2%		6.8%
Communic.	0.1%				
Cons non cycl	0.2%				0.2%
Other					
Total	4.7%	1.4%	1.2%	0.0%	7.3%

Equity	Eurozone	UK & Swiss	US & Canada	Other DM	Asia	Other EM	Total
Cons. Discr.	2.6%	0.0%	0.5%		0.0%	0.1%	3.3%
Industrials	0.2%	0.0%	0.2%				0.4%
Materials	0.1%		0.1%				0.2%
Financials	0.4%	0.0%	0.4%				0.9%
Info. Tech.	0.1%	0.0%	0.4%		0.0%		0.6%
Energy	0.1%	0.0%	0.2%				0.3%
Telecom.	0.1%		0.1%				0.2%
Health	0.2%		0.7%				0.9%
Cons. Stp.	0.1%	0.0%	0.5%				0.7%
Utilities	0.1%		0.2%				0.3%
Total	4.2%	0.1%	3.3%	0.0%	0.0%	0.1%	7.7%

Total DM = 7.6%

Total EM = 0.1%

Credit Rating	EUR	US	JPY	ASIA
IG	6	0		
HY	16	1		

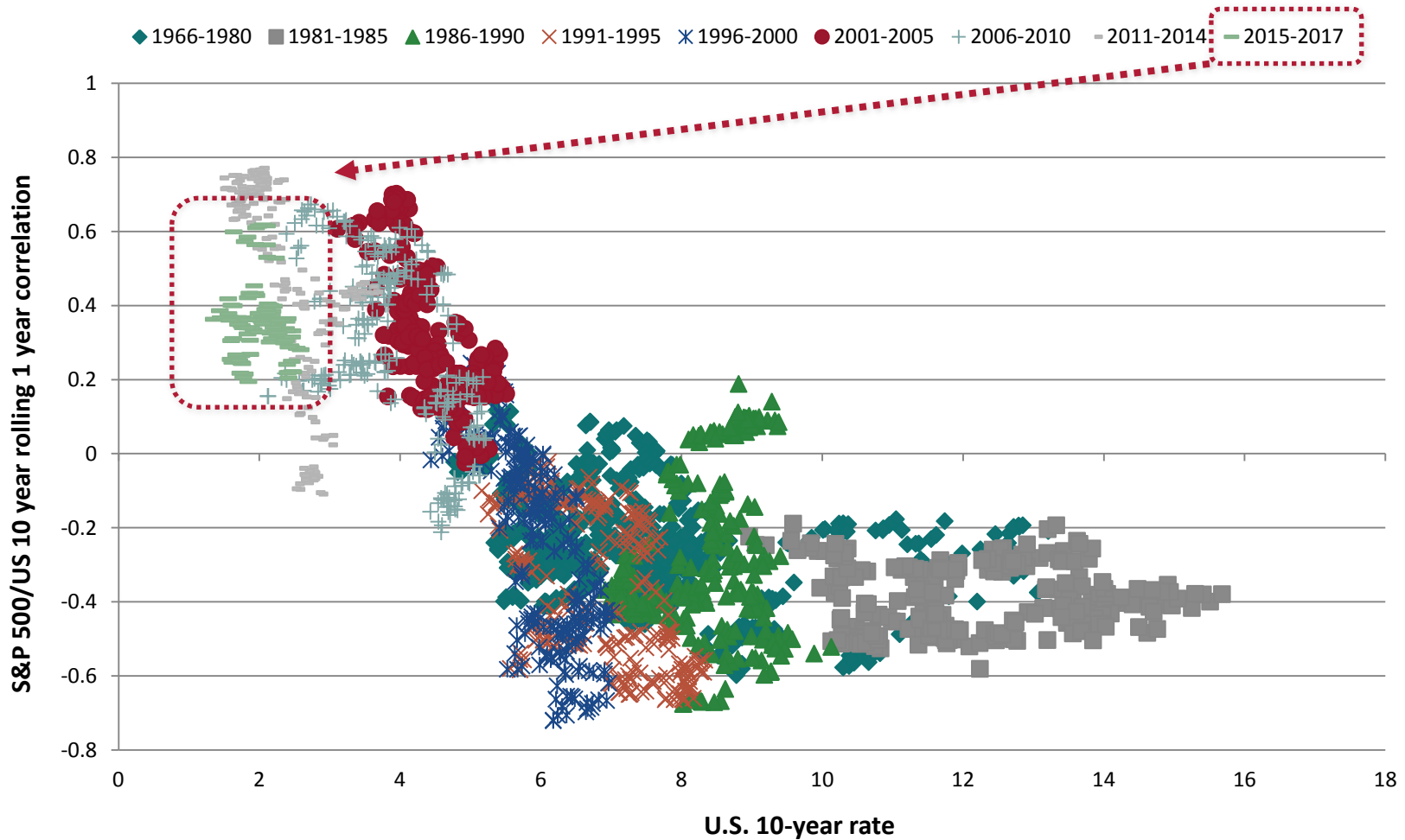
Equity

Source: Carmignac



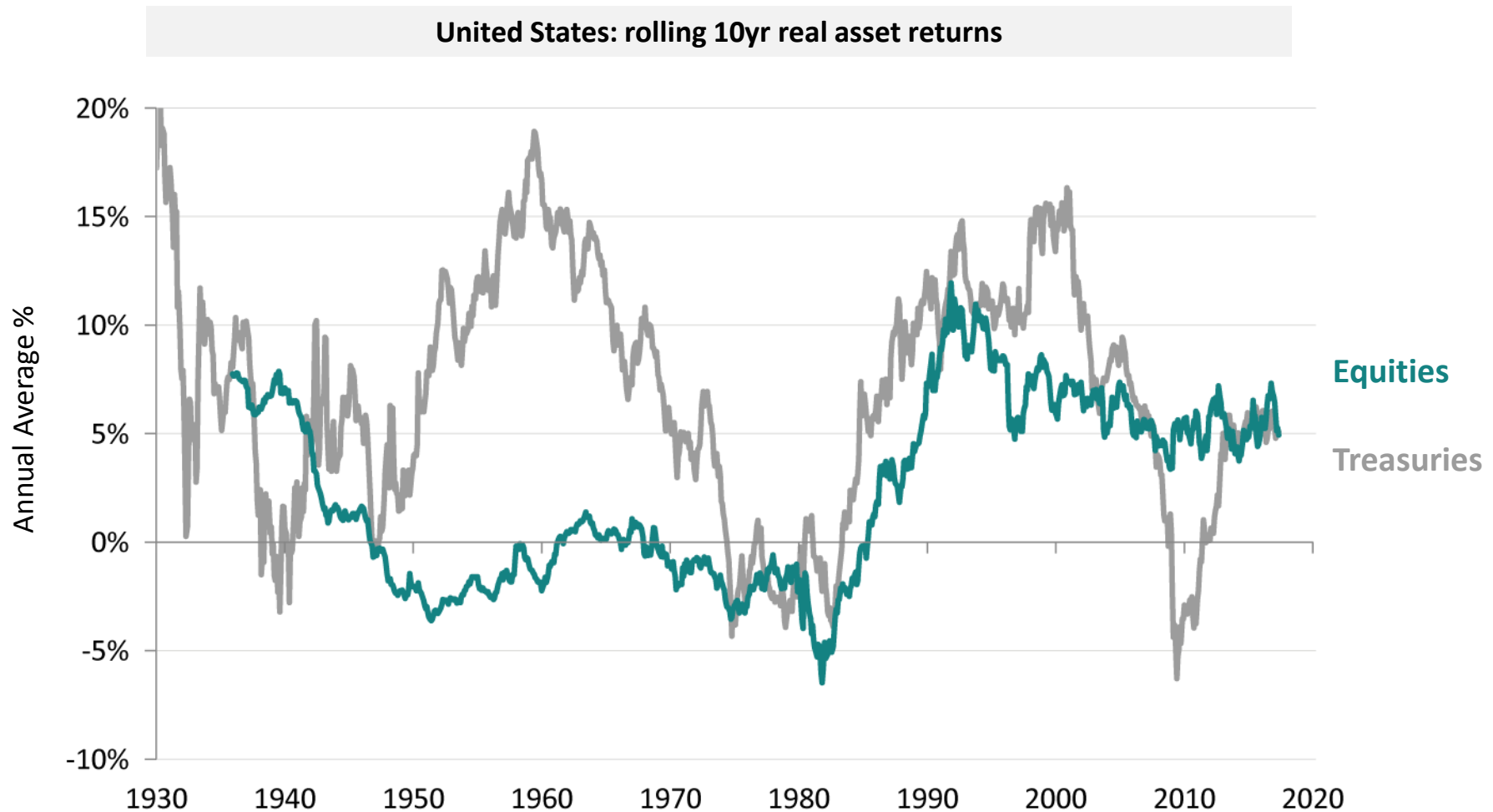
# Correlations Vary

Correlations are time dependent while risk drivers change



Source: Carmignac; Bloomberg, 17/02/2017

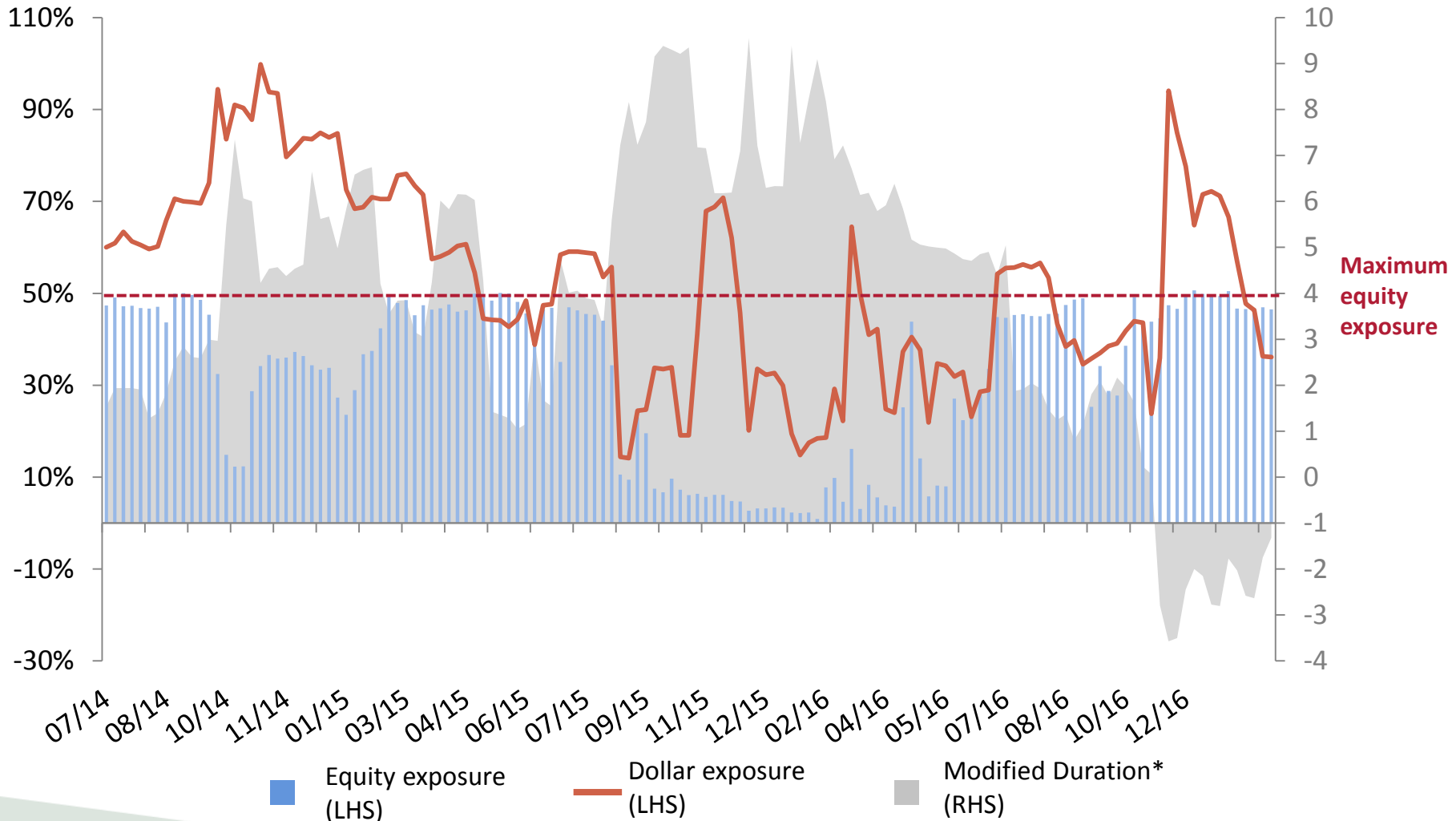
# Asset Allocation Needs To Be Very Dynamic



Source: Minack Advisors, Global Outlook - Near The Point Of No Return, 04/02/2017

# Carmignac Patrimoine: A Multi-Class and Flexible Approach

Carmignac Patrimoine



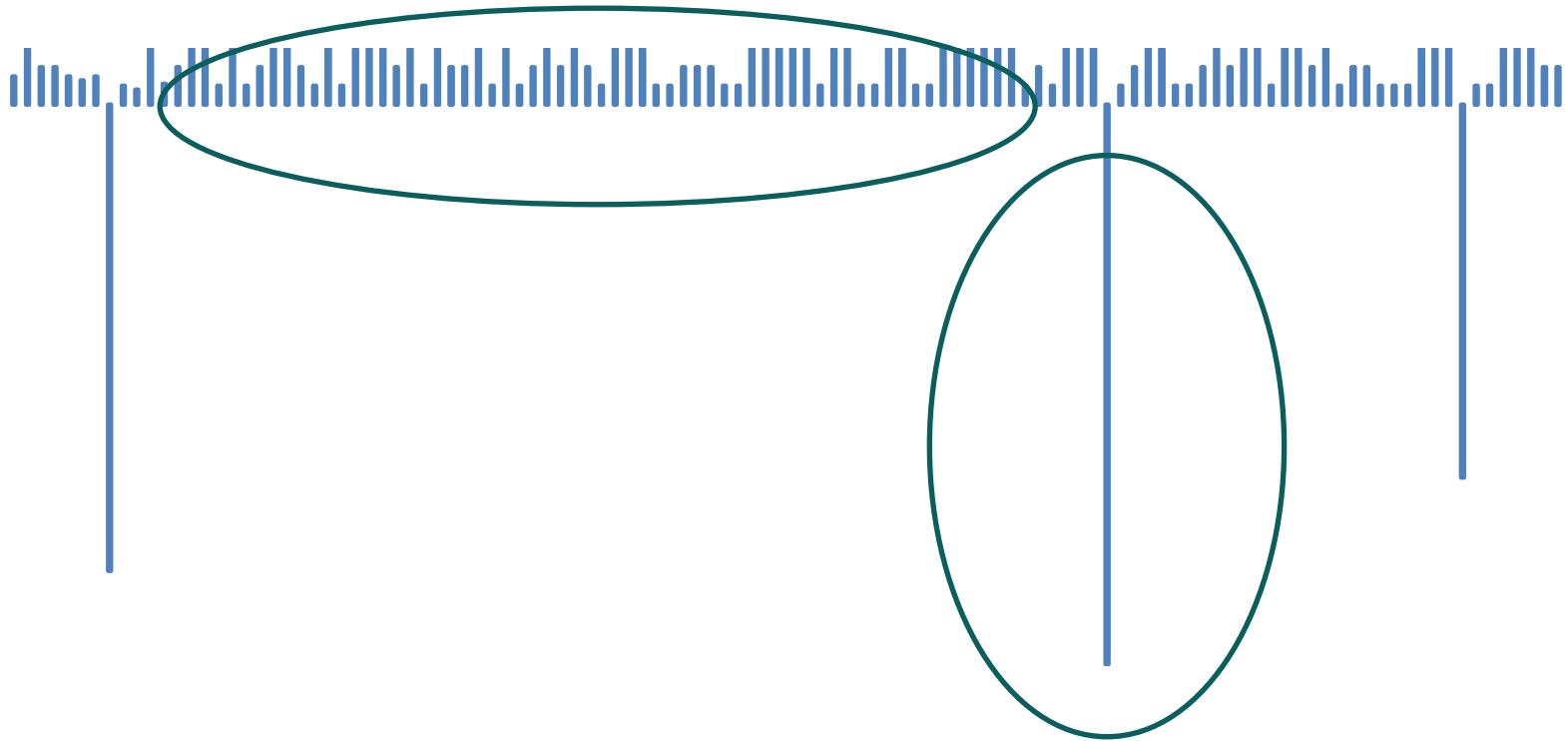
# Low Volatility Is Not Equivalent To Low Risk

How Not To Be A Turkey



# Avoiding Concave Risks

Return Distribution of a Fragile Portfolio

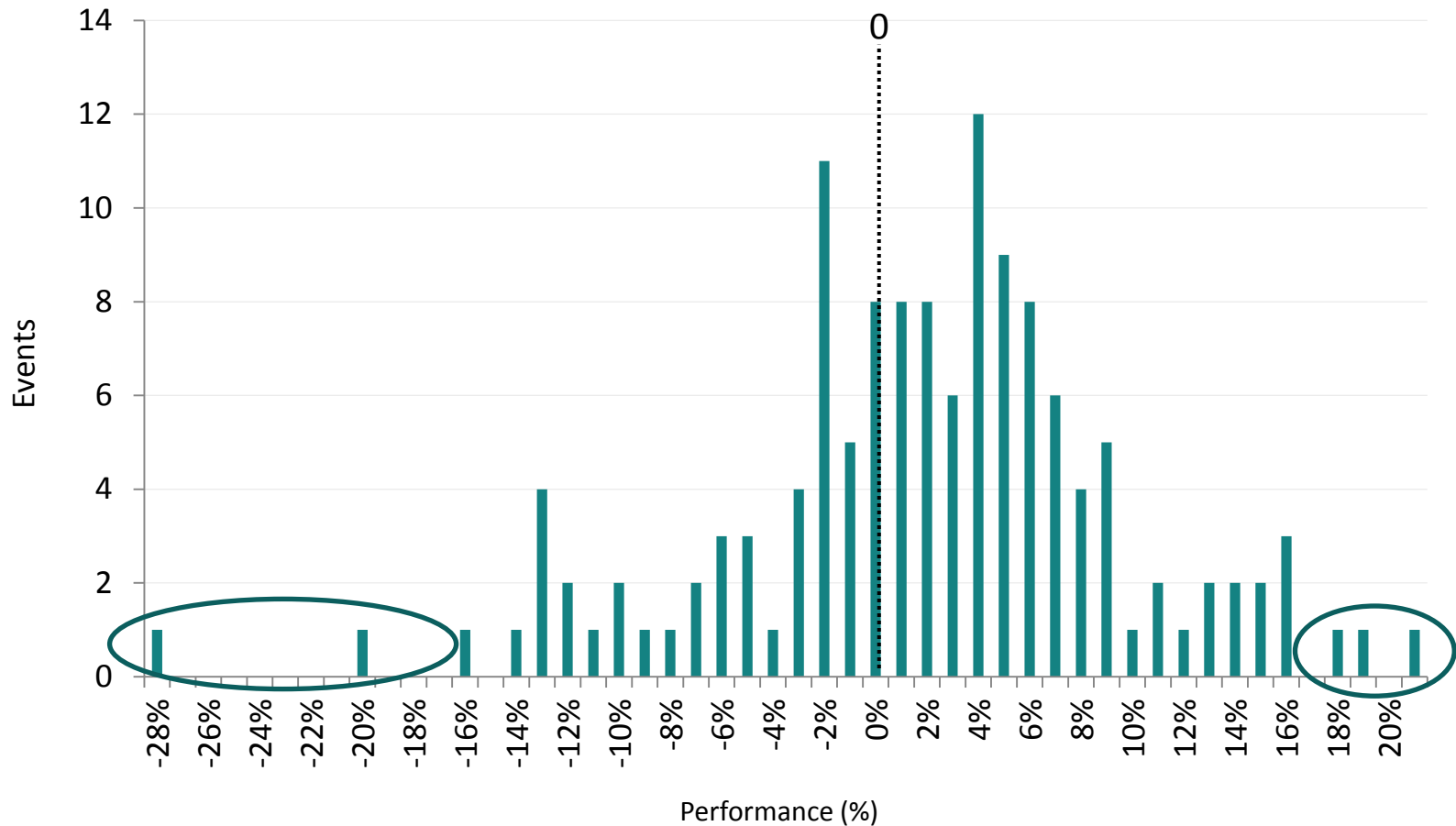


Theoretical chart  
Source: Carmignac

# Black Swans Happen

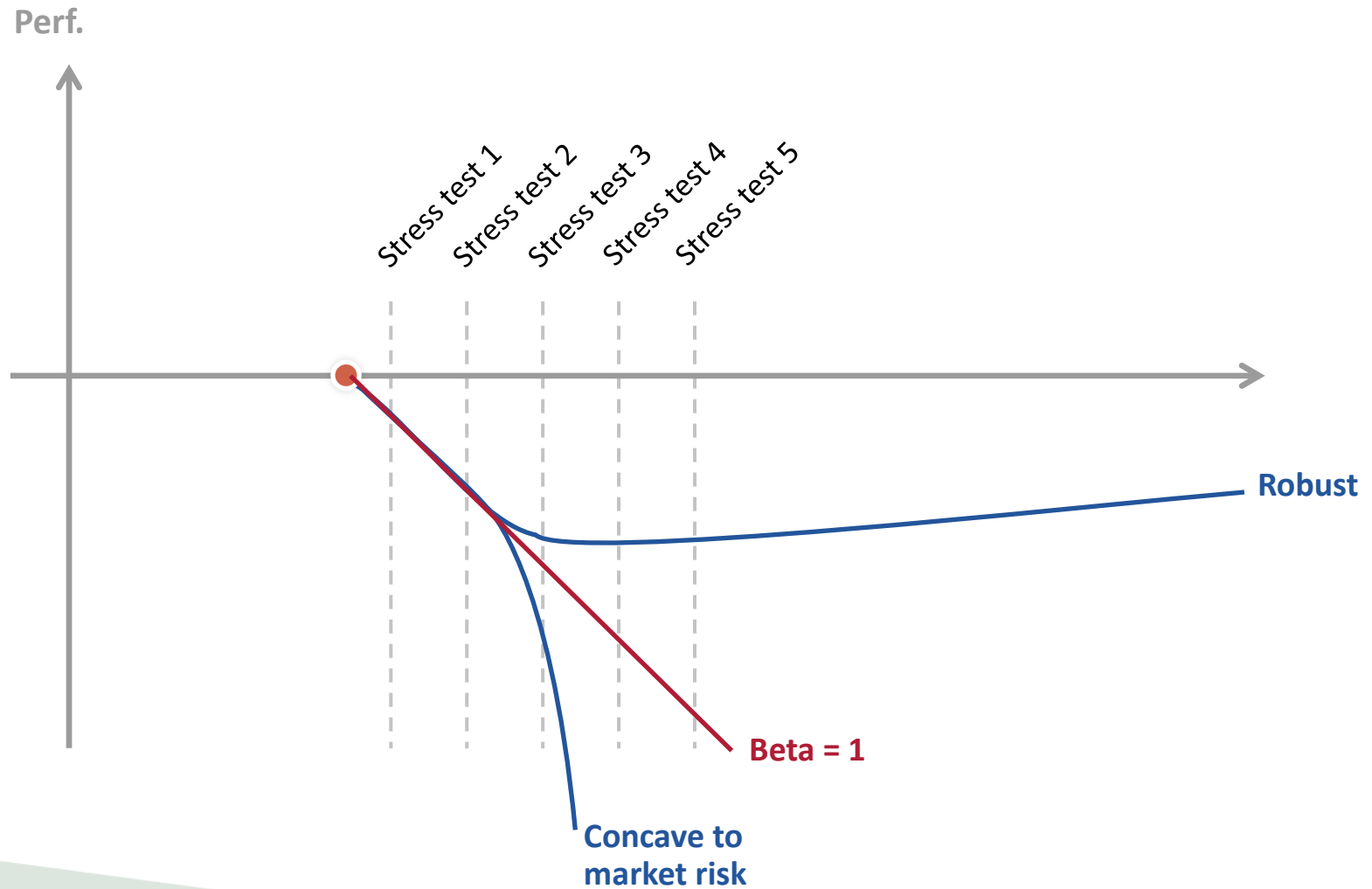
Unpredictable And Decisive

FTSE 100's quarterly performance distribution over 33 years



Source: Bloomberg  
Period: 30/12/1983 – 28/02/2017

# What is Robustness?

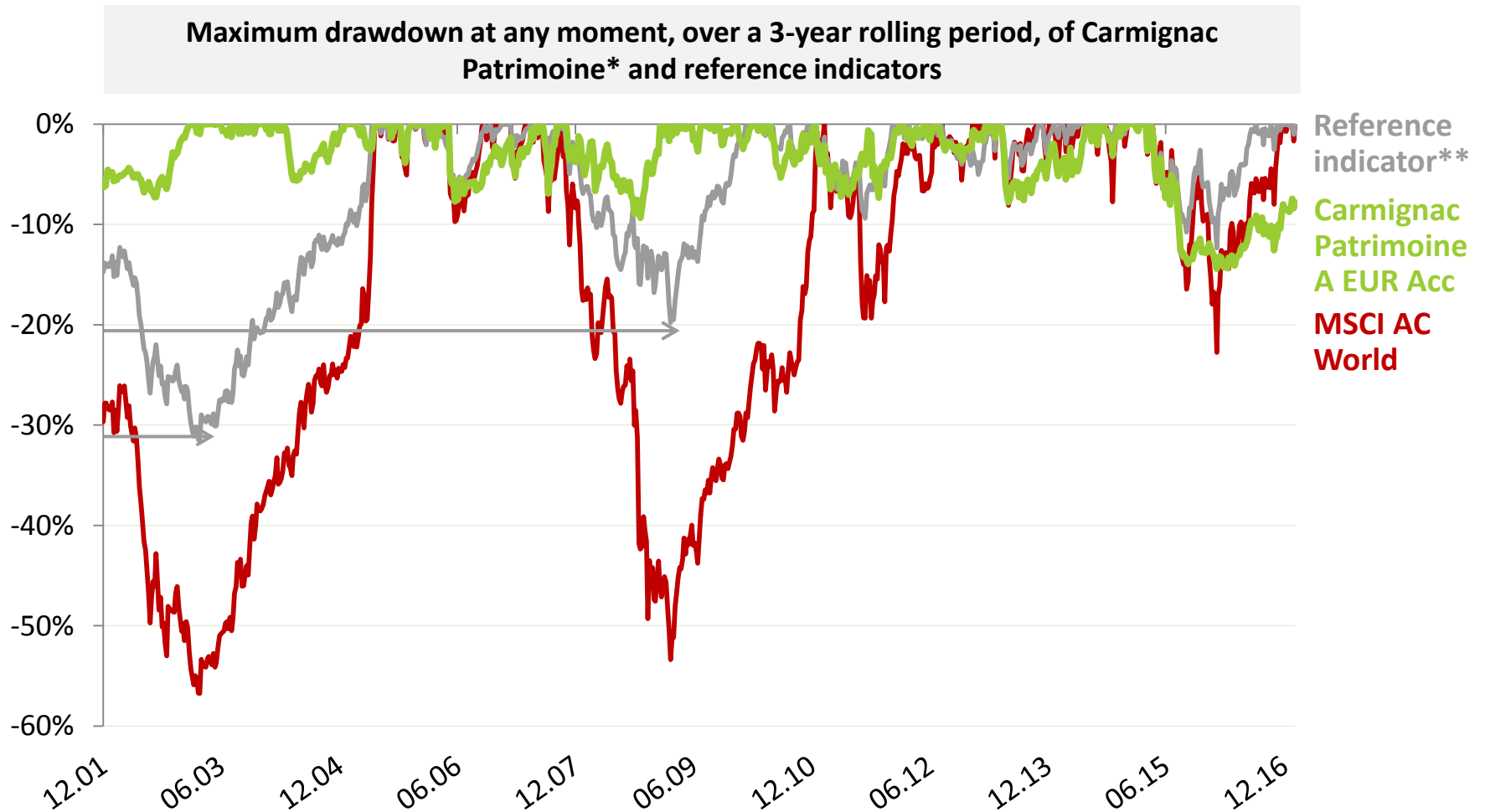


# The Target Return Distribution of a Robust Portfolio





# What Risk Management Is Meant to Provide in a Patrimoine Approach



\*Share A Eur ACC

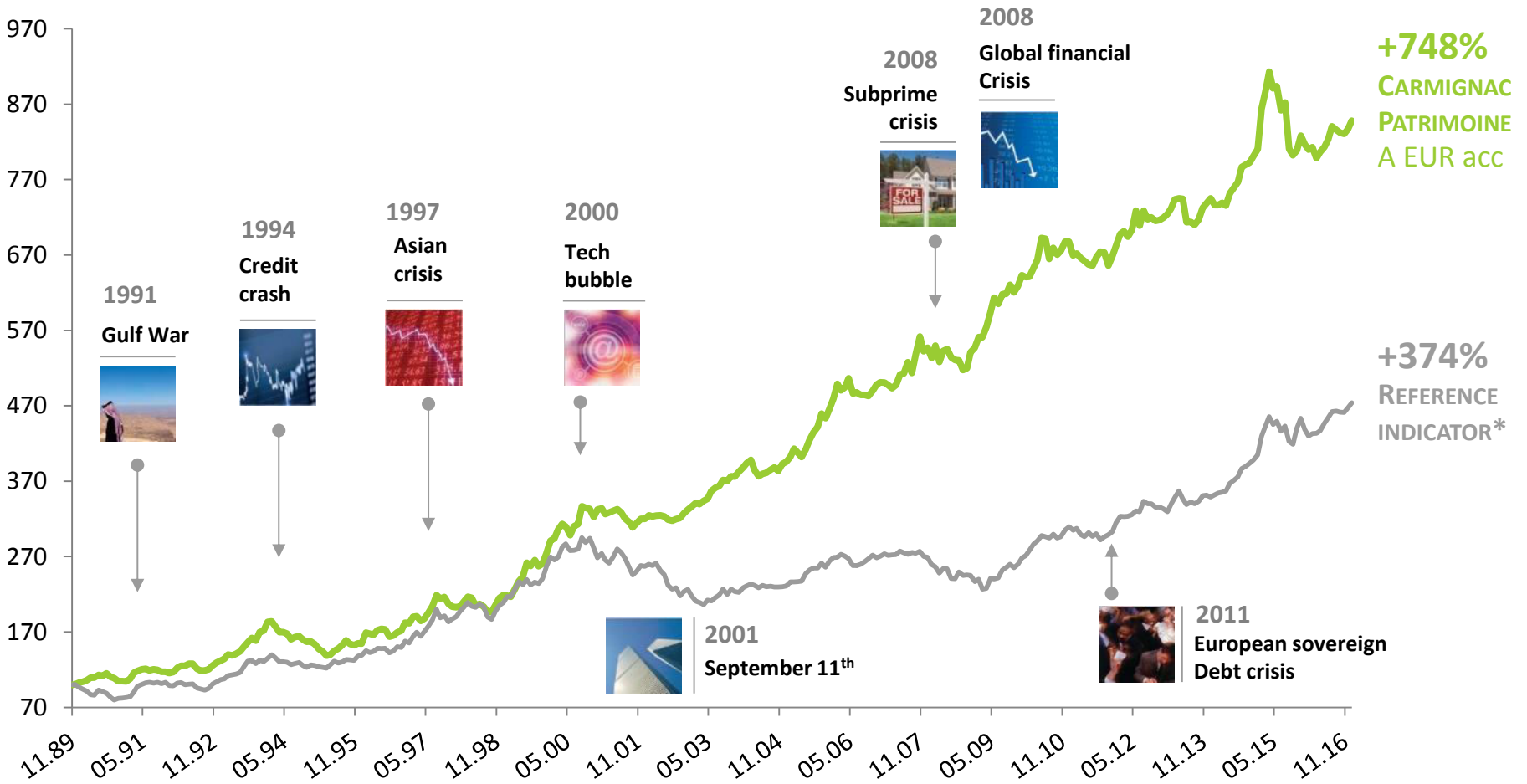
\*\*50% MSCI AC World NR (EUR) + 50% Citigroup WGBI All Maturities (EUR).

Since the 01/01/2013, « equity » indicators are calculated with net dividends reinvested.

Source: Carmignac, 09/02/2017. Past performance is not a reliable indicator of future performances



# Carmignac Patrimoine Since Inception



\*50% MSCI ACWI (EUR) (dividends nets reinvested) + 50% Citigroup WGBI All Maturities (EUR)

Source: Carmignac at 30/12/2016

Past performance is not a reliable indicator 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.

# Disclaimer

This presentation is intended for professional clients. This presentation may not be reproduced, in whole or in part, without prior authorisation from the management company. This presentation is a financial promotion. It does not constitute a subscription offer, nor does it constitute investment advice. The information contained in this presentation may be partial information, and may be modified without prior notice.

SRRI from the KIID (Key Investor Information Document) : scale from 1 (lowest risk) to 7 (highest risk); category-1 risk does not mean a risk-free investment. This indicator may change over time.

Access to the Funds may be subject to restrictions with regard to certain persons or countries. The Funds 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 example of financial instruments in this presentation, was not prepared in accordance with applicable regulatory provisions regarding the independence of financial analysts. The Management Company is not subject to the prohibition of entering into transactions in connection with the relevant instruments before the presentation of this material. This material is presented for illustrative purposes only to point out certain instruments which are (or which were) in the portfolios of certain Carmignac funds, and it does not aim to promote a direct investment in the instruments mentioned herein. The portfolios of Carmignac funds may change without previous notice.

This presentation 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). The Fund's prospectus, NAV, KIIDs, and annual reports are available in English at the offices of the Facilities Agent at BNP PARIBAS SECURITIES SERVICES, operating through its branch in London: 55 Moorgate, London EC2R or at [www.carmignac.co.uk](http://www.carmignac.co.uk).

The Funds present a risk of loss of capital. The risks and fees are described in the KIIDs (Key Investor Information Document). The Funds' respective prospectuses, KIIDs and annual reports are available in English at [www.carmignac.co.uk](http://www.carmignac.co.uk), or upon request to the Management Company. The KIIDs must be made available to the subscriber prior to subscription. The investor should read the KIID for further information.

Copyright: The data published in this presentation are the exclusive property of their owners, as mentioned on each page.

## Presentation finalised on **28/02/2017**

**CARMIGNAC GESTION** – Portfolio management company (AMF agreement n° GP 97-08 of 13/03/1997)

Public limited company with share capital of € 15,000,000 - RCS Paris B 349 501 676

24 Place Vendôme – 75001 Paris – Tel : +33 1 42 86 53 35

**CARMIGNAC GESTION LUXEMBOURG** – Subsidiary of Carmignac Gestion

UCITS management company (CSSF agreement of 10/06/2013)

Public limited company with a share capital of € 23,000,000 - R.C. Luxembourg B 67 549

City Link -7, rue de la Chapelle L-1325 Luxembourg – Tel: +352 46 70 60 1