

# CARMIGNAC ABSOLUTE RETURN EUROPE F USD ACC HDG

FRENCH MUTUAL FUND (FCP)



Recommended  
minimum investment  
horizon:

3 YEARS



FR001400JG64

Monthly Factsheet - 31/07/2024

## INVESTMENT OBJECTIVE

European Long/Short Equity fund with an actively managed net equity exposure ranging between -20% and 50%. The Fund aims to generate alpha through the combination of long and short positions, while following a flexible and active management. The Fund seeks to achieve a positive absolute return over a 3-year investment horizon.

Fund Management analysis can be found on P.3

## PERFORMANCE

Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor).

### FUND PERFORMANCE SINCE LAUNCH (Basis 100 - Net of fees)

European regulation requires a minimum one-year Fund performance to be displayed.

### CUMULATIVE AND ANNUALIZED PERFORMANCE (as of 31/07/2024 - Net of fees)

European regulation requires a minimum one-year Fund performance to be displayed.

### ANNUAL PERFORMANCE (%) (Net of fees)

European regulation requires a minimum one-year Fund performance to be displayed.

### STATISTICS (%)

### PERFORMANCE CONTRIBUTION

European regulation requires a minimum one-year Fund performance to be displayed.



J. Fredriksson



D. Smith

## KEY FIGURES

Net Equity Exposure	34.6%
Short Equity Issuers	41
Long Equity Issuers	72

### FUND

**SFDR Fund Classification:** Article 8  
**Domicile:** France  
**Fund Type:** UCITS  
**Legal Form:** FCP  
**Fiscal Year End:** 31/12  
**Subscription/Redemption:** Daily  
**Order Placement Cut-Off Time:** Before 18:00 (CET/CEST)  
**Fund Inception Date:** 03/02/1997  
**Fund AUM:** 213M€ / 230M\$<sup>(1)</sup>  
**Fund Currency:** EUR

### SHARE

**Dividend Policy:** Accumulation  
**Date of 1st NAV:** 31/08/2023  
**Base Currency:** USD  
**Share class AUM:** 53979\$  
**NAV:** 107.95\$

### FUND MANAGER(S)

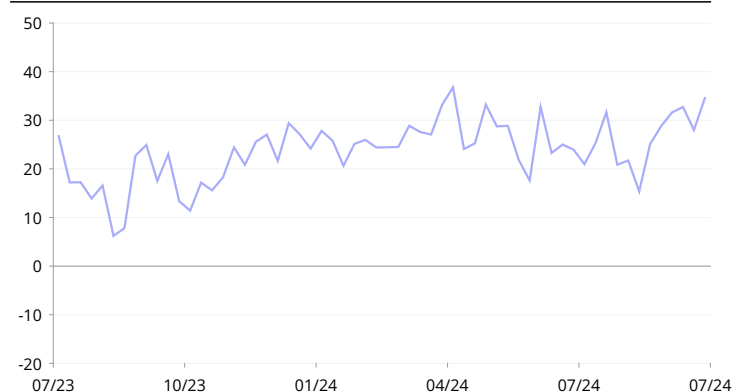
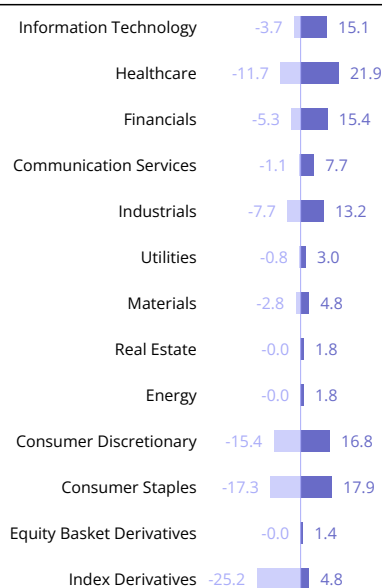
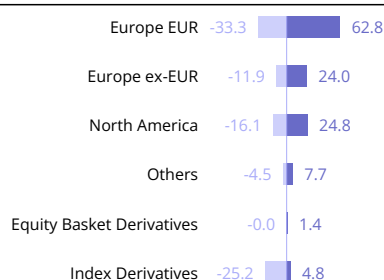
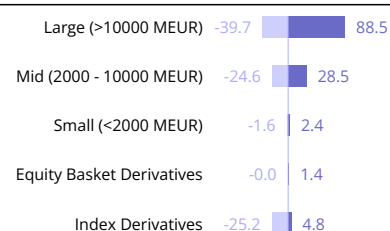
Johan Fredriksson since 01/09/2023  
Dean Smith since 01/09/2023

### OTHER ESG CHARACTERISTICS

Minimum % Taxonomy Alignment ..... 0%  
Minimum % Sustainable Investments ..... 0%  
Principal Adverse Impact Indicators ..... Yes

**PORTFOLIO BREAKDOWN**

Equity Long Exposure	125.6%
Equity Short Exposure	-91.0%
Equity Net Exposure	34.6%
Equity Gross Exposure	216.6%

**EQUITY EXPOSURE - 1 YEAR HORIZON (% AUM) <sup>(1)</sup>**

**SECTORIAL EXPOSURE (%)**

**GEOGRAPHICAL EXPOSURE (%)**

**CAPITALISATION EXPOSURE (%)**


Short Long

**TOP NET EXPOSURE - LONG**

Name	Country	Sector / Rating	%
NOVO NORDISK A/S	Denmark	Healthcare	3.3%
AMAZON.COM INC	USA	Consumer Discretionary	2.3%
ASML HOLDING NV	Netherlands	Information Technology	2.3%
ALPHABET INC	USA	Communication Services	2.2%
MICROSOFT CORP	USA	Information Technology	2.2%
DEUTSCHE TELEKOM AG	Germany	Communication Services	2.2%
FRESENIUS SE & CO KGAA	Germany	Healthcare	1.9%
SAP SE	Germany	Information Technology	1.8%
RELX PLC	United Kingdom	Industrials	1.8%
META PLATFORMS INC	USA	Communication Services	1.6%
<b>Total</b>			<b>21.8%</b>

**TOP NET EXPOSURE - SHORT**

Region	Sector	%
Netherlands	Consumer Staples	-0.9%
Finland	Utilities	-0.8%
United Kingdom	Communication Services	-0.8%
United Kingdom	Consumer Discretionary	-0.7%
USA	Consumer Staples	-0.7%
Sweden	Industrials	-0.7%
USA	Information Technology	-0.7%
United Kingdom	Consumer Discretionary	-0.7%
Italy	Materials	-0.7%
United Kingdom	Consumer Staples	-0.6%
<b>Total</b>		<b>-7.3%</b>

(1) Equity Exposure Rate = Equity Investment Rate + Equity Derivatives Exposure.

**MARKETING COMMUNICATION**

Please refer to the KID/prospectus of the fund before making any final investment decisions. For more information please visit [www.carmignac.ch](http://www.carmignac.ch)

## FUND MANAGEMENT ANALYSIS



### MARKET ENVIRONMENT

- July was a mixed month for financial markets with equities broadly flat although this masks a material increase in intra month volatility.
- Developed markets outperformed emerging markets, the US and the UK outperformed Europe, and overall small and mid-cap stocks outperformed large cap.
- From a style perspective Value outperformed Growth and defensives outperformed cyclicals.
- Weaker macro data and a benign inflation print in the US led investors to anticipate accelerated interest rate cuts and this combined with disappointing numbers from some of the mega cap AI beneficiaries.
- This rotation saw the Russell small cap index outperform the S&P by the largest amount ever over a 5-day period which catalyzed significant de-grossing in Equities as similar trends were replicated in other markets outside the US including Europe.
- Within Europe, the best performing sectors were Construction (ECB cutting rates), Banks (strong Q2's), Utilities and Real Estate (lower rates).
- The biggest laggards were Technology (which was particularly impacted by these rotational forces and renewed threats of further US export restrictions of semiconductor equipment to China), Basic resources on back of China growth fears and Autos.

### PERFORMANCE COMMENTARY

- In a very difficult market environment, the fund was essentially flat for the month.
- At the sector level the main positive contributions came from Financials, Industrials, Healthcare and Utilities while the largest detractors not surprisingly came from Technology, Communication Services and Staples.
- The key winners from stock selection were:
  - Fresenius Long: first good numbers for a long while on a very low valuation.
  - National Grid Long: positive numbers and improving sentiment post capital raise.
  - Argenx Long: significant sales beat from new drug and positive news on product pipeline.
- The biggest laggards were:
  - Novo Nordisk Long: fears of potential new entrants in obesity treatment generated profit taking
  - SK Hynix Long: profit taking as investors question sustainability of the AI demand boom. Semis sell off.
  - ASML Long: profit guidance for Q3 below expectations. China export regulation uncertainty.



### OUTLOOK AND INVESTMENT STRATEGY

- Rotational forces posed a significant challenge in July, and there is a possibility that this could extend to overall market downside risk in August, deviating from the typical weakness observed in September.
- We expect to reduce our gross and net further, until a clearer picture emerges. There could also be some risk of a mini 'black swan' event occurring given all these forces.
- Our fundamental view remains that inflation is gradually receding, and with-it economic growth also slowing.
- We believe it is still premature to conclude that the US will go into a recession. But, no doubt will there be a time when we get data to suggest the risk of a recession is pending, creating volatility.
- In sum, the adjustment of the portfolio in the coming weeks, will be largely down to opportunities being presented. In our view, there should be several, given spike in volatility, macro uncertainties leading to large share price moves.
- However, the core of the portfolio is unlikely to change much. After having already reduced exposure in Tech (biggest risk is positioning unwind), we now only own those Tech names where we see significant long term and structural upside (e.g. less cyclical tech).
- We remain committed to our views on GLP's and other defensive Pharma. Also, our long bias to Banks remains unchanged and if anything, the recent Banks' Q2 results have vindicated this view.
- We expect the Bank sector to be volatile with macro news, and therefore we aim to hedge out risk accordingly.
- Finally, we remain bearish, short on consumer discretionary and short cycle industrials.



### MARKETING COMMUNICATION

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## PORTFOLIO ESG SUMMARY

This financial product is classified Article 8 of the Sustainable Finance Disclosure Regulation (“SFDR”). The binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product are :

- ESG analysis applied to at least 90% of the equity holding in the Long portfolio;
- The Long Equity investment universe is actively reduced.

### PORTFOLIO ESG COVERAGE

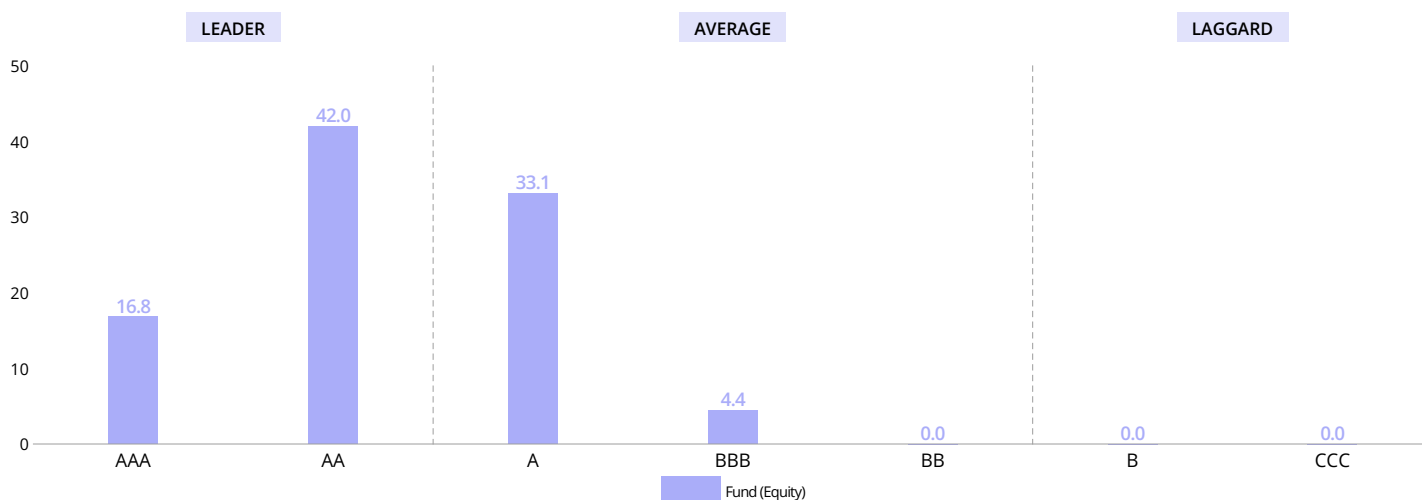
Number of issuers in the portfolio	64
Number of issuers rated	64
Coverage Rate	100.0%

Source: Carmignac

### ESG SCORE

Carmignac Absolute Return Europe F USD Acc Hdg	AA
Source: MSCI ESG	

### MSCI ESG SCORE PORTFOLIO



Source: MSCI ESG Score. ESG Leaders represent companies rated AAA and AA by MSCI. ESG Average represent companies rated A, BBB, and BB by MSCI. ESG Laggards represent companies rated B and CCC by MSCI. Portfolio ESG Coverage: 96.4%

### TOP 5 ESG RATED PORTFOLIO HOLDINGS

Company	Weight	ESG Rating
NOVO NORDISK AS	2.8%	AAA
STMICROELECTRONICS NV	0.7%	AAA
ASR NEDERLAND NV	0.8%	AA
HEINEKEN NV	0.8%	AA
ANHEUSERBUSCH INBEV SANV	0.6%	AA

Source: MSCI ESG

## GLOSSARY

**Beta:** Beta measures the relationship between the fluctuations of the net asset values of the fund and the fluctuations of the levels of its reference indicator. Beta of less than 1 indicates that the fund “cushions” the fluctuations of its index (beta = 0.6 means that the fund increases by 6% if the index increases by 10% and decreases by 6% if the index falls by 10%). Beta higher than 1 indicates that the fund “magnifies” the fluctuations of its reference indicator (beta = 1.4 means that the fund increases by 14% when the index increases by 10% but also decreases by 14% when the index decreases by 10%). Beta of less than 0 indicates that the fund reacts inversely to the fluctuations of its reference indicator (beta = -0.6 means that the fund falls by 6% when the index increases by 10% and vice versa).

**Capitalisation:** A company's stock market value at any given moment. It is obtained by multiplying the number of shares of a company by its stock exchange price.

**FCP:** Fonds commun de placement (French common fund).

**Investment/net exposure rate:** The investment rate constitutes the volume of assets invested expressed as a percentage of the portfolio. Adding the impact of the derivatives to this investment rate results in the net exposure rate, which corresponds to the real percentage of asset exposure to a certain risk. Derivatives can be used to increase the underlying asset's exposure (stimulation) or reduce it (hedging).

**Net asset value:** Price of all units (in an FCP) or shares (in a SICAV).

**Rating:** The rating measures the creditworthiness of a borrower (bond issuer).

**Sharpe ratio:** The Sharpe ratio measures the excess return over the risk-free rate divided by the standard deviation of this return. It thus shows the marginal return per unit of risk. When it is positive, the higher the Sharpe ratio, the more risk-taking is rewarded. A negative Sharpe ratio does not necessarily mean that the portfolio posted a negative performance, but rather that it performed worse than a risk-free investment.

**SICAV:** Société d'Investissement à Capital Variable (Open-ended investment company with variable capital)

**VaR:** Value at Risk (VaR) represents an investor's maximum potential loss on the value of a financial asset portfolio, based on a holding period (20 days) and confidence interval (99%). This potential loss is expressed as a percentage of the portfolio's total assets. It is calculated on the basis of a sample of historical data (over a two-year period).

**Volatility:** Range of price variation of a security, fund, market or index, which enables the measurement of risk over a given period. It is determined using the standard deviation obtained by calculating the square root of the variance. The variance is obtained by calculating the average deviation from the mean, which is then squared. The greater the volatility, the greater the risk.

## ESG DEFINITIONS & METHODOLOGY

**ESG:** E for Environment, S for Social, G for Governance

**ESG score Calculation:** Only the Equity and Corporate Bond holdings of the fund considered. Overall Fund Rating calculated using MSCI Fund ESG Quality Score methodology: excluding cash and non ESG-rated holdings, performing a weighted average of the normalized weights of the holdings and the Industry-Adjusted Score of the holdings, multiplied by (1+Adjustment%) which consists of the weight of positively trending ESG ratings minus the weight of ESG Laggards minus the weight of negatively trending ESG ratings. For a detailed explanation see “MSCI ESG Fund Ratings Methodology”, Section 2.3. Updated June 2021. <https://www.msci.com/documents/1296102/15388113/MSCI+ESG+Fund+Ratings+Exec+Summary+Methodology.pdf/ec622acc-42a7-158f-6a47-ed7aa4503d4f?t=1562690846881>.

**MSCI methodology:** MSCI uses company disclosed emissions where available. In the instance these are not available, they use their proprietary model to estimate emissions. The model has three distinct modules, production model (used for power-generating utilities), company-specific intensity model (used for companies that have reported carbon emissions data in the past but not for all years), & industry segment-specific intensity model (used for companies that have not reported any carbon emissions data in the past). For further information, please visit MSCI's latest “Climate Change Metrics Methodology” document.

**Principal Adverse Impacts (PAI):** Negative, material, or potentially material effects on sustainability factors that result from, worsen, or are directly related to investment choices or advice performed by a legal entity. Examples include GHG emissions and carbon footprint.

**Scope 1:** Greenhouse gas emissions generated from burning fossil fuels and production processes which are owned or controlled by the company.

**Scope 2:** Greenhouse gas emissions from consumption of purchased electricity, heat or steam by the company.

**Scope 3:** Other indirect Greenhouse gas emissions, such as from the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc.

**SFDR Articles - Fund Classification:** Sustainable Finance Disclosure Regulation, an EU Act that requires asset managers to classify funds into categories: “Article 8” funds promote environmental and social characteristics, “Article 9” funds have sustainable investments as a measurable objective.

**Sustainable Investments:** The SFDR defines sustainable investment as an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

**Taxonomy Alignment:** In the context of an individual company, taxonomy alignment is defined as the proportion of a company's revenue that comes from activities that meet certain environmental criteria. In the context of an individual fund or portfolio, alignment is defined as the portfolio-weight weighted average taxonomy alignment of included companies. For more information, please follow this link:

[https://ec.europa.eu/info/sites/default/files/business\\_economy\\_euro/banking\\_and\\_finance/documents/sustainable-finance-taxonomy-faq\\_en.pdf](https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/sustainable-finance-taxonomy-faq_en.pdf)

## CHARACTERISTICS

Share Class	Date of 1st NAV	Bloomberg	ISIN	Management Fee	Entry costs <sup>(1)</sup>	Exit costs <sup>(2)</sup>	Management fees and other administrative or operating costs <sup>(3)</sup>	Transaction costs <sup>(4)</sup>	Performance fees <sup>(5)</sup>	Minimum Initial Subscription <sup>(6)</sup>	Single Year Performance (%)				
											31.07.23-31.07.24	29.07.22-31.07.23	30.07.21-29.07.22	31.07.20-30.07.21	31.07.19-31.07.20
A EUR Acc	03/02/1997	CARFRPR FP	FR0010149179	Max. 2%	Max. 4%	—	2.3%	0.98%	20%	—	7.9	-6.3	2.4	10.8	3.7
A EUR Ydis	19/06/2012	CAREPDE FP	FR0011269406	Max. 2%	Max. 4%	—	2.3%	0.98%	20%	—	7.9	-6.3	-0.0	10.9	3.8
F EUR Acc	31/08/2023	CARFEUA FP	FR001400JG56	Max. 1%	—	—	1.3%	0.98%	20%	—	—	—	—	—	—
F USD Acc Hdg	31/08/2023	CARFUSA FP	FR001400JG64	Max. 1%	—	—	1.3%	0.98%	20%	—	—	—	—	—	—

(1) 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.

(2) We do not charge an exit fee for this product.

(3) of the value of your investment per year. This estimate is based on actual costs over the past year.

(4) 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.

(5) max. of the outperformance if the performance is positive and the net asset value exceeds the high-water mark. 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.

(6) Please refer to the prospectus for the minimum subsequent subscription amounts. The prospectus is available on the website: [www.carmignac.com](http://www.carmignac.com).

## MAIN RISKS OF THE FUND

**RISK ASSOCIATED WITH THE LONG/SHORT STRATEGY:** This risk is linked to long and/or short positions designed to adjust net market exposure. The fund may suffer high losses if its long and short positions undergo simultaneous unfavourable development in opposite directions. **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. **INTEREST RATE:** Interest rate risk results in a decline in the net asset value in the event of changes in interest rates. **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.

The Fund presents a risk of loss of capital.

## IMPORTANT LEGAL INFORMATION

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