

# Carmignac Portfolio Flexible Bond E EUR Acc

Luxembourg SICAV sub-fund



G. Rigeade

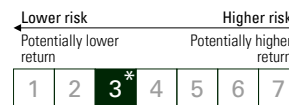


E. Ben zimra

FACT SHEET  
08/2022

Recommended  
minimum investment  
horizon:

3 years



## Investment Objective

Carmignac Portfolio Flexible Bond is an international fixed income UCITS fund that implements interest rates and credit strategies across the globe while systematically hedging the currency risk. Its flexible and opportunistic style enables the Fund to implement a largely unconstrained, conviction-driven allocation strategy across global bond markets. In addition, the Fund seeks to invest sustainably for long-term growth and implements a socially responsible investment approach. The Fund aims to outperform its reference indicator over three years.

Fund Management analysis can be found on P.4



Modified Duration: <b>0.13</b>	Yield to Maturity: <b>6.23%</b>
Average Rating: <b>BBB-</b>	

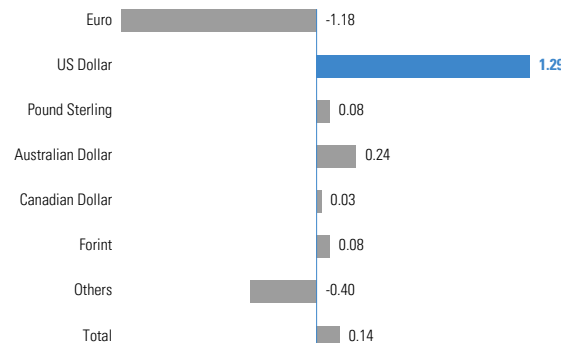
## Asset Allocation

	08/22	07/22	12/21
<b>Bonds</b>	<b>85.33%</b>	<b>93.12%</b>	<b>81.32%</b>
<b>Government Bonds</b>	<b>20.92%</b>	<b>28.17%</b>	<b>28.59%</b>
Developed Countries	12.93%	20.01%	16.43%
Emerging Markets	7.99%	8.16%	12.16%
<b>Corporate Bonds</b>	<b>29.53%</b>	<b>29.62%</b>	<b>26.99%</b>
High Yield	11.74%	12.96%	9.77%
Investment Grade	5.85%	5.51%	7.62%
Emerging Markets	11.93%	11.16%	9.59%
<b>Financials</b>	<b>26.65%</b>	<b>27.40%</b>	<b>20.79%</b>
Senior debt	10.63%	10.74%	10.97%
Subordinated debt	16.02%	16.55%	9.83%
Bonds	—	0.11%	—
<b>Supranational Bonds</b>	<b>0.21%</b>	<b>0.20%</b>	<b>0.61%</b>
<b>ABS</b>	<b>8.02%</b>	<b>7.72%</b>	<b>4.34%</b>
<b>Equities</b>	<b>0.23%</b>	<b>0.21%</b>	<b>—</b>
<b>Money Market</b>	<b>5.11%</b>	<b>0.00%</b>	<b>11.53%</b>
<b>Cash, Cash Equivalents and Derivatives Operations</b>	<b>9.32%</b>	<b>6.67%</b>	<b>6.25%</b>

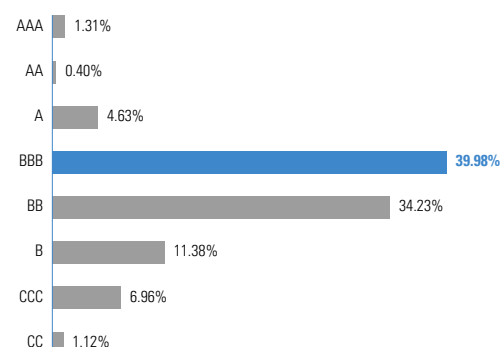
## PROFILE

- **Fund Inception Date:** 14/12/2007
- **Fund Manager:** Guillaume Rigeade since 09/07/2019, Eliezer Ben zimra since 09/07/2019
- **Fund AUM:** 1290M€ / 1297M\$<sup>(1)</sup>
- **Share class AUM:** 20447€
- **Domicile:** Luxembourg
- **Reference Indicator:** ICE BofA Euro Broad Market Index (coupons reinvested).
- **Base Currency:** EUR
- **NAV:** 102.24€
- **Dividend Policy:** Accumulation
- **Fund Type:** UCITS
- **Legal Form:** SICAV
- **SICAV Name:** Carmignac Portfolio
- **Fiscal Year End:** 31/12
- **Subscription/Redemption:** Daily
- **Order Placement Cut-Off Time:** Before 18:00 (CET/CEST)
- **SFDR Fund Classification:** Article 8

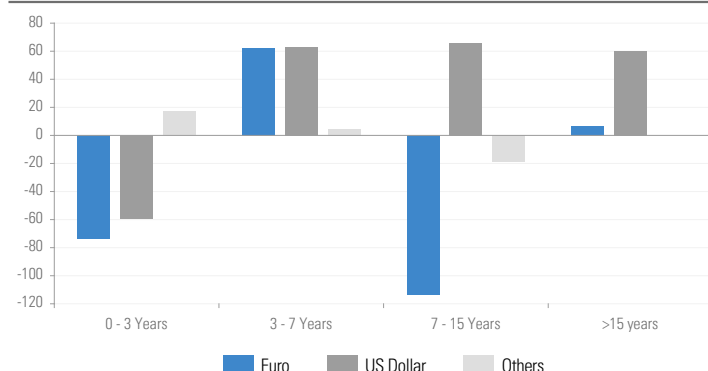
## Modified Duration by Yield Curve (in bps)



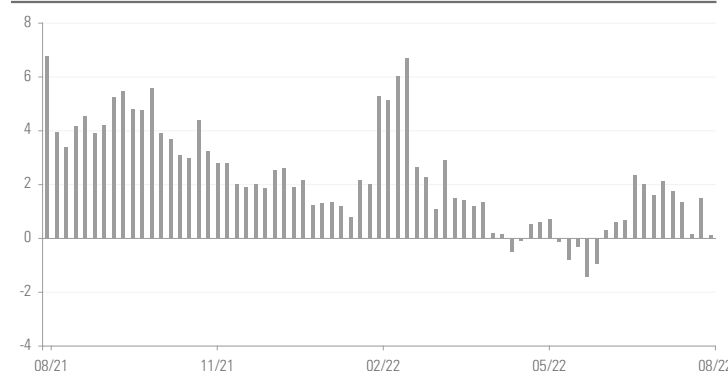
## Rating Breakdown



## Modified duration by maturity bucket (in bps)



## Modified Duration - 1 Year Period



\* For the share class Carmignac Portfolio Flexible Bond E EUR Acc. Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time. (1) Exchange Rate EUR/USD as of 31/08/22.

## Fund Performance vs. Reference Indicator Since Launch

Due to European regulations we are only permitted to show fund performance over a minimum period of one year.

## VaR

Fund VaR 2.74%

Share Class	Date of 1st NAV	Bloomberg	ISIN	SEDOL	CUSIP	WKN	Management Fee	Ongoing Charge <sup>(1)</sup>	Performance fee	Maximum Subscription Fee <sup>(2)</sup>	Minimum Initial Subscription <sup>(3)</sup>	Single Year Performance (%)				
												31.08.21-31.08.22	31.08.20-31.08.21	30.08.19-31.08.20	31.08.18-30.08.19	31.08.17-31.08.18
A EUR Acc	14/12/2007	CARCSHP LX	LU0336084032	B3K7RF5	L1455N146	A0M9A2	1%	1.2%	Yes	1%	—	-11.24	5.17	5.18	2.66	-0.80
A EUR Ydis	15/11/2013	CARCAEY LX	LU0992631050	BGP6SP5	L1455N294	A1W94Z	1%	1.2%	Yes	1%	—	-11.23	5.17	5.18	2.65	-0.78
A CHF Acc Hdg	19/07/2012	CARCSHA LX	LU0807689665	BH899W2	L15064105	A1J2R1	1%	1.2%	Yes	1%	—	-11.27	4.84	4.73	2.16	-1.27
A USD Acc Hdg	19/07/2012	CARCSHU LX	LU0807689749	BH899X3	L15064113	A1J2R2	1%	1.2%	Yes	1%	—	-10.43	5.92	7.04	5.52	1.49
F EUR Acc	15/11/2013	CARCFEA LX	LU0992631217	BGP6SQ6	L1455N310	A1W940	0.55%	0.75%	Yes	1%	—	-11.13	5.57	5.61	3.10	-0.41
F CHF Acc Hdg	15/11/2013	CARCFCH LX	LU0992631308	BH899Y4	L1455N328	A116MQ	0.55%	0.75%	Yes	—	—	-11.13	5.25	5.16	2.59	-0.82
Income A EUR	20/11/2015	CACPAED LX	LU1299302684	BYNYZD4	L1506T175	A2AA96	1%	1.19%	Yes	1%	—	-11.31	5.24	5.18	2.65	-0.86
F USD Acc Hdg	31/12/2021	CAPFBFH LX	LU2427321547	BLFLB56			0.55%	0.75%	Yes	—	—	—	—	—	—	—
E EUR Acc	01/07/2022	CARBVAE LX	LU2490324337				Max. 1.4%	1.6%	Yes	—	—	—	—	—	—	—

Variable Management Charge: 20% 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. (1) Ongoing charges are based on the expenses for the last financial year ended. They may vary from year to year and do not include performance fees or transaction costs. (2) Entry charges paid to distributors. No redemption fees. (3) 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).

## PORTFOLIO ESG SUMMARY

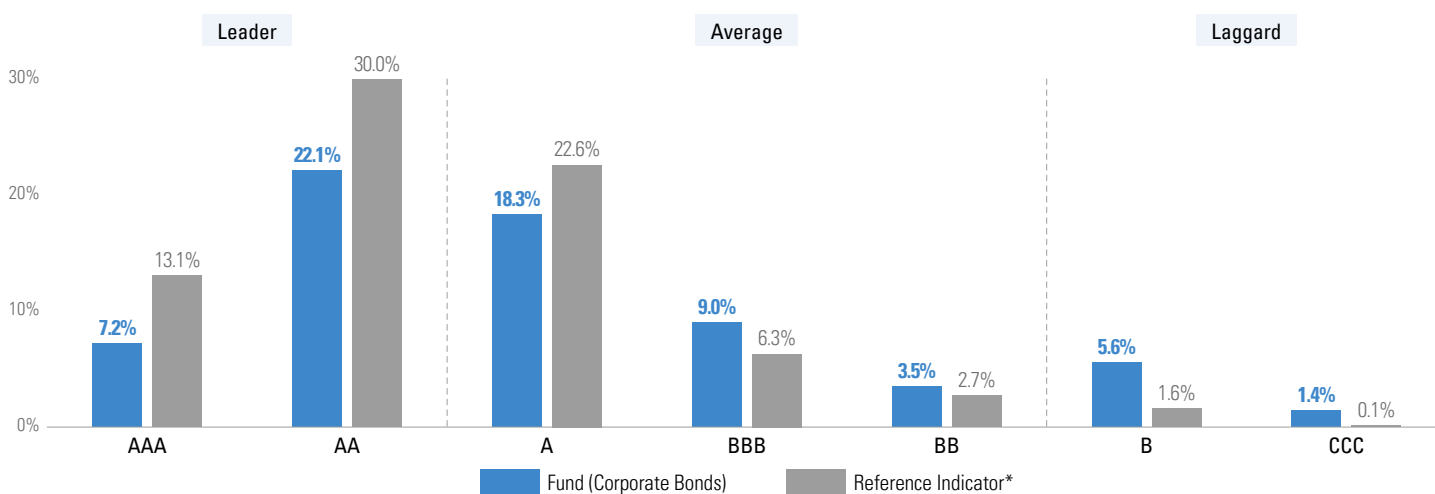


ESG Score - Portfolio ESG Coverage: 67.1%

Carmignac Portfolio Flexible Bond E EUR Acc	Reference Indicator*
AA	AAA

Source MSCI ESG

## MSCI ESG Score Portfolio vs Reference Indicator



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.

## Top 5 ESG Rated Portfolio Holdings

Company	Weight	ESG Rating
EC FINANCE PLC	0.15%	AAA
INTESA SANPAOLO SPA	0.00%	AAA
BANCO BILBAO VIZCAYA ARGENTARIA SA	0.00%	AAA
DEUTSCHE BORSE AG	0.00%	AAA
ENEL SPA	0.00%	AAA

## Top 5 Active Weights and ESG Scores

Company	Weight	ESG Score
ABN AMRO BANK NV	4.24%	A
ENI SPA	1.51%	A
PETROLEOS MEXICANOS SA	1.45%	
SAZKA GROUP AS	1.44%	
PERSHING SQUARE HOLDINGS LTD.	1.39%	

\* Reference Indicator: ICE BofA Euro Broad Market Index (coupons reinvested). The reference to a ranking or prize, is no guarantee of the future results of the UCIS or the manager.

## FUND MANAGEMENT ANALYSIS

### Market environment



The key event of the month was the annual meeting of central bankers known as the Jackson Hole symposium. Shortly before, economic figures released in the US showed not only the strength of the US labour market, but also lower-than-expected inflation for July, suggesting that inflation had peaked in June. It was another story in Europe, where inflation was still accelerating and an increasingly tangible energy crisis was pushing peak inflation a little further into the future. This led to a further increase in inflation expectations in Europe over the period. The UK also made its mark, with the BoE raising interest rates by 50 basis points and announcing an upcoming recession and a 13% rise in prices. However, the highlight of August has to be the central bank meeting in Wyoming. Jerome Powell for the Fed and Isabel Schnabel for the ECB acted in concert, reinforcing their conservative stance and making the fight against inflation an absolute priority over any other consideration, whether it be protecting the job market or the risk of economic recession. This led to a massive rise in yields in Europe, particularly in short rates, and a massive correction in the credit and equity markets.

### Performance commentary



Against this backdrop, the Fund was able to generate positive performance while its reference indicator posted the largest monthly decline in almost three decades. The portfolio's modified duration, maintained at levels close to zero or even in negative territory, and in practice much lower than that of its indicator, ensured that the Fund was not adversely affected by rising yields over the period. Although we benefitted from our short positions on Italian, German and US bonds, our short position on the shortest maturities was also beneficial, as the significant rise in rates was accompanied by substantial flattening of the curves. In addition, our selection of emerging market bonds supported the Fund's monthly performance, thanks to the significant revaluation of our Russian assets in hard currencies as valuations normalised somewhat. There was also a sharp rebound in our selection of collateralised loan obligations (CLOs). Lastly, our hedges on the European high yield credit markets achieved positive performance, reacting to the sharp deterioration in the credit market in the second half of the month.

### Outlook and Investment strategy



In this environment, we are keeping the Fund's modified duration at a low level, with a short bias in Europe, where our short positions are now spread across the entire yield curve. We are also holding onto our short positions in Italy, where we believe credit spreads remain fragile. In the US, we are maintaining a cautious stance in the form of low duration, but have toned down the scale of our positioning to bring it into line with market expectations for monetary tightening. Credit market exposure is still at the core of our portfolio, with the three main themes being high yield energy bonds, emerging market debt issued by commodity exporting economies and European financial subordinated bonds. These constitute major sources of carry that will enable the Fund to generate performance over the medium to long term. In addition, we have decided to reduce our hedges on the European high yield credit market as we believe that much of the concern over the risk of gas supplies to Europe being interrupted is now priced in. Lastly, our long inflation positioning is now focused on Europe, where the major energy crisis that is taking hold should push inflation expectations higher.

## GLOSSARY

**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.

**Duration:** A bond's duration is the period beyond which interest rate variations will no longer affect its return. The duration is like a discounted average lifetime of all flows (interest and capital).

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

**High yield:** A loan or bond rated below investment grade because of its higher default risk. The return on these securities is generally higher.

**Investment grade:** A loan or bond that rating agencies have rated AAA to BBB-, generally indicating relatively low default risk.

**Investment/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 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).

**Modified duration:** A bond's modified duration measures the risk attached to a given change in the interest rate. Modified duration of +2 means that for an instantaneous 1% rate increase, the portfolio's value would drop by 2%.

**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). Ratings are published by rating agencies and offer the investor reliable information on the risk profile associated with a debt security.

**SFDR Fund Classification:** Sustainable Finance Disclosure Regulation (SFDR) 2019/2088. 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. For more information, please refer to <https://eur-lex.europa.eu/eli/reg/2019/2088/oj>

**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.

**Yield to Maturity:** Yield to maturity corresponds to the concept of actuarial yield. It is, at the time of calculation, the rate of return offered by a bond in the event it is held until maturity by the investor.

## 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>.

**S&P Trucost methodology:** Trucost uses company disclosed emissions where available. In the instance it is not available, they use their proprietary EEIO model. The model uses the revenue breakdown of the company by industry sector to estimate the carbon emissions. For further information, please visit: [www.spglobal.com/spdji/en/documents/additional-material/faq-trucost.pdf](http://www.spglobal.com/spdji/en/documents/additional-material/faq-trucost.pdf). Although S&P Trucost does report Scope 3 emissions where available, such emissions are commonly considered to be poorly defined and inconsistently calculated by companies. As a result, we have chosen not to include them in our portfolio emission calculations. To calculate the portfolio carbon emissions, the companies' carbon intensities (tonnes of CO2e /USD mn revenues) are weighted according to their portfolio weightings (normalized for holdings for which carbon emissions are not available), and then summed.

**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.

## Main risks of the fund

**Interest rate:** Interest rate risk results in a decline in the net asset value in the event of changes in interest rates. **Credit:** Credit risk is the risk that the issuer may default.

**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.

**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. The Fund presents a risk of loss of capital.

## Important legal information

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**CARMIGNAC GESTION**, 24, place Vendôme - F-75001 Paris - Tél : (+33) 01 42 86 53 35

Investment management company approved by the AMF

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

**CARMIGNAC GESTION Luxembourg** - City Link - 7, rue de la Chapelle - L-1325 Luxembourg - Tél : (+352) 46 70 60 1

Subsidiary of Carmignac Gestion - Investment fund management company approved by the CSSF

Public limited company with share capital of € 23,000,000 - RC Luxembourg B 67 549

## MARKETING COMMUNICATION

