

**SHINING A LIGHT ON THE.....
FP Carmignac Emerging Markets Fund**

AT A GLANCE

Investment Objective
The investment objective of the Fund is to achieve capital growth over a period of at least five years. The Fund seeks to achieve its investment objective by investing, either directly or indirectly through collective investment schemes that it holds, in shares of companies whose registered office or core business is located in emerging countries (as defined in this prospectus), with no particular emphasis on business sector or company size. The Fund will typically invest between 80% – 95% in shares (as outlined above), however, on rare occasions, such as when the markets are experiencing heavy turmoil, the Fund may decrease its exposure to company shares to no less than 51% and invest a greater proportion (up to 40%) in debt instruments.

Fund Factsheet Link
https://www.morningstar.co.uk/uk/funds/snapshot/snapshot.aspx?id=F000013IVJ

Management	
Manager Name	Start Date
Xavier Hovasse	15 th February 2019
Haiyan Li-Labbe	1 st January 2021

FUND PERFORMANCE

(Based on Carmignac Emergents Xavier fund manager since 25th February 2015)

Performance from 1st January 2016 to 28th February 2022:

	2016	2017	2018	2019	2020	2021	2022
Carmignac Emergents Fund (European Fund)	17.43%	23.58%	-17.69%	17.74%	52.82%	-16.26%	-8.96%
FP Carmignac Emerging Markets Fund	-	-	-	-	63.05%	-15.59%	-9.11%
MSCI EM	33.12%	25.83%	-8.92%	14.31%	15.02%	-1.64%	-3.92%

Performance over 12 months, 3 years, 5 years and since fund manager inception:

	1 year	3 years	5 years	Since fund manager inception	Since launch of UK Fund
Carmignac Emergents Fund (European Fund)	-24.52%	30.82%	29.90%	55.40%	30.23%
FP Carmignac Emerging Markets Fund	-24.18%	-	-	-	42.03%
MSCI EM	-6.94%	18.19%	30.04%	60.54%	18.50%

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You should note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

Tracking Error	Information Ratio	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
7.49	0.48	87.02	136.54	126.29	58.33	1.07	3.47	Blend/Large

Volatility Measurements

3-Yr Std Dev (volatility)	17.39%
3-Yr Mean Return (average)	9.37%

Investment Style Details

Giant	52.29%
Large	24.26%
Medium	10.50%
Small	0.00%
Micro	0.00%

Top 5 Holdings – 44 Equity Holdings

Samsung Electronics Co Ltd	Technology	4.80%
Samsung Electronics Co Ltd Parti...	Technology	4.40%
Grupo Financiero Banorte SAB de ...	Financial Services	3.94%
Baidu Inc ADR	Communication Services	3.71%
TSMC	Technology	3.61%

Top 5 Sectors

Consumer Cyclical	19.81%
Technology	19.30%
Financial Services	18.39%
Communication Services	10.94%
Healthcare	8.76%

Top 5 Regions

China	33.10%
South Korea	20.19%
Brazil	11.12%
India	11.07%
Singapore	4.92%

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UPDATE....

Intellectually, Xavier is a fascinating fund manager, and this is one of the most interesting emerging funds we have discovered. It is an Article 9 Strategy with a fully integrated SRI and low carbon approach. It is a conviction driven fund with a focus on quality and growth. The fund has had a difficult period and coming into 2021 Xavier was positive for the outlook.

The events that are playing out are tragic for Ukrainians and for Europe, and the human side is important to reflect on. However from an investment viewpoint, this does and will impact asset price movements for this year. This is a black swan event. There were risks around the East of Ukraine, but no-one expected a full-scale war and the Russians trying to take control of the capital city. In terms of recent Black Swan events, he says this is akin to 9-11 and COVID. This changes everything and the impact will be felt for at least a couple of years.

The MSCI Russia index is down -63.6%. The fund did have exposure to Russia, and they had sold one holding and were reducing others. They have written down the value of the assets, so the fund effectively holds less than 1% in Russia. They were challenged as to why they hold Russian assets. Xavier explained that prior to this they had one of the best economies, with a fiscal surplus, trade surplus, FX reserves and gold reserves. So, a strong well managed economy with some excellent companies.

The reality was that the economy was being managed to build up a war chest. The sanctions against Russia were unexpected in terms of the severity, and these are crippling the economy. No-one knows the eventual outcome, but it could be Russia takes the Donbas Regions and Ukraine agree not to join NATO for ten years, but no-one knows.

They can't sell the assets they hold and if there is a resolve and markets open these stocks could provide significant upside for the fund, and at that stage a decision cannot be made as to whether to hold in the future.

The impact of all of this is massive across commodities because of what Russia supplies, whether it is wheat, oil, metal, or gas. Almost certainly Europe will fall into a recession, and this could have an impact on the French elections.

There has been contagion and China is down -11% this year. The fear is that China will move to take over Taiwan which they believe is unlikely. They have increased exposure on the back of this weakness adding in particularly to the green revolution. They have also taken advantage of some deep value names like Baidu. There are great opportunities at the moment where companies have large cash balance sheets and trading at almost zero valuations. It only needs a small amount of positive news for these to re-rate strongly.

The fund has a higher cash weighting at the moment and has reduced exposure to India and increased exposure to Brazil. They have moved to countries which will benefit from the uplift in oil and other commodity prices, meaning exposure to Latin America has increased to around 15%.

Xavier believes that at some point there will be a big re-bound in equities, and as everything is changing so the policies of central banks are likely to change which will benefit emerging markets. In terms of where they are investing, they have to be careful because some economies will be hit by higher commodity prices, and in turn some businesses will struggle, so navigating this is important.

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In summary, everything has changed, and the more markets go down the more opportunities that open. Xavier explained that at some point there will be a rebound in asset prices, and they believe they are positioned to benefit from this. They have been careful to reposition parts of the portfolio. In terms of outcomes, a quick win would be good for markets but not the world. The more likely scenario is some sort of carving up. They have committed not to add to Russian Equities, but they can't do anything with the holdings they have and any rebound in the future will benefit the fund.

The source of information in this note has been provided by Carmignac and is correct as of March 2022. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this, and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.