

Quarterly Meeting














4th quarter 2017



Didier Saint-Georges

Managing Director
and Member of the Investment Committee

Performance of our Fund Range in 2017

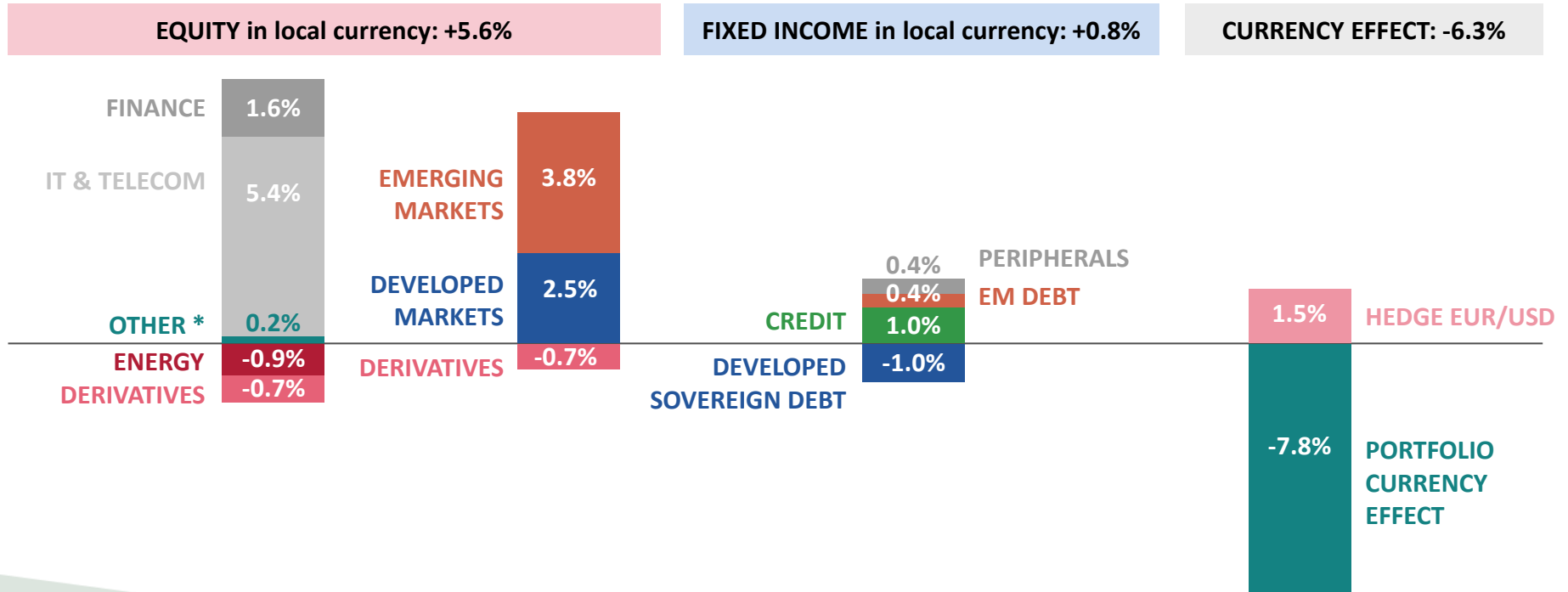
	EQUITY range	PATRIMOINE range	FIXED INCOME range
Global	C. Investissement +4.76% 	C. Patrimoine +0.09%  C. Investissement Latitude +0.33% 	C. Portfolio Unconstrained Global Bond +0.10%  C. Portfolio Capital Plus +1.65% 
Europe	C. Portfolio Grande Europe +10.36%  C. Euro-Entrepreneurs +23.94% 	C. Euro-Patrimoine +14.57% 	C. Sécurité +0.04% 
Emerging	C. Emergents +18.84%  C. Portfolio Emerging Discovery +17.91% 	C. Portfolio Emerging Patrimoine +7.30% 	
Thematic	C. Portfolio Commodities +5.51% 		

Source: Carmignac, 29/12/2017

Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor). All performances relate to share class A EUR acc. A green icon indicates outperformance vs the Fund's reference indicator, while an amber icon indicates underperformance vs its reference indicator.

Carmignac Patrimoine: Performance in 2017

Net Performance: 0.09%



Source : Carmignac, 29/12/2017

Past performance is not necessarily indicative of future performance.

*materials, industry, healthcare, consumer



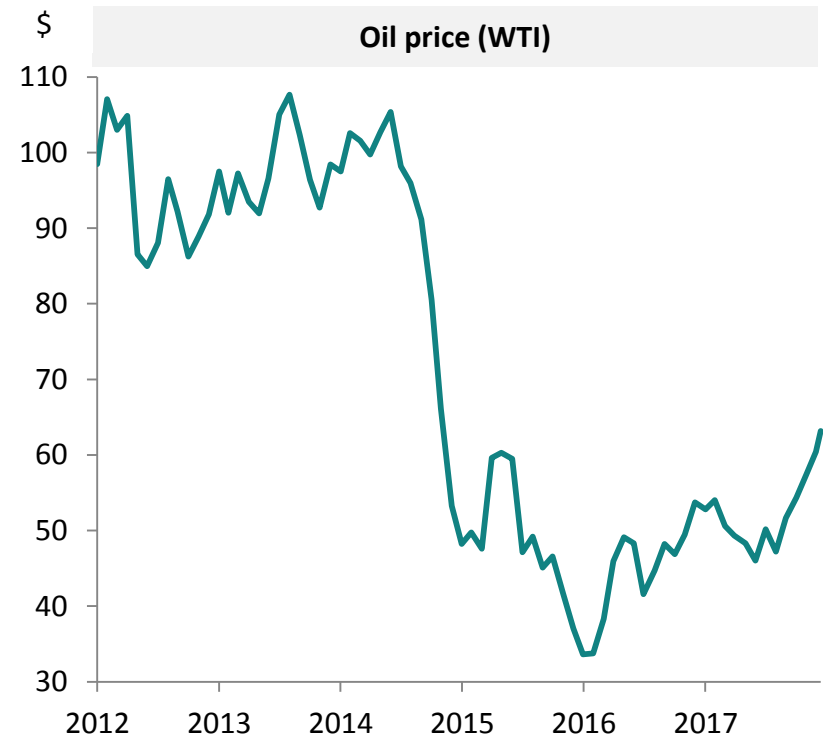
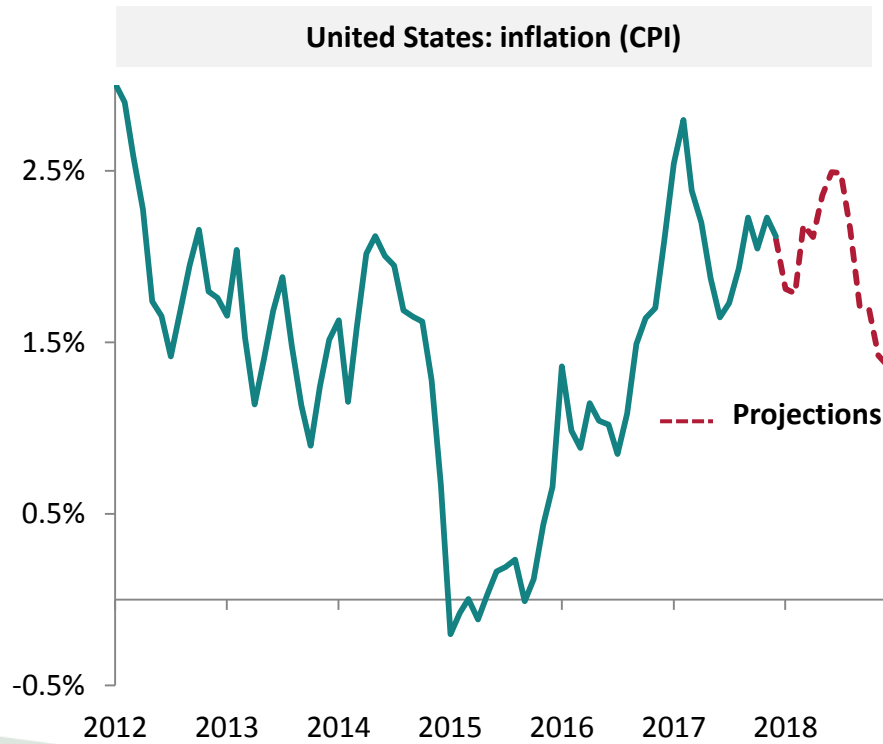
Frédéric Leroux

Head of Cross Asset Team,
Global Manager

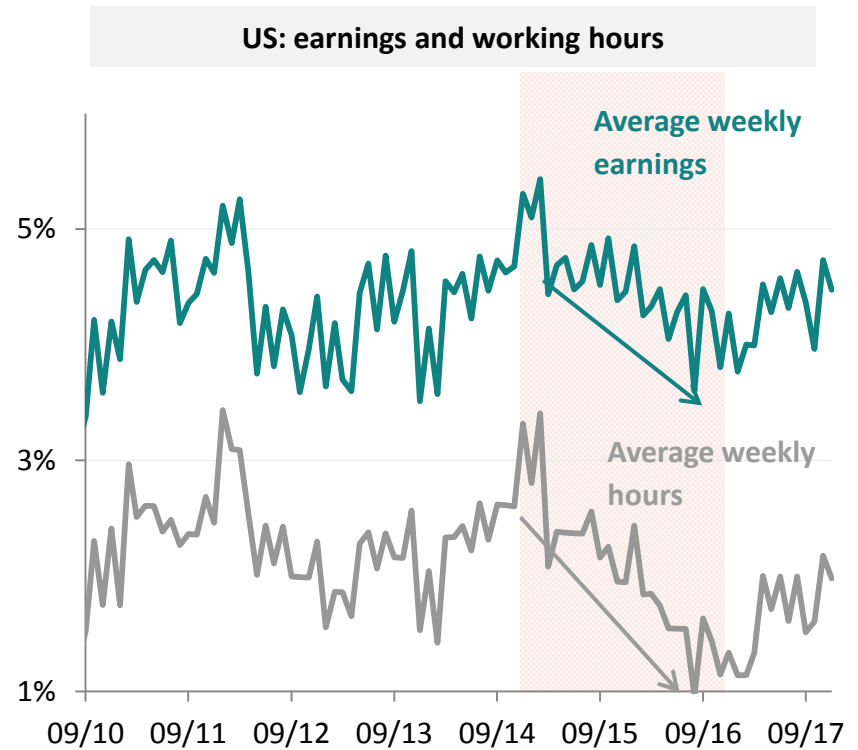
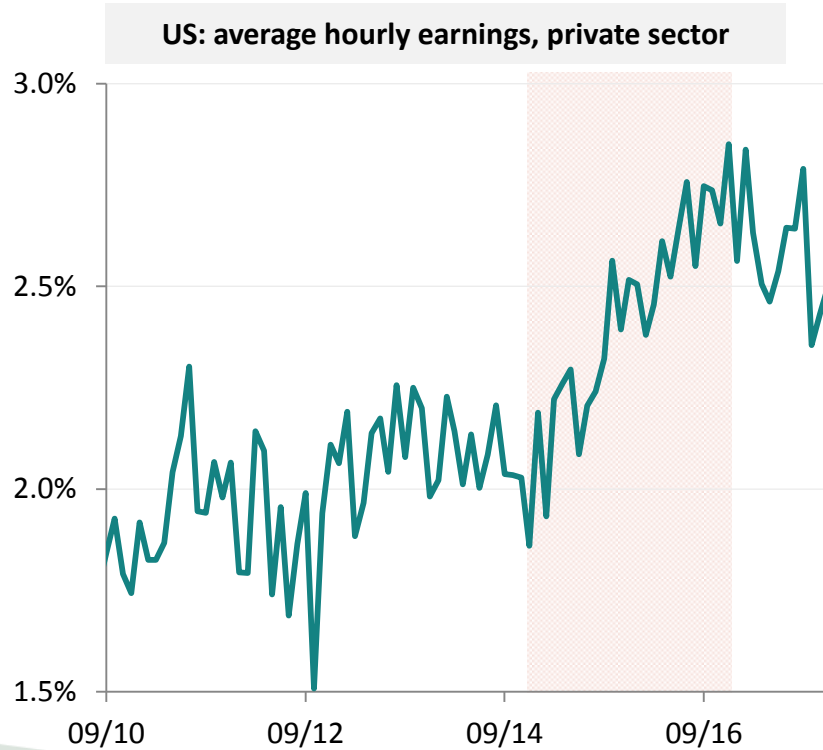


Inflation: a Disruptive Factor for 2018?

United States: The Disinflationary Trend Does not Prevent Fluctuations

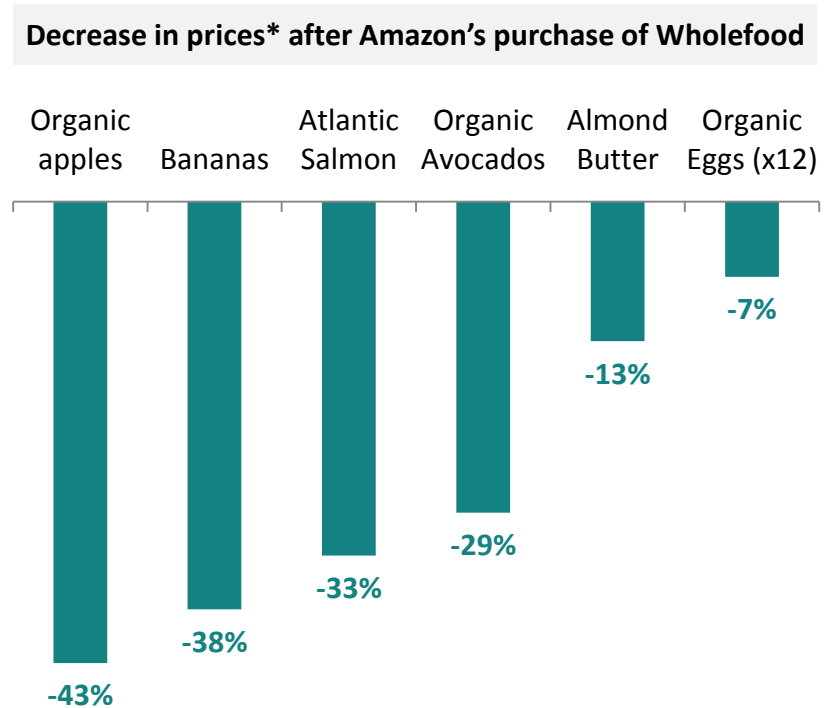
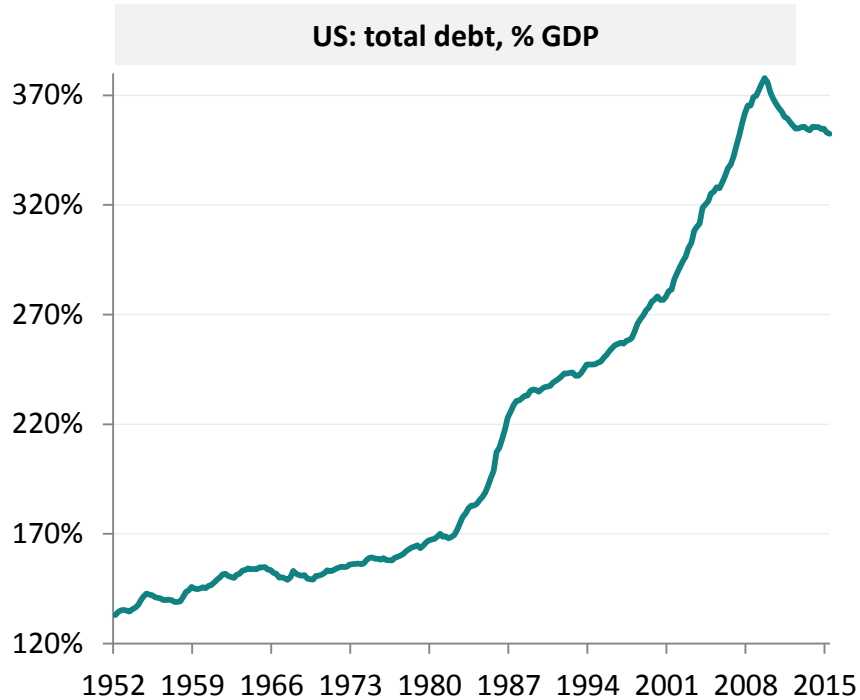


United States: Some Temporary Factors Might Exacerbate Inflationary Fear



Source: Carmignac, 12/2017

Structural Disinflationary Pressures Persist



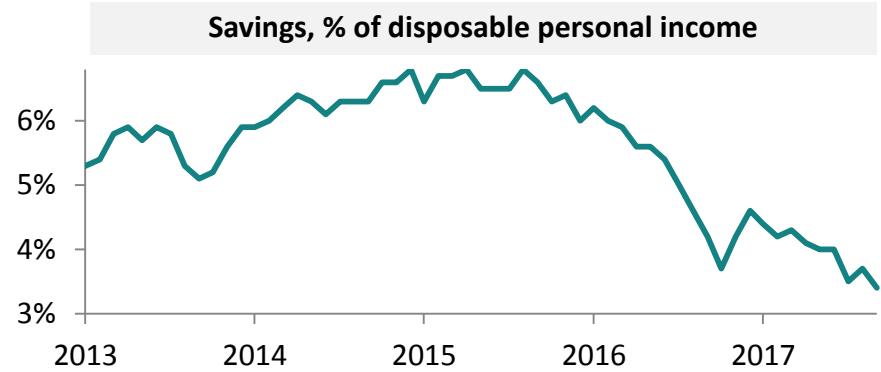
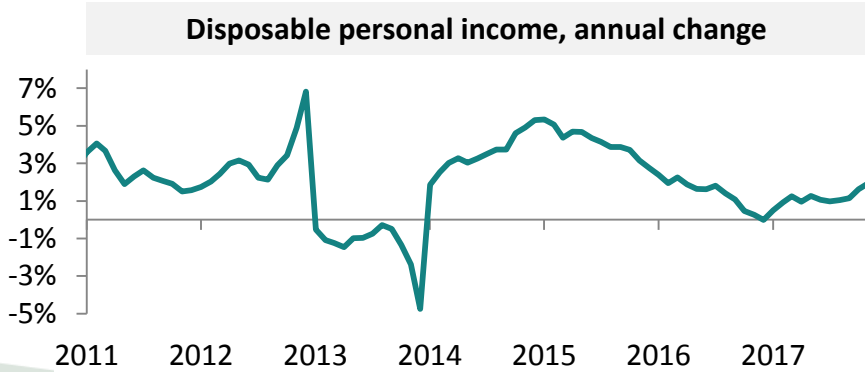
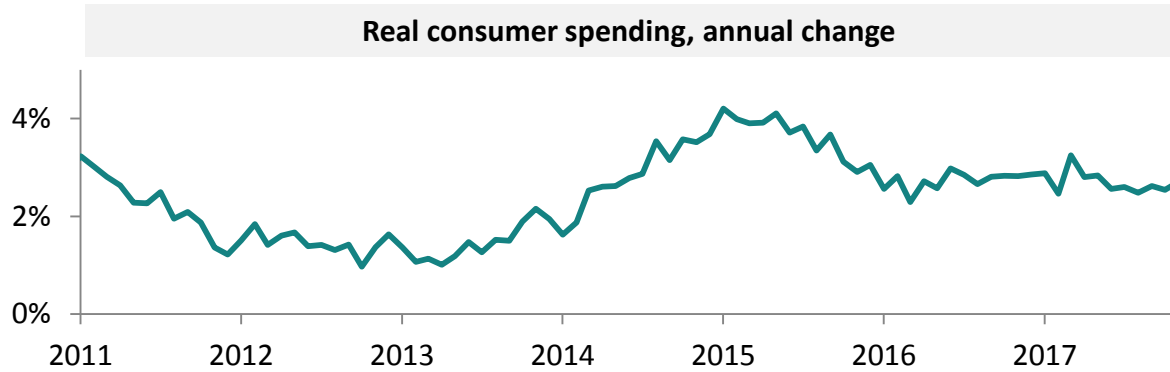
Source: Bloomberg, 10/2017

*from the 24th to the 28th August on the base of a pound of quantity at Wholefood Manhattan

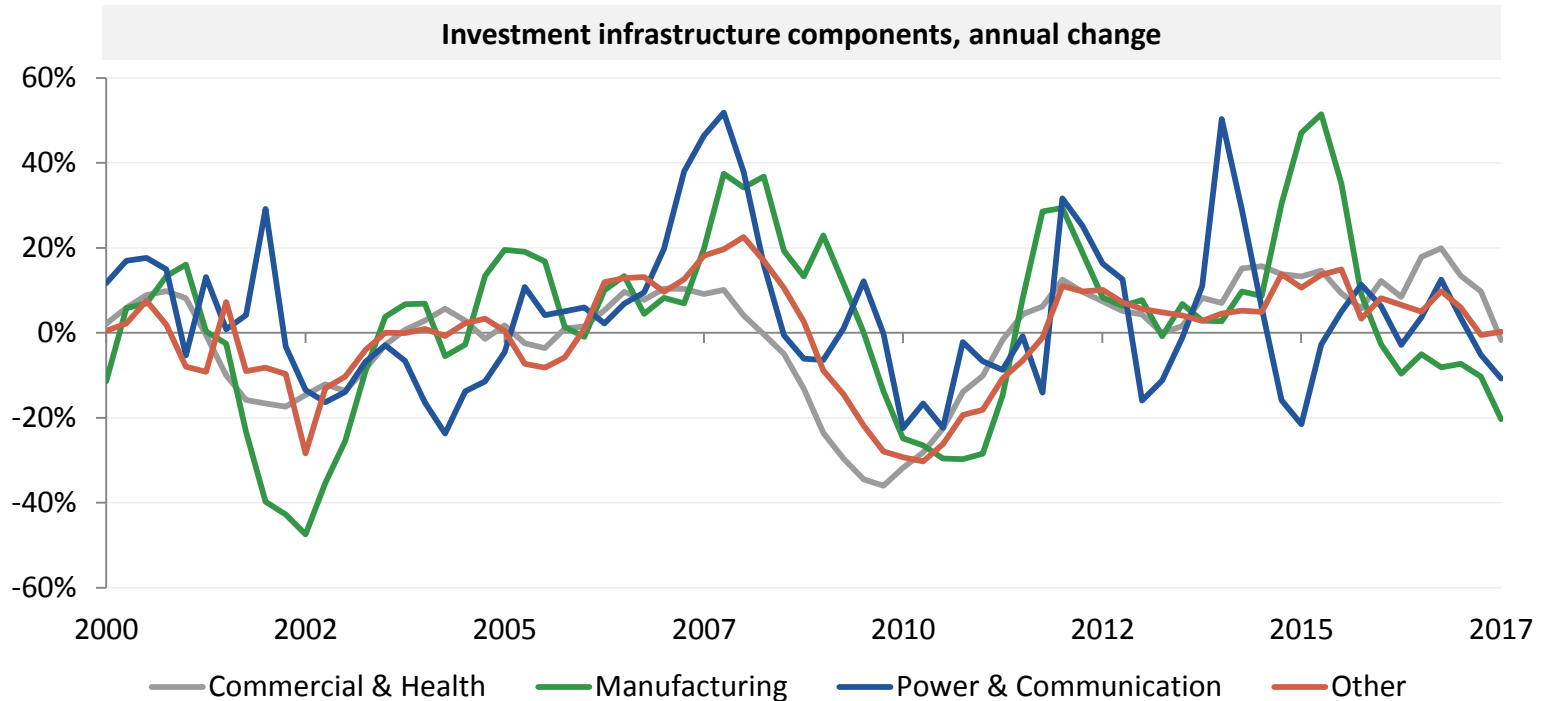


Growth: Towards a Dampening of the Moderate Synchronised Rebound?

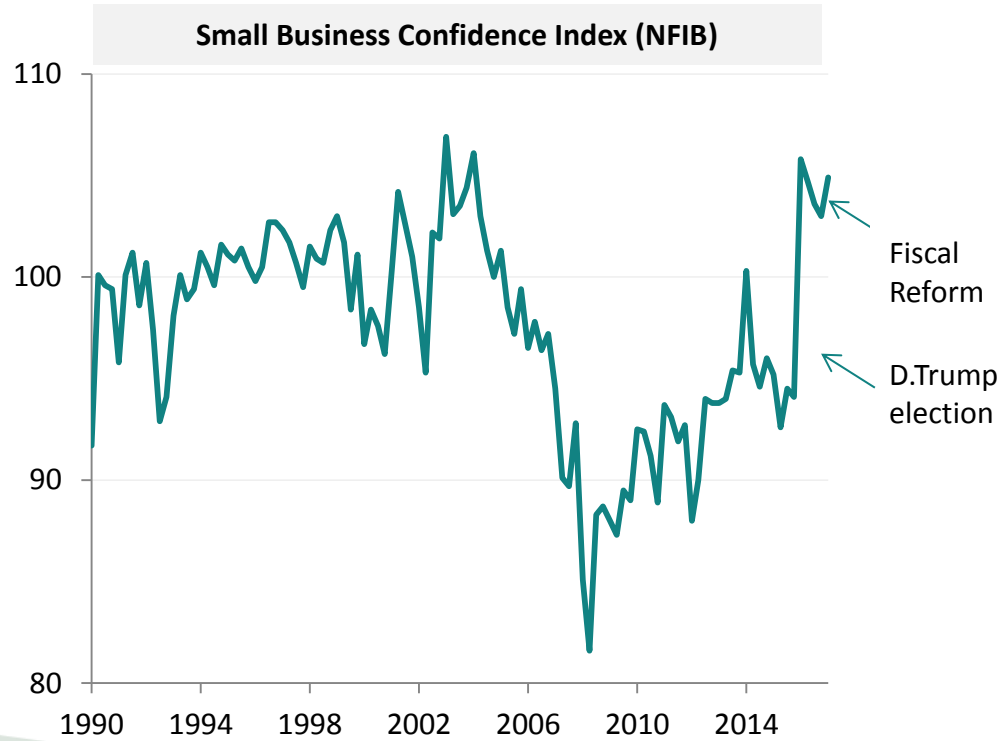
US Consumption on Hold



United States: Support for Investment Tend to Weaken



Can the Tax Reform have a Significant Impact on the Economy?



United States: average tax rate by sector (before reform)

Ranking	Sector	Avg. Tax Rate
(Low to High)		(Dollar weighted)
1	Healthcare Products	17.5%
2	Technology	19.3%
3	Energy	19.6%
4	Capital Equipment	23.8%
5	Market: top 1500	25.1%
6	Defense	26.3%
7	Financials	26.4%
8	Commodities	27.0%
9	Consumer Cyclicals	28.0%
10	Utilities	28.2%
11	Consumer Staples	28.7%
12	Auto & Housing	29.1%
13	Healthcare Services	32.1%
14	Telecom	32.2%
15	Transports	34.9%

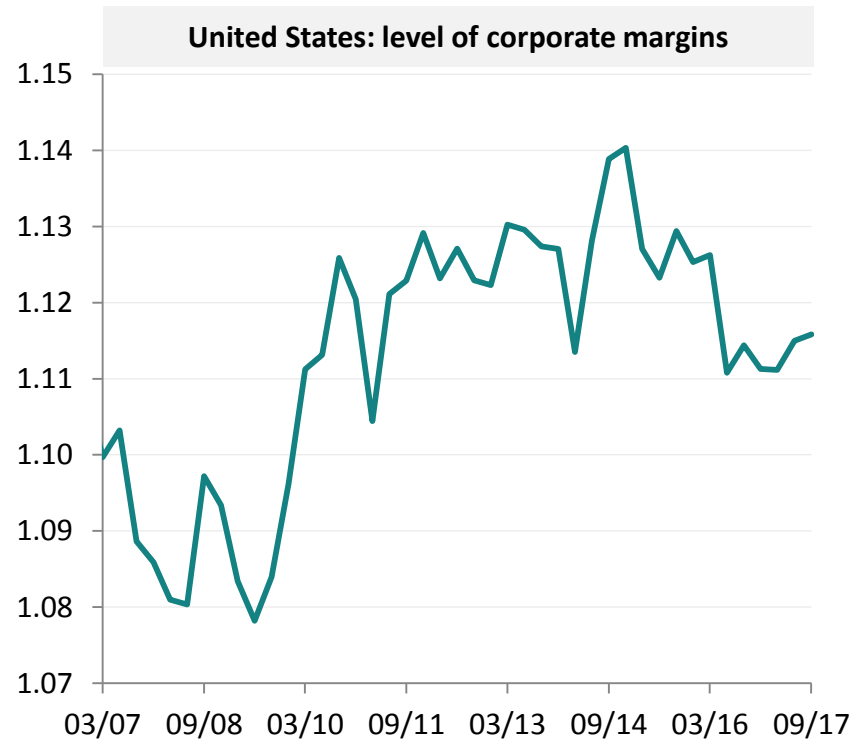
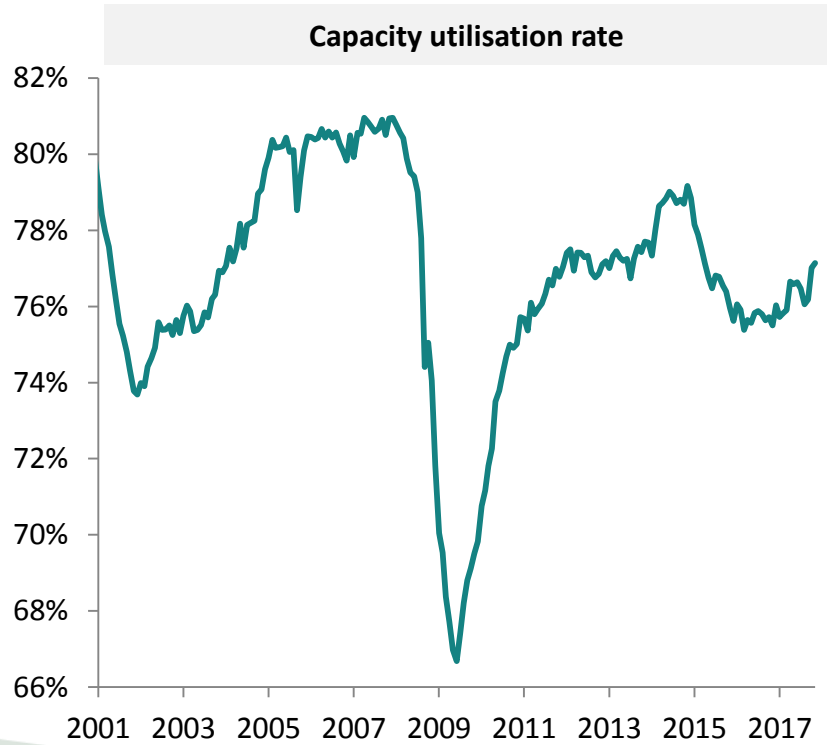
Tech companies hold more than 60% of S&P 500 offshore cash

Sources :

Left: Bloomberg, 16/01/2018

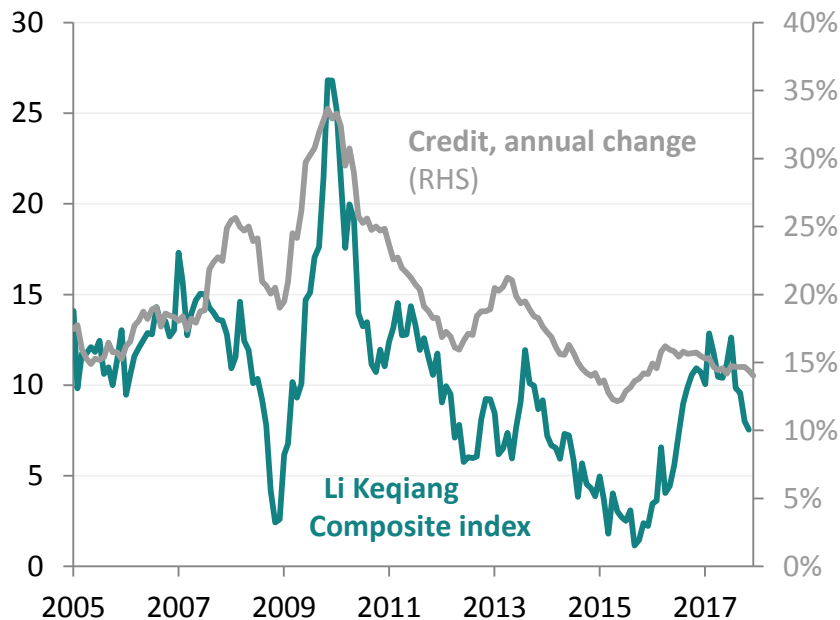
Right: Bernstein, 18/12/2017

United States: the Impact of Fiscal Stimulus on Growth is Likely to be Limited

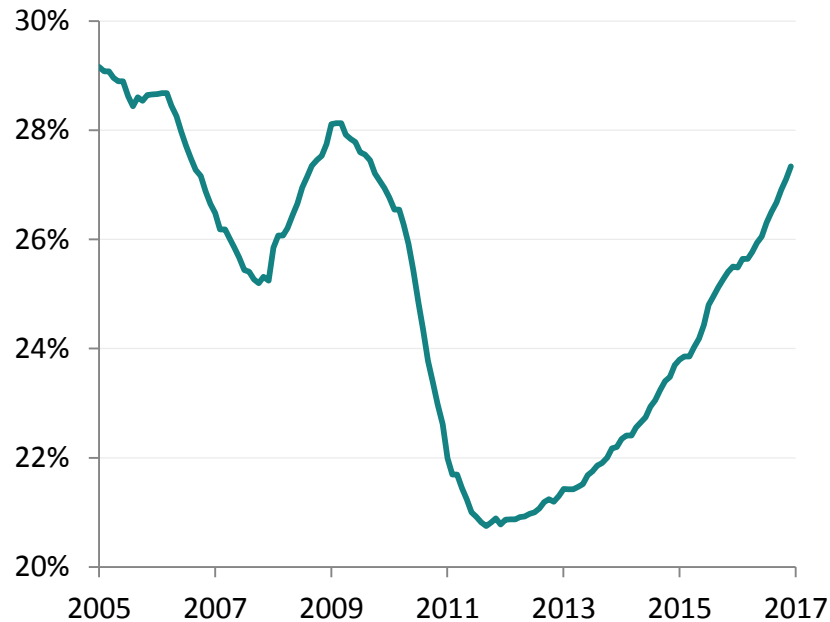


China: a Mild Slowdown is Looming but Authorities Still Call the Shots

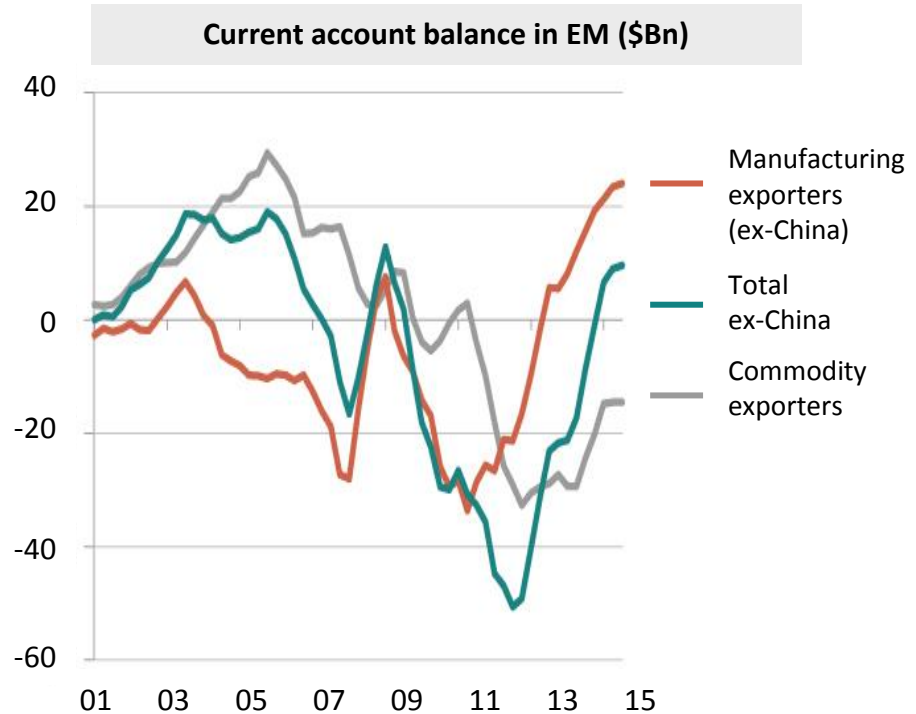
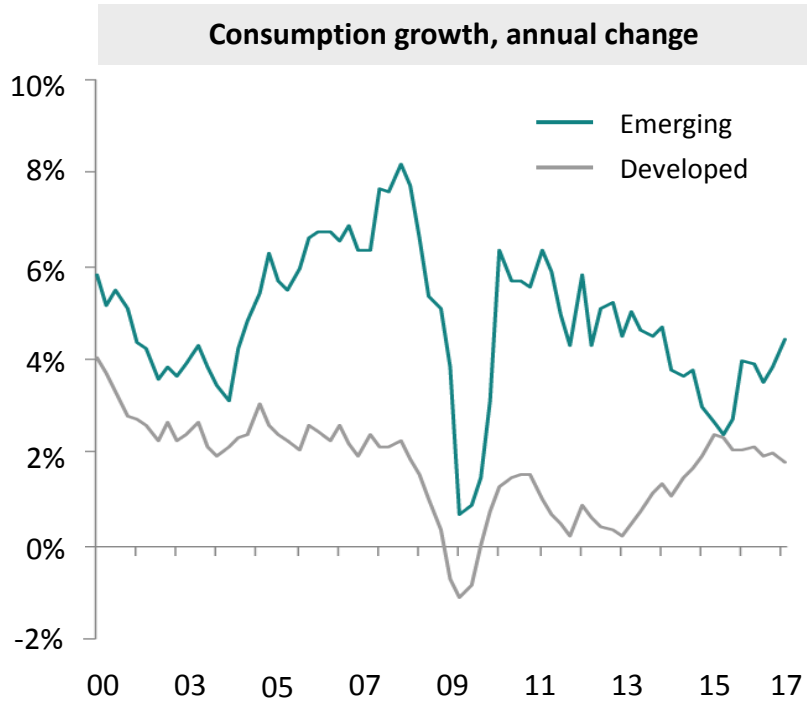
Li Keqiang composite index vs credit growth



China: fixed infrastructure investment, % total investment



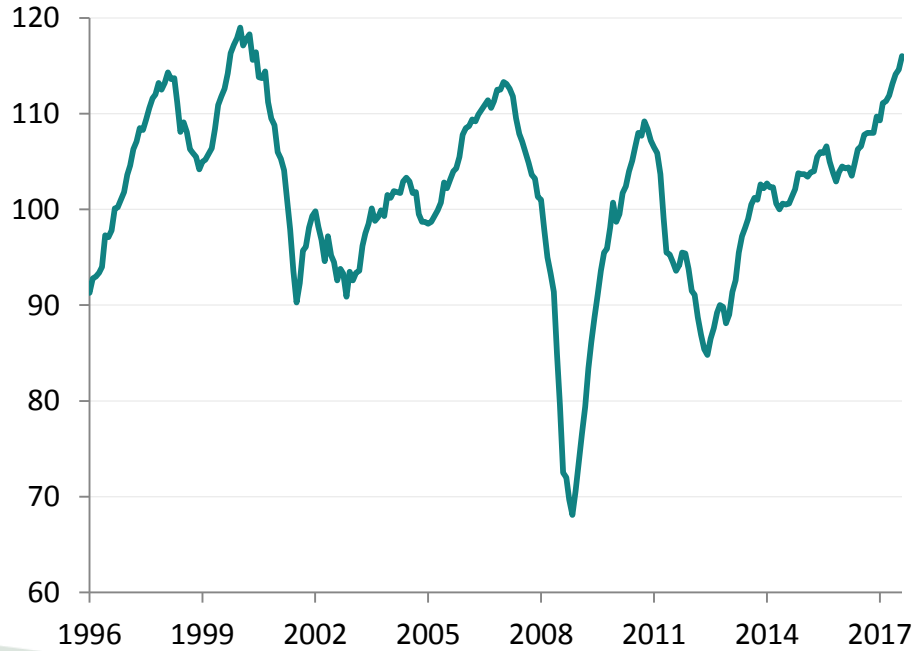
A Still Favorable Situation for Emerging Countries



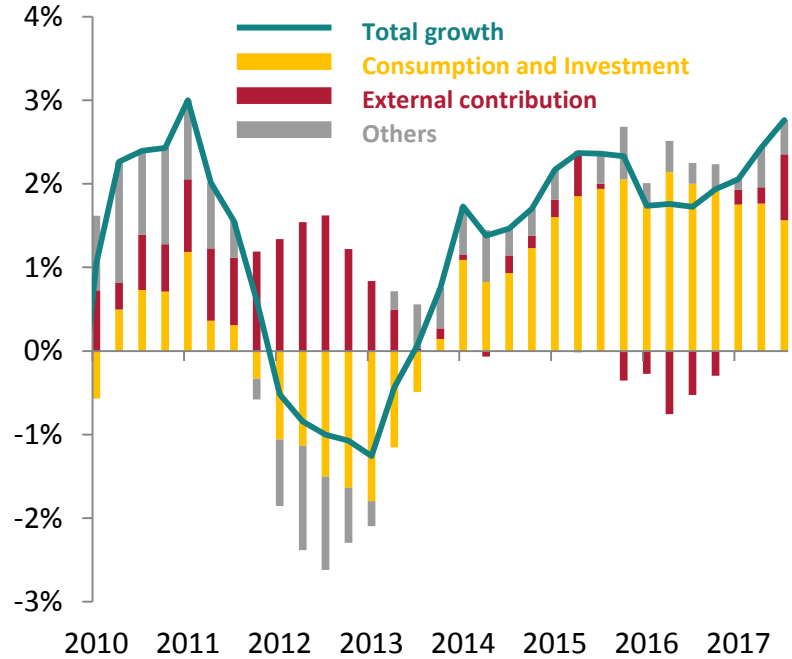
Sources:
 Left: Emerging Advisors Group, EM Monthly Chartbook, August 2017
 Right: Haver Analytics, Citi Research, 2016

Eurozone: a Favorable Environment but Very Dependent on Global Growth

European Commission: economic sentiment indicator



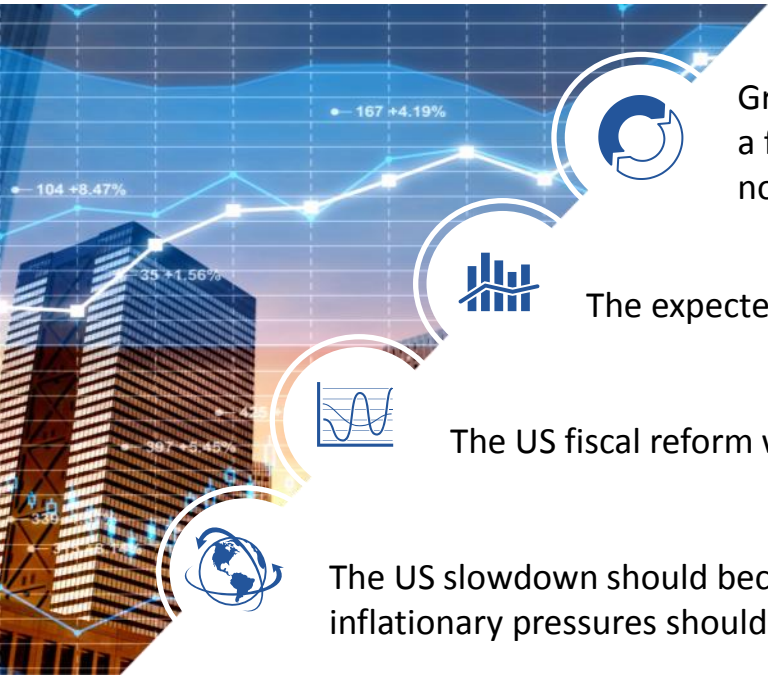
Eurozone: real GDP in annual change (%) and contribution to growth



Global Trade may no Longer be a Growth Driver



Macroeconomic Conclusion



Growth rate disappointment and resurgence of inflationary fears represent a fragile combination in the current context of monetary policy normalization



The expected growth rate seems to us slightly overestimated



The US fiscal reform will prevent a real cyclical reversal



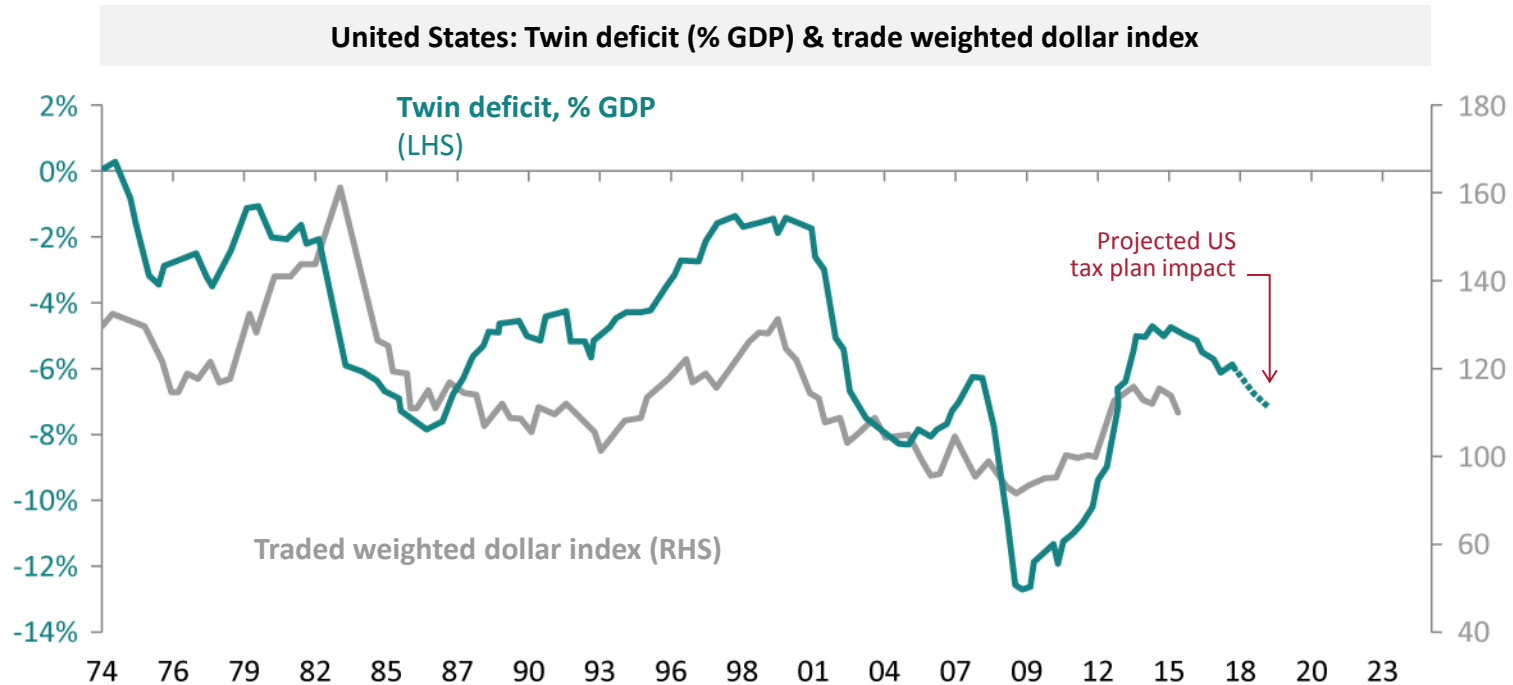
The US slowdown should become visible from the 1st quarter while inflationary pressures should appear in March

The Fairy Tale Economy Will Experience a Pause

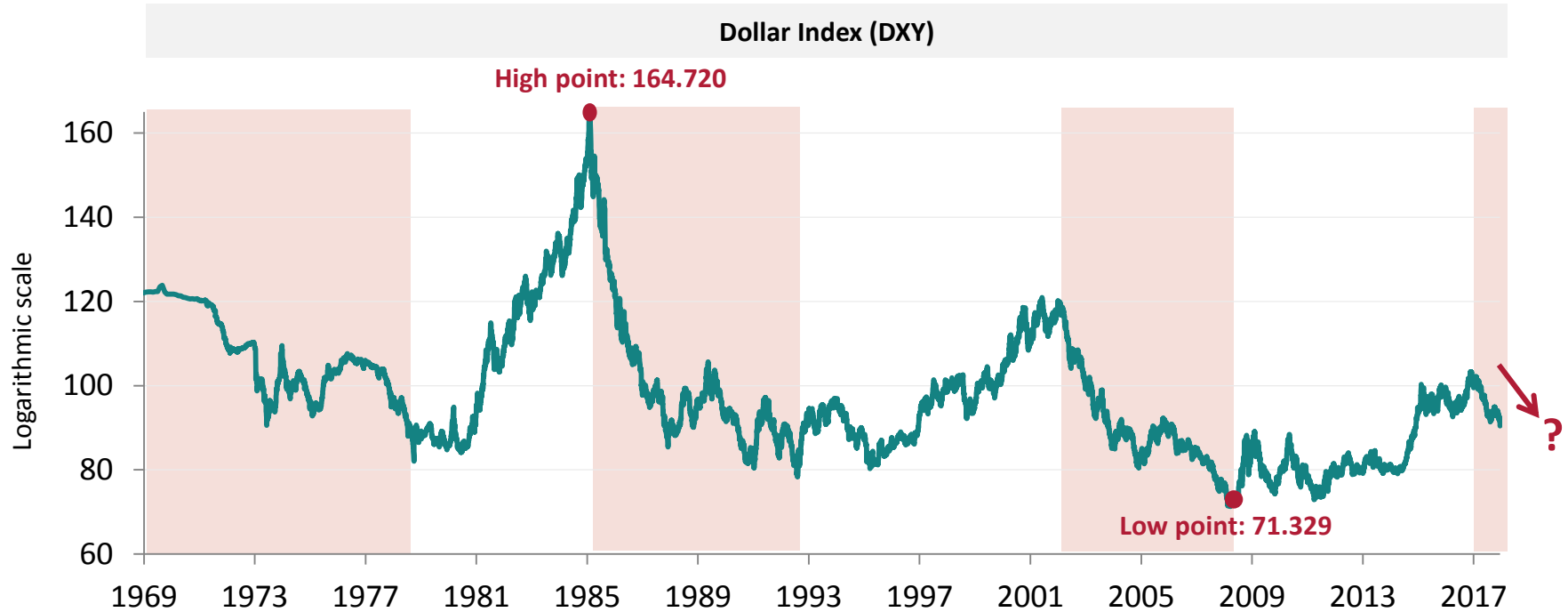


Are We Close to The Market's Turning Point?

The Tax Reform Should be an Exacerbating Factor of Dollar Depreciation



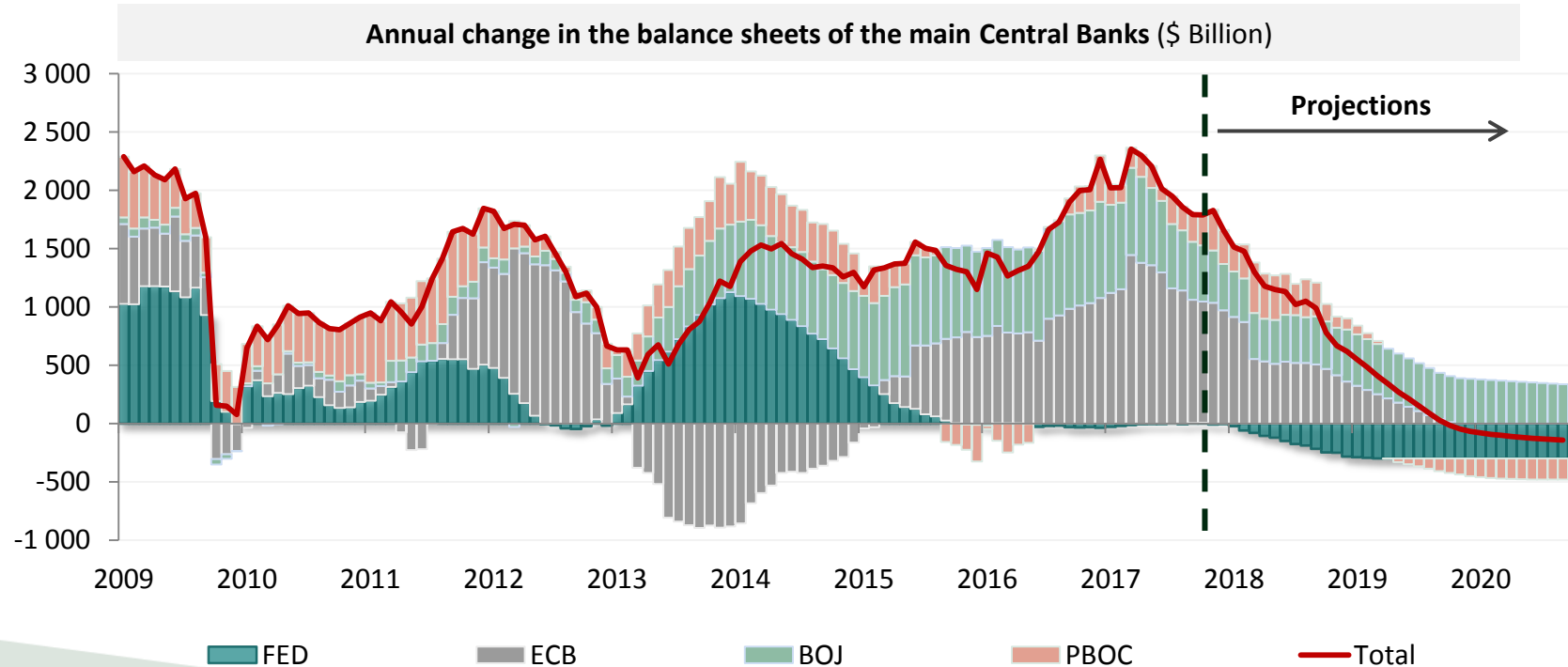
Currencies: the Confirmation of a New Downward Cycle on the Dollar?



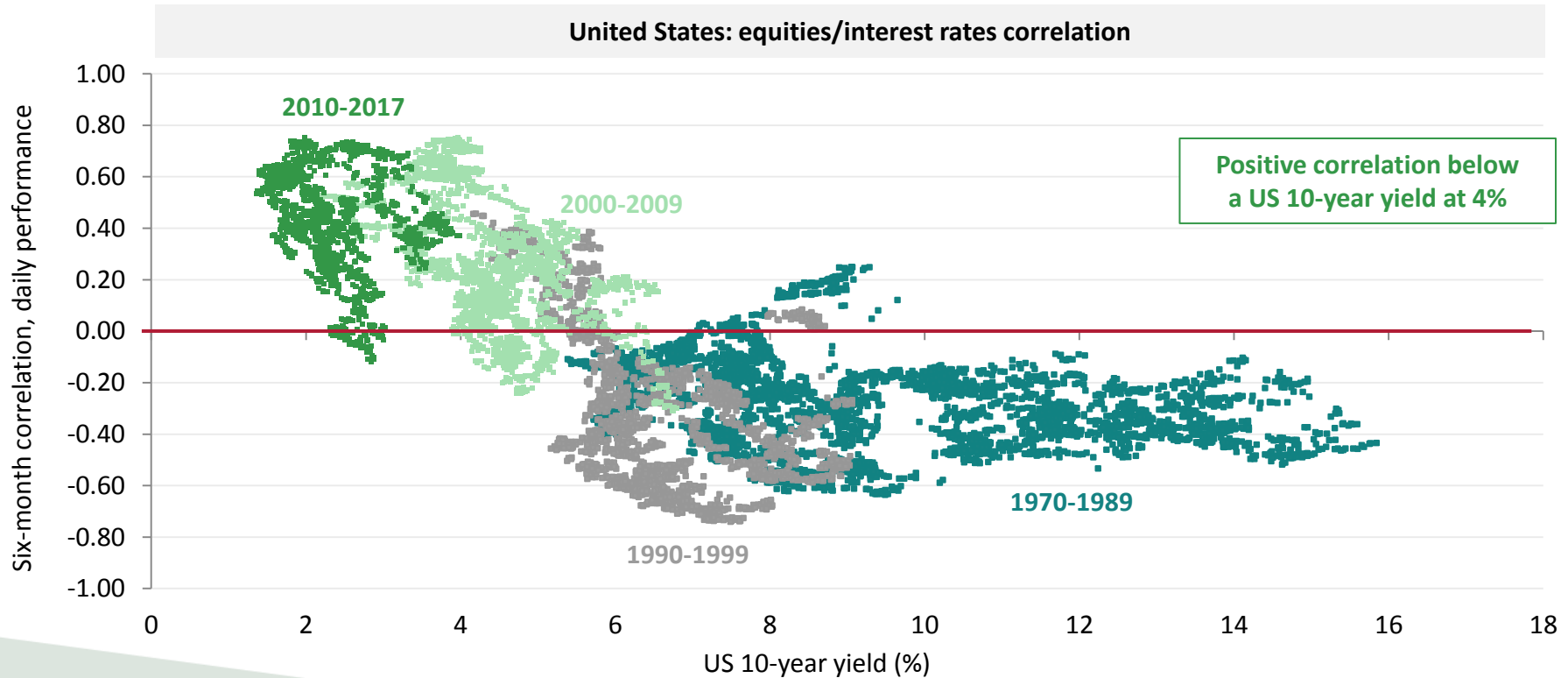
Monetary Policy: A Major Regime Shift!

Interest rates should go up even without inflation

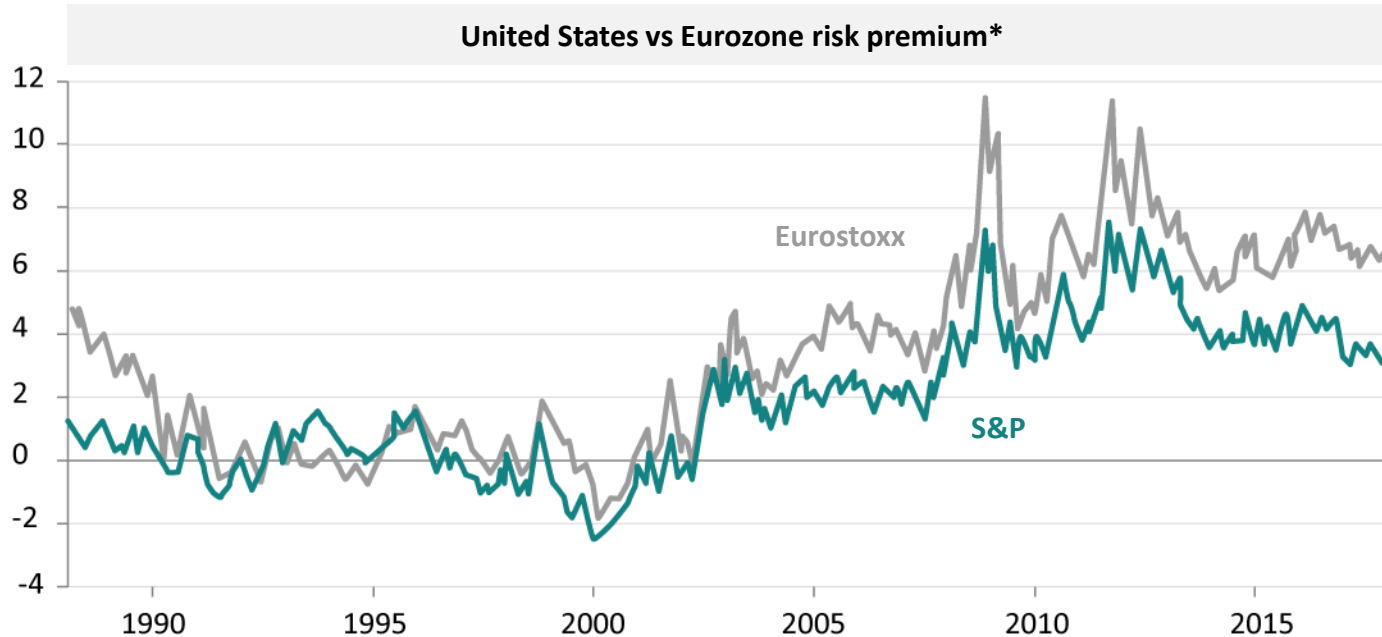
Leveraged companies should suffer



The Rate Hike Will Not Be Immediately Counterproductive for Equities



The Risk Premium Confirms that Rates have a Substantial Potential of Appreciation Before Hurting Equities' Profitability

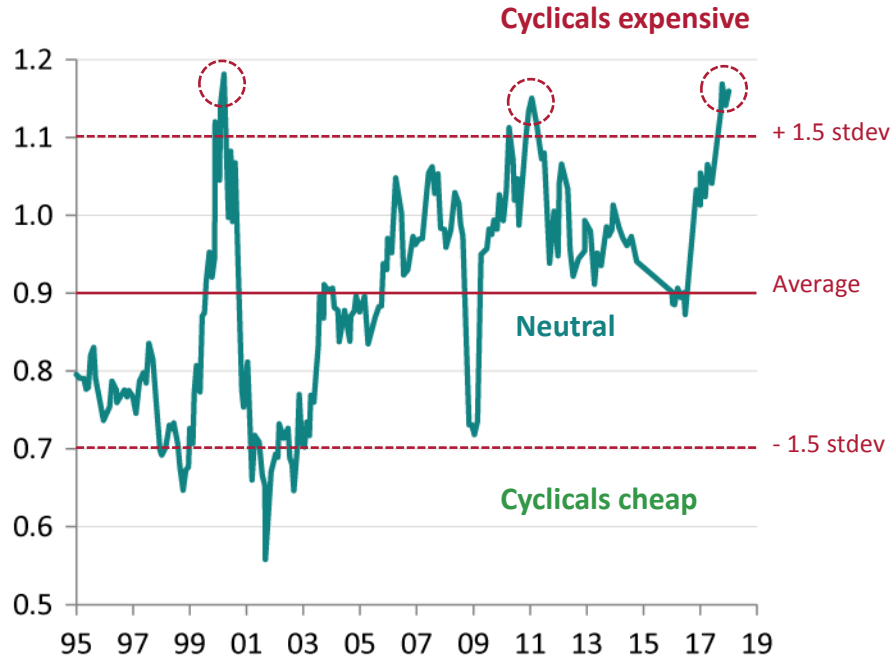


Source: Thomson Reuters Datastream, Les cahiers verts de l'économie

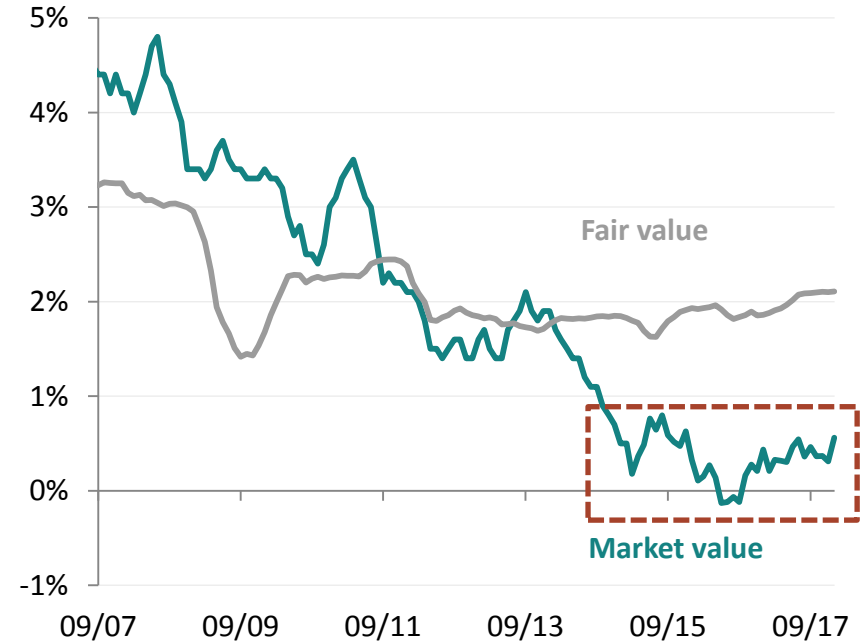
*difference between earning yield and bond yield

Some Market Segments are Vulnerable

Cyclicals/defensives (MSCI World):
Price to Book ratio, 12m



German 10-year yield



Unleveraged Quality Names Still Have some Beautiful Days Ahead

US Tech P/E relative to the market



Investment Conclusion



Even if the slowdown represents a small inflection and if the inflation rebound is only temporary, their expected concomitance for the next quarter will create volatility



The dollar will continue to weaken



Government bonds' yields will rise



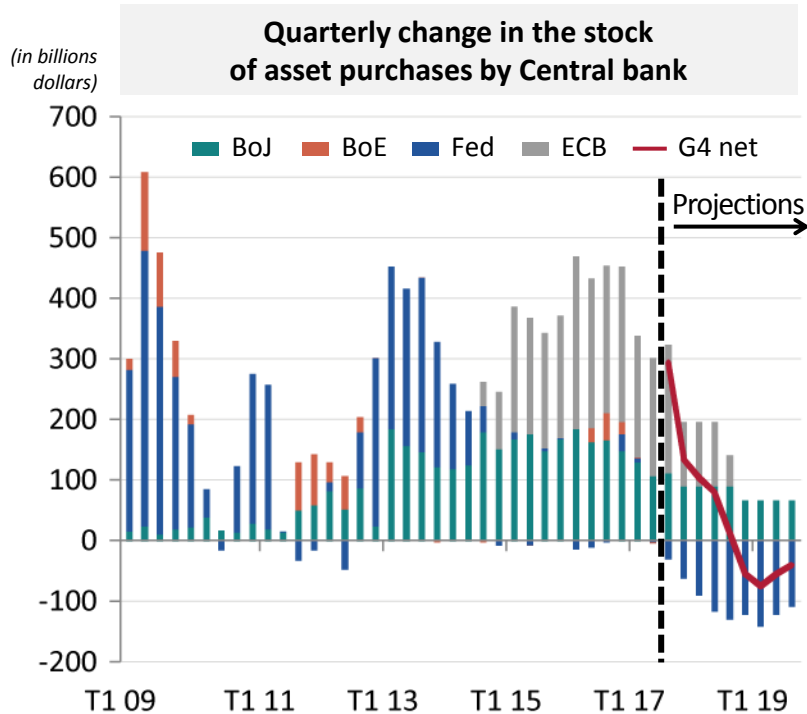
Unleveraged growth companies with high capital returns will outperform



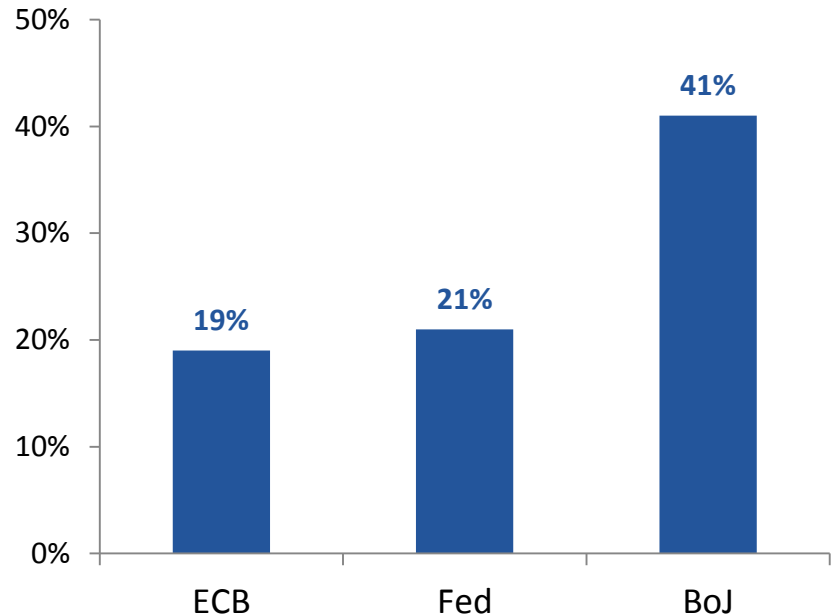
Rose Ouahba

Head of Fixed Income Team

2018: Monetary Normalisation is Synchronised



Fed, ECB & BOJ's holdings of government bonds (in % of outstanding)



Sources:

Left: JP Morgan, January 2018

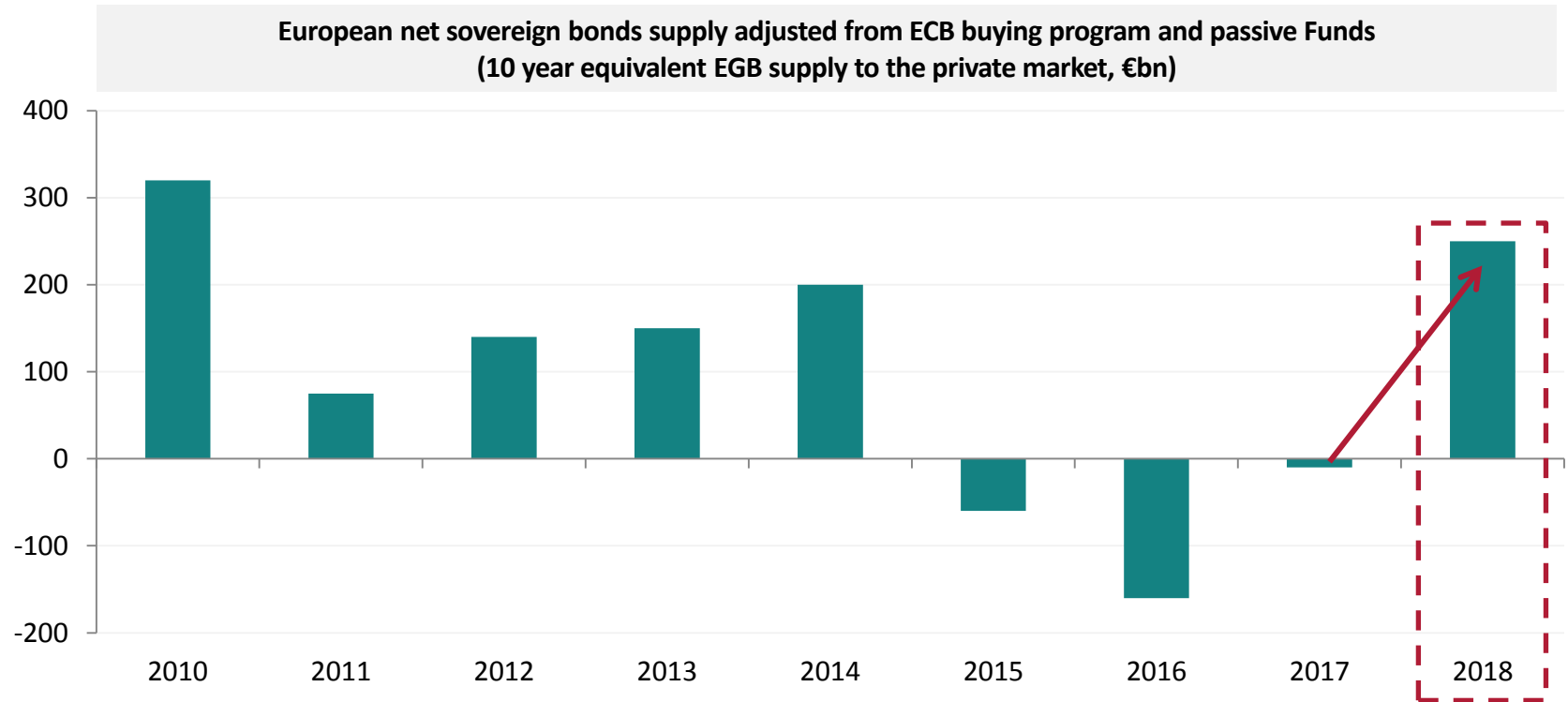
Right: SG Cross Asset Research, December 2017

Euro area bonds outstanding: €8500bn (10 main countries)

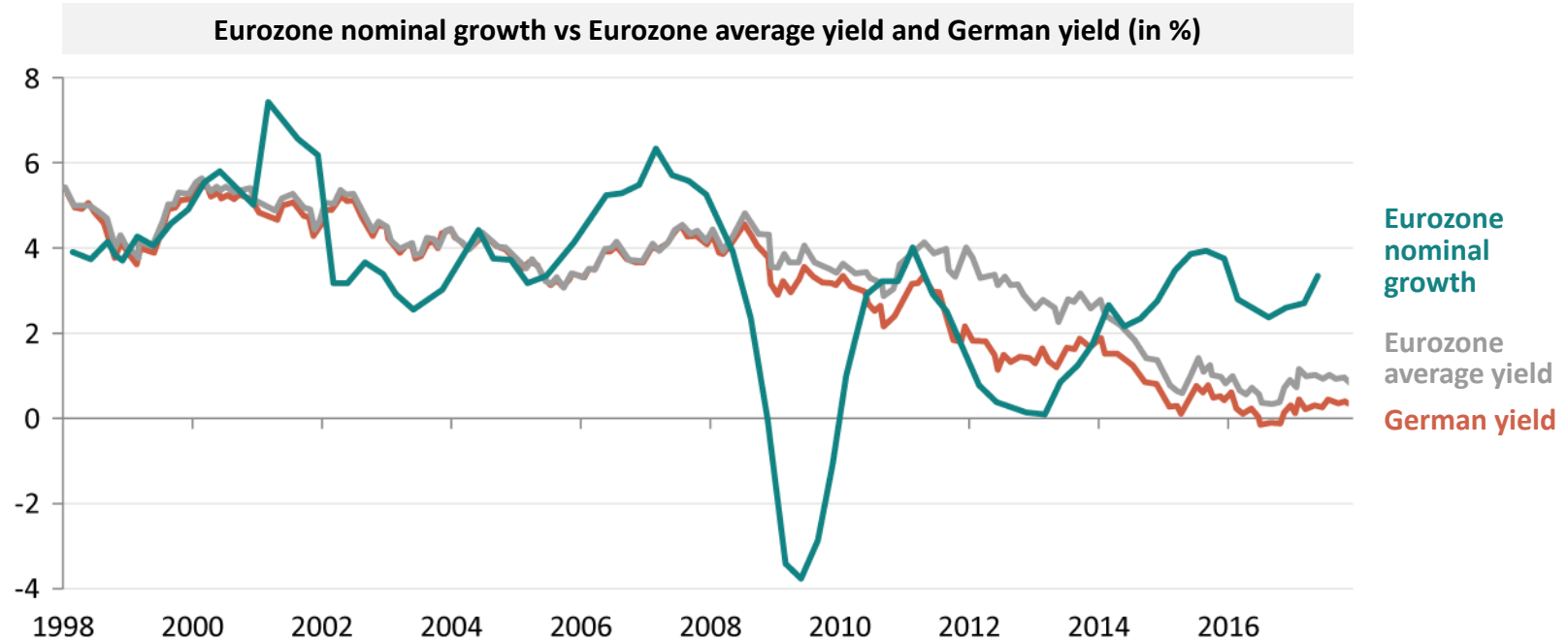
US Treasury bonds outstanding: \$10800bn

JGBs outstanding: ¥970tn

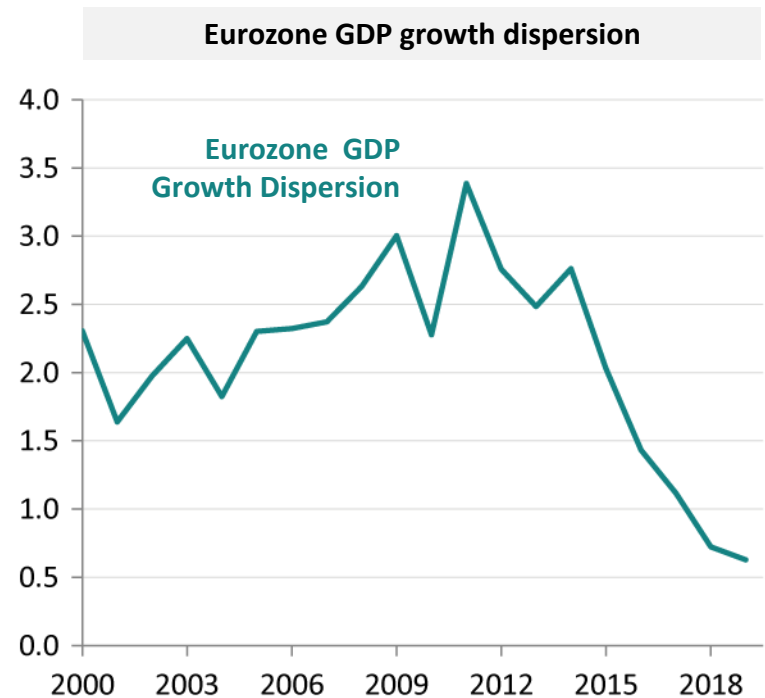
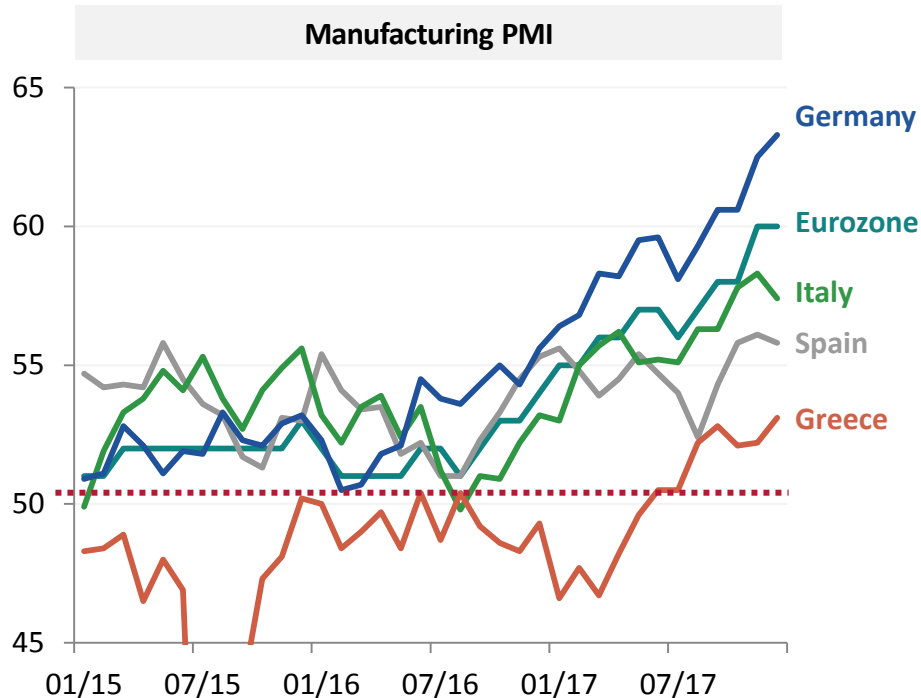
Europe: Interest Rate Risk Channelled Back to Markets



Europe: Upside Risk on German Yields



2018: Towards European Yield Convergence

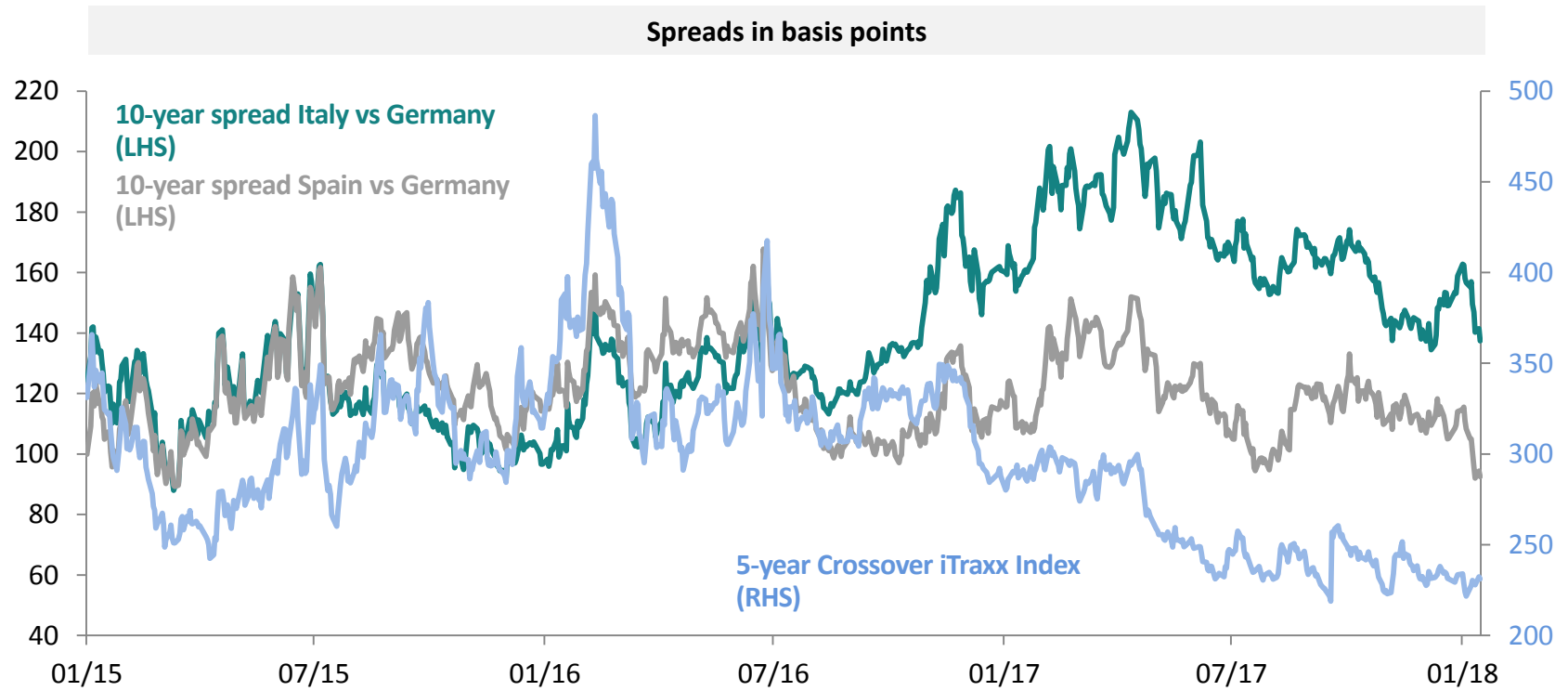


Sources:

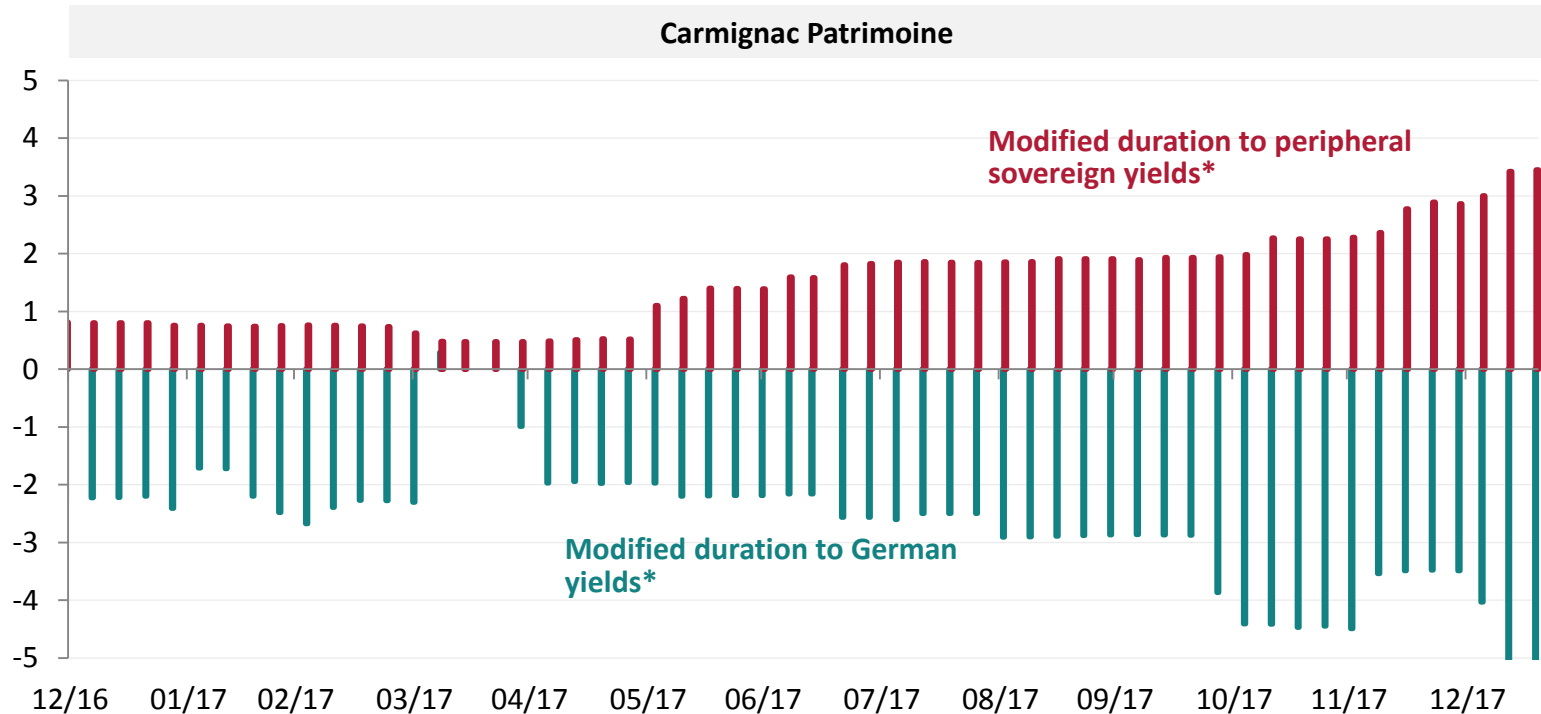
Left: Bloomberg, 31/12/2017

Right: Barclays, Euro Themes – Economy at full speed, 11/12/2017

Room for Spread Tightening in Italy and Spain



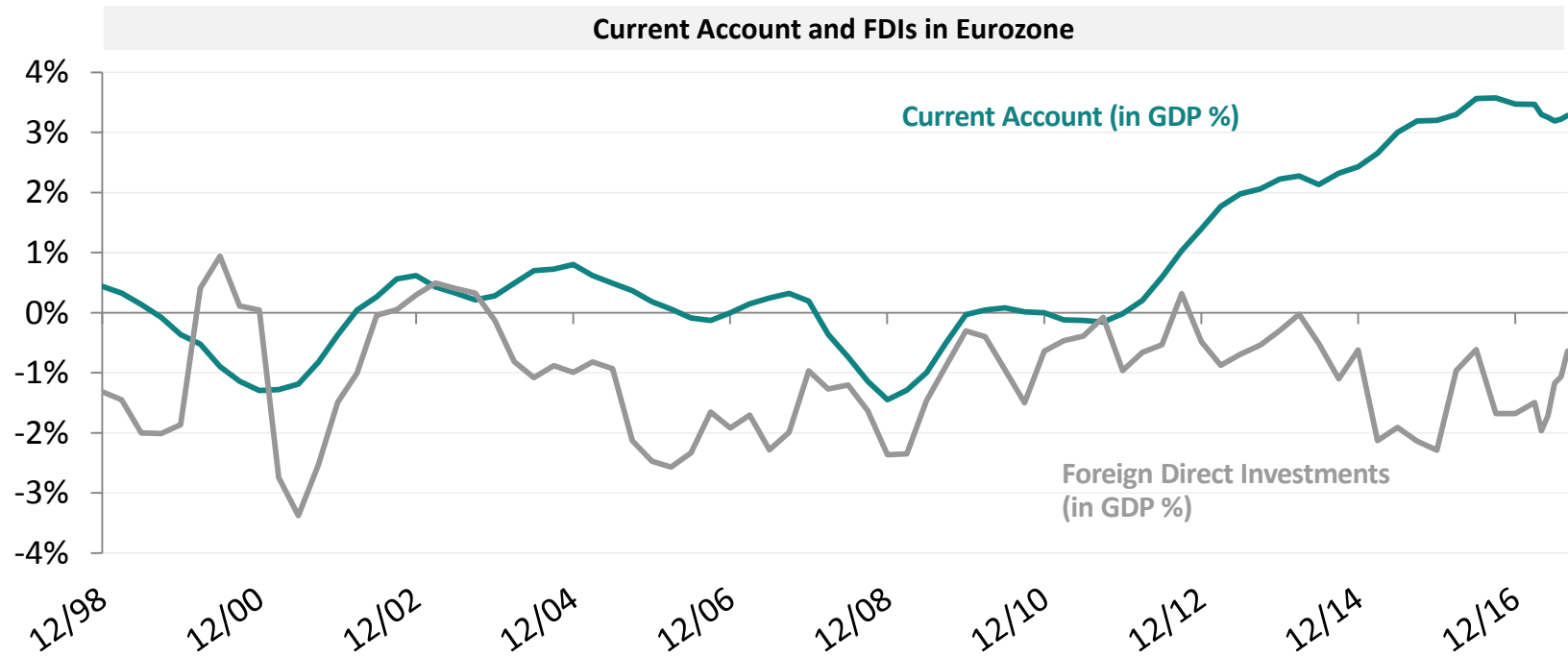
Rate Strategy: A Positioning towards European Yield Convergence



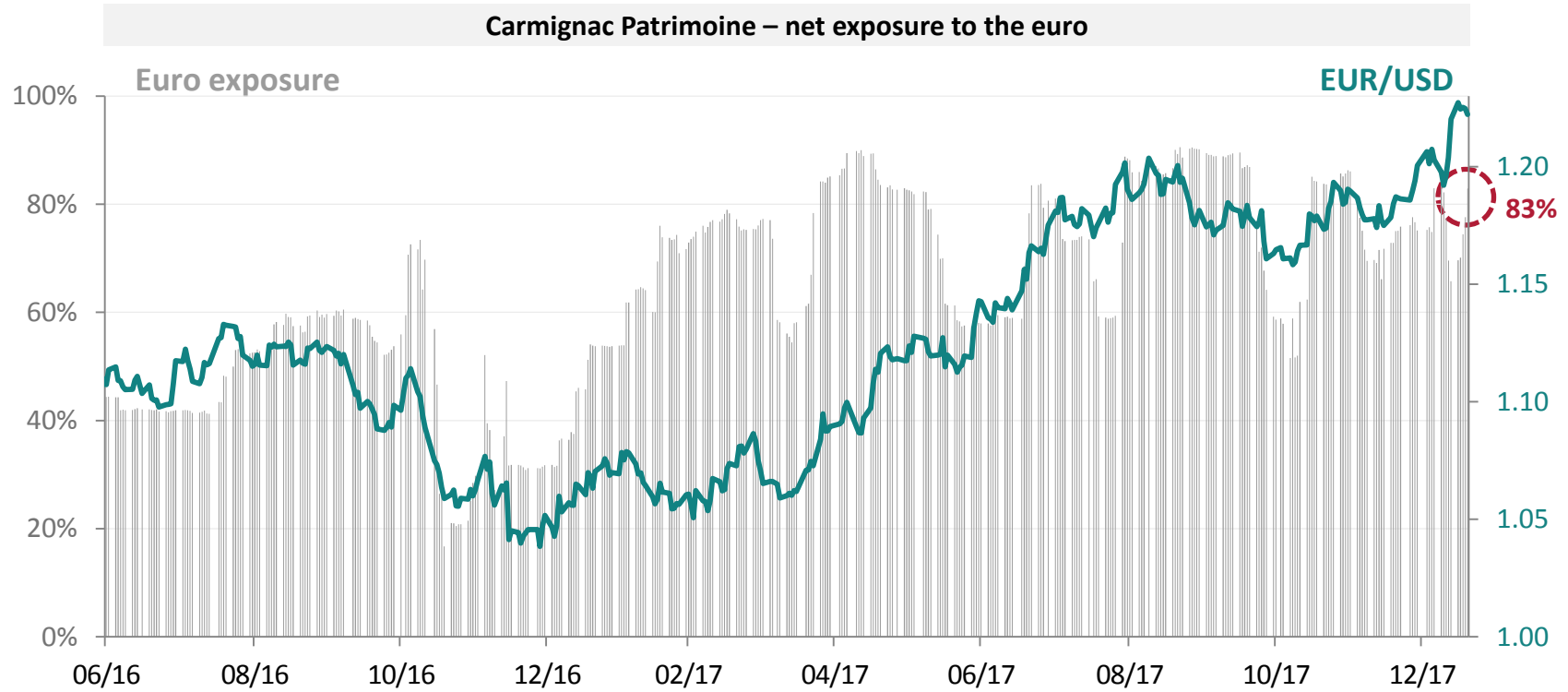
*Total modified duration is rebased at the fixed income component's level, not at the Fund's level

Source: Carmignac, 18/01/2018

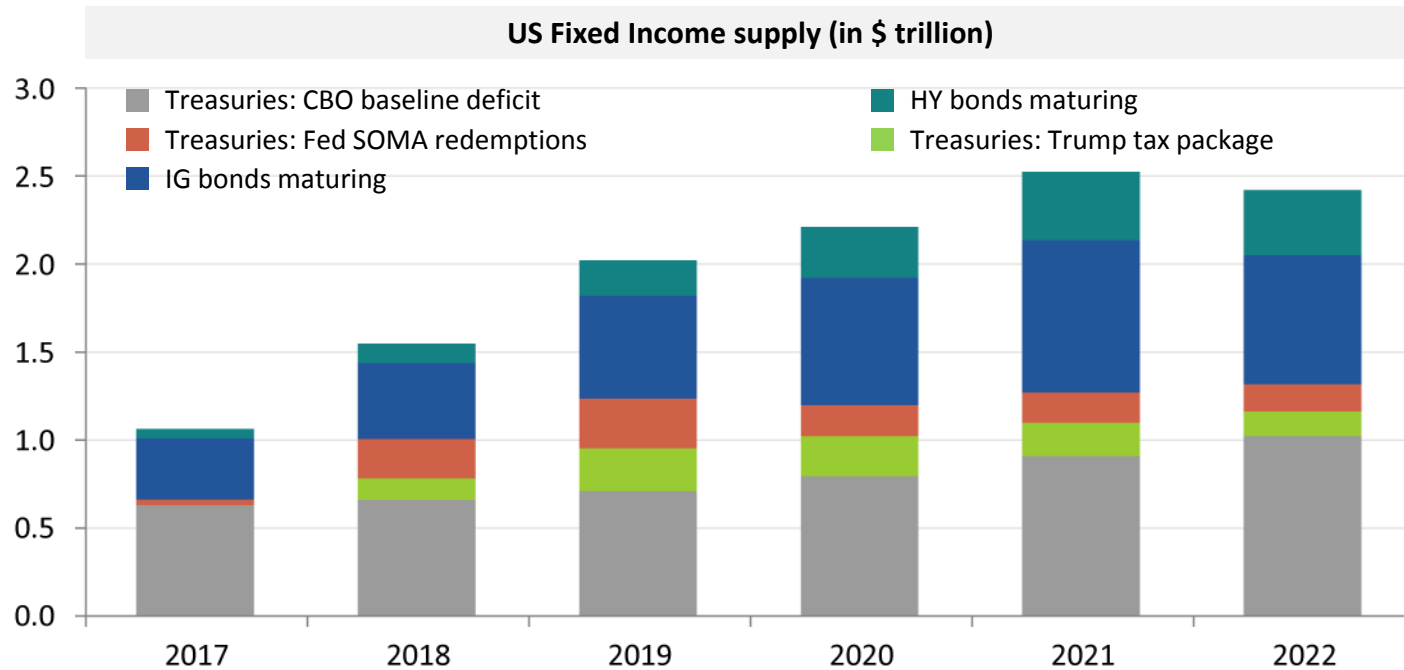
2018: Euro Appreciation Should Continue



Currencies: Long Positioning on the Euro

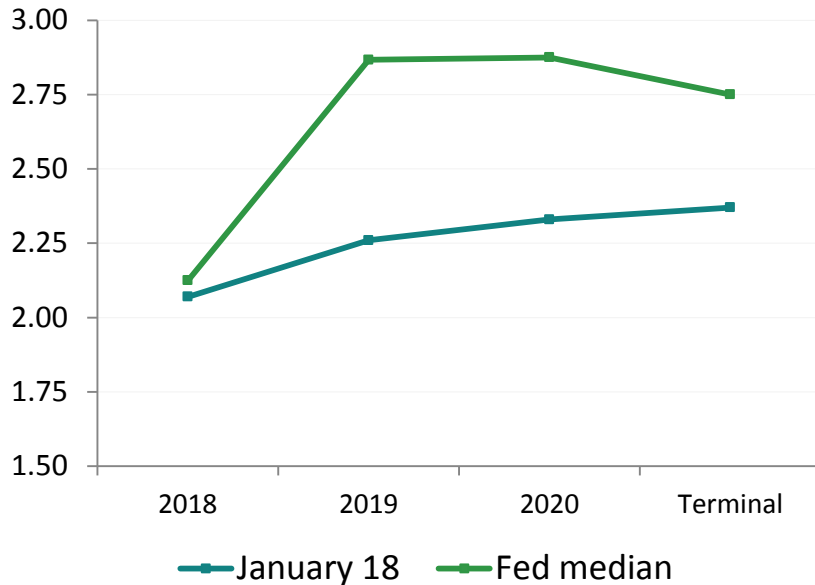


2018: Moderate Upward Pressure on US Rates



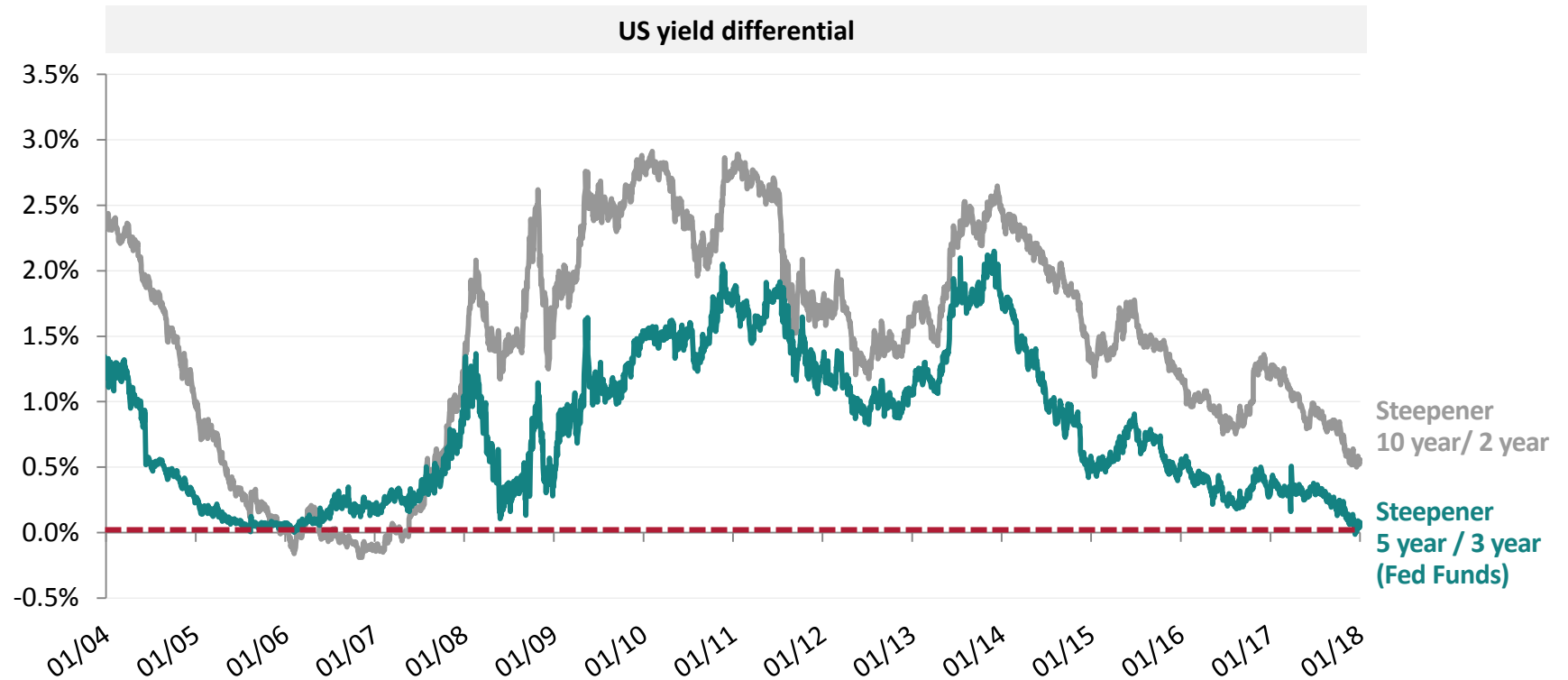
The US Slowdown might Lead the Fed to Dampen its Tightening

Expected rate hikes in the US – Markets vs Fed (in %)



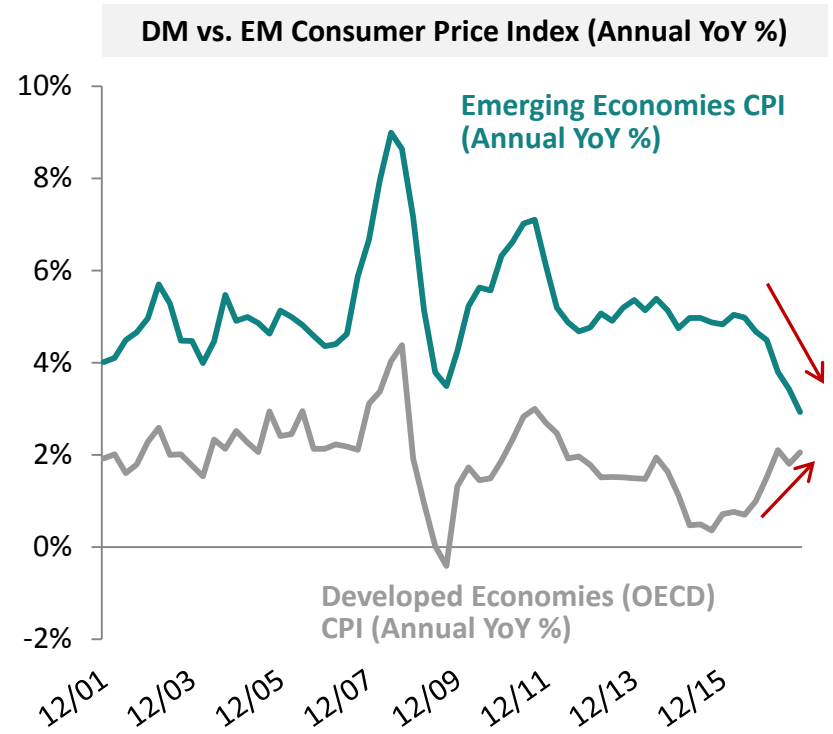
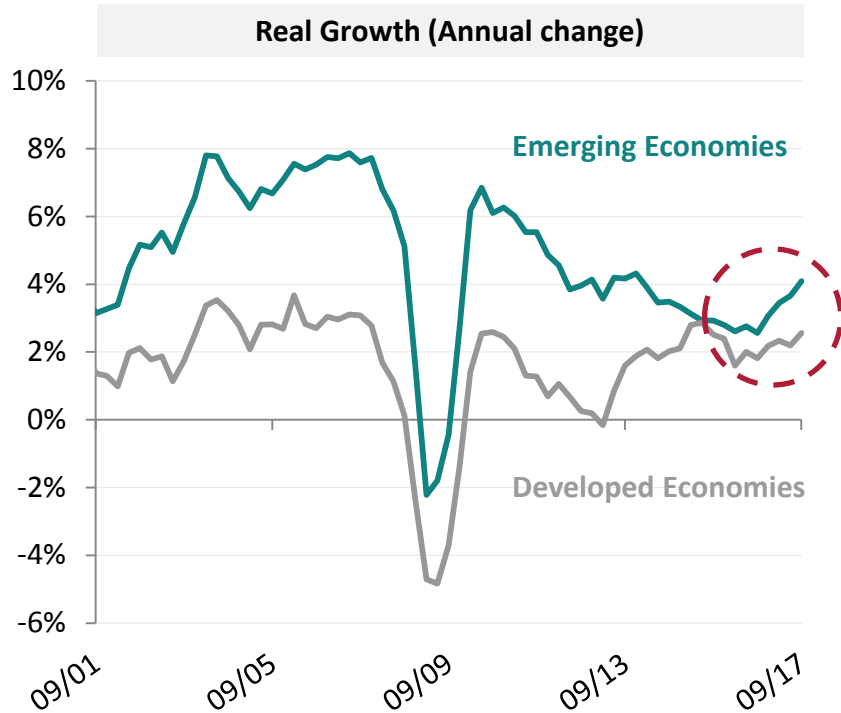
- ▶ **US slowdown should become visible**
 - **US consumption on hold**
 - **Support for investment tend to weaken**
 - **Limited fiscal stimulus impact on growth**

Rate Strategy: the US Curve might Steepen

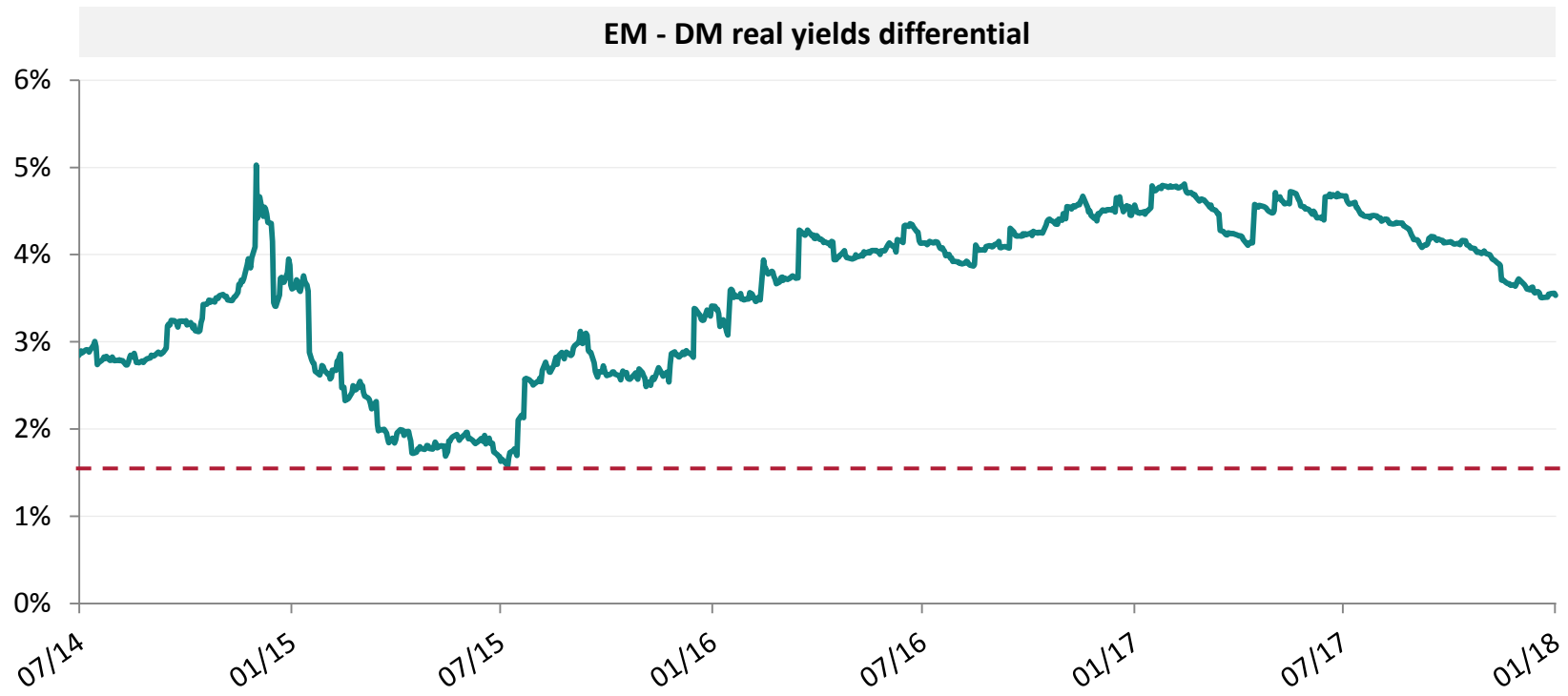


Emerging Market Debt

2018: Still Supportive Macroeconomic Environment



Yield Differential offers Attractive Carry



Source: Carmignac, Bloomberg, 09/01/2018

Conclusion



Monetary policy normalisation has started

Political backdrop supporting spread convergence

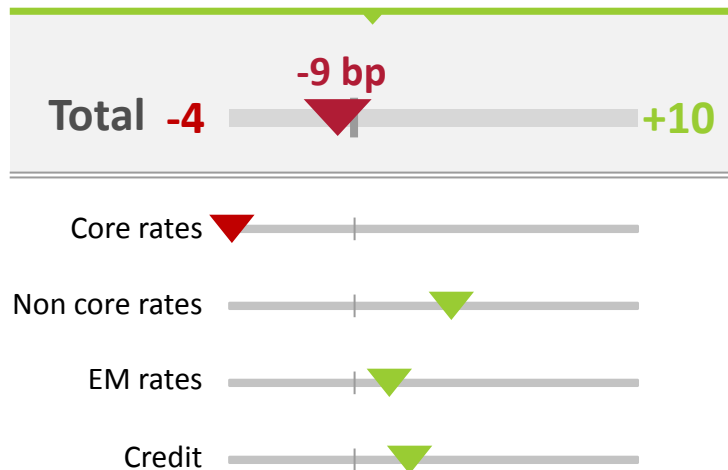
Emerging market debt benefits from the global activity rebound

Carmignac Patrimoine

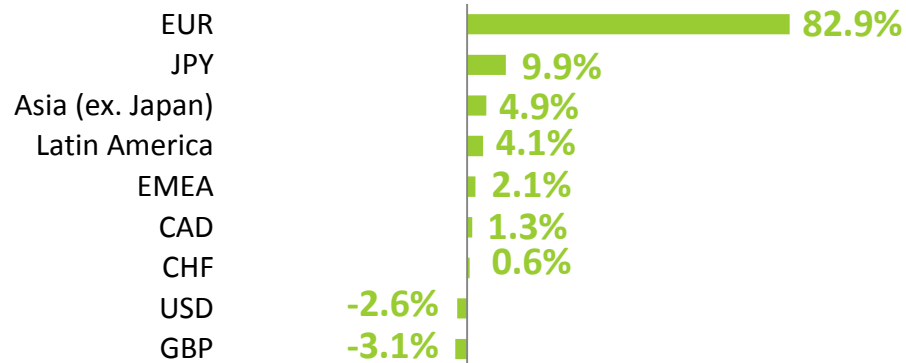


Rose Ouahba
Head of
Fixed Income

MODIFIED DURATION



CURRENCY EXPOSURE



EQUITY EXPOSURE



Modified duration is rebased on the fixed income portion and not at the Fund's level.

Portfolio composition can change anytime.

Source: Carmignac, 19/01/2018



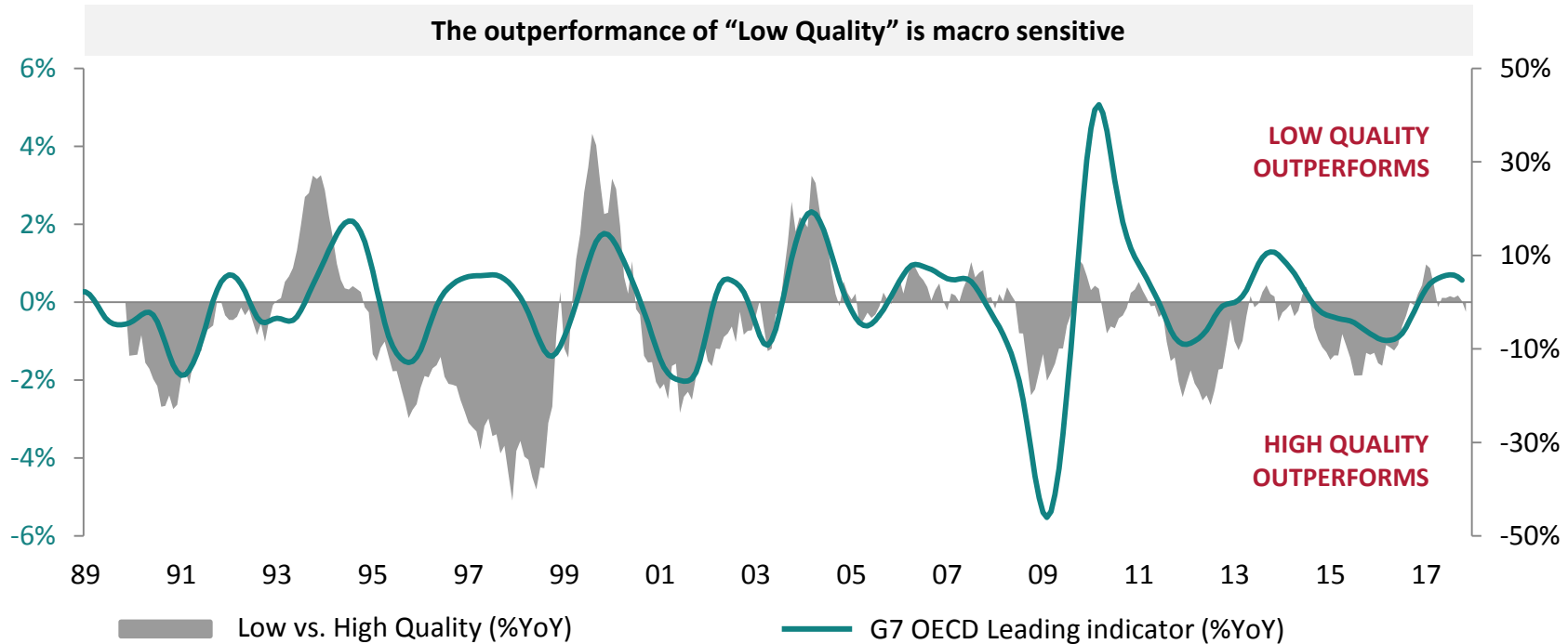
David Older

Head of Equities Team

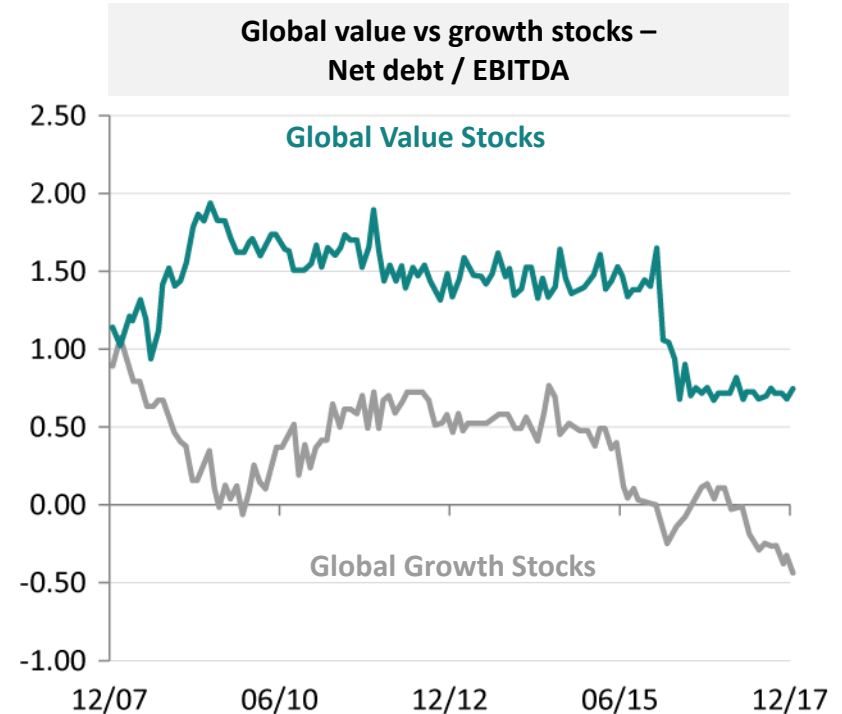
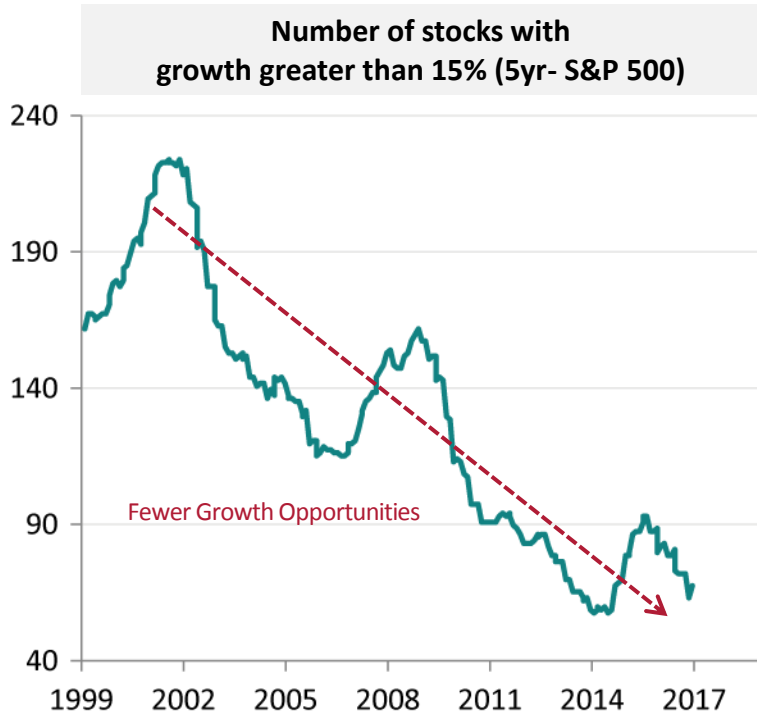


2018 Equity Strategy: Focusing on High Quality, High Growth Stocks

Quality Stocks: First Beneficiaries of Weaker Growth in the US



The Hunt for Growth Opportunities



Sources:
Left: Cornerstone Macro, The survey results are in! What are your peers thinking for 2018?, 02/01/2018

How to Find Growth/Quality in Equities?

Focus metrics



Key Themes



Looking for Profitable Growth in EM

By Xavier Hovasse



Disruptive Potentials in Europe

By Malte Heining



The Specific Case of Oil

By Michael Hulme



Looking for Profitable Growth in EM

Xavier Hovasse

Looking for Profitable Growth in EM

Underpenetration, a simple concept



Less than 55% of the population* has a bank account



Less than 15% has access to formal savings



Less than 16% has access to formal borrowing

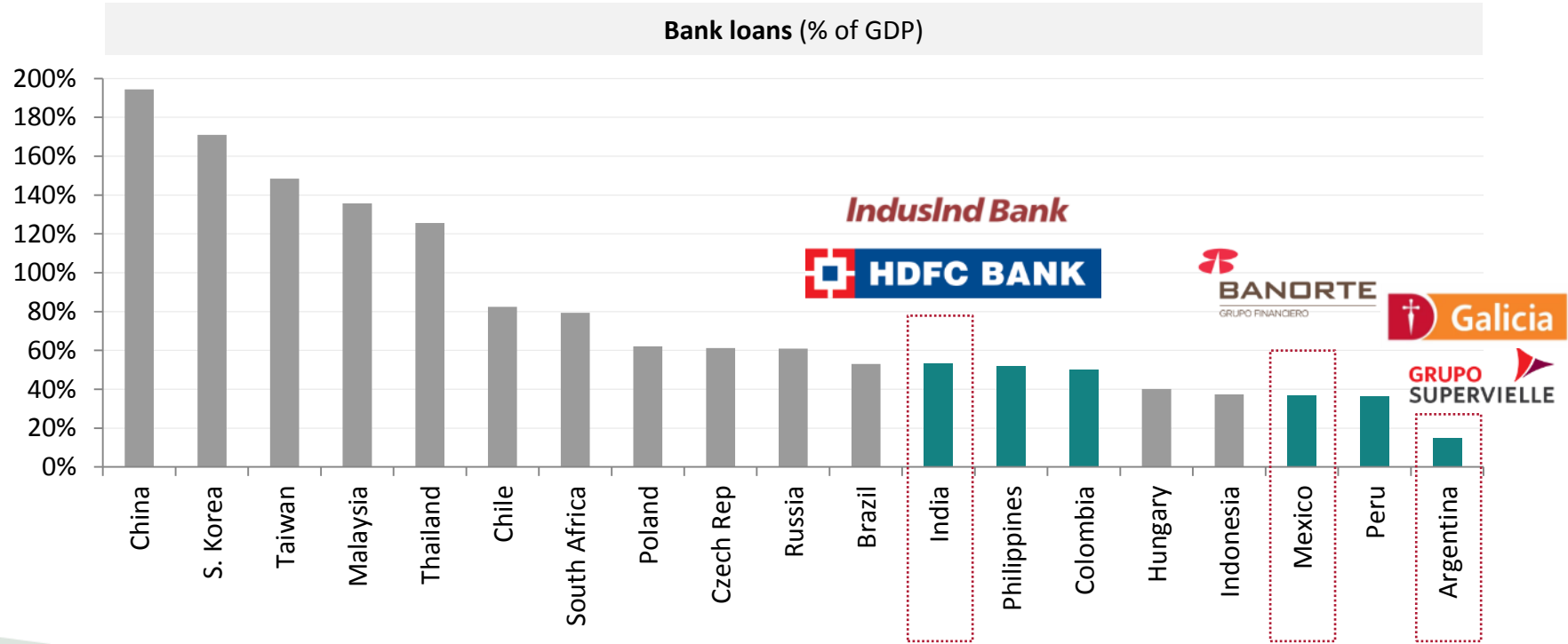
* Over the age of 15

Source: World Bank Findex, Village Capital, LatAm Fintech Report 2017

Benefiting from Banking Underpenetration Opportunities

Carmignac Patrimoine* 4%

Carmignac Emergents* 12%



*Weight of Banks in emerging markets as of 31/12/20174

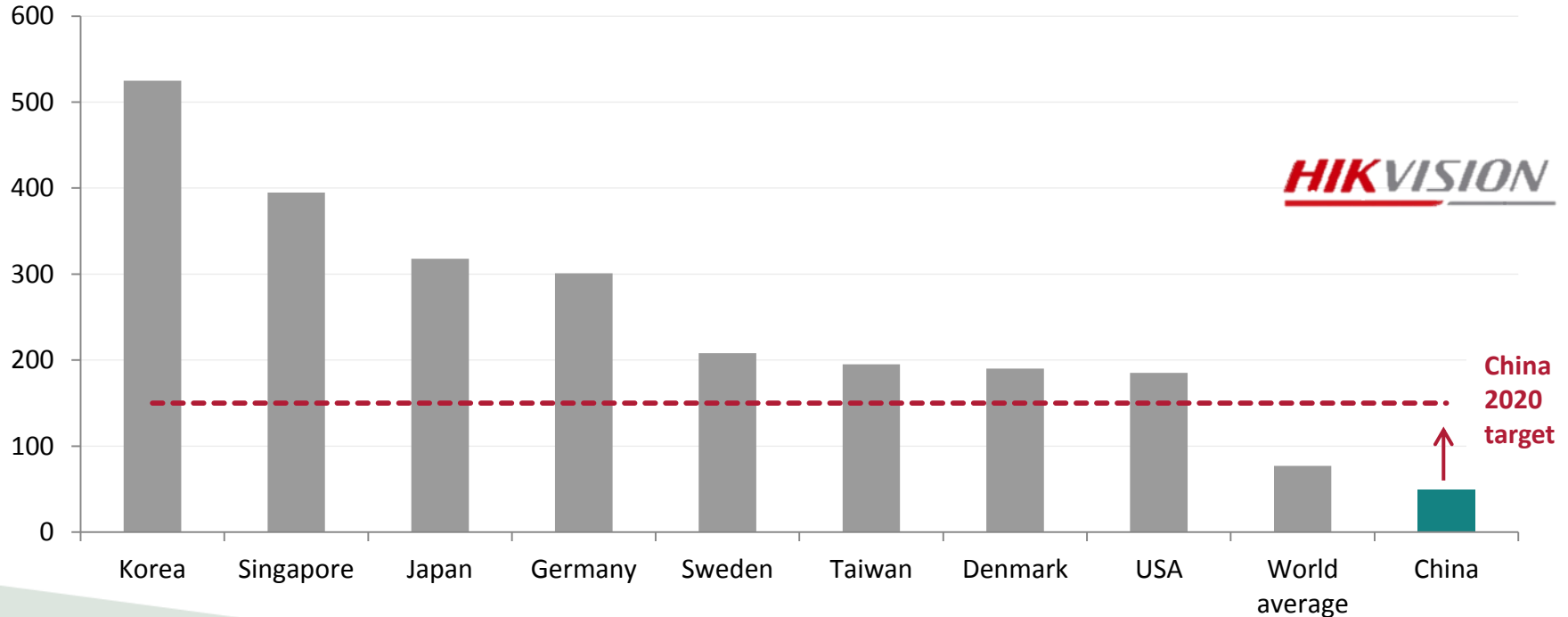
Sources: Carmignac, Emerging Advisors Group, International Monetary Fund, 31/12/2016

The Promising Growth Prospects of Robotics in China

Carmignac Patrimoine* 2%

Carmignac Emergents* 13%

Number of robots per 10 000 employees in manufacturing



*Weight of Chinese IT stocks as of 31/12/2017

Source: IFR World Robotics 2016

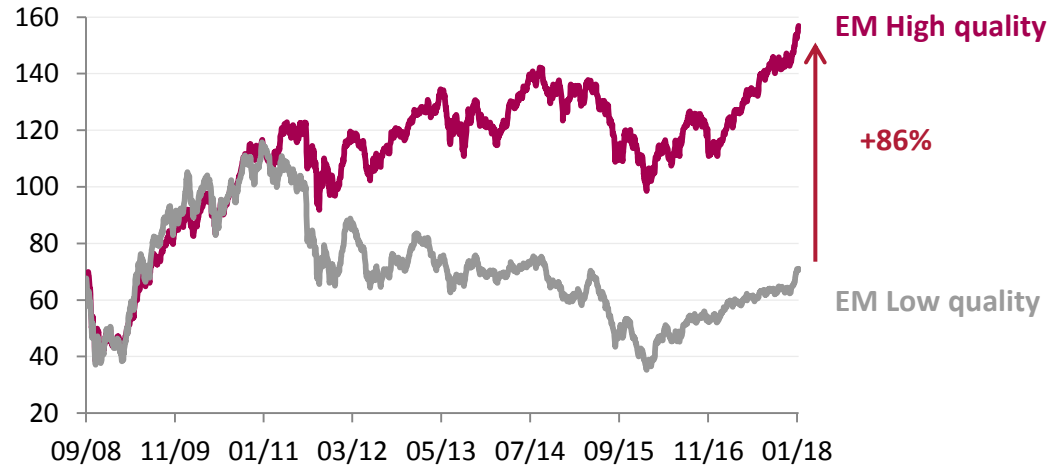
Selective Opportunities in Emerging Markets



Promising and visible growth prospects ...



... But selectivity remains essential: We favor high quality stocks that will be the long term winners



EM High quality

+86%

EM Low quality



Disruptive Potentials in Europe

Malte Heining

Investing in a World of Exponential Disruption

$$y = e^x$$

Professor ALBERT ALLEN BARTLETT

“ The greatest shortcoming of the human race is our inability to understand the exponential function ”

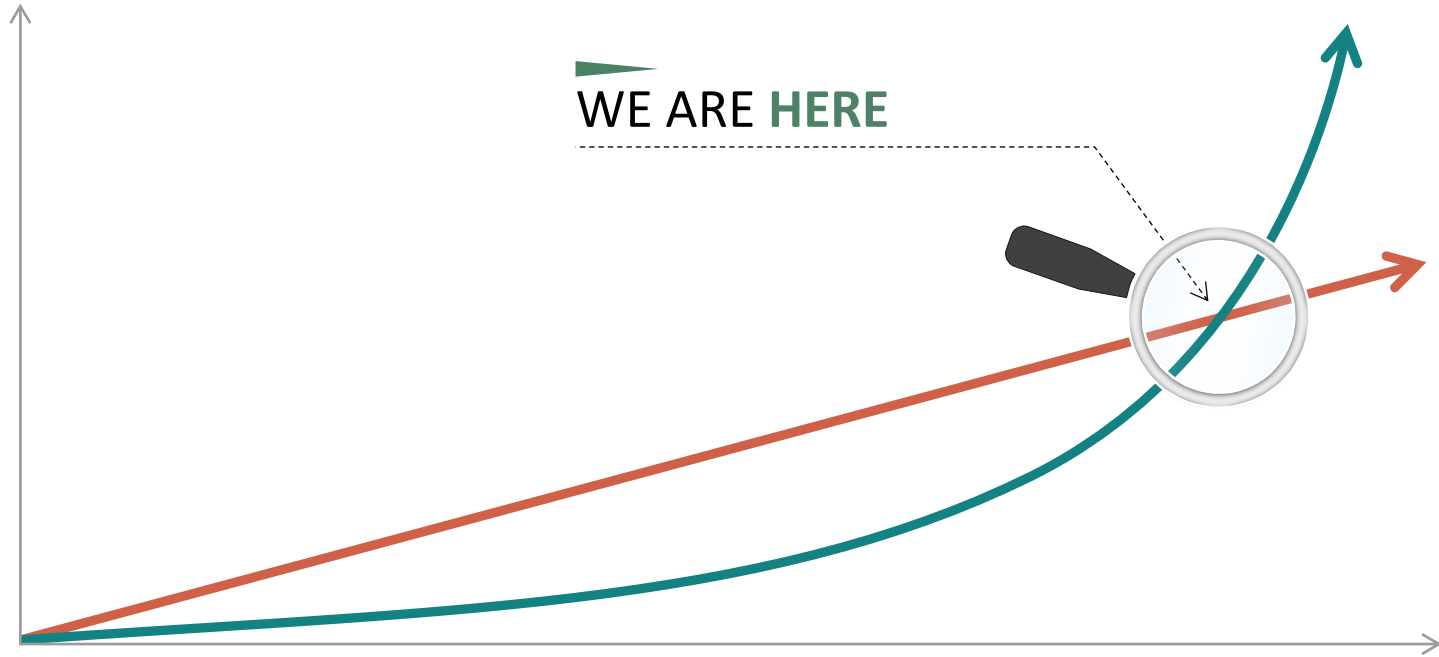
➤ **30** linear steps (1,2,3m...), I end up **30** meters away
➤ **30** exponential steps (1,24,16m...) I end up **1 billion** meters away, or **26x** around the planet

MOORE'S LAW

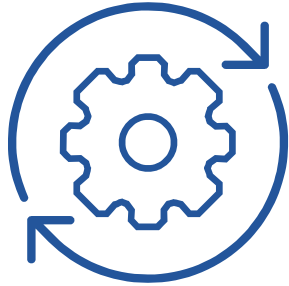
“ The number of transistors in a dense integrated circuit doubles approximately every two years ”

➤ **Once a technology is digitalized, it moves on an exponential curve...**

Once a Technology is Digitalized, it Moves on an Exponential Curve



RIB Software: Bringing 5D Technology to a Building Industry that has Hardly Changed in 200 years



\$9 trillion

Global building and construction industry



1% of spending

IT in Global building and construction













RIB Software **€1bn EV**



MARKET LEADER
in building information technology

- ✓ Huge addressable market
- ✓ Underpenetrated
- ✓ Product leadership
- ✓ A strong management to execute on the opportunity

Selective Disruptive Investment Opportunities in Europe

LINE OF BUSINESS		
	Companies Facilitating Digital transformation	
	Brick and Mortar vs Online	
	Traditional TV vs Platform TV	
	Fossil vs Renewable energy	
	Traditional pharma vs Biotech	

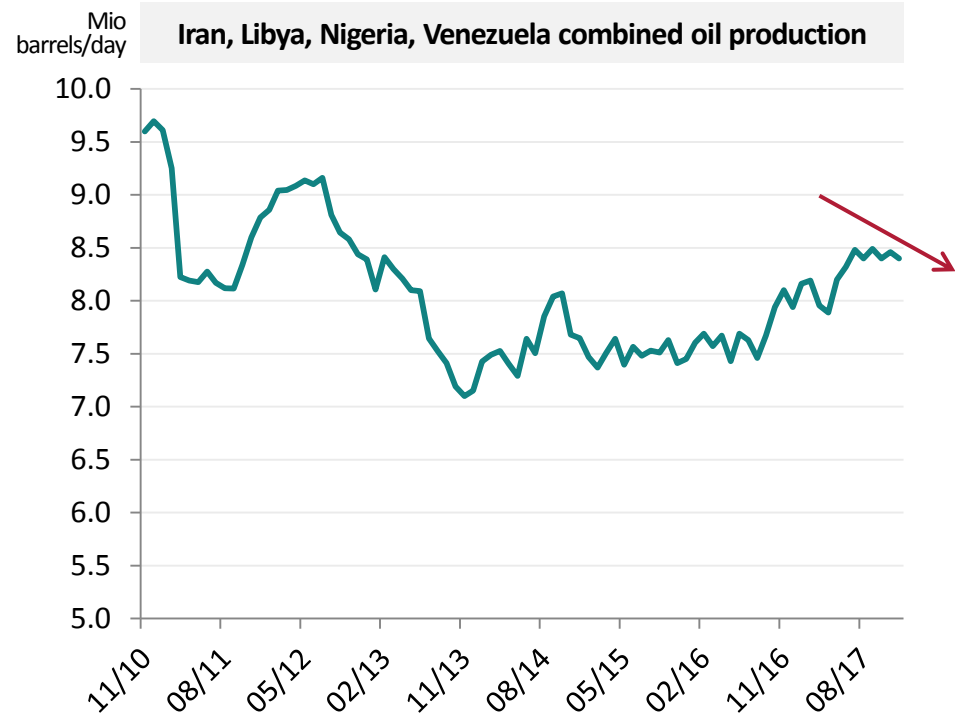
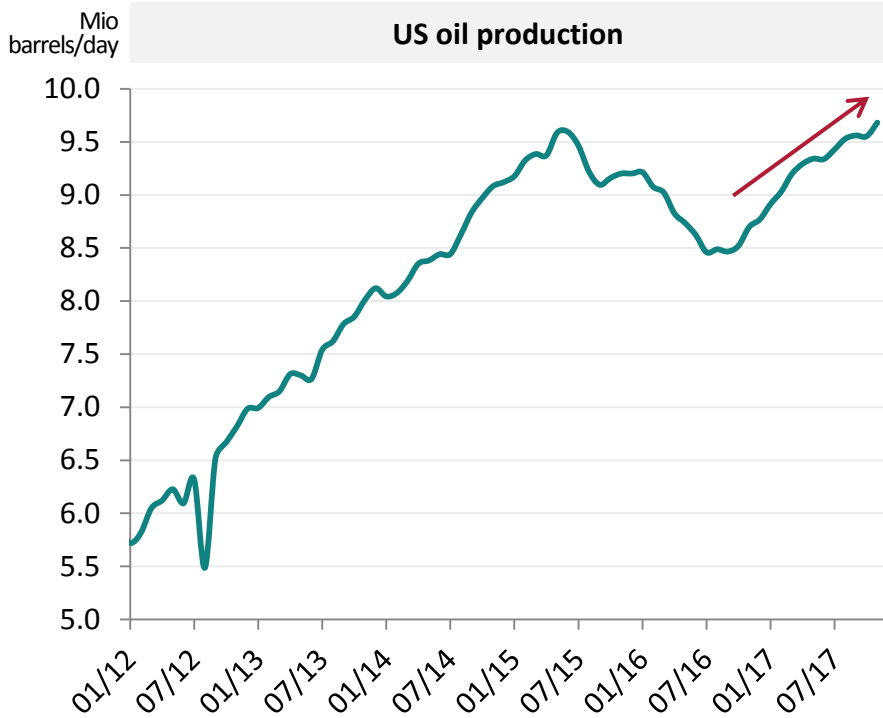
COMPANY/ANNUALISED RETURN OVER HOLDING PERIOD			
<ul style="list-style-type: none"> RIB Software Cancom Temenos 	<ul style="list-style-type: none"> +142% +63% +66% 	<ul style="list-style-type: none"> Alfa Financial S&T 	<ul style="list-style-type: none"> +73% +271%
<ul style="list-style-type: none"> Ferratum Delivery Hero 	<ul style="list-style-type: none"> +87% +116% 		
<ul style="list-style-type: none"> Pantaflix 	<ul style="list-style-type: none"> +191% 		
<ul style="list-style-type: none"> Meyer Burger 	<ul style="list-style-type: none"> +167% 		
<ul style="list-style-type: none"> Morphosys Ablynx 	<ul style="list-style-type: none"> +110% +100% 		



The Specific Case of Oil

Michael Hulme

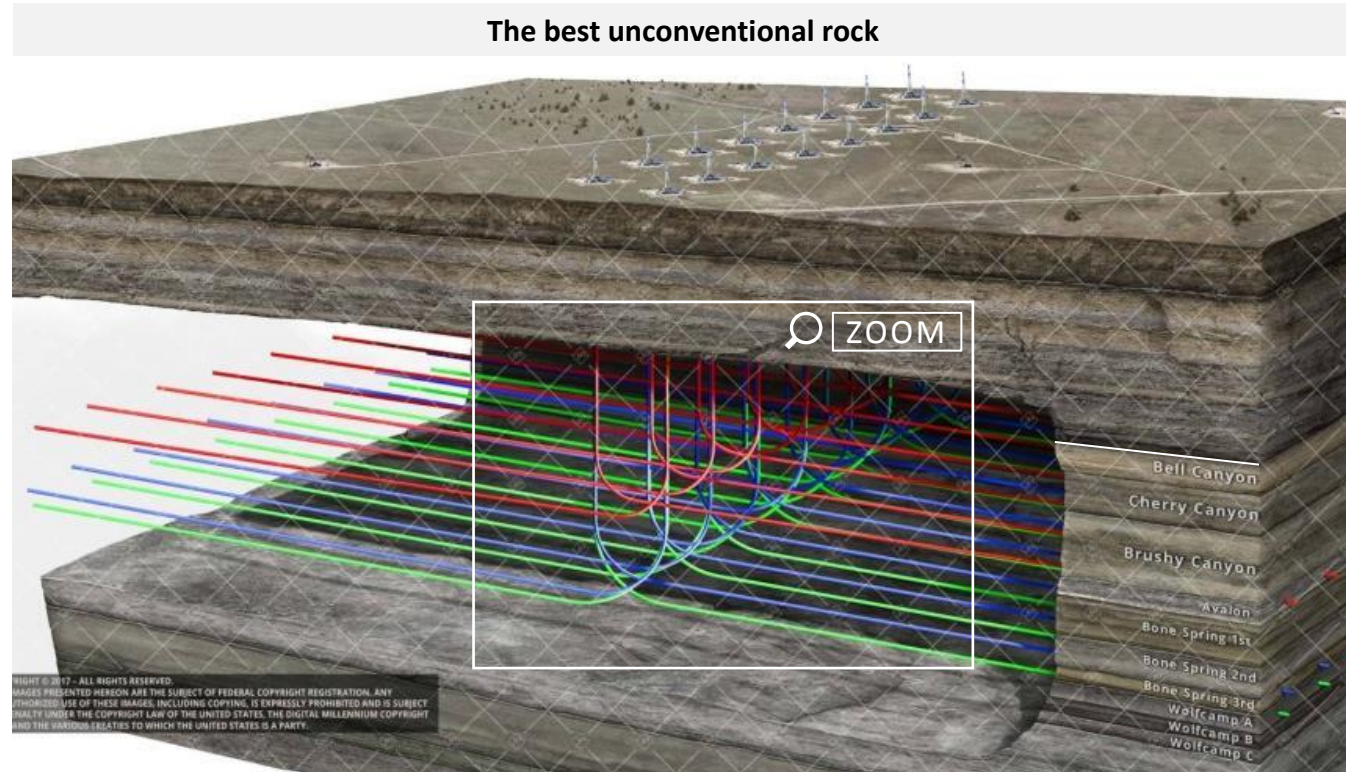
The Specific Case of Oil



Picking the Long Term Winners

✓ Rock

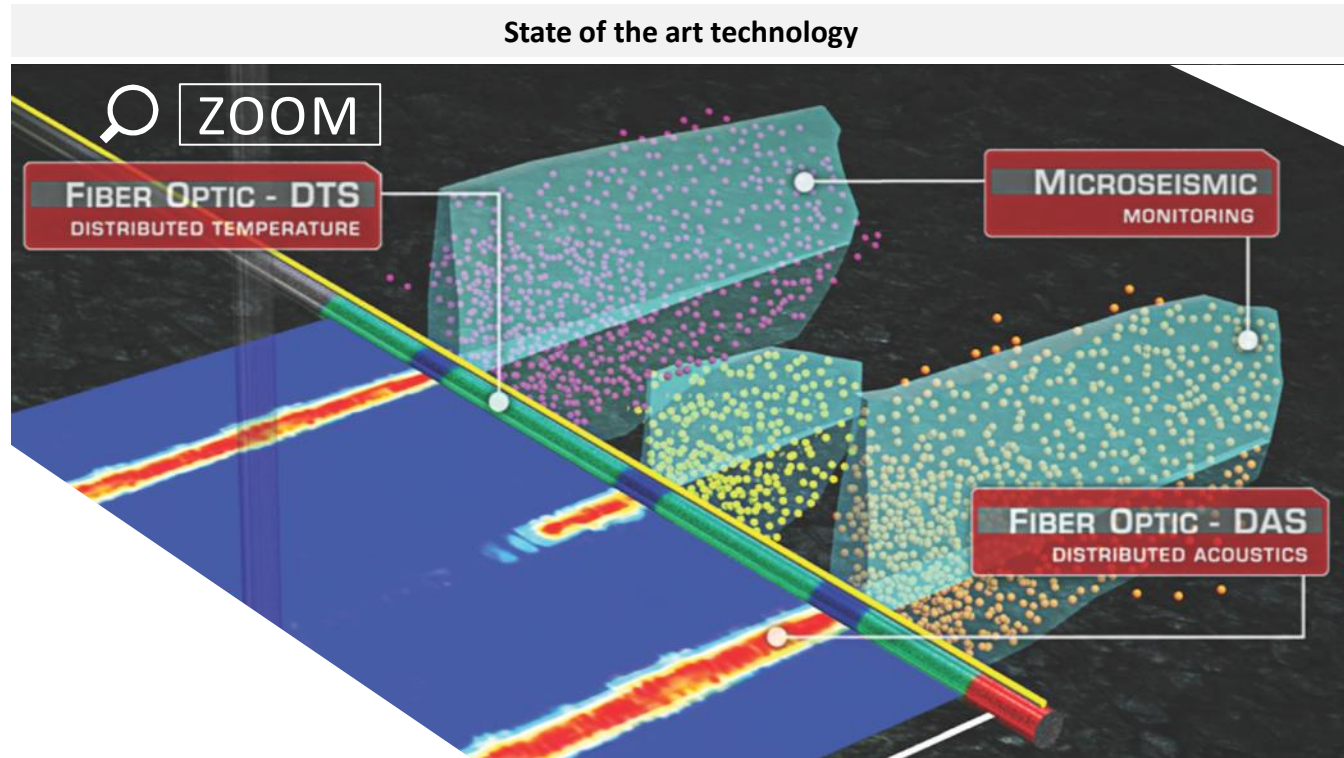
The best unconventional rock



Picking the Long Term Winners

✓ Rock

✓ Technology

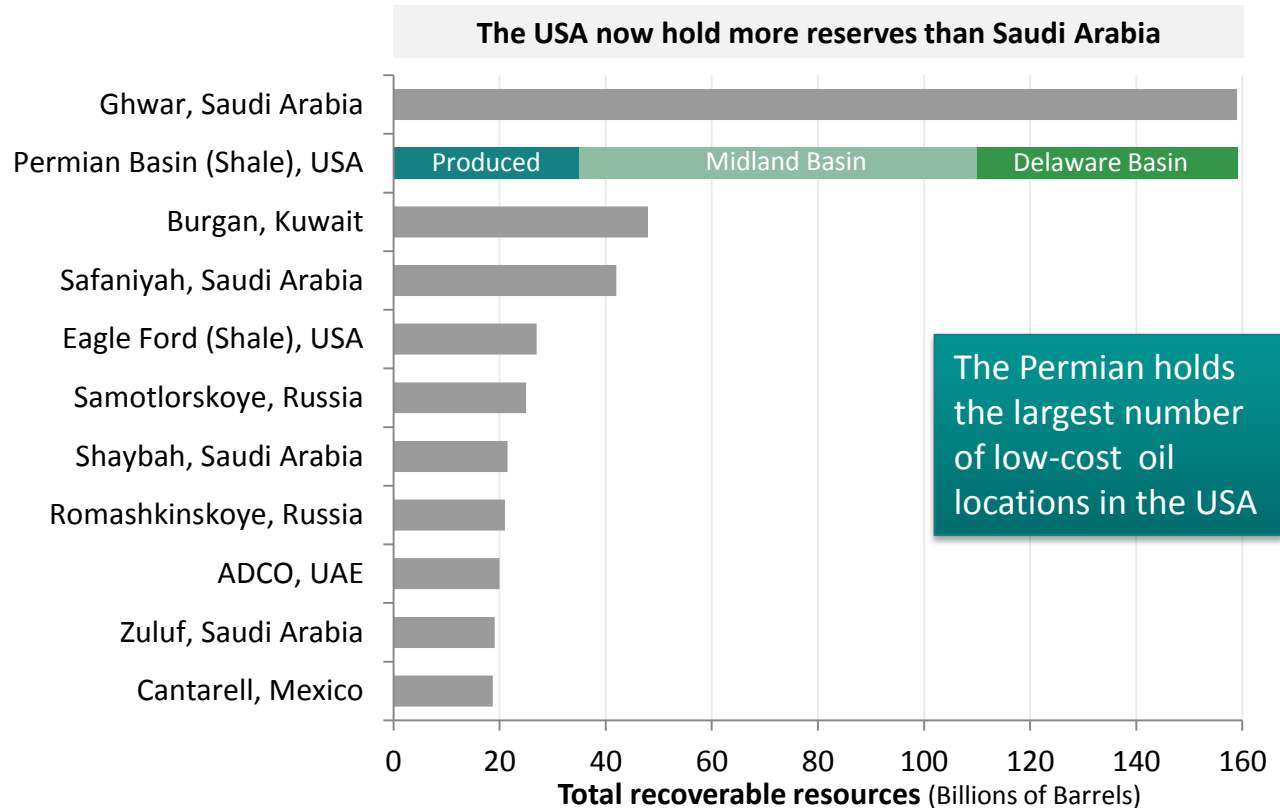


Picking the Long Term Winners

✓ Rock

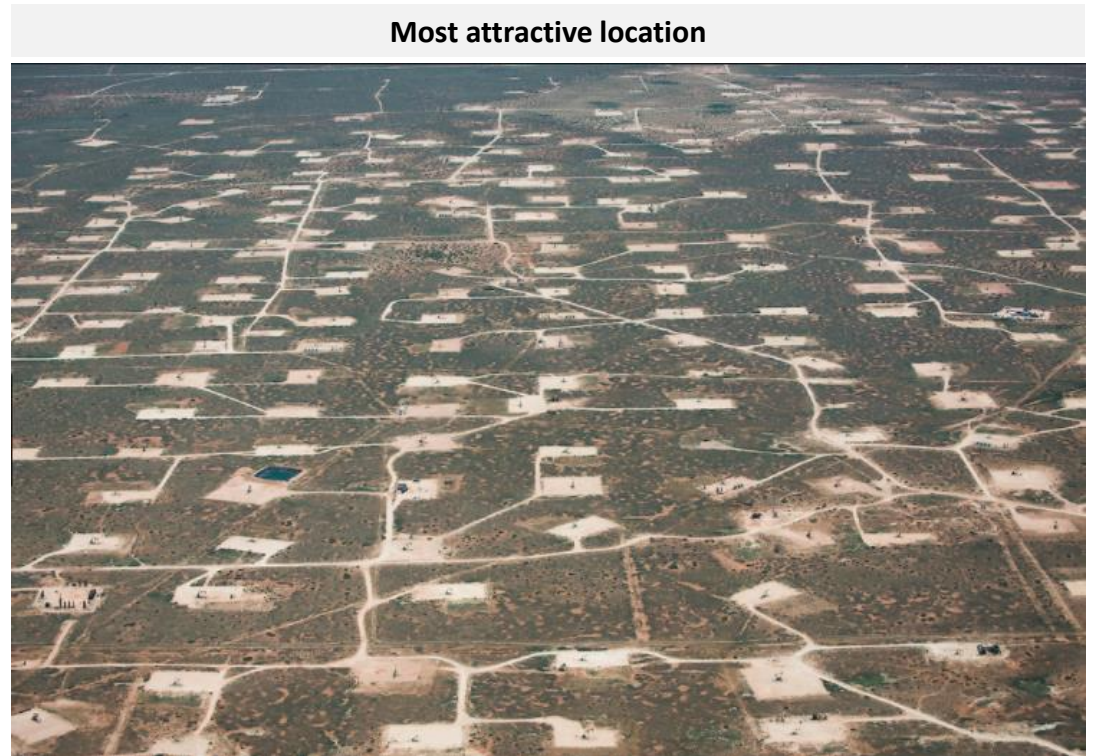
✓ Technology

✓ Scale



Picking the Long Term Winners

- ✓ Rock
- ✓ Technology
- ✓ Scale
- ✓ Location



Carmignac Patrimoine* 6%
 Carmignac Portfolio Commodities* 35%



The ideal location, the best unconventional rock,



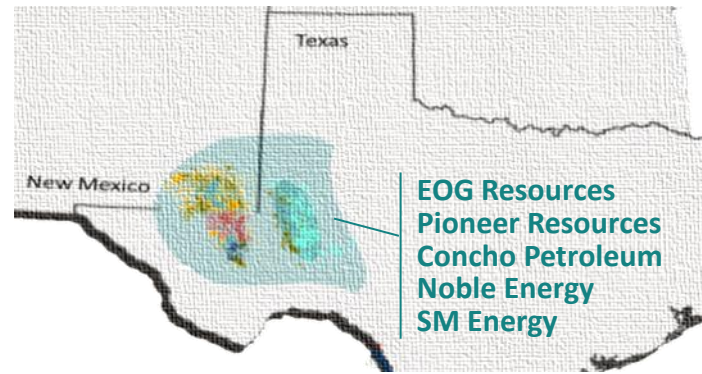
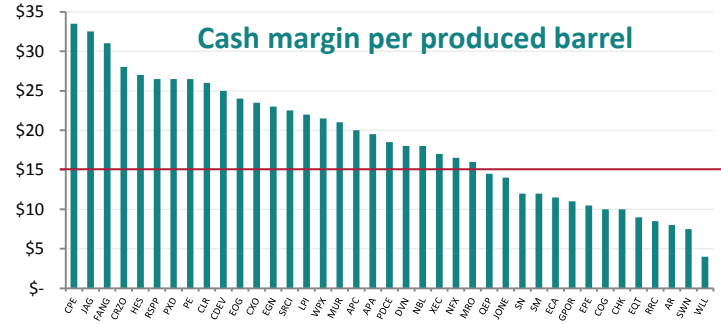
With the most advanced technology



Benefitting from economies of scale...

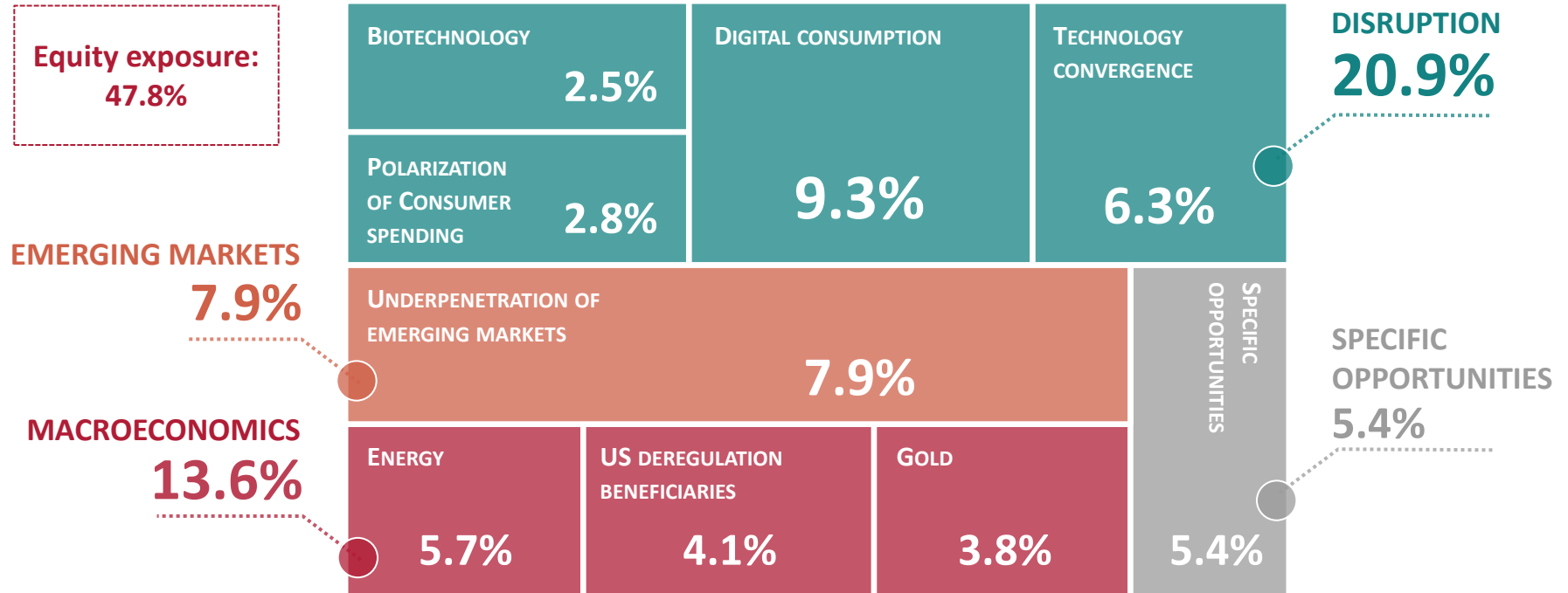


Should over time generate the best returns



Conclusion

Carmignac Patrimoine: Equity Thematic Breakdown



Main Risks of Carmignac Patrimoine

- **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.

- **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.

- **The Fund's capital is not guaranteed.**

Main Risks of Carmignac Investissement Latitude

- **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.

- **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's capital is not guaranteed.**

Main Risks of Carmignac Portfolio Emerging Patrimoine

- **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.

- **Credit**

Credit risk is the risk that the issuer may default.

- **Emerging markets**

Operating conditions and supervision in "emerging" markets may deviate from the standards prevailing on the large international exchanges and have an impact on prices of listed instruments in which the Fund may invest.

- **The Fund's capital is not guaranteed.**

Main Risks of Carmignac Euro-Patrimoine

- **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.

- **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.

- **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's capital is not guaranteed.**

Main Risks of Carmignac Portfolio Capital Plus

- **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's capital is not guaranteed.**

Main Risks of Carmignac Sécurité

- **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.

- **Risk of capital loss**

The portfolio does not guarantee or protect the capital invested. Capital loss occurs when a unit is sold at a lower price than that paid at the time of purchase.

- **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's capital is not guaranteed.**

Main Risks of Carmignac Portfolio Unconstrained Global Bond

- **Credit**

Credit risk is the risk that the issuer may default.

- **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.

- **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's capital is not guaranteed.**

Main Risks of Carmignac Investissement

- **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.

- **Interest rate**

Interest rate risk results in a decline in the net asset value in the event of changes in interest rates.

- **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's capital is not guaranteed.**

Main Risks of Carmignac Emergents

- **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.

- **Emerging markets**

Operating conditions and supervision in "emerging" markets may deviate from the standards prevailing on the large international exchanges and have an impact on prices of listed instruments in which the Fund may invest.

- **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's capital is not guaranteed.**

Main Risks of Carmignac Portfolio Emerging Discovery

- **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.

- **Emerging markets**

Operating conditions and supervision in "emerging" markets may deviate from the standards prevailing on the large international exchanges and have an impact on prices of listed instruments in which the Fund may invest.

- **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.

- **Liquidity**

Temporary market distortions may have an impact on the pricing conditions under which the Fund might be caused to liquidate, initiate or modify its positions.

- **The Fund's capital is not guaranteed.**

Main Risks of Carmignac Portfolio Commodities

- **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.

- **Commodities**

Changes in commodity prices and the volatility of the sector may cause the net asset value to fall.

- **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's capital is not guaranteed.**

Main Risks of Carmignac Portfolio Grande Europe

- **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's capital is not guaranteed.**

Main Risks of Carmignac Euro-Entrepreneurs

- **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.

- **Liquidity**

Temporary market distortions may have an impact on the pricing conditions under which the Fund might be caused to liquidate, initiate or modify its positions

- **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's capital is not guaranteed.**

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Non contractual document, completion achieved on **23/01/2018**

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