PROFESSIONALS ONLY

WEBCAST

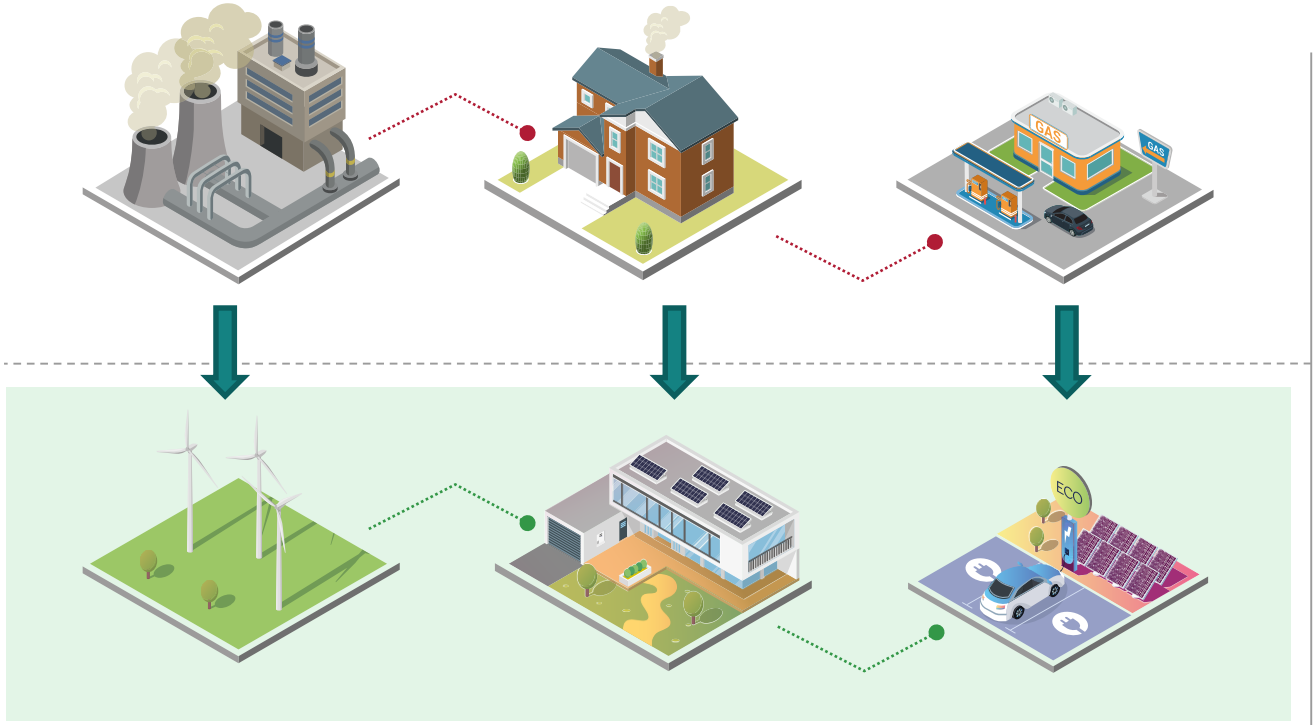
# Carmignac Portfolio Green Gold

**Michel WISKIRSKI**
Fund Manager

CARMIGNAC
RISK MANAGERS

# Why this change? Why now?

# Energy Sector is Changing at an Unprecedented Pace with Increased Demand for Clean Energy Sources




- Environmental concerns have brought clean energy goals centre stage
- Market influences demand competitive pricing to promote healthy investments while renewable energy policies evolve at the government and supranational level
- We look for ways to phase out fossil fuels and reduce our dependance on energy sources that harm our planet
- 65 out of 195 countries use renewable sources for at least 50% of their electricity

Source: Carmignac, IEA, May 2020

# 3 Key Changes Shaping our Lives, Impacting our Investment Universe

## Commodity crisis & transformation of energy generation

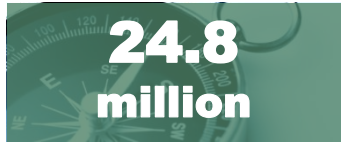
*Amount spent on renewable power generation in 2017*

*And in fossil fuel power generation*

## Tech Disruption & Innovation

*Number of active Internet of Things connections in EU cities in 2019*

*In 2022*




## The unstoppable force of ESG investing supported by policy action

*Global growth in sustainable investments in US$ Trillion 2012-2018*

*Germany renewable energy target by 2025*

Source: International Energy Agency 2019, Global Sustainable Investment Alliance, March 2019

# Carmignac Portfolio Green Gold

**AUM (30/06/2020)** € 295m

**STRUCTURE** UCITS

Lower risk — Higher risk
Potentially lower return — Potentially higher return

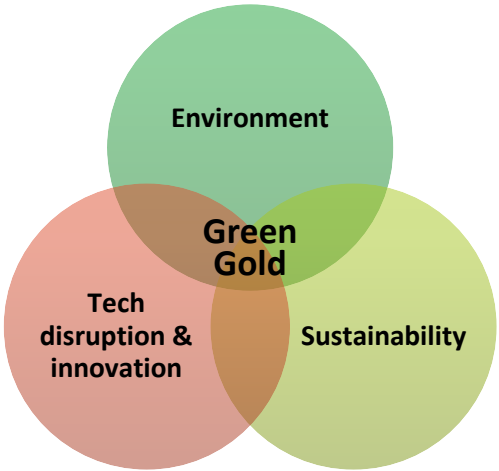
| 1 | 2 | 3 | 4 | 5 | **6*** | 7 |
|---|---|---|---|---|---|---|

Recommended minimum investment horizon: 5 years

## A Strategy that Aims to Accompany Climate Change and the Energy Needs of the Future

### INVEST WITH A PURPOSE

Aiming to generate attractive returns while contributing to climate change mitigation & decarbonization efforts




### INVEST EFFICIENTLY

A differentiated & holistic approach targeting not only clean energy providers but also:

- Raw metal suppliers, vital for transition
- High emitters making best in class efforts to reduce toxic emissions

### INVEST IN INNOVATION

Targeting innovative and sustainable growth companies with a technological edge and solid business models

### INVEST SUSTAINABLY

Seeking to invest at least 60% of its assets in companies contributing to climate change mitigation according to EU taxonomy standards

Please refer to the Prospectus for a full description of the Fund, including extra-financial analysis and a list of categories of assets and financial contracts.
* For the A EUR Acc share classe. Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a risk-free investment. This indicator may change over time.
Source: Carmignac, July 2020. Source Carmignac May, 2020

# Digging deeper into

Carmignac Portfolio
Green Gold

# **BEFORE** - Investing across the commodity and natural resources value chain



| | ENERGY | METALS & MINING | RELATED INDUSTRIES |
|---|---|---|---|
| THEMES | ▸ Exploitation & Upstream<br>• Shale Gas/Oil<br>• Offshore/ onshore<br>▸ Downstream<br>• Refining<br>• Oil & Gas Services<br>▸ Energy transport & logistics | ▸ Industrial Metals and Materials<br>▸ Precious Metals<br>▸ Finished Metals and Alloys | ▸ Energy Efficiency Industries<br>▸ Energy-Enabling Industries<br>▸ Chemical Industries<br>▸ Construction Materials<br>▸ Agriculture Technology |
| | **25% - 50%*** | **25% - 50%*** | **10% - 30%*** |
| EXAMPLE POSITIONS | *Suncor Energy, Pioneer Natural Resources, Marathon Petroleum, Canadian Natural Resources* | *Agnico Eagle Mines, Glencore, Arizona Mining, Newmont Mining* | *Siltronic, Weir Group, Tessenderlo, Darling Ingredients* |

*Percentages show Carmignac Portfolio Commodities range of exposure to different buckets based on 5 year historic average for illustrative purposes only. Portfolio composition may vary over time. Reference to certain securities and financial instruments is for illustrative purposes to highlight stocks that are or have been included in the portfolios of funds in the Carmignac range. This is not intended to promote direct investment in those instruments, nor does it constitute investment advice. The Management Company is not subject to prohibition on trading in these instruments prior to issuing any communication
On 15/05/2020 the Fund's name was changed from Carmignac Portfolio Commodities to Carmignac Portfolio Green Gold
Source: Carmignac, 2019

# **AFTER -** Investing in Companies that Help Mitigate Climate Change across the whole renewable and industrial value chains

Carmignac Portfolio Green Gold

| Low carbon solution providers | Green Solution Enablement « Green industries » | Energy transition |
|---|---|---|
| Products & services that are low carbon and that actively provide solutions for a cleaner and greener world | Products & services that enable other activities to provide low carbon solutions or achieve emissions reduction | Companies with the highest reduction potential & making efforts in terms of decarbonization to transition to a net zero emissions by 2050 but are not currently operating at that level |
| 15% - 30%* | 40% - 50%* | 10% - 30%* |

**ESG criteria are considered as part of the investment process for all investee companies**

*Percentages show Carmignac Portfolio Green Gold's range of exposure to different buckets for illustrative purposes only. Portfolio composition may vary over time. Reference to certain securities and financial instruments is for illustrative purposes to highlight stocks that are or have been included in the portfolios of funds in the Carmignac range. This is not intended to promote direct investment in those instruments, nor does it constitute investment advice. The Management Company is not subject to prohibition on trading in these instruments prior to issuing any communication
Source: Carmignac, 2019 Source: Carmignac July 2020

# Focus on Energy Transition Bucket:
# **Will Energy Transition be Metal Free?**

The rapid emergence in renewables is setting a stage for a new commodities boom

| Wind & Solar | EVs | Energy storage |
|---|---|---|
| **2018**<br>**1 TW global generation capacity** | **2017**<br>**3.1 million EVs** | **2017**<br>**$ 194 billion global market** |
| **2023**<br>**2 TW global generation capacity**<br>**This second TW will cost 2x less than the first** | **2030**<br>**125 million EVs**<br>**Ownership of EVs will increase by 40x in the next 13 years** | **2024**<br>**$296 billion global market** |
| **METALS NEEDED** | | |
| ***Copper, Steel, Silver, rare earths*** | ***Lithium, Copper, Nickel, Cobalt, Manganese*** | ***Lithium, Copper, Nickel, Cobalt, Graphite, Zinc*** |

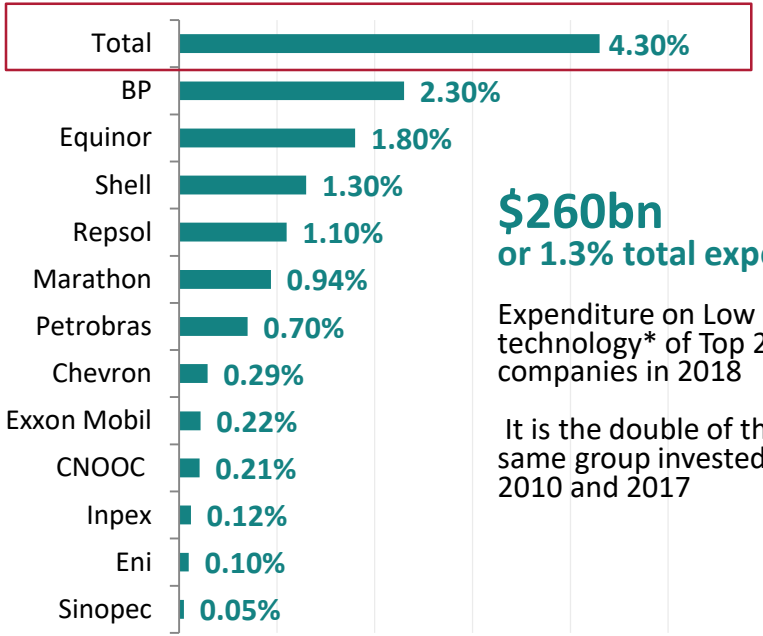
Source: Carmignac, Bloomberg, New Energy Finance Research, , World Bureau of Metal Statistics 2019

# Focus on Energy Transition Bucket:
# **The source of the problem will also be part of the solution**

**Top 10 companies responsible for the most global carbon emissions between 1965-2017 (in Million Tons of CO2e)**

| | | |
|---|---|---|
| 1. | Saudi Aramco | 59 262 |
| 2. | Chevron | 43 345 |
| 3. | Gazprom | 43 230 |
| 4. | Exxon Mobil | 41 904 |
| 5. | National Iranian Oil Co. | 35 658 |
| 6. | BP | 34 015 |
| 7. | Royal Dutch Shell | 31 948 |
| 8. | Coal India | 23 124 |
| 9. | Pemex | 22 645 |
| 10. | Petroleum de Venezuela | 15 745 |

**Disclosed low-carbon investment as a proportion of total Capex (2010-Q3 2018)**




**$260bn**
**or 1.3% total expenditures**

Expenditure on Low carbon technology* of Top 24 public oil companies in 2018

It is the double of the 0.68% the same group invested between 2010 and 2017

Source: Reuters, Climate Accountability Institute, 2019
*Low carbon technology is defined as frontier power, energy smart technologies, carbon capture and storage, biomass ans waste, biofuels, onshore and offshore wind solar, thermal

# Portfolio Construction

| Low carbon solution providers | Green Solution Enablement « Green industries » | Energy transition |
|---|---|---|
| Wind | Green Metals | Large oil & mining companies (incl. Gold miners)<br>• improving CO2 scope emissions with clear targets<br>• increasing renewables capex<br>• Improving dialogue & relationship with local communities<br>• sustainable policies water usage and recycling |
| Solar | Green Technologies | |
| Transportation / Green mobility | Energy efficiency & management | |
| | Building efficiency | |
| | Circular Economy & sustainable agriculture | |

***For more information, please refer to the KIID (Key Investor Information Document) or the prospectus of the Funds. The Funds' KIIDs and prospectus are available at www.carmignac.com.**

Portfolio composition may vary over time. Reference to certain securities and financial instruments is for illustrative purposes to highlight stocks that are or have been included in the portfolios of funds in the Carmignac range. This is not intended to promote direct investment in those instruments, nor does it constitute investment advice. The Management Company is not subject to prohibition on trading in these instruments prior to issuing any communication

Source: Carmignac April 2020

# Overview of our Key Holdings

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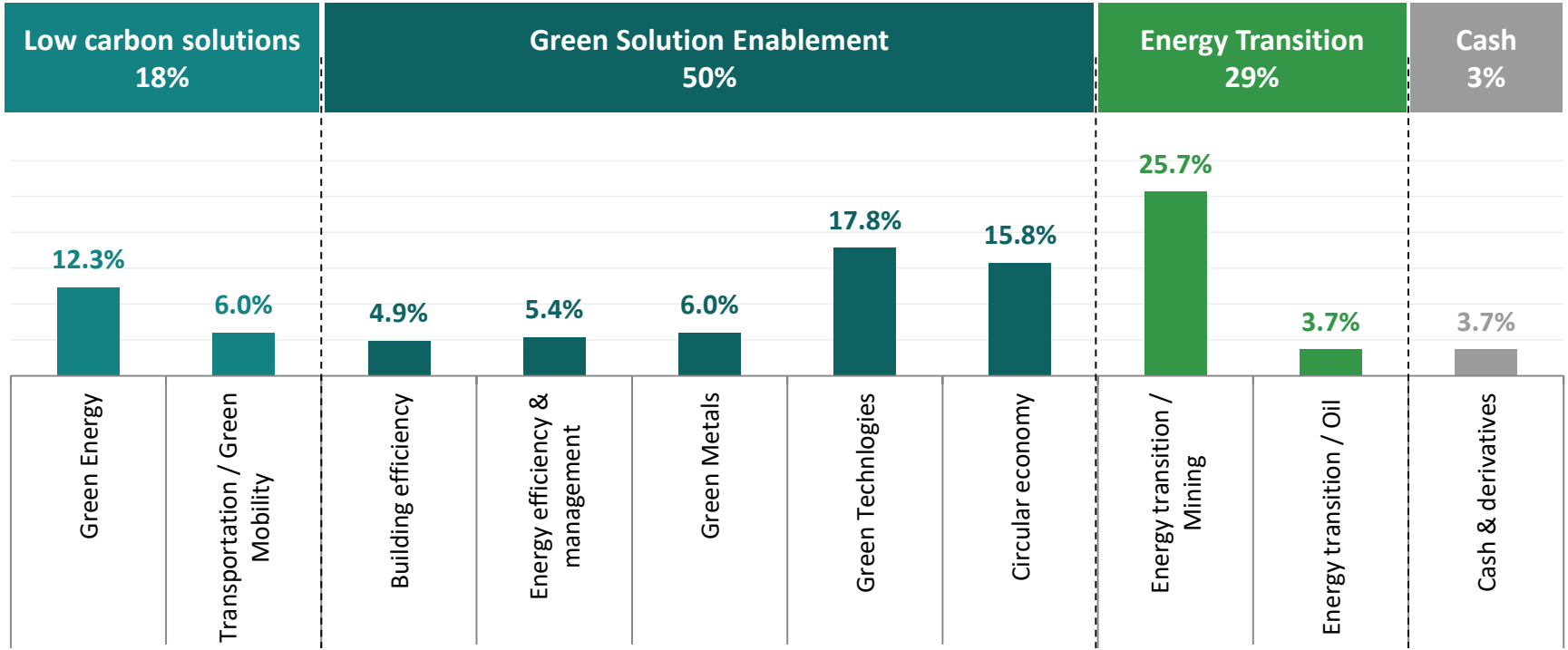
Source: Carmignac July 2020

# Current positioning of Carmignac P. Green Gold




Source: Carmignac, 17/07/2020

# Investment Philosophy

## Looking for above average return businesses, compounding value over the long-term

### Bottom up stock picking approach

*Identify attractive & mispriced securities, in sustainable sectors with a growing total addressable market*

### Quality & Growth focused

*High moat companies with high pricing power, solid business models & recurring revenues*

### Benchmark agnostic

*No geographic & sector allocation or constraints*

### High conviction & Long term oriented

*Focus on long term investment themes, with an average holding period > 4 years*

Source: Carmignac July 2020

# Current Top 10 Holdings*

| | Country | Sector | Bucket | % Assets |
|---|---|---|---|---|
| **NEWMONT MINING** | USA | Basic Materials | Energy Transition | 6.89 |
| **BARRICK GOLD** | Canada | Basic Materials | Energy Transition | 5.77 |
| **WHEATON PRECIOUS METALS** | Canada | Basic Materials | Energy Transition | 5.28 |
| **AGNICO EAGLE MINES** | Canada | Basic Materials | Energy Transition | 5.16 |
| **ORSTED A/S** | Denmark | Utilities | Green Energy | 4.93 |
| **FIRST QUANTUM MINERALS** | Canada | Basic Materials | Green Metals | 3.00 |
| **SCHNEIDER ELECTRIC** | France | Industrials | Energy efficiency | 2.98 |
| **SAMSUNG ELECTRONICS** | South Korea | Cons. Goods | Green Technologies | 2.93 |
| **WASTE MANAGEMENT** | USA | Industrials | Circular Economy | 2.89 |
| **KINGSPAN GROUP** | Ireland | Industrials | Building Efficiency | 2.76 |
| **Total** | | | | **42.61%** |

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Source: Carmignac at 30/06/2020

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# Carmignac Portfolio Green Gold

## Q&A

*Thanks for the attention*

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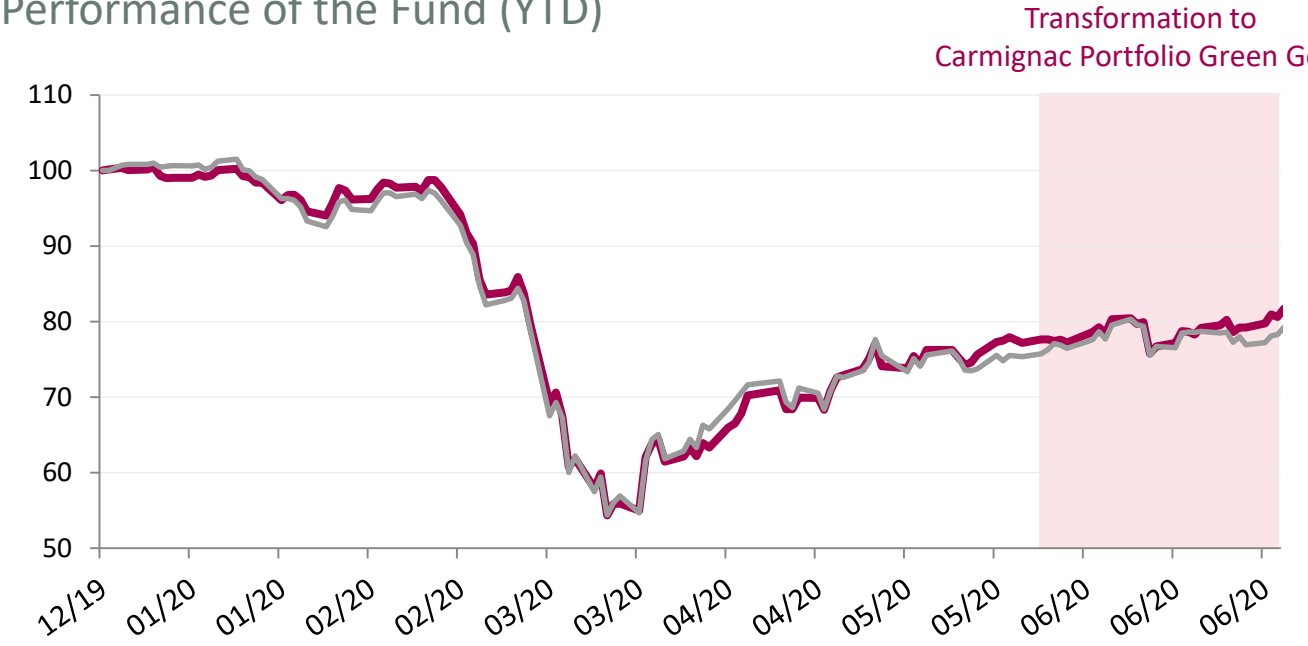
# Appendix

# Carmignac Portfolio Green Gold

## Performance of the Fund (YTD)




**Carmignac Portfolio Green Gold A EUR acc**

**-19.81%**

**Reference Indicator***

**-21.89%**

**On 15/05/2020 the reference indicator changed to MSCI AC WORLD NR (USD) index net dividends reinvested. Performances are presented using the chaining method.**

**The Fund's name was changed from Carmignac Portfolio Commodities to Carmignac Portfolio Green Gold.**

Reference indicator :MSCI ACWI (USD) (Reinvested net dividends)

Past performance is not necessarily indicative of future performance. Performances are net of fees (excluding possible entrance fees charged by the distributor), where applicable. The return may increase or decrease as a result of currency fluctuations, for the shares which are not currency-hedged.

From 01/ 01/ 2013 the equity index reference indicators are calculated net dividends reinvested.

Source : Carmignac, 30/06/2020

# Carmignac' Commodities Strategy Transformation
# What has changed?

| | *BEFORE* | *AFTER* |
|---|---|---|
| **Name** | Carmignac P. Commodities | Carmignac P. Green Gold |
| **Investment universe** | **Thematic International Equities Fund** with no geographic & sector or market cap constraints | |
| **Investment Focus** | Commodity equities Fund | Environmental Innovation Equity Fund |
| **Strategy description** | Commodity producing companies & those in the value chain of commodity producers | Companies providing innovative products or services or contributing to climate change mitigation |
| **ESG Integration & sustainability objective** | No | Yes<br>At least 60% of assets invested in companies contributing to climate change mitigation according to EU taxonomy standards |
| **Ref Indicator** | **Composite reference indicator**:<br>45% MSCI ACWI Oil & Gas NR (Eur), 5% MSCI ACWI Energy Equipment NR (Eur), 40% MSCI ACWI Metal and Mining NR (Eur), 5% MSCI ACWI Paper & Forest NR (Eur), 5% MSCI ACWI Chemicals NR (Eur). | **MSCI AC WORLD NR (USD) index**<br>calculated with net dividends reinvested<br>(Bloomberg code: NDUEACWF) |
| **Morningstar category** | Sector Equity Natural Resources | Sector Equity Ecology |
| **Investment limits/ Fee structure** | No change in investment limits/SRRI/ risk profile/ leverage/ fee structure | |

Source: Carmignac July 2020

# What we Look for When Investing in Transitioning Mining & Gold Companies?

We target best in class companies with the highest emission reduction potential & making comprehensive efforts to reduce their negative externalities

**Reduce energy use & GHG emissions**

**Improve local community relationship**

**Reduce toxic mining waste**

**Implement water management strategy**

Source: Carmignac July 2020

# Newmont Mining:

## Best in class Miner with intensive focus on responsible business practices

### Newmont: environment & social targets

**Climate**

**16.5%**

Reduction in GHG emissions intensity by 2020*

**Community**

**100%**

Achievement of regional local employee targets

**Water**

**5%**

Reduction in freshwater consumption by 2019 year end**

**Reclamation**

**90%**

Of planned reclamation activities met

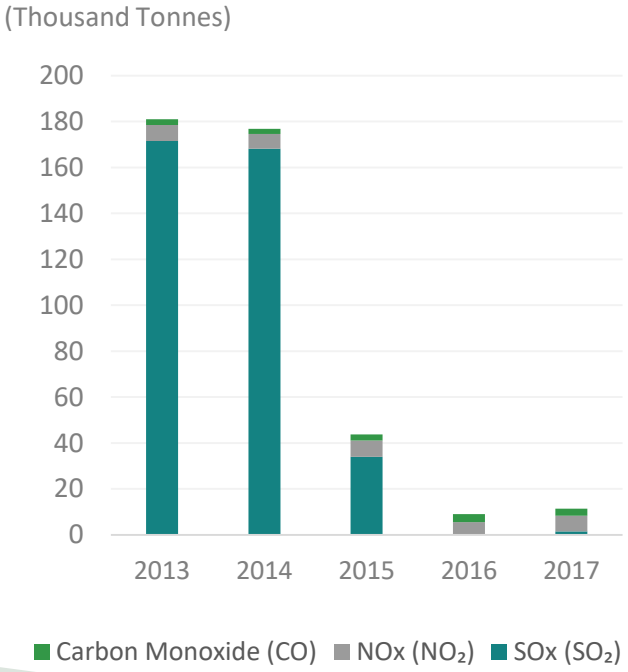
### Improvement of Community dialogue & support

- ✓ **Historic Peñasquito mine agreement** securing sustainable water availability for the local community's domestic & agricultural uses
- ✓ **Establishment of $20M Global Community Support Fund**
- ✓ **Partnerships with local governments', medical institutions, charities and NGOs** to address needs of local communities

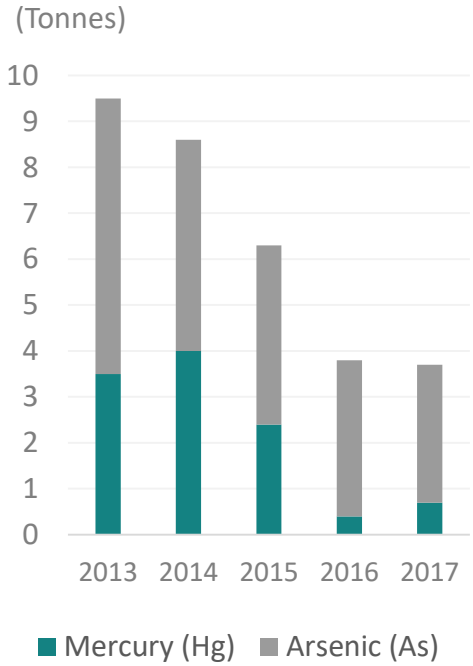
* 7 year target from 3013 baseline
**3 year target from 2016 baseline
Source: Company date: Newmont 2018 Sustainabiulity report31/12/2019
https://s3-us-west-2.amazonaws.com/ungc-production/attachments/cop_2018/462859/original/Newmont-Beyond-The-Mine-Sustainability-Report-2017.pdf?1524494306

# Newmont Mining: Environnement Results So Far

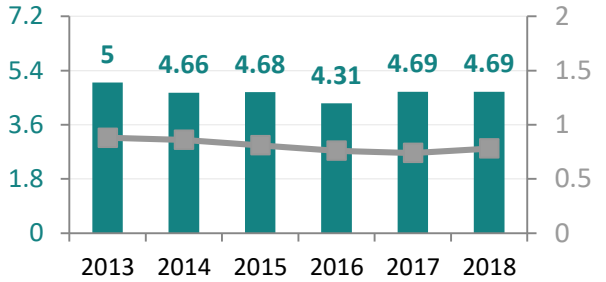
**Newmont Air Emissions - GAS**



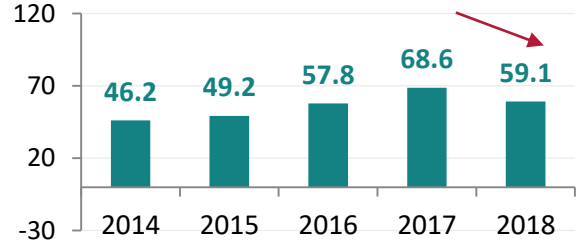

**Newmont Air Emissions - METAL**




**Newmont: Total Scope 1 & 2 GHG emissions & intensity**




**Newmont: Cyanide use (thousand tonnes)**




Source: Company data, Newmont annual report, 31/12/2018

# Performance by Calendar Year

## Carmignac Portfolio Green Gold

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|---|
| **Carmignac Portfolio Green Gold– A EUR Acc** | -16.16% | +21.68% | +5.51% | -17.70% | +14.79% | -19.17% |
| **Reference Indicator*** | -19.66% | +41.68% | +5.15% | -9.58% | +18.78% | -21.89% |

| *Annualized* | 3 years | 5 years | 10 years |
|---|---|---|---|
| **Carmignac Portfolio Green Gold – A EUR Acc** | -4.42% | -4.19% | -2.16% |
| **Reference Indicator*** | -1.29% | -0.65% | +0.18% |

**On 15/05/2020 the reference indicator changed to MSCI AC WORLD NR (USD) index net dividends reinvested. Performances are presented using the chaining method.**

**The Fund's name was changed from Carmignac Portfolio Commodities to Carmignac Portfolio Green Gold.**

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From 01/ 01/ 2013 the equity index reference indicators are calculated net dividends reinvested.
Source : Carmignac, 30/06/2020

# Michel WISKIRSKI

## Fund Manager – Equities

| | |
|---|---|
| **2018** | Carmignac, Paris – Fund Manager |
| **2015 – 2018** | Carmignac, Paris – Analyst, Emerging Markets & Commodities |
| **2014 – 2015** | Carmignac, Paris – Product Specialist, Emerging Markets & Commodities |
| **2010 – 2014** | UBS Investment Bank, London, UK – Associate – EMEA Cross Asset Solutions |
| **2010** | Master's degree in Law, Université Paris II-Assas, Paris, France |
| **2009** | Master's degree in Law, University of Oxford, United Kingdom |
| **2008** | Master's degree in Finance, ESSEC Business School, Cergy-Pontoise, France |
| **2007 – 2008** | BNP Paribas - Fortis Banque, Paris, France – Credit Analyst |
| **2006** | Crédit Agricole CIB, Paris, France – Financial Analyst |

Main risks of the fund

# Carmignac Portfolio Green Gold*

Recommended minimum investment horizon: 5 years

**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.

**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.

**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.**

Source: Carmignac at 23/07/2020
* For the share class Carmignac Portfolio Green Gold A EUR Acc. Risk Scale from the KIID (Key Investor Information Document). Risk 1 does not mean a riskfree investment. This indicator may change over time.

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*MSCI ESG Research has developed a proprietary methodology in order to issue Carbon Portfolio Analytics, which is based on are based on a variety of aggregation methodologies of the underlying covered holdings from the portfolio in-scope. MSCI ESG Research collects carbon emissions (in other words, greenhouse gas emissions) data for the companies in our coverage universe. Data is collected once per year from most recent corporate sources, including Annual Reports, Corporate Social Responsibility Reports or websites. In addition, MSCI ESG Research uses the carbon emissions data reported through CDP (formerly the Carbon Disclosure Project) or government databases when reported data is not available through direct corporate disclosure. When companies do not disclose data, MSCI ESG Research refers proprietary methodologies to estimate Scope 1, Scope 2, Upstream Scope 3, and Downstream Scope 3 carbon emissions. By incorporating estimation in the methodologies used, Carmignac acknowledges that metrics determined could be assessed as relative rather than objective. Nevertheless, Carmignac confirms that the use of MSCI ESG Research permits to identify and follow the carbon emission of portfolios in comparison to relevant reference indicator or low carbon benchmark defined.*

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Investment management company approved by the AMF -Public limited company with share capital of € 15,000,000 - RCS Paris B 349 501 676
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