



M. Denham

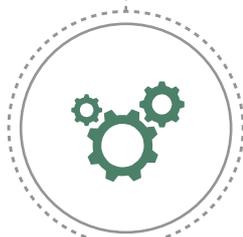
## A SOCIALLY RESPONSIBLE APPROACH TO EUROPEAN EQUITY MARKETS

Carmignac is an investment company that understands its responsibilities to society. As well as being strongly committed to recognising and measuring its own Environmental, Social and Governance (ESG) impact, the majority of Carmignac Funds integrate ESG criteria in their investment approach. Carmignac Portfolio Grande Europe is a good example of this commitment to Socially Responsible Investing (SRI).



### A longstanding commitment to SRI

Responsible investing is not new at Carmignac. Since inception, empowered through our independence and transparency, we have maintained high SRI standards, aware of our corporate duty towards our investors and stewardship as a leader in fund management. In 2012, our decision to become a signatory to the United Nations' Principles for Responsible Investment increased the level of transparency surrounding the ESG selection criteria applied within our investment processes.



### Sustainability throughout the Fund's investment process

Within its investment process, Carmignac Portfolio Grande Europe includes in-house and third party ESG research, negative screening, carbon emissions analysis, plus a high frequency of company and stakeholder meetings. Each step in the process supports the Fund Manager in filtering down to find the most attractive companies and building a portfolio that targets low carbon emissions and offers a transparent SRI approach for investors.



### A personal commitment to ESG issues

Mark Denham, Fund Manager of Carmignac Portfolio Grande Europe, has demonstrated personal accountability and high conviction towards ESG issues. For this Fund, he has extended Carmignac's exclusion list by applying limits to a broader range of controversial sectors and by incorporating his own SRI analysis. In addition, he has made active shareholder participation a priority, engaging openly and mitigating against ESG-associated risks within the companies in which the Fund is invested.

## Our investment path to sustainability



### **SRI starts at the very beginning of the investment process, when we screen the Fund's investment universe**

The Fund invests in European equities using a **fundamentally driven investment approach**. The bottom-up analysis, implemented through a financial filter and scoring process, identifies companies with the best long-term growth prospects, as demonstrated by their high, sustainable profitability, ideally combined with internal or external reinvestment. **Negative screening is an important complementary filter** used to avoid investments in companies operating in controversial sectors, such as coal<sup>(1)</sup> or tobacco production.



### **In-depth research and analysis refines stock selection and portfolio construction**

The filtered Fund's investment universe is then analysed through **company-specific proprietary research and valuation**. During this phase, the Fund Manager **interacts with companies and stakeholders**, identifying ESG risks. **Corporate sustainability reports and specialist ESG corporate research are consulted** and **potential controversies discussed**. The portfolio is then constructed taking these aspects into consideration.



### **Consideration of ESG issues does not end once the investment decision is made**

**The investment case of each company held in portfolio is regularly reviewed**, notably regarding the changing nature of ESG associated risks. Furthermore, by adopting an active shareholder voting policy, the Fund Manager aims to participate in all possible voting actions<sup>(2)</sup>, thereby strengthening our commitment **to engaging openly with companies to improve their approach to ESG issues**.

(1) Coal production is restricted to a maximum tolerance of 5% of a company's revenues. (2) Carmignac works closely with Institutional Shareholder Services (ISS), a leading name in Corporate Governance and Proxy Voting Analysis & Processing. ISS also helps us to report and identify specific ESG related issues during voting actions.

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• **In the United Kingdom**, the Fund's prospectus, KIID and annual reports are available at [www.carmignac.co.uk](http://www.carmignac.co.uk), or upon request to the Management Company. This material was prepared by Carmignac Gestion and/or Carmignac Gestion Luxembourg and is being distributed in the UK by Carmignac Gestion Luxembourg UK Branch (Registered in England and Wales with number FC031103, CSSF agreement of 10/06/2013).  
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