Finding distinctive opportunities in niche asset classes

Small and mid-capitalisations universe offers differentiating advantages versus their large capitalisation counterparts

Author(s)
Malte Heininger

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> 12.3% volatility for emerging small capitalisation index compared with 14.1% for their large capitalisation [1]

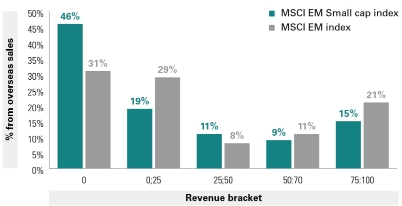
Contrary to common opinion, small capitalisation indices are not necessarily more volatile compared to large capitalisation. In fact, they often display slightly lower volatility which can partly be explained by domestic exposure and lower foreign ownership. Together with a low analyst coverage, it creates attractive opportunities for investors.

Greater domestic exposure

76% of emerging small and mid-sized companies have greater revenues from the domestic front than overseas.[2]

The small and mid-capitalisation companies are more domestically oriented, catering for domestic demand, which makes them more resilient to external shocks and less correlated, on average, to global market trends.

Percentage revenues from overseas sales of emerging small capitalisation companies vs large capitalisation



Source: Numeric Investor LLC, MSCI data, Bloomberg, 2017

Higher family-ownership

60% of private sector emerging small and mid-capitalisations companies are founder or family owned businesses compared with only 33% of the companies for the S&P 500.[3]

Large proportion of founder or family governed businesses in the Small-Mid Capitalisation universe, benefiting from a "home field" advantage, deriving from years of personal relationships with stakeholders across the value chain. This ensures a stronger personal commitment, a greater accountability from the founders/managers and an alignment of interest between the management and shareholders.

Low analyst coverage

45% of small capitalisation have no analyst coverage.[4]

The low coverage lets price inefficiencies to build up over long periods, creating attractive opportunities for active investors that carry out their own groundwork (i.e. meeting company management, site visits, business models, financial and valuations analysis, ….).

Discover our two investment solutions offering differentiating advantages

Thanks to their unique features (domestic orientation and family ownership) and attractive risk return profile, small and mid-caps should not be overlooked by investors and can be used as a diversification tool.

In our emerging and European small and mid-cap Funds, we try to exploit the inefficiencies and unearth the hidden treasures of this under covered universe often misunderstood, over looked and feared by investors, thanks to our rigorous stock picking and highly selective approach.

Carmignac Portfolio Emerging Discovery

Small and mid-cap stock picking Fund trying to discover the future large caps of the emerging and frontier market universe, with a selective & quality approach (healthy fundamentals companies offering long-term growth potential and attractive cash generation) in underpenetrated sectors.

Key differentiating features of our fund

- Offers a quality bias and a low volatility profile.
- Provides effective portfolio diversification (92% high active share[5]).

Carmignac Portfolio Emerging Discovery

Carmignac Euro-Entrepreneurs

European stock picking Fund focusing on companies offering long term prospects, high sustainable profitability and that are reinvesting for the future.

Key differentiating features of our fund

- Exposure to innovative and disruptive companies.
- Provides effective portfolio diversification (96% high active share[6]).

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Carmignac Euro-Entrepreneurs

Discover our Fund managers top picks

Yihai

(Current market cap: 4.5bn EUR)

Market leader in Chinese hot pot preparations and major player for condiment and soup preparations.

Family governed company with quality financial ratios:

• 70%+ EPS growth (2018)
• 29% ROE (2018)
• Net cash balance sheet

Source: Bloomberg, April 2019

Morphosys

(Current market ca

Diversified Germar
development techr
projects at various

Source: Bloomberg

CARMIGNAC PORTFOLIO EMERGING DISCOVERY
Main risks of the Fund 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 presents a risk of loss of capital.**

CARMIGNAC EURO-ENTREPRENEURS
Main risks of the Fund 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 RISK: The Fund may hold securities with reduced market exchange volumes and which may, in certain circumstances, be relatively illiquid. The Fund is therefore exposed to the risk that it may not be possible to liquidate a position in the desired time frame and at the desired price. 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 presents a risk of loss of capital.**

Source: [1] 5 year annualized volatility of MSCI EM SMID Indes compared to MSCI EM Large Cap Index, Bloomberg, 30/04/2019. EM small caps represented by the MSCI EM Small Cap Index. Emerging markets represented by the MSCI Emerging Markets Index. For illustrative and discussion purposes only. Negligible research coverage is defined as stocks having one or no research recommendations. [2] Numeric Investor LLC, MSCI data, Bloomberg, 2017 [3] UBS research “Family-controlled companies. Version 4.0”, 08/11/2018[4] Bloomberg, FactSet, MSCI data, 31/12/2018. For illustrative purposes only. EM small caps represented by the MSCI EM Small Cap Index. Emerging markets represented by the MSCI Emerging Markets Index. For illustrative and discussion purposes only. Negligible research coverage is defined as stocks having one or no research recommendations. [5] Carmignac, Bloomberg, 30/04/2019. Reference Indicator: 50% MSCI Emerging Small Cap NR + 50% MSCI Emerging Mid Cap NR. Quarterly rebalanced, reinvested net dividends. [6] Carmignac, Bloomberg, 30/04/2019. Reference Indicator: 50% MSCI Emerging Small Cap NR + 50% MSCI Emerging Mid Cap NR. Quarterly rebalanced, reinvested net dividends. Carmignac Euro-Entrepreneurs (Fonds Commun de Placement)’ strategy is also available via Carmignac Portfolio Euro-Entrepreneurs, Luxembourg SICAV sub-fund - Carmignac Portfolio. The 2 funds share the same investment strategy , the same portfolio construction and the same investment process.