

Carmignac Gestion 20 years of independence and conviction

“Your support, rest assured, is the best birthday present we could hope for” - Edouard Carmignac

► Carmignac Gestion is 20 years old today

Stable assets and a significant net inflow in 2008

Founded by Edouard Carmignac in 1989, Carmignac Gestion is 20 years old today. Despite 2008 being a year in which stock markets suffered their deepest slump since the Second World War, Carmignac Gestion posted a net inflow of EUR 3 billion, its best ever. There was a positive net inflow of capital in eight distribution countries (France, Luxembourg, Belgium, the Netherlands, Germany, Switzerland, Italy and Spain) and the company's assets under management stood at EUR 12.6 billion.

Carmignac Gestion owes this success to the unwavering support of its existing clients and its ability to attract new subscribers.

“Trying to identify the reasons behind this trust – as for any emotional tie – is tricky. I would highlight our choice of the most transparent management possible, our focus on risk control (much needed recently), and our strict requirements when it comes to the security of your assets, backed by our financial solidity and that of our custodians,” reckons Edouard Carmignac, Chairman.

► A comprehensive and complementary range of Funds

Expertise in bonds, equities and diversified management

Carmignac Gestion's expertise in equities, bonds and diversified management allows for substantial diversification of its managed assets. These are 50.5% invested in equities (EUR 6,364 billion) and 49.5% in bonds (EUR 6,240 billion). The company has significant investments in the main equity investment themes: emerging markets (EUR 1 billion), commodities (EUR 1.8 billion), European management (EUR 1.6 billion), innovation/environment/healthcare (EUR 1 billion), and a further EUR 1 billion in other sectors.

Within a diversified range, the management objective of absolute return is paramount

Within its funds, Carmignac Gestion has established a management objective of absolute return. The range of funds is complementary and structured around the various asset classes: fixed income and bonds, diversified management and equities. It combines funds with volatility below their benchmark, decorrelated from the market through the deployment of immunisation strategies and specific processes in terms of asset allocation and portfolio construction. Three funds have seen particular changes in their management process: **Carmignac Global Bond**, **Carmignac Cash Plus** and **Carmignac Euro-Patrimoine**.

► **Carmignac Global Bond** ISIN Code: LU336083497

Seizing opportunities on international bond and currency markets

Carmignac Global Bond is part of the range of bond-based products with an absolute return objective. At the beginning of December, the Fund welcomed a new manager, Laurent Chebanier, who is well supported by a strong bond management team.

The strategies deployed by Carmignac Global Bond (directional and relative value) enable it to seize every opportunity, whatever the economic context. Specifically, in 2009, the Fund intends to take advantage of the changes in dynamic that will follow in the wake of the financial crisis. *“The markets will be in the grip of two forces: on the one hand, recession/deflation and, on the other, the firepower deployed by governments and central banks to counter the underlying trend,”* emphasises Laurent Chebanier.

To this end, Carmignac Global Bond’s management process has changed:

- The majority of assets are invested in the form of international Treasury bonds
- Performance is generated by currency and interest rate curve strategies
- The investment universe has been extended to the whole world

These strategies, deployed across 30 countries, offer a broad spectrum of possibilities that few other funds have at their disposal. Risks are constantly monitored and adapted to the volatility of the various markets.

This management process will be replicated in the dynamic money market fund **Carmignac Cash Plus**.

► **Carmignac Euro-Patrimoine** ISIN Code: FR0010149179

A valuable fund for a personal equity savings plan, with specific hedging

Carmignac Euro-Patrimoine is one of the products in our predominantly equity-based diversified range. Carmignac Euro-Patrimoine is managed with an absolute return objective and is eligible for certain tax-efficient personal equity savings plans. Over 75% of its assets are invested in European Union equities. The Fund benefits from active hedge management, which adapts the net exposure to equities to between 0 and 50% depending on the markets.

The massive upheaval in the fourth quarter, with fluctuating and very diverse market conditions, confirmed the value of our stock picks. It also confirmed the need to conduct a more symbiotic management between stocks in the portfolio and the composition of the hedging instruments used.

To see through this new management policy, the Fund has a new manager, François-Joseph Furry, who successfully co-managed the alternative management fund Carmignac Market Neutral in 2008.

The selection criteria for stocks remain unchanged. We continue to focus on established, under-valued companies run by top-quality management teams and generating significant surplus cash flow.

The hedging strategy will be more pro-active and will entail the sale of companies:

- that are over-valued with regard to their growth potential
- with worse-than-expected fundamentals

- ▶ whose business model seems unable to withstand the economic turmoil

Our range of funds will also soon be enhanced by a market-neutral fund with an absolute return objective and a net exposure to equity markets constantly reduced to zero. In the legal framework of UCITS III, the fund will be managed by Keith Ney and generate value from hedging backed by our expertise in alternative management and relative value strategies.

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About Carmignac Gestion

Founded in 1989 by Edouard Carmignac, Carmignac Gestion is one of the leading independent management companies in Europe today. Its capital is held entirely by its managers and staff. In this way, the company's long-term viability is ensured by a stable shareholding structure, reflecting its spirit of independence. This fundamental value ensures the freedom required for a successful and renowned portfolio management.

With 12 billion euros of assets under management, Carmignac Gestion offers 18 funds in all asset classes – equity bond and balanced, as well as a mandate offering.

Our funds are actively distributed in 8 European countries: France, Luxembourg, Switzerland, Belgium, Italy, Germany, Spain and the Netherlands. Within the context of its international development, the company also has, since 1999, a Luxembourg subsidiary, and in 2008, two representative offices in Madrid and Milan.