

**2010 ANNUAL REPORT
OF THE FRENCH MUTUAL FUND
CARMIGNAC EMERGENTS**

(For the financial year ended 31 December 2010)



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Société anonyme. Portfolio management company (authorisation no. GP 9708 of
13/03/97), with share capital of EUR 15,000,000, RCS Paris B 349 501 676
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FRENCH MUTUAL FUND
CARMIGNAC EMERGENTS

Statutory auditor's report
For the financial year ended 31 December 2010

Free translation of a French language original

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Dear Sir/Madam,

In accordance with the mission assigned to us by the management body of the fund's management company, we present our report for the financial year ended 31 December 2010 relative to:

- the audit of the annual financial statements of the **CARMIGNAC EMERGENTS** FCP which are attached to the present report,
- the justification of our evaluations,
- specific verifications and information required by law.

The annual financial statements were prepared by the management company. Our role is to express an opinion on these financial statements based on our audit.

I – OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional auditing standards applicable in France. These standards require that we carry out our audit in order to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit consists in examining, on a test basis or by other methods of selection, evidence supporting the amounts and disclosures contained in the annual financial statements. An audit also consists in assessing the accounting principles used and the significant estimates made, as well as the overall presentation of the financial statements. We believe that the evidence gathered is pertinent and sufficient to serve as a basis for our opinion.

In our opinion, the annual financial statements give, in accordance with French accounting rules and principles, a true and fair view of the Fund's financial position and assets and liabilities and of the results of its operations at the end of the financial year.

II – JUSTIFICATION OF THE EVALUATIONS

In application of the provisions of Article L.823-9 of the French Commercial Code in relation to the justification of our evaluations, we wish to highlight the following points:

As part of our evaluation of the accounting principles used by the Fund and described in the notes to the annual financial statements under “Accounting methods and rules”, we have verified the correct application of the valuation methods used for the financial instruments in the portfolio.

The evaluations were made in the context of our audit of the annual financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

III – SPECIFIC VERIFICATIONS AND INFORMATION

We have also carried out the specific verifications required by law in accordance with the professional auditing standards applicable in France.

We have no comment as to the fair presentation and conformity with the annual financial statements of the information given in the annual report and in the documents sent to unitholders with respect to the financial position and the annual financial statements.

Paris La Défense, le 7 mars 2011

KPMG Audit
Département de KPMG S.A.

Cabinet Vizzavona

Isabelle Bousquié
Associé

Robert Mirri
Associé

CARMIGNAC EMERGENTS 2010 ANNUAL REPORT

■ Main features of the Fund

Classification

International equities

Dividend policy

Accumulation fund Dividends are recorded on an accruals basis.

Countries in which the Fund is authorised for distribution

A units: Belgium, France, Germany, Italy, Luxembourg, Netherlands, Spain, Sweden and Switzerland.
GBP units: England and France.

Investment objective

The fund is managed on a discretionary basis with an asset allocation bias towards emerging market equities. However, it does not rule out investment in emerging market debt.

The objective of the Fund is to outperform its performance indicator while keeping volatility below the level of this indicator.

Performance indicator

The performance indicator is the following index: the Morgan Stanley emerging markets index, the MSCI Emerging Markets Free, converted into euro.

This index does not strictly define the investment universe but allows investors to assess the performance and risk profile that they can expect when investing in the Fund. The market risk of the Fund is comparable to that of its performance indicator.

The Morgan Stanley Capital Investment Emerging Markets Free index is calculated ex-dividend in dollars by Morgan Stanley (Bloomberg code: MSEUEGF) and converted into euro. This index includes around 731 securities representing companies of the emerging countries (data at 31/12/2004).

Investment strategy

The investment strategy consists in selecting securities which offer the best growth potential without restriction in terms of allocation by geographical zone, sector or type and size of security.

As the Fund is managed on an active, discretionary basis, the asset allocation may differ substantially from that of its performance indicator depending on the manager's expectations.

Subject to the regulatory limits, at least 60% of the assets of Carmignac Emergents is permanently exposed to equities.

In all cases, at least 2/3 of the equities and bonds shall be issued by companies or issuers that have their registered office or carry out a significant part of their business in the emerging countries, as defined in the performance indicator, the MSCI Emerging Markets Free index.

At least 60% of the assets of Carmignac Emergents is permanently exposed to equities and the Fund may be overexposed up to a maximum of 200% of the assets through the use of forward financial instruments.

The assets may also consist of fixed income securities, debt securities or money market instruments denominated in euro or other currencies as well as variable rate bonds. Up to 40% of the assets may be invested in fixed income products for the purpose of risk diversification in the event of expected negative movements in equities.

A maximum of 10% of the assets may also be invested in units or shares of UCITS.

Carmignac Emergents may use deposits and cash borrowings to optimise the management of cash within the Fund.

The Fund may enter into securities lending transactions on a limited basis in order to optimise its income.

The maximum commitment of these derivative transactions shall be limited to the total value of the Fund's assets at any time.

For the purposes of achieving its investment objective, Carmignac Emergents may use derivatives and securities with embedded derivatives on a limited basis in order to hedge the Fund's assets or increase the portfolio's exposure to business sectors, geographical areas, the fixed income, equity and foreign exchange markets and similar transferable securities or indices. The use of financial futures enables the manager to optimise management and to manage the risk of over- or under-exposure of the portfolio in relation to an expected development on the financial markets. These transactions shall not exceed the total value of the Fund's assets at any time.

Risk profile

The Fund shall invest in financial instruments and, where applicable, UCITS selected by the Management Company. These financial instruments and UCITS shall be subject to the evolution and fluctuations of the market.

The risk factors described below are not exhaustive. It is up to each investor to analyse the risk associated with such an investment and to form his/her own opinion independent of CARMIGNAC GESTION, where necessary seeking the opinion of any advisors specialised in such matters in order to ensure that this investment is appropriate in relation to his/her financial situation.

Emerging markets risk: the net asset value of Carmignac Emergents, a fund with an "International Equities" classification, may vary substantially as a minimum of two thirds of its assets are invested in equities of issuers located in emerging markets where stock prices fluctuate significantly and where operating and supervision conditions may deviate from the standards prevailing on the large international markets.

Risk of capital loss: the portfolio is managed on a discretionary basis and does not guarantee or protect the capital invested. A capital loss occurs when a unit is sold at a lower price than that paid at the time of purchase.

Equity risk: as a minimum of 60% of the assets of Carmignac Emergents is exposed to equities, the net asset value of the Fund may decrease in the event of a downward movement on the equity markets.

Currency risk: the FCP is exposed to currency risk through the purchase of securities denominated in currencies other than the euro or indirectly through the purchase of financial instruments denominated in euro whose underlying investments are not hedged against currency risk as well as through currency forward exchange contracts. The net asset value of the Fund may decrease.

Interest rate risk: 0% to 40% of the net assets of the Fund is exposed to the interest rate risk of the emerging markets through investments in financial instruments. The net asset value of the Fund may decrease.

Credit risk: the manager may invest in bonds whose rating is below investment grade. The average rating of the bonds held directly by the Fund or through investments in UCITS shall be at least investment grade (i.e. rated at least BBB-/Baa3 by the rating agencies Standard and Poor's and Moody's). The net asset value of the Fund may decrease.

Risk associated with commitments on forward financial instruments: Carmignac Emergents may invest in financial futures, provided they do not exceed the total value of the Fund's assets. As up to 200% of the Fund's assets may thus be exposed to equities, this may lead to the risk of a more substantial and rapid decrease in the net asset value of the Fund than those that occur on the markets in which the Fund is invested. In the event of the occasional use of securities with embedded derivatives, the risk associated with this type of investment shall be limited to the amount invested for the purchase of the securities with embedded derivatives.

Risk associated with market capitalisation: the Fund may invest in small and mid cap stocks. As there are fewer small and mid cap stocks listed on stock exchanges, market movements are more pronounced and rapid than in the case of large cap stocks. The net asset value of the Fund may therefore assume the same behaviour.

Liquidity risk: the markets in which the FCP participates may occasionally be subject to temporary illiquidity. These market distortions may have an impact on the pricing conditions under which the FCP might be caused to liquidate, initiate or modify its positions. The net asset value of the Fund may therefore decrease.

If the FCP is invested in venture capital funds (*Fonds Communs de Placement à Risques*, FCPR) and the net asset value of the portfolio decreases, the portion of the portfolio invested in venture capital funds may be blocked for a certain period.

Target subscribers and investor profile

All investors

As the Fund is mainly invested in emerging market stocks (all caps), it is aimed at all types of investors, natural persons and legal entities wishing to diversify their investments through foreign stocks.

■ Investment policy

Management report

Carmignac Emergents thus posted an annual performance of +30.93%, finishing well ahead of its indicator (+24.45%). At the end of 2010, Brazil, India and China accounted for 37.7% of the portfolio. The Fund is also present in less traditional growth economies with 19.6% of assets invested in South-East Asian (Indonesian in particular), Turkish and Latin American (Colombian, Chilean and Peruvian) stocks. 14.9% of the Fund is also exposed to Asia's traditional export countries, namely South Korea and Taiwan, 11.5% to stocks with links to Africa and 10.7% to Mexico and Russia. Although the economic fundamentals of these emerging countries may seem mixed, there are still plenty of stock-picking opportunities to be had. This balanced portfolio structure guarantees robust performances at various stages of the economic cycle. While our focus is on long-term domestic growth in emerging countries, we do not neglect sectors more dependent on the global economy. For example, two thirds of the portfolio is invested in consumer goods, infrastructure and finance with the remaining third devoted to commodity-based companies and worldwide leaders in technology. In a year marked by heavy inflation fears, this positioning proved wise, with the Fund benefiting from its key positions in major companies specialising in commodities, and an annual contribution to performance of 7.9% for materials and 4.32% for energy. However, Carmignac Emergents also benefited considerably from its core portfolio of companies in the consumer staples and consumer discretionary sectors (8.96% and 3.86% of annual contribution respectively). In light of the uncertainties on the markets, it is more important than ever to favour long-term investment themes involving stocks capable of delivering solid returns throughout the economic cycle and generating cash flow, companies with good visibility and a quality management team. Derivatives contributed 0.97% to the Fund's performance over the year. Losses on currencies amounted to -0.25%. At 31 December 2010, Carmignac Emergents' equity exposure stood at 102.35%.

Past performance is not an indication of future results.

■ Regulatory information

Policy for the selection of intermediaries

"In its capacity as management company, Carmignac Gestion selects service providers whose execution policy guarantees the best possible result when executing orders transmitted on behalf of its UCITS or its clients. It also selects service providers to aid in making investment decisions and to execute orders. In both cases, Carmignac Gestion has defined a policy for selecting and evaluating intermediaries according to certain criteria. You can find the updated version of this policy at www.carmignac.com, where you will also find a report on intermediary fees.

Life of the Fund

On 21 October 2010, we created GBP units denominated in pound sterling.

ANNUAL FINANCIAL STATEMENTS OF CARMIGNAC EMERGENTS

The annual financial statements presented here have been established according to the same format and using the same valuation methods as in the previous financial year.

CARMIGNAC EMERGENTS BALANCE SHEET

ASSETS

| | 31/12/2010 | 31/12/2009 |
|--|-------------------------|-------------------------|
| Net fixed assets | | |
| Deposits | | |
| Financial instruments | 2,378,519,721.91 | 1,504,399,889.57 |
| Equities and similar securities | 2,371,188,084.34 | 1,499,579,778.00 |
| Traded on a regulated or similar market | 2,371,188,084.34 | 1,499,579,778.00 |
| Not traded on a regulated or similar market | | |
| Bonds and similar securities | | |
| Traded on a regulated or similar market | | |
| Not traded on a regulated or similar market | | |
| Debt securities | | |
| Traded on a regulated or similar market | | |
| <i>Transferable debt securities</i> | | |
| <i>Other debt securities</i> | | |
| Not traded on a regulated or similar market | | |
| Undertakings for Collective Investment | | |
| Coordinated European UCITS and standard French UCITS | | |
| UCITS reserved for specific investors – FCPR (French venture capital funds) – FCIMT (French futures funds) | | |
| Listed FCCs (securitisation funds) and investment funds | | |
| Unlisted FCCs (securitisation funds) and investment funds | | |
| Temporary transactions on securities | | |
| Receivables on securities received under a repurchase agreement (<i>pension</i>) | | |
| Receivables on securities lent | | |
| Securities borrowed | | |
| Securities transferred under a repurchase agreement (<i>pension</i>) | | |
| Other temporary transactions | | |
| Forward financial instruments | 5,332,511.45 | 4,820,111.57 |
| Transactions on a regulated or similar market | | |
| Other transactions | 5,332,511.45 | 4,820,111.57 |
| Other financial instruments | 1,999,126.12 | |
| Receivables | 260,931,584.14 | 18,762,976.15 |
| Currency forward exchange contracts | 245,015,143.20 | |
| Other | 15,916,440.94 | 18,762,976.15 |
| Financial accounts | 106,645,041.34 | 13,381,793.35 |
| Cash | 106,645,041.34 | 13,381,793.35 |
| Total assets | 2,746,096,347.39 | 1,536,544,659.07 |

CARMIGNAC EMERGENTS BALANCE SHEET

LIABILITIES

| | 31/12/2010 | 31/12/2009 |
|---|-------------------------|-------------------------|
| Equity capital | | |
| Share capital | 2,472,868,174.99 | 1,504,311,420.21 |
| Retained earnings | | |
| Income | -31,101,627.05 | 3,775,629.47 |
| Total share capital (= Amount corresponding to the net assets) | 2,441,766,547.94 | 1,508,087,049.68 |
| Financial instruments | | |
| Sales of financial instruments | | |
| Temporary transactions on securities | | |
| Payables on securities transferred under a repurchase agreement (<i>pension</i>) | | |
| Payables on securities borrowed | | |
| Other temporary transactions | | |
| Forward financial instruments | | |
| Transactions on a regulated or similar market | | |
| Other transactions | | |
| Payables | 304,329,242.13 | 22,684,232.37 |
| Currency forward exchange contracts | 246,653,843.58 | |
| Other | 57,675,398.55 | 22,684,232.37 |
| Financial accounts | 557.32 | 5,773,377.02 |
| Short-term bank loans | 557.32 | 5,773,377.02 |
| Borrowings | | |
| Total liabilities | 2,746,096,347.39 | 1,536,544,659.07 |

CARMIGNAC EMERGENTS OFF-BALANCE SHEET ITEMS

| | 31/12/2010 | 31/12/2009 |
|---|----------------|----------------|
| HEDGING TRANSACTIONS | | |
| Commitments on regulated or similar markets | | |
| Commitments on OTC markets | | |
| Other commitments | | |
| OTHER TRANSACTIONS | | |
| Commitments on regulated or similar markets | | |
| Futures contracts | | |
| BASK KOSPI200,0310 | | 153,117,200.27 |
| Korea Index Future | 125,882,990.43 | |
| Commitments on OTC markets | | |
| Other commitments | | |

* The other transactions are exposure transactions.

CARMIGNAC EMERGENTS INCOME STATEMENT

| | 31/12/2010 | 31/12/2009 |
|---|-----------------------|----------------------|
| Income from financial transactions | | |
| Income from deposits and financial accounts | 62,616.56 | 56,546.01 |
| Income from equities and similar securities | 30,120,169.24 | 19,743,712.58 |
| Income from bonds and similar securities | 98,706.14 | |
| Income from debt securities | | |
| Income from temporary purchases and sales of securities | | |
| Income from financial futures | | 487,587.36 |
| Other financial income | | |
| Total (1) | 30,281,491.94 | 20,287,845.95 |
| Payables on financial transactions | | |
| Payables on temporary purchases and sales of securities | | |
| Payables on financial futures | | |
| Payables on financial debts | 125,287.82 | 210,869.71 |
| Other payables | | |
| Total (2) | 125,287.82 | 210,869.71 |
| Profit/(loss) on financial transactions (1 - 2) | 30,156,204.12 | 20,076,976.24 |
| Other income (3) | | |
| Management fee and depreciation allowance (4) | 57,498,044.79 | 15,479,436.41 |
| Net profit/(loss) for the financial year (1 - 2 + 3 - 4) | -27,341,840.67 | 4,597,539.83 |
| Income equalisation for the financial year (5) | -3,759,786.38 | -821,910.36 |
| Interim dividends paid for the financial year (6) | | |
| Profit/(loss) (1 - 2 + 3 - 4 + or - 5 - 6) | -31,101,627.05 | 3,775,629.47 |

■ Accounting methods and rules

The annual financial statements are established in accordance with the provisions laid down in Accounting Regulatory Committee (CRC) regulation no. 2003-02, as amended, with regard to the accounting guidelines applicable to UCITS.

The general principles of accounting apply:

- a true and fair view, comparability, continuity of operations,
- lawfulness and fairness,
- prudence,
- consistency of methods from one financial year to the next.

Income from fixed income securities is recorded on the basis of accrued interest.

Purchases and sales of securities are recorded exclusive of costs.
The accounting currency of the portfolio is the euro.

There are 12 months in the financial year.

Valuation rules for the assets:

Financial instruments are recorded in the financial statements using the historical cost method and they are entered on the balance sheet at their current value as determined by the last-known market value or, where a market does not exist, by any external means or by using financial models.

Differences between the current values used to calculate the net asset value and the historical costs of transferable securities when first included in the portfolio are recorded in “valuation differentials” accounts.

Securities that are not denominated in the currency of the portfolio are valued in accordance with the principle described below; the valuation is then converted into the currency of the portfolio on the basis of the exchange rate prevailing on the valuation day.

Deposits:

Deposits with a residual maturity of less than or equal to 3 months are valued using the straight-line method.

Equities, bonds and other securities traded on a regulated or similar market:

For the calculation of the net asset value, equities and other securities traded on a regulated or similar market are valued on the basis of the last market price of the day.

Bonds and other similar securities are valued at the closing price supplied by various financial service providers. Interest accrued on bonds and other similar securities is calculated up to the date of the net asset value.

Equities, bonds and other securities not traded on a regulated or similar market:

Securities not traded on a regulated market are valued by the management company using methods based on the market value and the yield, while taking account of recent prices observed for significant transactions.

Transferable debt securities:

Transferable debt securities and similar securities that are not traded in large volumes are valued on the basis of an actuarial method, the reference rate (as defined below) being increased, where applicable, by a differential representative of the intrinsic characteristics of the issuer:

Transferable debt securities with a maturity of less than or equal to 1 year: Interbank rate in euro (Euribor).

Transferable debt securities with a maturity exceeding 1 year: valued using rates for French treasury bills (BTAN and OAT) with similar maturity dates for the longer durations.

Transferable debt securities with a residual maturity of less than three months may be valued using the straight-line method.

French treasury bills are valued on the basis of market prices, as published daily by the Bank of France.

UCITS held by the Fund:

Units or shares of UCITS shall be valued at their last known net asset value.

Temporary transactions on securities:

Securities received under repurchase agreements are recorded as an asset under the heading "Receivables on securities received under a repurchase agreement (*pension*)" at the contract amount, plus any accrued interest receivable.

Securities transferred under a repurchase agreement are recorded as securities purchased at their current value. The payables on securities transferred under a repurchase agreement are recorded as securities sold at the value determined in the contract, plus any accrued interest payable.

Securities lent are valued at their current value and are recorded as an asset under the heading "Receivables on securities lent" at their current value, plus any accrued interest receivable.

Securities borrowed are recorded as an asset under the heading "Securities borrowed" at the contract amount and as a liability under the heading "Payables on securities borrowed" at the contract amount, plus any accrued interest payable.

Forward financial instruments:

Forward financial instruments traded on a regulated or similar market:

Forward financial instruments traded on regulated markets are valued at the settlement price of that day.

Forward financial instruments not traded on a regulated or similar market:

Swaps:

Interest rate and/or currency swaps are valued at their market value by discounting future interest payments at the interest rate and/or currency exchange rate prevailing on the market. This price is adjusted to the issuer's risk.

Index swaps are valued using an actuarial method on the basis of a reference rate provided by the counterparty.

Other swaps are valued at their market value or at a value estimated according to the terms and conditions determined by the management company.

Off-balance sheet commitments:

Futures contracts are recorded at their market value as off-balance sheet commitments on the basis of the price used in the portfolio.

Options are converted into the underlying equivalent.

Swap commitments are recorded at their nominal value or, where there is no nominal value, at an equivalent amount.

Financial instruments:

| Name | Description |
|----------------------|---------------------------------------|
| EUR DJE 600 BAS 0311 | Euro Stoxx 600 Basic Resources Future |
| JPM KOSPI 0311 | Korea Index Future |
| NIFTY JPM 0111 | India Index Future |
| S&P500 MINI 0311 | S&P 500 Future |

Management fees:

Management fees are calculated on each valuation day on the basis of the net assets.

These fees are recorded in the Fund's income statement.

The management fees are paid in full to the Management Company responsible for all of the operating costs of the Funds.

Management fees do not include transaction fees.

The rate applied to the net asset value of the previous day is 1.50% (inclusive of tax).

The variable management fees are calculated according to the following method:

The performance fees are based on a comparison between the performance of the Fund and its performance indicator over the calendar year. The Fund's performance indicator is the MSCI Emerging Markets Free.

The Fund's performance is calculated according to changes in the net asset value.

If over the calendar year the Fund's performance (calculated with gross dividends reinvested) is positive and greater than that of its performance indicator, the variable part of the management fees shall represent 20% of the difference between the performance of the fund and the performance indicator.

If over the calendar year the Fund's performance is lower than that of its performance indicator, the variable part of the management fees shall be zero. If during the year the Fund's performance since the beginning of the calendar year is positive and greater than that of its performance indicator calculated over the same period, this outperformance shall be the basis for a provision for the variable management fees on calculation of the net asset value. In the event that the Fund underperforms in relation to its performance indicator between two net asset value calculation dates, any provision previously made shall be readjusted by a reduction in the provision. Such reductions in the provision are limited to the amount of previous contributions.

This variable part of the management fees shall only be received definitively at the close of each calendar year if the performance of the Fund has been positive and greater than that of its performance indicator over the year. It is deducted annually from the last net asset value of the month of December by the management company. These fees (the fixed fees and any variable amounts) shall be charged directly to the Fund's income statement.

Dividend policy:

The net profit/loss for the financial year is equal to the amount of interest, arrears, dividends, premiums and prizes, plus income generated by temporary cash holdings. Management fees and payables on financial transactions are charged against this income. Realised or unrealised gains or losses, as well as subscription and redemption fees, do not constitute income.

Distributable income is equal to the net income for the financial year plus retained earnings, plus or minus the balance of the income equalisation accounts for the last financial year.

In accordance with the provisions of the simplified and full prospectuses, distributable income shall be accumulated in full by the Fund.

CARMIGNAC EMERGENTS CHANGES IN NET ASSETS

| | 31/12/2010 | 31/12/2009 |
|---|-------------------------|-------------------------|
| Net assets at the beginning of the financial year | 1,508,087,049.68 | 590,019,200.99 |
| Subscriptions (including subscription fees paid to the UCITS) | 1,378,144,633.43 | 989,726,881.98 |
| Redemptions (after deduction of redemption fees paid to the UCITS) | -943,867,349.63 | -568,883,864.89 |
| Realised gains on deposits and financial instruments | 180,460,105.04 | 266,334,881.61 |
| Realised losses on deposits and financial instruments | -85,695,376.70 | -89,570,452.89 |
| Realised gains on forward financial instruments | 35,985,418.98 | 37,667,439.42 |
| Realised losses on forward financial instruments | -15,819,623.21 | -58,926,746.80 |
| Transaction costs | -18,369,370.98 | -22,270,395.30 |
| Foreign exchange differences | 126,018,241.30 | -16,489,574.01 |
| Changes in the valuation differential of deposits and financial instruments | 303,652,260.82 | 366,115,171.69 |
| Valuation differential for the financial year N | 599,773,483.21 | 296,121,222.39 |
| Valuation differential for the financial year N-1 | -296,121,222.39 | 69,993,949.30 |
| Changes in the valuation differential of forward financial instruments | 512,399.88 | 9,766,968.05 |
| Valuation differential for the financial year N | 5,332,511.45 | 4,820,111.57 |
| Valuation differential for the financial year N-1 | -4,820,111.57 | 4,946,856.48 |
| Dividends paid in the previous financial year | | |
| Net profit/(loss) for the financial year prior to the income equalisation account | -27,341,840.67 | 4,597,539.83 |
| Interim dividends paid for the financial year | | |
| Other items | | |
| Net assets at the end of the financial year | 2,441,766,547.94 | 1,508,087,049.68 |

BREAKDOWN OF FINANCIAL INSTRUMENTS BY LEGAL OR ECONOMIC STRUCTURE OF CARMIGNAC EMERGENTS

| | Amount | % |
|---|-----------------------|-------------|
| ASSETS | | |
| Bonds and similar securities | | |
| TOTAL bonds and similar securities | | |
| Debt securities | | |
| TOTAL debt securities | | |
| LIABILITIES | | |
| Sales of financial instruments | | |
| TOTAL sales of financial instruments | | |
| OFF-BALANCE SHEET | | |
| HEDGING TRANSACTIONS | | |
| TOTAL HEDGING TRANSACTIONS | | |
| OTHER TRANSACTIONS | | |
| EQUITIES | 125,882,990.43 | 5.16 |
| TOTAL OTHER TRANSACTIONS | 125,882,990.43 | 5.16 |

BREAKDOWN BY RESIDUAL MATURITY OF ASSET, LIABILITY AND OFF-BALANCE SHEET ITEMS OF CARMIGNAC EMERGENTS

| | < 3 months | % | [3 months - 1 year] | % | [1-3 years] | % | [3-5 years] | % | >5 years | % |
|--------------------------------------|----------------|------|---------------------|---|-------------|---|-------------|---|----------|---|
| Assets | | | | | | | | | | |
| Deposits | | | | | | | | | | |
| Bonds and similar securities | | | | | | | | | | |
| Debt securities | | | | | | | | | | |
| Temporary transactions on securities | | | | | | | | | | |
| Financial accounts | 106,645,041.34 | 4.37 | | | | | | | | |
| Liabilities | | | | | | | | | | |
| Temporary transactions on securities | | | | | | | | | | |
| Financial accounts | 557.32 | | | | | | | | | |
| Off-balance sheet | | | | | | | | | | |
| Hedging transactions | | | | | | | | | | |
| Other transactions | | | | | | | | | | |

Positions in interest rate futures are shown according to the maturity of the underlying instrument.

BREAKDOWN BY LISTING CURRENCY OR VALUATION CURRENCY OF ASSET, LIABILITY AND OFF-BALANCE SHEET ITEMS OF CARMIGNAC EMERGENTS

| | USD | | HKD | | KRW | | Other currencies | |
|--------------------------------------|----------------|-------|----------------|-------|----------------|------|------------------|-------|
| | Amount | % | Amount | % | Amount | % | Amount | % |
| Assets | | | | | | | | |
| Deposits | | | | | | | | |
| Equities and similar securities | 706,114,147.95 | 28.92 | 305,023,748.75 | 12.49 | 149,473,407.66 | 6.12 | 1,148,655,906.10 | 47.04 |
| Bonds and similar securities | | | | | | | | |
| Debt securities | | | | | | | | |
| UCIs | | | | | | | | |
| Temporary transactions on securities | | | | | | | | |
| Receivables | 174,477,816.62 | 7.15 | | | | | 72,653,769.23 | 2.98 |
| Financial accounts | 590,920.53 | 0.02 | 23.85 | | | | 26,178,236.08 | 1.07 |
| Liabilities | | | | | | | | |
| Sales of financial instruments | | | | | | | | |
| Temporary transactions on securities | | | | | | | | |
| Payables | 69,835,824.12 | 2.86 | 20.75 | | | | 76,793,675.38 | 3.15 |
| Financial accounts | | | | | 132.66 | | 424.66 | |
| Off-balance sheet | | | | | | | | |
| Hedging transactions | | | | | | | | |
| Other transactions | | | | | 125,882,990.43 | 5.16 | | |

RECEIVABLES AND PAYABLES: BREAKDOWN BY TYPE OF CARMIGNAC EMERGENTS

| | 31/12/2010 |
|---|-----------------------|
| Receivables | |
| Forward currency purchases | 103,616,429.90 |
| Funds receivable on forward currency sales | 141,398,713.30 |
| Subscriptions receivable | 13,799,998.29 |
| Cash dividends and coupons | 2,116,442.65 |
| Total receivables | 260,931,574.14 |
| Payables | |
| Forward currency sales | 141,552,661.46 |
| Funds payable on forward currency purchases | 105,101,182.12 |
| Purchases with deferred settlement | 13,208,345.00 |
| Redemption price payable | 6,894,588.60 |
| Management fees | 702,400.36 |
| Performance fees | 30,212,525.16 |
| Deposits | 4,850,000.00 |
| Other payables | 1,807,539.42 |
| Total payables | 304,329,242.13 |

NUMBER OF CARMIGNAC EMERGENTS SECURITIES ISSUED OR REDEEMED

| | In units | In euro |
|--|----------------|------------------|
| CARMIGNAC EMERGENTS | | |
| Units subscribed during the financial year | 2,162,988.129 | 1,378,144,517.55 |
| Units redeemed during the financial year | -1,525,491.036 | -943,867,349.63 |
| Net balance of subscriptions/redemptions | 637,497.093 | 434,277,167.92 |
| CARMIGNAC EMERGENTS GBP | | |
| Units subscribed during the financial year | 1 | 115.88 |
| Units redeemed during the financial year | | |
| Net balance of subscriptions/redemptions | 1 | 115.88 |

CARMIGNAC EMERGENTS SUBSCRIPTION AND/OR REDEMPTION FEES

| | In euro |
|------------------------------------|---------|
| CARMIGNAC EMERGENTS | |
| Redemption fees paid to the Fund | |
| Subscription fees paid to the Fund | |
| Total fees paid to the Fund | |
| CARMIGNAC EMERGENTS GBP | |
| Redemption fees paid to the Fund | |
| Subscription fees paid to the Fund | |
| Total fees paid to the Fund | |

MANAGEMENT FEES OF CARMIGNAC EMERGENTS

| | 31/12/2010 |
|-------------------------------------|---------------|
| CARMIGNAC EMERGENTS | |
| Guarantee fees | |
| Fixed management fees | 27,285,519.63 |
| Percentage of fixed management fees | 1.50 |
| Performance fees | 30,212,525.16 |
| Trailer fees | |
| CARMIGNAC EMERGENTS GBP | |
| Guarantee fees | |
| Fixed management fees | |
| Percentage of fixed management fees | |
| Performance fees | |
| Trailer fees | |

COMMITMENTS RECEIVED AND GIVEN BY CARMIGNAC EMERGENTS

Guarantees received by the Fund:

None.

Other commitments received and/or given:

None.

**MARKET VALUE OF SECURITIES SUBJECT TO A TEMPORARY PURCHASE TRANSACTION
BY CARMIGNAC EMERGENTS**

| | 31/12/2010 |
|--|-------------------|
| Securities held under repurchase agreements (<i>pension</i>) | |
| Securities borrowed | |

MARKET VALUE OF SECURITIES REPRESENTING GUARANTEE DEPOSITS OF CARMIGNAC EMERGENTS

| | 31/12/2010 |
|--|------------|
| Financial instruments given as a guarantee and kept as original entry | |
| Financial instruments received as a guarantee and not entered on the balance sheet | |

FINANCIAL INSTRUMENTS OF THE GROUP HELD IN THE CARMIGNAC EMERGENTS PORTFOLIO

| | ISIN code | Description | 31/12/2010 |
|-------------------------------|-----------|-------------|------------|
| Equities | | | |
| Bonds | | | |
| Transferable debt securities | | | |
| UCITS | | | |
| Forward financial instruments | | | |

CARMIGNAC EMERGENTS INCOME ALLOCATION TABLE FOR THE FINANCIAL YEAR

| | 31/12/2010 | 31/12/2009 |
|--------------------------------|-----------------------|---------------------|
| Amounts to be allocated | | |
| Retained earnings | | |
| Income | -31,101,627.05 | 3,775,629.47 |
| Total | -31,101,627.05 | 3,775,629.47 |

| | 31/12/2010 | 31/12/2009 |
|--|-----------------------|---------------------|
| CARMIGNAC EMERGENTS | | |
| Allocation | | |
| Dividend distribution | | |
| Retained earnings for the financial year | | |
| Accumulation | -31,101,627.08 | 3,775,629.47 |
| Total | -31,101,627.08 | 3,775,629.47 |

| | 31/12/2010 | 31/12/2009 |
|--|-------------|------------|
| CARMIGNAC EMERGENTS GBP | | |
| Allocation | | |
| Dividend distribution | | |
| Retained earnings for the financial year | | |
| Accumulation | 0.03 | |
| Total | 0.03 | |

OVERVIEW OF RESULTS AND OTHER SIGNIFICANT ITEMS FOR THE LAST 5 FINANCIAL YEARS FOR CARMIGNAC EMERGENTS

| | 29/12/2006 | 31/12/2007 | 31/12/2008 | 31/12/2009 | 31/12/2010 |
|---------------------------------|-------------------------|-------------------------|-----------------------|-------------------------|-------------------------|
| Total net assets in EUR | 1,223,154,680.72 | 1,999,466,403.11 | 590,019,200.99 | 1,508,087,049.68 | 2,441,766,547.94 |
| CARMIGNAC EMERGENTS | | | | | |
| Net assets in EUR | 1,223,154,680.72 | 1,999,466,403.11 | 590,019,200.99 | 1,508,087,049.68 | 2,441,766,432.55 |
| Number of units | 1,993,903.628 | 2,653,583.583 | 1,774,928.411 | 2,693,873.372 | 3,331,370.465 |
| Net asset value per unit in EUR | 613.44 | 753.49 | 332.41 | 559.82 | 732.96 |
| Accumulation per unit in EUR | -10.42 | -2.62 | 4.08 | 1.40 | -9.33 |
| CARMIGNAC EMERGENTS GBP | | | | | |
| Net assets in GBP | | | | | 98.87 |
| Number of units | | | | | 1 |
| Net asset value per unit in GBP | | | | | 98.87 |
| Accumulation per unit in GBP | | | | | 0.03 |

**LIST OF SECURITIES OF CARMIGNAC EMERGENTS
AT 31 DECEMBER 2010**

| Name of securities | Currency | Quantity or nominal amount | Market value | % of net assets |
|--|----------|-------------------------------------|-----------------------|--------------------|
| Equities and similar securities | | | | |
| Equities and similar securities traded on a regulated or similar market | | | | |
| SOUTH AFRICA | | | | |
| MTN GROUP LTD | ZAR | 3,150,000 | 47,707,752.37 | 1.95 |
| SHOPRITE HOLDINGS LIMITED | ZAR | 4,300,000 | 48,279,222.79 | 1.98 |
| TOTAL SOUTH AFRICA | | | 95,986,975.16 | 3.93 |
| NETHERLANDS ANTILLES | | | | |
| MERRILL – CW15 ICICI BANK LTD | USD | 2,150,000 | 41,050,568.37 | 1.68 |
| MERRILL – CW15 INFRASTRUCTURE | USD | 2,000,000 | 6,089,374.23 | 0.25 |
| TOTAL NETHERLANDS ANTILLES | | | 47,139,942.60 | 1.93 |
| BERMUDA | | | | |
| CLSA FIN 130510 INDX | USD | 5,460,000 | 28,486,177.93 | 1.17 |
| CLSA INFRASTRUCTURE DEV FIN 28/07/2015 | USD | 4,566,600 | 13,903,868.18 | 0.57 |
| CLSA 20/07/2015 BARHAT HEAVY ELEC SHARES REG S | USD | 450,000 | 17,435,298.72 | 0.71 |
| CREDICORP | USD | 280,000 | 24,818,158.10 | 1.02 |
| GOME ELECTRICAL APPLIANCES | HKD | 110,670,000 | 29,713,628.19 | 1.21 |
| TOTAL BERMUDA | | | 114,357,131.12 | 4.68 |
| BRAZIL | | | | |
| BR MALLS PARTICIPACOES | BRL | 3,484,400 | 26,754,934.89 | 1.10 |
| BRASIL.DIST.ADR | USD | 1,580,000 | 49,441,616.04 | 2.02 |
| CEMIG CIA ENERG MG SP ADR | USD | 2,310,000 | 28,566,136.19 | 1.17 |
| CIA DE BEBIDAS DAS AMERICAS PRAF ADR | USD | 2,000,000 | 46,259,923.22 | 1.89 |
| COSAN LTD CLASS A | USD | 2,300,000 | 23,350,601.92 | 0.96 |
| COSAN SA INDUSTRIA COMERCIO | BRL | 2,000,000 | 24,795,689.27 | 1.02 |
| HRT PETROLEO | BRL | 69,700 | 49,763,358.78 | 2.03 |
| HYPERMARCAS | BRL | 3,300,000 | 33,385,271.67 | 1.37 |
| ITAUSA-INVESTIMENTOS ITAU-PRAF | BRL | 4,150,000 | 24,598,114.05 | 1.01 |
| OGX PETROLEO E GAS PARTICIP. | BRL | 3,188,000 | 28,630,444.54 | 1.17 |
| TOTAL BRAZIL | | | 335,546,090.57 | 13.74 |
| CANADA | | | | |
| FIRST QUANTUM MINERALS | CAD | 593,500 | 48,085,521.38 | 1.97 |
| KINROSS GOLD CORPORATION | USD | 3,378,200 | 47,743,782.94 | 1.96 |
| PACIFIC RUBIALES ENERGY | CAD | 2,000,000 | 50,637,659.41 | 2.07 |
| SILVER WHEATON CORP. | USD | 1,800,000 | 52,381,200.85 | 2.14 |
| TOTAL CANADA | | | 198,848,164.58 | 8.14 |
| CHINA | | | | |
| CHINA CONSTRUCTION BANK CORPORATION | HKD | 60,348,000 | 40,333,267.17 | 1.65 |
| SANDS CHINA LTD | HKD | 25,100,000 | 41,108,282.39 | 1.69 |
| TOTAL CHINA | | | 81,441,549.56 | 3.34 |
| UNITED ARAB EMIRATES | | | | |
| DP WORLD LIMITED | USD | 90,000 00 | 42,264,544.74 | 1.73 |
| TOTAL UNITED ARAB EMIRATES | | | 42,264,544.74 | 1.73 |
| UNITED STATES OF AMERICA | | | | |
| MERRIL LYNCH WARRANT on ITC LIMITED 04/08/2015 | USD | 1,280,000 | 3,727,461.52 | 0.15 |
| MERRIL LYNCH WARRANT 16/11/15 COAL INDIA | USD | 4,632,574 | 24,312,251.13 | 1.00 |
| TOTAL UNITED STATES OF AMERICA | | | 28,039,712.65 | 1.15 |
| FRANCE | | | | |
| CFAO | EUR | 1,000,000 | 32,570,000.00 | 1.33 |
| TOTAL FRANCE | | | 32,570,000.00 | 1.33 |

| Name of securities | Currency | Quantity or nominal amount | Market value | % of net assets |
|------------------------------------|----------|----------------------------|-----------------------|-----------------|
| HONG KONG | | | | |
| HANG LUNG PROPERTIES LTD | HKD | 6,500,000 | 22,656,118.90 | 0.93 |
| HKG EXCHANGES AND CLEARING | HKD | 1,765,000 | 29,837,660.31 | 1.22 |
| HUABAO INTL | HKD | 33,192,000 | 40,038,869.47 | 1.64 |
| TOTAL HONG KONG | | | 92,532,648.68 | 3.79 |
| CAYMAN ISLANDS | | | | |
| TENCENT HOLDINGS LTD NV | HKD | 1,850,000 | 29,961,884.21 | 1.23 |
| WANT WANT CHINA | HKD | 58,200,000 | 38,004,746.49 | 1.55 |
| WYNN MACAU LTD | HKD | 20,000,000 | 33,369,291.62 | 1.37 |
| TOTAL CAYMAN ISLANDS | | | 101,335,922.32 | 4.15 |
| INDIA | | | | |
| BHARAT HEAVY ELECTRICALS LTD | INR | 170,000 | 6,585,199.56 | 0.27 |
| INFOSYS TECHNOLOGIES LTD ADR | USD | 549,000 | 31,134,076.26 | 1.28 |
| ITC | INR | 12,000,000 | 34,937,336.84 | 1.43 |
| TATA MOTORS | INR | 1,700,000 | 37,077,702.98 | 1.51 |
| TOTAL INDIA | | | 109,734,315.64 | 4.49 |
| INDONESIA | | | | |
| ADARO ENERGY TBK (P.T.) | IDK | 115,000,000 | 24,260,860.72 | 0.99 |
| ASTRA INTERNATIONAL | IDK | 8,000,000 | 36,103,800.91 | 1.48 |
| BANK RAKYAT INDONESIA S.A | IDK | 26,500,000 | 23,019,895.97 | 0.94 |
| PERUSAHAAN GAS | IDK | 100,700,000 | 36,864,719.12 | 1.51 |
| TOTAL INDONESIA | | | 120,249,276.72 | 4.92 |
| LUXEMBOURG | | | | |
| ORIFLAME COSMETICS | SEK | 665,000 | 26,101,563.37 | 1.07 |
| TOTAL LUXEMBOURG | | | 26,101,563.37 | 1.07 |
| MALAYSIA | | | | |
| GENTING BHD | MYR | 23,000,000 | 62,161,410.80 | 2.55 |
| TOTAL MALAYSIA | | | 62,161,410.80 | 2.55 |
| MAURITIUS | | | | |
| Golden Agri-Resources Ltd | SGD | 106,000,000 | 49,342,488.07 | 2.02 |
| TOTAL MAURITIUS | | | 49,342,488.07 | 2.02 |
| MEXICO | | | | |
| EMPPRESA ICA SAB DE CV | MXN | 10,500,000 | 20,071,434.40 | 0.82 |
| FOMENTO ECONOMICO UNITS ADR | USD | 1,160,000 | 48,352,428.16 | 1.98 |
| GRUPO FINANCIERO BANORTE SAB DE CV | MXN | 7,450,000 | 26,501,255.54 | 1.09 |
| TOTAL MEXICO | | | 94,925,118.10 | 3.89 |
| PORTUGAL | | | | |
| JERONIMO MARTINS | EUR | 2,750,000 | 31,350,000.00 | 1.28 |
| TOTAL PORTUGAL | | | 31,350,000.00 | 1.28 |
| REPUBLIC OF KOREA | | | | |
| HYUNDAI MOBIS | KRW | 240,000 | 44,846,554.24 | 1.84 |
| SAMSUNG ELECTRONIC | KRW | 93,000 | 57,967,521.06 | 2.37 |
| SAMSUNG ENGINEERING | KRW | 370,000 | 46,659,332.36 | 1.91 |
| TOTAL REPUBLIC OF KOREA | | | 149,473,407.66 | 6.12 |
| UNITED KINGDOM | | | | |
| AFREN | GBP | 12,495,185 | 21,524,062.62 | 0.88 |
| RANGOLD RESOURCES ADR SPONS. | USD | 373,216 | 22,904,009.00 | 0.94 |
| SABMILLER PLC EX SOUTH AFRI BREW | GBP | 1,200,000 | 31,601,797.28 | 1.29 |
| STANDARD CHARTERED PLC | GBP | 940,000 | 18,929,450.90 | 0.78 |

| Name of securities | Currency | Quantity or nominal amount | Market value | % of net assets |
|--|------------|----------------------------|-------------------------|-----------------|
| TULLOW OIL | GBP | 1,850,000 | 27,225,885.51 | 1.12 |
| XSTRATA PLC | GBP | 1,900,000 | 33,383,322.64 | 1.36 |
| TOTAL UNITED KINGDOM | | | 155,568,527.95 | 6.37 |
| RUSSIA | | | | |
| SBERBANK SAVINGS BANK OF RUSSIAN FED | USD | 20,500,000 | 52,061,794.19 | 2.13 |
| SISTEMA OAO GDR | USD | 1,850,000 | 34,378,517.39 | 1.41 |
| TOTAL RUSSIA | | | 86,440,311.58 | 3.54 |
| TAIWAN | | | | |
| FAR EASTERN TEXTILE | TWD | 34,600,000 | 43,697,925.85 | 1.79 |
| HON HAI PRECISION INDUSTRY CO LTD | TWD | 13,800,000 | 41,454,790.89 | 1.70 |
| MEDIATEK INC | TWD | 2,705,399 | 28,876,568.33 | 1.18 |
| TAIWAN FERTILIZER CO LTD | TWD | 17,000,000 | 47,373,251.63 | 1.94 |
| TAIWAN SEMICONDUCTOR SP ADR | USD | 5,630,000 | 52,625,843.24 | 2.16 |
| TOTAL TAIWAN | | | 214,028,379.94 | 8.77 |
| THAILAND | | | | |
| SIAM COMMERCIAL BK UNIT NVDR | THB | 10,660,000 | 27,281,966.32 | 1.12 |
| TOTAL THAILAND | | | 27,281,966.32 | 1.12 |
| TURKEY | | | | |
| BIM BIRLESIK MAGAZALAR | TRY | 860,000 | 21,868,113.24 | 0.90 |
| SABANCI HOLDING | TRY | 9,233,000 | 32,197,999.96 | 1.31 |
| TURKIYE GARANTI BANKASI AS | TRY | 2,000,000 | 7,575,133.80 | 0.31 |
| TOTAL TURKEY | | | 61,641,246.70 | 2.52 |
| TOTAL Equities and similar securities traded on a regulated or similar market | | | 2,358,360,694.83 | 96.57 |
| Equities and similar securities not traded on a regulated or similar market | | | | |
| SWITZERLAND | | | | |
| MERRIL LYNCH WARR 2011 TATA MOTORS | USD | 588,000 | 12,827,389.51 | 0.53 |
| TOTAL SWITZERLAND | | | 12,827,389.51 | 0.53 |
| TOTAL equities and similar securities not traded on a regulated or similar market | | | 12,827,389.51 | 0.53 |
| TOTAL equities and similar securities | | | 2,371,188,084.34 | 97.10 |
| Other financial instruments | | | | |
| Equities and similar securities traded on a regulated or similar market | | | | |
| MERRI01G LX 02/12/11 | USD | 2,800 | 1,999,126.12 | 0.08 |
| TOTAL Equities and similar securities traded on a regulated or similar market | | | 1,999,126.12 | 0.08 |
| TOTAL Other financial instruments | | | 1,999,126.12 | 0.08 |
| Forward financial instruments | | | | |
| Futures | | | | |
| Futures on OTC markets | | | | |
| Korea Index Future | KRW | 1,400 | 5,332,511.45 | 0.22 |
| TOTAL futures on OTC markets | | | 5,332,511.45 | 0.22 |
| TOTAL futures | | | 5,332,511.45 | 0.22 |
| TOTAL Forward financial instruments | | | 5,332,511.45 | 0.22 |
| Receivables | | | 260,931,584.14 | 10.69 |
| Payables | | | -304,329,242.13 | -12.46 |
| Financial accounts | | | 106,644,484.02 | 4.37 |
| Net assets | | | 2,441,766,547.94 | 100.00 |
| CARMIGNAC EMERGENTS | EUR | | 3,331,370.465 | 732.96 |
| CARMIGNAC EMERGENTS GBP | GBP | | 1 | 98.97 |