

**2010 ANNUAL REPORT  
OF THE FRENCH MUTUAL FUND  
CARMIGNAC EURO-PATRIMOINE**

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**(For the financial year ended 31 December 2010)**



24, place Vendôme, 75001 Paris – Tel.: 01 42 86 53 35 – Fax: 01 42 86 52 10  
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  
[www.carmignac.fr](http://www.carmignac.fr)

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**FRENCH MUTUAL FUND**  
**CARMIGNAC EURO-PATRIMOINE**

**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 EURO-PATRIMOINE** 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 EURO-PATRIMOINE 2010 ANNUAL REPORT

## ■ Main features of the Fund

### **Classification**

Balanced

### **Dividend policy**

Accumulation fund Dividends are recorded on an accruals basis.

### **Countries in which the Fund is authorised for distribution**

Belgium, France, Germany, Italy, Luxembourg, Netherlands, Spain and Switzerland.

### **Investment objective**

The Fund is managed on a discretionary basis with an active asset allocation policy. Its objective is to outperform its performance indicator, which comprises 50% DJ Euro Stoxx 50 index and 50% capitalised Eonia index.

### **Performance indicator**

The Fund's performance indicator is the following composite index: 50% DJ Euro Stoxx 50 index + 50% capitalised Eonia index.

The Dow Jones Euro Stoxx 50 Price index is calculated ex-dividend in euro by Dow Jones and Stoxx (Bloomberg code: DJST). This index includes around 50 securities representing companies of European Community countries (data at 31/12/2004).

The EONIA index (Euro OverNight Index Average) is the average overnight rate in the eurozone. It is published by the European Central Bank and represents the risk-free rate of the eurozone.

The capitalised EONIA index expresses the daily performance of an investment with interest reinvested each day.

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.

### **Investment strategy**

A minimum of 75% of the portfolio is invested in equities of small, medium and large capitalisation companies of member countries of the European Economic Area traded on French and foreign markets which offer the best growth potential, without restriction in terms of allocation by geographical zones, business sectors or type of security.

A minimum of 75% of the Fund's portfolio is invested in securities eligible for the PEA (French equity savings plan).

Net exposure to the equity markets may not exceed 50%.

The investment strategy involves varying the exposure of the portfolio to the equity markets in order to outperform the performance indicator (50% DJ Euro Stoxx 50 index + 50% capitalised Eonia index), depending on the fund manager's market expectations.

In order to minimise the price fluctuations associated with investments in equities and to regularly increase the net asset value, the Fund manager shall adopt an active hedging policy, where necessary, in order to reduce exposure to the equity markets so that the Fund presents a risk profile comparable to that of its performance indicator (50% DJ Euro Stoxx 50 index + 50% Eonia index, capitalised).

Up to 25% of the net assets may also be invested in markets outside the European Economic Area.

Up to 25% of the Fund's net assets is exposed to foreign exchange risk through the purchase of securities denominated in currencies other than those of the European Economic Area.

Where applicable, the portion of assets invested in equities of emerging countries may not exceed 10% of the assets of the FCP; the objective of these investments is to seek out opportunities in high-growth economic zones.

Up to 25% of the assets may be invested in fixed income products for the purpose of risk diversification in the event of expected negative movements on the equity markets.

The manager reserves the right to invest up to 10% of the net assets in junk bonds on an ancillary basis.

For cash management purposes, the Fund may also invest a maximum of 10% of its assets in units or shares of UCITS on an ancillary basis.

Carmignac Euro-Patrimoine may use deposits and cash borrowings to optimise the management of cash within the Fund.

The Fund may enter into securities repurchase agreements (*pension*) and securities lending transactions on a limited basis in order to optimise its income.

## **Risk profile**

The Fund shall invest in financial instruments and, where applicable, UCITS selected by the Management Company. These financial instruments 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.

**Risk associated with discretionary management:** discretionary management is based on the expected evolution of the financial markets. The FCP's performance will depend on the companies selected by the Management Company. There is a risk that the Management Company may not invest in the best performing companies.

**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 Carmignac Euro-Patrimoine is exposed to the risks of the equity markets, the net asset value of the Fund may decrease in the event of a downward movement on the equity markets.

**Interest rate risk:** the portfolio may be exposed to interest rate risk through investment in fixed income products. Interest rate risk results in a decline in the net asset value in the event of a rise in interest rates.

**Credit risk:** credit risk is the risk that the issuer may default. Should the quality of corporate bond issuers decline, for example in the event of a downgrade in their rating by the financial rating agencies, the value of the corporate bonds may drop. The net asset value of the Fund may decrease.

Emerging markets risk: the operating and supervision conditions of these markets may deviate from the standards prevailing on the large international markets. Where applicable, the portion of assets invested in equities of emerging countries may not exceed 10% of the assets of the FCP.

Currency risk: currency risk is the risk of a decline in the investment currencies in relation to the base currency of the portfolio, the euro. The FCP is exposed to currency risk through the purchase of securities denominated in currencies other than the euro. The fluctuations of currencies in relation to the euro may have a positive or negative influence on the net asset value of the Fund.

Risk associated with junk bonds: a bond is considered a junk bond when its credit rating is below "investment grade".

The manager reserves the right to invest up to 10% of the net assets in junk bonds on an ancillary basis. The value of junk bonds may fall more substantially and more rapidly than other bonds and negatively impact the net asset value of the Fund which may decrease as a result.

### **Target subscribers and investor profile**

All investors

Investors include institutions (including associations, pension funds, paid leave funds and all non-profit organisations), legal entities and natural persons. The Fund's investment policy meets the needs of certain company treasurers, institutions subject to tax and high net worth individuals.

The Fund is intended for all types of investors, natural persons and legal entities wishing to diversify their investments in stocks of all capitalisations issued in the European Economic Area. The Fund has a defensive profile thanks to an active hedging policy.

## ■ Investment policy

### Management report

The Fund recorded an annual performance of +7.70% while its performance indicator slipped 2.68%. The markets remained uncertain throughout the year, torn between strong corporate results and fears surrounding the liquidity and solvency of European States. In this most uncertain environment, stock selection and reactive equity exposure management were essential to the investment strategy. In 2011 we will maintain our policy of protecting capital and managing volatility through hedging, while remaining exposed to potential increases in European stocks.

### Equity portfolio

Benefiting from the economic recovery outside Europe, our cyclical and industrial stocks (**Outokumpu Technology**) exposed to the domestic growth of emerging countries stood out over the course of the year. Our investments in energy (**Afren, Seadrill**) and materials stocks (**Xstrata**) also made a significant contribution to the portfolio's performance. Given the uncertain macroeconomic environment, we increased the weighting of non-cyclical growth stocks in the second quarter to protect the Fund against a drop in the markets. Although their weighting was revised downwards in the second half of the year, they were a major source of performance. The Fund thus benefited from the rise in consumer spending (**Fielmann, Jeronimo Martins**) and healthcare (**SSL**) stocks. Throughout the year, we maintained weak exposure to the financial sector, the primary victim of the European crisis, and opted for stocks outside the eurozone likely to benefit from a solid local economy rather than traditional banks.

### Specific hedges and exposures

We remained short on utilities which suffered on account of the gas surplus and excess electricity production capacity in Europe and we also periodically took specific positions in consumer goods, oil services and industry when the opportunity presented itself. Equity risk exposure changed considerably throughout the year, depending on the level of turmoil on the markets. After reducing the Fund's exposure in April and May, it was brought close to its maximum permitted level for much of the second half of the year. Although prudence remains essential in light of the eurozone's budgetary and fiscal problems, Carmignac Euro-Patrimoine entered 2011 with a level of exposure close to its maximum of 50%.

*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](http://www.carmignac.com), where you will also find a report on intermediary fees.

### **Life of the Fund**

None.

## **ANNUAL FINANCIAL STATEMENTS OF CARMIGNAC EURO-PATRIMOINE**

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 EURO-PATRIMOINE BALANCE SHEET

### ASSETS

	31/12/2010	31/12/2009
<b>Net fixed assets</b>		
<b>Deposits</b>		
<b>Financial instruments</b>	<b>350,065,298.16</b>	<b>317,206,955.02</b>
<b>Equities and similar securities</b>	<b>323,493,302.22</b>	<b>299,377,372.39</b>
Traded on a regulated or similar market	323,493,302.22	299,294,919.00
Not traded on a regulated or similar market		82,453.39
<b>Bonds and similar securities</b>	<b>7,371,201.68</b>	<b>12,840,435.51</b>
Traded on a regulated or similar market	7,371,201.68	12,840,435.51
Not traded on a regulated or similar market		
<b>Debt securities</b>		
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		
<b>Undertakings for Collective Investment</b>	<b>17,543,707.63</b>	
Coordinated European UCITS and standard French UCITS	5,879,874.00	
UCITS reserved for specific investors – FCPR (French venture capital funds) – FCIMT (French futures funds)		
Listed FCCs (securitisation funds) and investment funds	11,663,833.63	
Unlisted FCCs (securitisation funds) and investment funds		
<b>Temporary transactions on securities</b>		
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		
<b>Forward financial instruments</b>	<b>1,657,086.63</b>	<b>4,989,147.12</b>
Transactions on a regulated or similar market	1,657,086.63	4,989,147.12
Other transactions		
<b>Other financial instruments</b>		
<b>Receivables</b>	<b>76,046,335.68</b>	<b>127,803,949.15</b>
<b>Currency forward exchange contracts</b>	<b>67,638,198.22</b>	<b>114,993,262.96</b>
<b>Other</b>	<b>8,408,137.46</b>	<b>12,810,686.19</b>
<b>Financial accounts</b>	<b>33,077,329.50</b>	<b>3,870,072.43</b>
<b>Cash</b>	<b>33,077,329.50</b>	<b>3,870,072.43</b>
<b>Total assets</b>	<b>459,188,963.34</b>	<b>448,880,976.60</b>

## CARMIGNAC EURO-PATRIMOINE BALANCE SHEET

### LIABILITIES

	31/12/2010	31/12/2009
<b>Equity capital</b>		
Share capital	382,026,370.03	298,149,719.94
Retained earnings		
Income	-2,532,628.13	2,066,287.66
<b>Total share capital (= Amount corresponding to the net assets)</b>	<b>379,493,741.90</b>	<b>300,216,007.60</b>
<b>Financial instruments</b>	<b>1,657,086.64</b>	<b>5,924,521.64</b>
<b>Sales of financial instruments</b>		
<b>Temporary transactions on securities</b>		
Payables on securities transferred under a repurchase agreement ( <i>pension</i> )		
Payables on securities borrowed		
Other temporary transactions		
<b>Forward financial instruments</b>	<b>1,657,086.64</b>	<b>5,924,521.64</b>
Transactions on a regulated or similar market	1,657,086.64	4,989,147.12
Other transactions		935,374.52
<b>Payables</b>	<b>77,093,185.38</b>	<b>127,206,003.20</b>
<b>Currency forward exchange contracts</b>	<b>66,423,572.11</b>	<b>115,099,922.90</b>
<b>Other</b>	<b>10,669,613.27</b>	<b>12,106,080.30</b>
<b>Financial accounts</b>	<b>944,949.42</b>	<b>15,534,444.16</b>
<b>Short-term bank loans</b>	<b>944,949.42</b>	<b>15,534,444.16</b>
<b>Borrowings</b>		
<b>Total liabilities</b>	<b>459,188,963.34</b>	<b>448,880,976.60</b>

## CARMIGNAC EURO-PATRIMOINE OFF-BALANCE SHEET ITEMS

	31/12/2010	31/12/2009
<b>HEDGING TRANSACTIONS</b>		
<b>Commitments on regulated or similar markets</b>		
<b>Futures contracts</b>		
EUR EUREX EUROS 0311	96,867,980.00	
EUREX EUROSTX 0310		129,400,880.00
S&P 500 Future	4,669,971.30	
SOF SOFFEX SMI 0310		8,751,643.46
<b>Commitments on OTC markets</b>		
<b>Other commitments</b>		
<b>CFDs</b>		
CFD CARREFOUR 1230		1,624,304.00
CFD CFD L'OREAL 1230		1,903,200.00
CFD ENI SPA CFD		1,842,300.00
CFD ML CAP GE 1230		1,598,500.00
CFD ML CARREF 1230		872,560.00
CFD ML NOKIA 1230		1,873,200.00
CFD ML PP 1230		1,263,600.00
CFD ML SUEZ 1230		2,257,500.00
CFD OMV AG 1230		1,685,430.00
CFD STATOIL CFD		2,375,990.11
DEUTSCHE POST CFD		3,667,920.00
<b>OTHER TRANSACTIONS</b>		
<b>Commitments on regulated or similar markets</b>		
<b>Futures contracts</b>		
EUR DJE 600 BAN 0310		8,907,325.00
<b>Commitments on OTC markets</b>		
<b>Other commitments</b>		
<b>CFDs</b>		
ACCOR CFD	1,332,000.00	
CFD ALSTOM 1230	2,506,700.00	
CFD EADS CFD	4,883,200.00	
CFD ENI ML 1230	379,088.00	
CFD MER NOBLE 1230	1,866,423.17	
CFD MERR EDP 1230	2,615,550.00	
CFD ML CARREF 1230	1,388,250.00	
CFD ML ENEL 1230	1,870,000.00	
CFD ML GAS NA 1230	2,037,177.00	
CFD ML IBERDR 1230	2,356,695.21	
CFD ML LAGAR. 1230	3,656,438.00	
CFD ML OMV AG 1230	1,886,000.00	
CFD ML SUEZ 1230	2,163,000.00	
CFD RWE 1230	1,696,260.00	
CFD STATOILHY 1230	4,443,589.50	

\* The other transactions are exposure transactions.

## CARMIGNAC EURO-PATRIMOINE INCOME STATEMENT

	31/12/2010	31/12/2009
<b>Income from financial transactions</b>		
Income from deposits and financial accounts	37,321.29	33,070.35
Income from equities and similar securities	6,202,950.13	5,624,349.34
Income from bonds and similar securities	718,339.77	1,018,612.02
Income from debt securities		
Income from temporary purchases and sales of securities	232,842.42	215,202.41
Income from financial futures		
Other financial income		
<b>Total (1)</b>	<b>7,191,453.61</b>	<b>6,891,234.12</b>
<b>Payables on financial transactions</b>		
Payables on temporary purchases and sales of securities	139.06	
Payables on financial futures		
Payables on financial debts	110,321.65	55,879.07
Other payables		
<b>Total (2)</b>	<b>110,460.71</b>	<b>55,879.07</b>
<b>Profit/(loss) on financial transactions (1 - 2)</b>	<b>7,080,992.90</b>	<b>6,835,355.05</b>
Other income (3)		
Management fee and depreciation allowance (4)	9,469,298.24	4,523,246.66
<b>Net profit/(loss) for the financial year (1 - 2 + 3 - 4)</b>	<b>-2,388,305.34</b>	<b>2,312,108.39</b>
Income equalisation for the financial year (5)	-144,322.79	-245,820.73
Interim dividends paid for the financial year (6)		
<b>Profit/(loss) (1 - 2 + 3 - 4 + or - 5 - 6)</b>	<b>-2,532,628.13</b>	<b>2,066,287.66</b>

## ■ 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 closing 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.

French government bonds are valued on the basis of the mid price of a contributor (a primary dealer selected by the French Treasury), supplied by an information server. This price is subject to a reliability check by means of a comparison with the prices of several other primary dealers.

### **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
SOF SOFFEX SMI 0311	Switzerland Index 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 is 1.50% (inclusive of tax).

The refund of management fees receivable is taken into account on each NAV calculation day. The amount accrued is equal to the portion of the trailer fee received for the period in question

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

The performance indicator comprises 50% DJ Euro Stoxx 50 index + 50% capitalised Eonia index.

The Fund's performance is calculated according to changes in the net asset value. If over the financial year the Fund performs positively (calculated with gross dividends reinvested) and outperforms its performance indicator (50% DJ Euro Stoxx 50 index + 50% capitalised Eonia index), the variable part of the management fees shall represent 10% of the difference between the performance of the fund and the performance indicator (50% DJ Euro Stoxx 50 index + 50% capitalised Eonia index).

If over the financial year the Fund underperforms its performance indicator (50% DJ Euro Stoxx 50 index + 50% capitalised Eonia index), the variable part of the management fees will be zero.

This variable part of the management fees shall only be received definitively at the close of each financial year if the performance of the Fund has been positive and greater than that of its performance indicator (50% DJ Euro Stoxx 50 index + 50% capitalised Eonia index) 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 EURO-PATRIMOINE CHANGES IN NET ASSETS

	31/12/2010	31/12/2009
<b>Net assets at the beginning of the financial year</b>	<b>300,216,007.60</b>	<b>283,577,491.10</b>
Subscriptions (including subscription fees paid to the UCITS)	168,173,769.09	150,521,537.75
Redemptions (after deduction of redemption fees paid to the UCITS)	-115,840,239.63	-160,711,340.24
Realised gains on deposits and financial instruments	49,730,470.77	41,039,766.06
Realised losses on deposits and financial instruments	-23,157,014.33	-59,912,495.60
Realised gains on forward financial instruments	29,926,608.45	62,509,202.21
Realised losses on forward financial instruments	-49,202,135.90	-90,056,567.37
Transaction costs	-5,441,593.65	-5,256,281.61
Foreign exchange differences	3,342,663.11	-1,084,788.94
Changes in the valuation differential of deposits and financial instruments	16,738,446.73	82,324,309.43
Valuation differential for the financial year N	56,994,792.88	40,256,346.15
Valuation differential for the financial year N-1	-40,256,346.15	42,067,963.28
Changes in the valuation differential of forward financial instruments	7,395,065.00	-5,046,933.58
Valuation differential for the financial year N	1,637,333.36	-5,757,731.64
Valuation differential for the financial year N-1	5,575,731.64	710,798.06
Dividends paid in the previous financial year		
Net profit/(loss) for the financial year prior to the income equalisation account	-2,388,305.34	2,312,108.39
Interim dividends paid for the financial year		
Other items		
<b>Net assets at the end of the financial year</b>	<b>379,493,741.90</b>	<b>300,216,007.60</b>

## BREAKDOWN OF FINANCIAL INSTRUMENTS BY LEGAL OR ECONOMIC STRUCTURE OF CARMIGNAC EURO-PATRIMOINE

	Amount	%
<b>ASSETS</b>		
<b>Bonds and similar securities</b>		
Fixed rate bonds traded on a regulated or similar market	7,371,201.68	1.94
<b>TOTAL bonds and similar securities</b>	<b>7,371,201.68</b>	<b>1.94</b>
<b>Debt securities</b>		
<b>TOTAL debt securities</b>		
<b>LIABILITIES</b>		
<b>Sales of financial instruments</b>		
<b>TOTAL sales of financial instruments</b>		
<b>OFF-BALANCE SHEET</b>		
<b>HEDGING TRANSACTIONS</b>		
Equities	101,537,951.30	26.76
<b>TOTAL HEDGING TRANSACTIONS</b>	<b>101,537,951.30</b>	<b>26.76</b>
<b>OTHER TRANSACTIONS</b>	<b>35,060,370.88</b>	<b>9.24</b>
Other		
<b>TOTAL OTHER TRANSACTIONS</b>	<b>35,060,370.88</b>	<b>9.24</b>



## BREAKDOWN BY RESIDUAL MATURITY OF ASSET, LIABILITY AND OFF-BALANCE SHEET ITEMS OF CARMIGNAC EURO-PATRIMOINE

	< 3 months	%	[3 months - 1 year]	%	[1-3 years]	%	[3-5 years]	%	>5 years	%
<b>Assets</b>										
Deposits										
Bonds and similar securities							7,371,201.68	1.94		
Debt securities										
Temporary transactions on securities										
Financial accounts	33,077,329.50	8.72								
<b>Liabilities</b>										
Temporary transactions on securities										
Financial accounts	944,949.42	0.25								
<b>Off-balance sheet</b>										
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 EURO-PATRIMOINE

	GBP		NOK		CHF		Other currencies	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>								
Deposits								
Equities and similar securities	72,953,623.97	19.22	40,886,904.56	10.77	15,799,512.17	4.16	22,384,235.75	5.90
Bonds and similar securities							7,371,201.68	1.94
Debt securities								
UCIs							11,663,833.63	3.07
Temporary transactions on securities								
Receivables			135,423.67	0.04	8,117,077.85	2.14		
Financial accounts	47,853.35	0.01	227,385.88	0.06	227,223.71	0.06	59,961.10	0.02
<b>Liabilities</b>								
Sales of financial instruments								
Temporary transactions on securities								
Payables	45,306,636.29	11.94	13,426,609.41	3.54			7,690,326.41	2.03
Financial accounts			625,703.65	0.16	218,125.39	0.06	101,120.38	0.03
<b>Off-balance sheet</b>								
Hedging transactions							4,669,971.30	1.23
Other transactions			4,443,589.50	1.17			1,866,423.17	0.49

## RECEIVABLES AND PAYABLES: BREAKDOWN BY TYPE OF CARMIGNAC EURO-PATRIMOINE

	31/12/2010
<b>Receivables</b>	
Funds receivable on forward currency sales	67,638,198.22
Sales with deferred settlement	135,423.67
Subscriptions receivable	872,748.99
Guarantee deposits in cash	7,399,964.80
<b>Total receivables</b>	<b>76,046,335.68</b>
<b>Payables</b>	
Forward currency sales	66,423,572.11
Purchases with deferred settlement	5,035,680.82
Redemption price payable	99,129.22
Management fees	109,164.99
Performance fees	4,064,936.66
Deposits	1,181,000.00
Other payables	179,701.58
<b>Total payables</b>	<b>77,093,185.38</b>

## NUMBER OF CARMIGNAC EURO-PATRIMOINE SECURITIES ISSUED OR REDEEMED

	In units	In euro
Units subscribed during the financial year	641,659.279	168,173,769.21
Units redeemed during the financial year	-441,157.898	-115,840,239.63
Net balance of subscriptions/redemptions	200,501.381	52,333,529.58

## CARMIGNAC EURO-PATRIMOINE SUBSCRIPTION AND/OR REDEMPTION FEES

	In euro
Total fees paid to the Fund	
Subscription fees paid to the Fund	
Redemption fees paid to the Fund	

## MANAGEMENT FEES OF CARMIGNAC EURO-PATRIMOINE

	31/12/2010
<b>Guarantee fees</b>	
<b>Fixed management fees</b>	<b>5,404,361.58</b>
<b>Percentage of fixed management fees</b>	<b>1.50</b>
<b>Performance fees</b>	<b>4,064,936.66</b>
<b>Trailer fees</b>	

## COMMITMENTS RECEIVED AND GIVEN BY CARMIGNAC EURO-PATRIMOINE

**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 EURO-PATRIMOINE**

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

## MARKET VALUE OF SECURITIES REPRESENTING GUARANTEE DEPOSITS OF CARMIGNAC EURO-PATRIMOINE

	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 EURO-PATRIMOINE PORTFOLIO

	ISIN code	Description	31/12/2010
<b>Equities</b>			
Bonds			
Transferable debt securities			
UCITS			
Forward financial instruments			

## CARMIGNAC EURO-PATRIMOINE INCOME ALLOCATION TABLE FOR THE FINANCIAL YEAR

	31/12/2010	31/12/2009
<b>Amounts to be allocated</b>		
Retained earnings		
Income	-2,532,628.13	2,066,287.66
<b>Total</b>	<b>-2,532,628.13</b>	<b>2,066,287.66</b>
<b>Allocation</b>		
Dividend distribution		
Retained earnings for the financial year		
Accumulation	-2,532,628.13	2,066,287.66
<b>Total</b>	<b>-2,532,628.13</b>	<b>2,066,287.66</b>

## OVERVIEW OF RESULTS AND OTHER SIGNIFICANT ITEMS FOR THE LAST 5 FINANCIAL YEARS FOR CARMIGNAC EURO-PATRIMOINE

	29/12/2006	31/12/2007	31/12/2008	31/12/2009	31/12/2010
<b>Total net assets in EUR</b>	<b>563,588,204.42</b>	<b>448,149,658.42</b>	<b>283,577,491.10</b>	<b>300,216,007.60</b>	<b>379,493,741.90</b>
Net assets	563,588,204.42	448,149,658.42	283,577,491.10	300,216,007.60	379,493,741.90
Number of units	1,950,851.082	1,580,868.544	1,190,511.25	1,154,299.234	1,354,800.61
Net asset value per unit	288.89	283.48	238.19	260.08	280.11
Accumulation per unit	-0.17	1.25	8.87	1.79	-1.86

**LIST OF SECURITIES OF CARMIGNAC EURO-PATRIMOINE  
AT 31 DECEMBER 2010**

Name of securities	Currency	Quantity or nominal amount	Market value	% of net assets
<b>Equities and similar securities</b>				
<b>Equities and similar securities traded on a regulated or similar market</b>				
<b>GERMANY</b>				
BEIERSDORF NOM	EUR	136,300	5,659,857.50	1.49
FIELMANN	EUR	50,098	3,563,971.72	0.94
K&S	EUR	20,000	1,127,200.00	0.30
<b>TOTAL GERMANY</b>			<b>10,351,029.22</b>	<b>2.73</b>
<b>BELGIUM</b>				
COLRUYT NV	EUR	189,735	7,219,416.75	1.90
<b>TOTAL BELGIUM</b>			<b>7,219,416.75</b>	<b>1.90</b>
<b>BERMUDA</b>				
GOLAR LNG ENERGY LTD	NOK	2,637,000	4,227,180.92	1.11
JUPITER ADRIA	EUR	4,333,333	2,166,666.50	0.57
SEADRILL LTD	NOK	457,450	11,568,611.46	3.05
<b>TOTAL BERMUDA</b>			<b>17,962,458.88</b>	<b>4.73</b>
<b>DENMARK</b>				
NOVO-NORDISK B	DKK	179,950	15,188,812.55	4.00
<b>TOTAL DENMARK</b>			<b>15,188,812.55</b>	<b>4.00</b>
<b>SPAIN</b>				
TECNICAS REUNIDAS	EUR	220,800	10,513,392.00	2.77
TELEFONICA	EUR	215,500	3,655,957.50	0.96
<b>TOTAL SPAIN</b>			<b>14,169,349.50</b>	<b>3.73</b>
<b>FINLAND</b>				
FORTUM CORPORATION	EUR	172,900	3,895,437.00	1.03
OUTOKUMPU TECHNOLOGY	EUR	294,800	13,631,552.00	3.59
<b>TOTAL FINLAND</b>			<b>17,526,989.00</b>	<b>4.62</b>
<b>FRANCE</b>				
BNP PARIBAS BUREAU	EUR	241,600	11,502,576.00	3.03
VERITAS DASSAULT	EUR	106,100	6,017,992.00	1.59
SYSTEMES ESSILOR	EUR	206,600	11,656,372.00	3.07
INTERNATIONAL L'OREAL	EUR	75,000	3,613,125.00	0.95
LVMH (LOUIS VUITTON - MOET HENNESSY)	EUR	55,200	4,586,016.00	1.21
PUBLICIS GROUPE SA	EUR	105,000	12,925,500.00	3.41
REMY COINTREAU	EUR	150,000	5,850,000.00	1.54
SCHNEIDER ELECTRIC SA	EUR	12,600	667,170.00	0.18
STALLERGENES	EUR	104,100	11,659,200.00	3.07
UNIBAIL-RODAMCO	EUR	60,000	3,540,000.00	0.93
VIVENDI	EUR	68,300	10,108,400.00	2.66
xxxxxxx	EUR	231,050	4,667,210.00	1.23
ZODIAC AEROSPACE	EUR	85,029	4,778,629.80	1.26
<b>TOTAL FRANCE</b>			<b>91,572,190.80</b>	<b>24.13</b>
<b>ITALY</b>				
DAVIDE CAMPARI	EUR	861,600	4,195,992.00	1.11
<b>TOTAL ITALY</b>			<b>4,195,992.00</b>	<b>1.11</b>
<b>NORWAY</b>				
TBN NOR	NOK	1,183,800	12,433,486.58	3.28
OCEAN RIG UDW	NOK	337,000	4,451,412.27	1.17
YARA INTERNATIONAL	NOK	189,600	8,206,213.33	2.16
<b>TOTAL NORWAY</b>			<b>25,091,112.18</b>	<b>6.61</b>
<b>NETHERLANDS</b>				
CORE LABORATORIES	USD	108,400	7,195,423.20	1.90
QIAGEN NV ORD	EUR	434,800	6,361,124.00	1.68
UNILEVER	EUR	145,500	3,390,150.00	0.89
<b>TOTAL NETHERLANDS</b>			<b>16,946,697.20</b>	<b>4.47</b>

Name of securities	Currency	Quantity or nominal amount	Market value	% of net assets
<b>PORTUGAL</b>				
GALP ENERGIA SGPS SA CLASSE B	EUR	250,000	3,585,000.00	0.94
JERONIMO MARTINS	EUR	958,870	10,931,118.00	2.89
<b>TOTAL PORTUGAL</b>			<b>14,516,118.00</b>	<b>3.83</b>
<b>UNITED KINGDOM</b>				
AFREN	GBP	4,659,000	8,025,540.06	2.11
AUTONOMY CORPORATION PLC	GBP	240,000	4,215,440.28	1.11
INVENSYS PLC	GBP	1,304,000	5,390,404.39	1.42
RANDGOLD RESOURCES	GBP	103,500	6,371,739.51	1.68
RECKITT BENCKISER PLC	GBP	216,203	8,894,387.29	2.34
STANDARD CHARTERED PLC	GBP	686,788	13,830,340.13	3.65
TULLOW OIL	GBP	922,200	13,571,736.01	3.58
XSTRATA PLC	GBP	720,200	12,654,036.30	3.33
<b>TOTAL UNITED KINGDOM</b>			<b>72,953,623.97</b>	<b>19.22</b>
<b>SWITZERLAND</b>				
GIVAUDAN	CHF	9,900	7,988,404.17	2.10
NESTLE NOM.	CHF	178,400	7,811,108.00	2.06
<b>TOTAL SWITZERLAND</b>			<b>15,799,512.17</b>	<b>4.16</b>
<b>TOTAL equities and similar securities traded on a regulated or similar market</b>			<b>323,493,302.22</b>	<b>85.24</b>
<b>TOTAL equities and similar securities</b>			<b>323,493,302.22</b>	<b>85.24</b>
<b>Bonds and similar securities</b>				
<b>Bonds and similar securities traded on a regulated or similar market</b>				
<b>BERMUDA</b>				
SEADRILL 6.50% 05/10/2015	USD	10,000,000	7,371,201.68	1.94
<b>TOTAL BERMUDA</b>			<b>7,371,201.68</b>	<b>1.94</b>
<b>TOTAL bonds and similar securities traded on a regulated or similar market</b>			<b>7,371,201.68</b>	<b>1.94</b>
<b>Total bonds and similar securities</b>			<b>7,371,201.68</b>	<b>1.94</b>
<b>Undertakings for Collective Investment</b>				
<b>Standard French UCITS</b>				
<b>FRANCE</b>				
LYXOR GPS FUND 3DEC	EUR	26,700	5,879,874.00	1.55
<b>TOTAL FRANCE</b>			<b>5,879,874.00</b>	<b>1.55</b>
<b>TOTAL standard French UCITS</b>			<b>5,879,874.00</b>	<b>1.55</b>
<b>Other Listed UCIs</b>				
<b>UNITED STATES OF AMERICA</b>				
SPDR GOLD TRUST	USD	112,800	11,663,833.63	3.07
<b>TOTAL UNITED STATES OF AMERICA</b>			<b>11,663,833.63</b>	<b>3.07</b>
<b>TOTAL other Listed UCIs</b>			<b>11,663,833.63</b>	<b>3.07</b>
<b>TOTAL Undertakings for Collective Investment</b>			<b>17,543,707.63</b>	<b>4.62</b>
<b>Forward financial instruments</b>				
<b>Futures</b>				
<b>Futures on regulated or similar markets</b>				
EUR EUREX EUROS 0311	EUR	-3,467	1,647,210.00	0.43
S&P500 MINI 0311	USD	-100	-9,876.64	0.00
<b>TOTAL futures on regulated markets</b>			<b>1,637,333.36</b>	<b>0.43</b>
<b>TOTAL futures</b>			<b>1,637,333.36</b>	<b>0.43</b>
<b>Other forward financial instruments</b>				
<b>CFDs</b>				
ACCOR CFD	EUR	-40,000		
CFD ALSTOM 1230	EUR	-70,000		
CFD EADS CFD	EUR	-280,000		
CFD ENI ML 1230	EUR	-23,200		
CFD MER NOBLE 1230	EUR	-70,000		
CFD MERR EDP 1230	EUR	-1,050,000		
CFD ML CARREF 1230	EUR	-45,000		
CFD ML ENEL 1230	EUR	-500,000		
CFD ML GAS NA 1230	EUR	-177,300		

Name of securities	Currency	Quantity or nominal amount	Market value	% of net assets
CFD ML IBERDR 1230	EUR	-408,581		
CFD ML LAGAR. 1230	EUR	-118,600		
CFD ML OMV AG 1230	EUR	-60,000		
CFD ML SUEZ 1230	EUR	-140,000		
CFD RWE 1230	EUR	-34,000		
CFD STATOILHY 1230	NOK	-250,000		
<b>TOTAL CFD</b>				
<b>TOTAL Other forward financial instruments</b>				
<b>TOTAL Forward financial instruments</b>			<b>1,637,333.36</b>	<b>0.43</b>
<b>Margin calls</b>				
C.A.Indo margin calls in USD	USD	13,250	9,876.63	
C.A.Indo margin calls in euro	EUR	-1,647,210	-1,647,210.00	-0.43
<b>TOTAL Margin calls</b>			<b>-1,637,333.37</b>	<b>-0.43</b>
<b>Receivables</b>			<b>76,046,335.68</b>	<b>20.04</b>
<b>Payables</b>			<b>-77,093,185.38</b>	<b>-20.31</b>
<b>Financial accounts</b>			<b>32,132,380.08</b>	<b>8.47</b>
<b>Net assets</b>			<b>379,493,741.90</b>	<b>100.00</b>

<b>CARMIGNAC EURO-PATRIMOINE</b>	<b>EUR</b>	<b>1,354,800.615</b>	<b>280.11</b>
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