

**PROSPECTUS**

**CARMIGNAC PORTFOLIO**

Luxembourg SICAV (open-ended investment company)  
conforming to the European Directive on UCITS

Subscriptions for shares of CARMIGNAC PORTFOLIO are only valid if made on the basis of the current prospectus, accompanied by the latest annual report and the latest semi-annual report, if published thereafter.

No person is authorised to provide any information other than the information already contained in this prospectus and the documents referred to therein, which may be consulted by the public.

December 2011

**The SICAV CARMIGNAC PORTFOLIO** (the "Company") is registered in accordance with the law of 17 December 2010 on undertakings for collective investment. This registration does not however require any Luxembourg authority to grant or withhold approval either for the adequacy or the accuracy of this prospectus or for the portfolio of securities held by the Company. Any statement to the contrary shall be prohibited and unlawful.

The Board of Directors assumes responsibility for the accuracy of the information contained in this prospectus.

Any information or assertion by an intermediary, a vendor or any natural person whatsoever that is not contained in this prospectus or in the reports making up an integral part thereof, must be considered as unauthorised and therefore unreliable.

Neither the distribution of this prospectus, nor the offer, issue or sale of shares of the Company constitutes an assertion that the information provided in this prospectus shall always be exact subsequent to the date of the prospectus. In order to take account of significant changes, this prospectus will be updated in due course on the understanding that any launch of a new sub-fund shall result in an update of the prospectus.

Potential subscribers and purchasers of the Company's shares are advised to obtain further information as regards:

- any possible tax consequences,
- any legal requirements and,
- any restriction or exchange control arising from the laws of their country of origin, residence or domicile that may have an impact on the subscription, ownership or sale of shares of the Company.

**CARMIGNAC PORTFOLIO**  
**SICAV (pen-ended investment company)**

**BOARD OF DIRECTORS**

Chairman of the Board of Directors

- Mr Edouard CARMIGNAC  
Chairman and Managing Director of Carmignac Gestion  
Director of Carmignac Gestion Luxembourg

Directors

- Mr Jean-Pierre MICHALOWSKI  
Deputy Managing Director of CACEIS
- Mr Eric HELDERLE  
Chairman of Carmignac Gestion Luxembourg  
Managing Director of Carmignac Gestion
- Mr Simon PICKARD  
Manager, Carmignac Gestion

**MANAGEMENT**

Mr Eric HELDERLE (Managing Director)  
Mr Antoine BRUNEAU (*Manager*)

**REGISTERED OFFICE**

5, Allée Scheffer  
L - 2520 LUXEMBOURG

**CUSTODIAN,**

BNP Paribas Securities Services, Luxembourg branch  
33, rue de Gasperich,  
L5826 Hesperange

**DOMICILIARY AGENT, ADMINISTRATIVE AGENT, REGISTRAR AND TRANSFER AGENT, PAYING AGENT**

CACEIS Bank Luxembourg  
5, Allée Scheffer  
L - 2520 LUXEMBOURG

**FUND MANAGER**

CARMIGNAC GESTION LUXEMBOURG  
65, boulevard Grande Duchesse Charlotte  
L-1331 LUXEMBOURG

**DISTRIBUTORS**

CARMIGNAC GESTION LUXEMBOURG

65, boulevard Grande Duchesse Charlotte  
L-1331 LUXEMBOURG

**INDEPENDENT AUDITOR**

KPMG Audit S.à r.l.  
9, Allée Scheffer  
L-2520 Luxembourg

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## 1. DESCRIPTION OF THE COMPANY

### 1.1. General

CARMIGNAC PORTFOLIO (hereinafter “the Company”) is a Luxembourg company set up as an open-ended investment company (“SICAV”) in accordance with the terms of the law of 10 August 1915 and its amending laws on commercial companies, and in accordance with the law of 17 December 2010 on undertakings for collective investment.

CARMIGNAC PORTFOLIO is a SICAV subject to the provisions of Part I of the law of 17 December 2010 on undertakings for collective investment transposing Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of the legislative, regulatory and administrative provisions relating to certain undertakings for collective investment in transferable securities (UCITS). In this regard, the Company may market and sell its shares in the Member States of the European Union (“EU”) provided that the legislative, regulatory and administrative provisions in force in these States that do not come under the law of 17 December 2010 on undertakings for collective investment are respected.

The Company operates as an open-ended investment company, that is, its shares can be sold and redeemed at regular intervals at a price based on the value of its net assets and is a company with multiple sub-funds pursuant to article 181 of the law of 17 December 2010 on undertakings for collective investment.

The Company is a self-managed SICAV pursuant to the provisions of Articles 27, 110 and 111 of the law of 17 December 2010. M. Eric Helderlé and Mr Antoine BRUNEAU were appointed Managers. They are responsible for the management of the Company.

The Company was created in Luxembourg on 30 June 1999 for an unlimited period, in accordance with Part I of the law of 30 March 1988, and following the Extraordinary General Meeting of 22 November 2005, was subject to Part I of the law of 20 December 2002. Since 1 July 2011, the company is subject to Part I of the law of 17 December 2010. Its minimum capital is laid down in article 23 of the law of 17 December 2010. This amount must be reached within six months of the establishment of the Company.

Its Articles of Association were published in *Le Mémorial, Recueil des Sociétés et Associations* on 2 August 1999. They have been filed with the office of the Registrar of the District Court of Luxembourg (*Greffe du Tribunal d'Arrondissement de Luxembourg*), where they may be consulted. The Articles of Association were amended on 26 May 2003 at the second Extraordinary General Meeting of Shareholders and were published in *Le Mémorial, Recueil des Sociétés et Associations* on 10 July 2003, and on 22 November 2005 at the second Extraordinary General Meeting of Shareholders and were published in *Le Mémorial, Recueil des Sociétés et Associations*, on 22 December 2005.

The Articles of Association were most recently amended on 15 January 2007 at the second Extraordinary General Meeting and the amendments were published in the *Mémorial* dated 28 February 2007.

The capital is always equal to the net assets of the Company. The Company has been entered in the Luxembourg Trade and Companies Register under no. B 70 409.

The registered office is situated at 5, Allée Scheffer, L-2520 Luxembourg, Grand-Duchy of Luxembourg. Any question regarding the general structure and the policy followed by the Company must be addressed to the Company itself, at its registered office.

The subscription and payment procedure is described in article 8 "Issue of shares and subscription and payment procedure".

**Shareholders must be aware that all investments entail a risk and that no guarantee may be given against the loss arising from an investment made in any of the sub-funds whatsoever. Furthermore, it cannot be guaranteed that the objective set by the Company will be achieved. No assurance can be given in regard to future results or to the future return of the Company, neither by the Company itself, nor by one of the directors of the Company, their authorised representatives or the fund managers.**

**This prospectus is published in conjunction with a public offering of the Company's shares. Any decision to subscribe shares must be taken on the basis of the information contained in this prospectus, which is published by the Company, and in the Company's most recent annual**

**report and semi-annual report(s), which are available at the Company's registered office or at the offices of its authorised representatives.**

## **1.2. Specific information for US persons**

The Company has not been registered under the United States Investment Company Act of 1940, as amended, or any similar or analogous regulatory scheme enacted by any other jurisdiction except as described herein. In addition, the shares have not been registered under the United States Securities Act of 1933, as amended, or under any similar or analogous provision of law enacted by any other jurisdiction except as described therein. The shares may not be and shall not be offered for sale, sold, transferred or delivered in the United States of America, its territories or possessions or to any "U.S. Person", except in a transaction which does not violate the legislation applicable.

By U.S. Person, the prospectus means (i) any natural person who is a citizen or resident of the United States of America, its territories and/or possessions and/or the District of Columbia (hereinafter called "the United States"); or (ii) any corporation or partnership organised or incorporated under the laws of the United States or any of the States or the District of Columbia or, if formed by one or more U.S. Persons principally for the purpose of investing in the Company, any corporation or partnership organised or incorporated under the laws of any other jurisdiction; or (iii) any agency or branch of a foreign entity located in the United States; or (iv) any estate the income of which, from sources outside the United States which is not effectively connected with the conduct of a trade or business within the United States, is not includible in gross income for United States federal income tax purposes; or (v) any trust over which a court in the United States is able to exercise primary supervision of the administration of the trust and one or more United States persons has authority to control all substantial decisions of the trust, including any trust of which any trustee is a U.S. Person; or (vi) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; or (vii) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person; or (viii) any discretionary account or similar account (other than estate or trust) held by a dealer or other fiduciary organised, incorporated or (if an individual) resident in the United States; or (ix) any employee plan sponsored by an entity described in clause (ii) or (iii) or including as a beneficiary any person described in clause (i); or (x) any other person whose ownership or purchase of the Company's shares would involve the Company in a public offering within the meaning of Section 7(d) of the United States Investment Company Act of 1940, as amended, the rules and regulations thereunder and/or the relevant pronouncement of the United States Securities and Exchange Commission or informal written advice by its staff.

## **1.3. Multiple sub-fund structure**

A separate pool of assets ("sub-fund") is set up for each share class and is invested according to the investment objective applicable to the share class to which the sub-fund in question relates. The Company correspondingly forms a "company with multiple sub-funds" allowing investors to choose between one or several investment objectives by investing in one or several sub-funds of the same undertaking for collective investment. The directors of the Company may decide to issue shares of other categories corresponding to sub-funds with their own investment objectives.

There are currently seven sub-funds available:

- 1) Carmignac Portfolio – Grande Europe,
- 2) CARMIGNAC PORTFOLIO – Commodities
- 3) CARMIGNAC PORTFOLIO – Emerging Discovery
- 4) CARMIGNAC PORTFOLIO – Global Bond
- 5) CARMIGNAC PORTFOLIO – Cash Plus
- 6) CARMIGNAC PORTFOLIO – Market Neutral
- 7) CARMIGNAC PORTFOLIO – Emerging Patrimoine

In regard to third parties, the Company shall be considered as a single legal entity. In respect of the mutual relationship between the shareholders, each sub-fund shall be treated as a separate legal entity, with its own financing, liabilities, capital gains and losses, net asset value calculation ("NAV" or "net asset value") and costs, unless there is agreement to the contrary with the creditors.

Within each sub-fund, the Board of Directors may create different classes and/or sub-classes of shares (the "classes" and "sub-classes") which may differ according to their dividend policy (distribution and/or accumulation shares), their base currency, the fees and expenses applicable, their distribution policy and/or any other criteria determined by the Board of Directors. This information should be inserted into the prospectus and communicated to investors.

Therefore the Company, at the discretion of the Board of Directors, shall issue accumulation and/or distribution shares for each sub-fund. In those sub-funds where this choice exists, any share may be issued, at the election of the shareholder, either as a distribution share (hereinafter referred to as "DIV share" or "distribution share") or as an accumulation share (hereinafter "CAP share" or "accumulation share") and in registered or bearer form.

The shares of the different sub-funds may normally be issued, redeemed and converted every valuation day at a price calculated on the basis of the net asset value per share of the category concerned of the sub-fund in question on this valuation day, as stipulated in the Company's Articles of Association (the "Articles of Association"), with the addition of any applicable fees and charges, as specified in the detailed section of this prospectus.

The Company has a share capital represented by fully paid-up shares with no par value, and denominated in euro ("the consolidated currency of the Company"). The consolidated financial report of the Company is denominated in euro. The net asset value per share for each sub-fund is denominated in the base currency of the relevant sub-fund, as stipulated in the relevant part of this prospectus.

Subject to provisions laid down hereinafter, investors may convert all or part of their shares of a certain sub-fund into shares of another sub-fund and shares of one class into shares of another class either in the same sub-fund or in a different sub-fund.

The investment activities of the Company are conducted by the Board of Directors. The Company has appointed "CARMIGNAC GESTION Luxembourg" as Fund Manager.

## **2. OBJECTIVE AND COMPOSITION OF THE PORTFOLIO**

The objective of the Company is to achieve the highest possible overall return for its shareholders and to enable them to benefit from professional management. It will offer its shareholders the opportunity to invest in several diversified portfolios of transferable securities with worldwide scope in order to realise capital gains, without neglecting short-term income.

Shareholders have the option to choose the level of investment that they wish to make in any of the Company's sub-funds, according to their requirements or to their own views on future market trends.

The Company does not guarantee that the above-mentioned objective will be achieved; this depends on the positive or negative performance of the markets. In consequence, the net asset value may fall as well as rise. The Company is therefore unable to guarantee that its objective will be fully achieved.

The main objective of CAP shares of the different sub-funds is capital growth, which is reinvested in the Company. The main objective of DIV shares of the different sub-funds is to achieve total growth through an increase in both capital and income.

The objectives and investment policies of each sub-fund determined by the Board of Directors in accordance with the Company's Articles of Association and with the law comply with the restrictions laid down in article 3 of this prospectus which shall be described in the detailed section of this prospectus.

If necessary, each sub-fund may hold cash on an ancillary and temporary basis, including typical money market instruments which are traded regularly and whose residual maturity is less than 12 months, as well as term deposits.

Within the limits stipulated in article 3 below, the Company is authorised:

- a. to use techniques and instruments involving transferable securities, provided that these techniques and instruments are used for the purpose of efficient portfolio management;

- b. to use techniques and instruments intended to hedge and/or expose the portfolio to currency risks as part of the management of its assets.
- c. to use techniques and instruments intended to limit and/or expose the portfolio to risks arising from its investments and optimise returns.

The diversity of the Company's assets ensures a limitation of the risks inherent in any investment, but does not, however, exclude them completely.

### **3. INVESTMENTS AND INVESTMENT RESTRICTIONS**

The following provisions and restrictions must be observed by the Company for each of the sub-funds:

#### **3.1. Determination and restrictions of the investment policy**

- 3.1.1. Apart from the exceptions mentioned hereinafter, the investments of the Company shall consist exclusively of:
- a) transferable securities and money market instruments listed or traded on a regulated market;
  - b) transferable securities and money market instruments traded on another market of a Member State of the European Union that is regulated, operates regularly, is recognised and open to the public;
  - c) transferable securities and money market instruments listed on an official stock exchange of a State that is not a member of the European Union or traded on another market of a State that is not a member of the European Union, that is regulated, operates regularly, is recognised and open to the public, and is in one of the countries of Europe, Africa, Asia, Oceania and the Americas;
  - d) new issues of transferable securities and money market instruments, provided that
    - the issue terms include the undertaking that the application be filed for official listing on a stock market or another regulated market that operates regularly, is recognised and open to the public in one of the countries of Europe, Africa, Asia, Oceania, and the Americas,
    - listing is obtained at the latest within one year from the issue date;
  - e) units of other undertakings for collective investment in transferable securities (UCITS) and/or units of open-ended undertakings for collective investment (UCI). These undertakings for collective investment must meet the conditions of Directive 2009/65/EC of 13 July 2009 and their registered office must be established in a Member State of the European Union or of a non-Member State, provided that:
    - these other UCIs are approved in accordance with legislation stipulating that these undertakings be subject to supervision that the CSSF deems equivalent to that laid down by Community legislation and that cooperation between the authorities is sufficiently ensured;
    - the level of protection guaranteed to the unitholders of these other UCIs is equivalent to that provided to unitholders of a UCITS and, in particular, that the rules relating to the division of assets, borrowing, lending and short selling of transferable securities and money market instruments are equivalent to the requirements of Directive 2009/65/EC;
    - semi-annual and annual reports are published on the activities of these other UCIs to enable an evaluation of the assets and liabilities and of the income and transactions for the period under consideration;
    - the proportion of assets of these UCITS or other UCIs whose purchase is envisaged that may be invested, in accordance with their governing documents, globally in units of other UCITS or UCIs, does not exceed 10%;

- f) deposits with credit institutions repayable on request or that may be withdrawn whose maturities are less than or equal to twelve months, provided that the credit institution has its registered office in a Member State of the European Union or, if the registered office of the credit institution is situated in a non-Member State, are subject to prudential regulations deemed by the CSSF as equivalent to those laid down by Community legislation;
- g) derivative financial instruments, including similar instruments subject to a cash settlement, that are traded on a regulated market of the type mentioned in points a), b) and c) above and/or derivative financial instruments traded on OTC markets ("OTC derivatives"), provided that:
  - (i)
    - the underlying instrument is an instrument coming under this paragraph or financial indices, interest rates or currencies in which the Fund may make investments according to its investment objectives, as set out in the Articles of Association of the Fund,
    - the counterparties to OTC derivative transactions are institutions subject to prudential supervision and belonging to categories approved by the CSSF, and
    - OTC derivatives are subject to a reliable and verifiable daily valuation and, at the decision of the UCITS, may be sold, liquidated or closed by means of a symmetrical transaction at any time and at their fair value;
  - (ii)
    - These transactions should not cause the Company to deviate from its investment objectives under any circumstances.
- h) money market instruments other than those traded on a regulated market and mentioned in article 1 of the law of 17 December 2010, provided that the issue or the issuing body of these instruments are subject to regulations aimed at protecting investors and their savings and that these instruments are:
  - issued or guaranteed by a central, regional or local government, by a central bank of a Member State, by the European Central Bank, by the European Union or by the European Investment Bank, by a non-EU Member State or, in the case of a federal State, by one of the members making up the federation, or by an international public body to which one or several Member States belong, or
  - issued by a company whose securities are traded on the regulated markets mentioned in points (a), (b) or (c) above, or
  - issued or guaranteed by an institution subject to prudential supervision in accordance with the criteria laid down in Community law, or by an institution subject to and complying with prudential regulations deemed by the CSSF to be at least as strict as those provided for in Community law, or
  - issued by other entities belonging to the categories approved by the CSSF provided that the investments in these instruments are subject to rules of investor protection equivalent to those provided for in the first, second or third sub-paragraphs above, and that the issuing body is a company with capital and reserves of at least ten million euro (EUR 10,000,000) and which presents and publishes its annual accounts in accordance with the fourth directive 78/660/EEC, is an entity whose business, within a group of companies including one or several listed companies, is the financing of that group or is an entity whose business is the financing of securitisation vehicles benefiting from a line of bank financing.

- 3.1.2. a) Nevertheless, the Company may invest up to 10% of the net assets of each sub-fund in transferable securities and money market instruments other than those covered in point 3.1.1.

b) the Company may acquire movable and immovable assets which are essential for the direct pursuit of its business;

c) in carrying out its investments, the Company is not authorised, in any of the sub-funds, to acquire precious metals or certificates representing these metals;

3.1.3. A sub-fund may hold cash on an ancillary basis.

3.1.4.

a) A sub-fund may not invest more than 10% of its net assets in transferable securities or money market instruments issued by the same entity. A sub-fund may not invest more than 20% of its net assets in deposits made with the same entity. The sub-fund's counterparty risk in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is one of the credit institutions mentioned in point 3.1.1. f), or 5% of its assets in other cases.

b) The total value of transferable securities and money market instruments held by a sub-fund from issuers in which it invests over 5% of its net assets may not exceed 40% of the value of its net assets. This limit does not apply to deposits with financial institutions subject to prudential supervision and to OTC derivatives transactions effected with these institutions.

Notwithstanding the individual limits set in paragraph (a), no sub-fund may invest more than 20% of its net assets in a combination:

- of transferable securities and money market instruments issued by the same entity,
- of deposits with the same institution, and/or of risks arising from OTC derivative transactions with the same institution.

c) The limit of 10% stipulated in paragraph (a) may be extended to a maximum of 35% if the transferable securities or money market instruments are issued or guaranteed by a Member State of the European Union, its regional public authorities, a non-EU Member State or international public bodies to which one or several Member States belong.

d) The limit of 10% stipulated in paragraph (a) may be extended to a maximum of 25% for certain bonds when they are issued by a credit institution with its registered office in a Member State of the European Union and which is subject by law to special supervision by the public authorities aimed at protecting the holders of these bonds. In particular, the amounts arising from the issue of these bonds must be invested, in compliance with the legislation, in assets which, during the entire lifetime of the bonds, are capable of covering any debts arising from the bonds and which, in the event of the bankruptcy of the issuer, would be used in precedence for the repayment of the principal and the payment of accrued interest.

When a sub-fund invests over 5% of its net assets in the bonds mentioned in this paragraph and issued by the same issuing body, the total value of these investments may not exceed 80% of the value of the sub-fund's net assets.

e) The transferable securities and money market instruments covered in paragraphs (c) and (d) are not taken into account for the purpose of calculating the 40% ceiling stipulated in paragraph (b) above.

The limits mentioned in preceding paragraphs (a), (b), (c) and (d) may not be combined; consequently, investments in transferable securities or money market instruments issued by the same entity, in deposits or derivative transactions concluded with this entity in accordance with preceding paragraphs (a), (b), (c) and (d) may not exceed 35% of the net assets of a given sub-fund.

Those companies that have grouped together for the purposes of consolidating their accounts, within the meaning of Directive 83/349/EEC or in compliance with recognised international accounting rules, are deemed to be a single entity for the

calculation of the limits stipulated in points 3.1.4 (a) to 3.1.4 (e).

The same sub-fund may invest concurrently up to 20% of its assets in transferable securities and money market instruments issued by the same group.

**3.1.5. In accordance with the principle of risk spreading, the Company is authorised to invest up to 100% of the net assets of one or several sub-funds in different issues of transferable securities and money market instruments issued or guaranteed by a Member State of the European Union, by its regional public authorities, by a Member State of the OECD or by international public bodies to which one or more Member States of the European Union belong, provided that this or these sub-funds hold securities belonging to at least six different issues and that the securities belonging to one issue do not exceed 30% of the total amount of the assets of this or these sub-funds;**

3.1.6. The Company will ensure that the total risk associated with derivative financial instruments does not exceed the total net assets of the portfolio of each sub-fund.

The risks are calculated taking into account the current value of the underlying assets, the counterparty risk, market forecasts and the time available to liquidate the positions. This also applies to the following paragraphs.

The Company may, within the framework of its investment policy and the limits set out in point 3.1.1. (g), invest in derivative instruments provided that the overall risks to which the underlying assets are exposed do not exceed the investment limits set out in point 3.1.4. When a sub-fund invests in index-based derivatives, these investments do not necessarily have to be combined for the purpose of the limits set out in point 3.1.4.

3.1.7. The following provisions apply to investments in other UCITS or UCIs:

a) A sub-fund may acquire the units of UCITS and/or other UCIs mentioned in point 3.1.1. (e) provided that no more than 20% of its net assets is invested in the same UCITS or other UCI. For the purposes of applying this limit, each sub-fund of a UCI with multiple sub-funds, as defined in article 181 of the law of 17 December 2010, shall be deemed to be a separate issuing body, provided that the principle of segregation of liabilities with regard to third parties is ensured in the different sub-funds.

b) Investments in units of UCIs other than UCITS may not exceed a total of 30% of the net assets of the sub-fund.

When a sub-fund has acquired units of UCITS and/or other UCIs, the assets of these UCITS or other UCIs are not combined for the purposes of the limits provided for in point 3.1.4.

c) When a sub-fund invests in the units of other UCITS and/or other UCIs that are managed, either directly or by delegation, by the same management company or by any other company to which the management company is linked through joint management or control or by a material direct or indirect holding, such management company or the other company may not charge subscription or redemption fees for the sub-fund's investment in the units of such other UCITS and/or other UCIs.

A sub-fund that invests a major portion of its assets in other UCITS and/or other UCIs shall indicate in its prospectus the maximum level of management fees that may be charged both to that sub-fund and other UCITS and/or other UCIs in which it intends to invest. It shall indicate in its annual report the maximum percentage of management fees borne by the sub-fund and the UCITS and/or other UCIs in which it invests.

3.1.8. In making its investments, the Company is not authorised, in the case of all sub-funds, to:

- a) acquire shares with voting rights attached that would allow it to exercise significant influence on the management of an issuer;
- b) acquire more than:
  - 10% of non-voting shares of the same issuer,
  - 10% of the bonds of the same issuer,
  - 25% of the units of the same UCITS and/or other UCI;
  - 10% of the money market instruments issued by the same issuer.

The limits stipulated above in sub-points 2, 3 and 4 of point 3.1.7. (b) do not have to be observed at the time of acquisition if, at that time, the gross amount of the bonds or money market instruments, or the net amount of the securities issued, cannot be calculated.

- c) The preceding paragraphs (a) and (b) do not apply with regard to:
  1. transferable securities and money market instruments issued or guaranteed by a Member State of the European Union or its regional public authorities;
  2. transferable securities and money market instruments issued or guaranteed by a State that is not a member of the European Union;
  3. transferable securities and money market instruments issued by international public bodies to which one or more Member States of the European Union belong;
  4. the shares held by a sub-fund in the capital of a company incorporated in a non-Member State of the European Union which invests its assets mainly in the securities of issuers of that State where, under the legislation of said State, such a holding represents the only way in which the sub-fund can invest in the securities of issuers of that State. This dispensation is however only applicable on the condition that the investment policy of the company of the non-EU Member State complies with the limits laid down above in points 3.1.4. and 3.1.6. as well as paragraphs (a) and (b) of point 3.1.7. In the event that the limits stipulated in points 3.1.4. and 3.1.6. are exceeded, point 3.1.8. detailed hereinafter is applicable *mutatis mutandis*;
  5. shares held by one or more investment companies in the capital of subsidiary companies carrying out management, advisory or sales and marketing activities solely on their behalf in the country where the subsidiary is located with regard to the redemption of units at the request of unitholders.

3.1.9. For each sub-fund, the Company is not obliged to observe:

- a) the aforementioned limits in the case of the exercise of subscription rights attached to the transferable securities or money market instruments that make up its net assets;
- b) points 3.1.4., 3.1.5. and 3.1.6. for a period of six months following the date of its authorisation, provided that the principle of risk-spreading is observed.

If the limits referred to in this paragraph are exceeded for reasons beyond the control of the Company or as a result of the exercise of subscription rights, it must adopt as a priority objective in its sales transactions the remedying of that situation taking due account of the interests of its shareholders.

3.1.10. The Company may not borrow for any of its sub-funds, except for:

- a) the purchase of currencies by means of a back-to-back loan;
- b) borrowings of up to 10% of the net assets of one or more sub-funds as long as these are temporary borrowings;
- c) borrowings up to the limit of 10% of the net assets, provided that the borrowings are for the purchase of immovable property essential for the direct pursuit of its business; in this case, these borrowings and those referred to in point b) of this

paragraph may not in any case exceed 15% in aggregate of the net assets of each sub-fund concerned.

3.1.11. The Company may not grant loans or act as guarantor for third parties. Nevertheless, this restriction shall not serve as a hindrance to the acquisition by the Company of transferable securities, money market instruments or other financial instruments described in point 3.1.1. (e), (g) and (h) that are not fully paid-up.

3.1.12. The Company may not conclude direct or indirect take-or-pay contracts for transferable securities, money market instruments and other debt securities.

3.1.13 The Company may not short sell transferable securities, money market instruments or other financial instruments described in point 3.1.1. (e), (g) and (h).

### **3.2. Use of techniques and instruments involving transferable securities**

With a view to efficient portfolio management, the Company may carry out:

1. transactions involving options on transferable securities;
2. transactions involving futures contracts on financial instruments and options on such contracts;
3. securities lending transactions;
4. repurchase options (*répéré*);
5. repurchase and reverse repurchase agreements (*pension*).

Shareholders must be aware that the transactions referred to under this sub-heading offer a greater likelihood of gains or risk of loss than transferable securities due to the leverage involved in such instruments.

#### **3.2.1. Transactions involving options on transferable securities**

Each of the Company's sub-funds may purchase and sell both call and put options provided that these options are traded on a regulated market that operates regularly, is recognised and open to the public.

In the context of the aforementioned transactions, the Company must observe the following rules:

##### **3.2.1.1. Rules applicable to the purchase of options**

The amount of the premiums paid for the purchase of outstanding call options and put options mentioned here, together with the amount of the premiums paid for the purchase of the outstanding call and put options referred to in point 3.2.2.3. hereinafter, may not exceed 15% of the value of the net assets of the sub-fund concerned.

##### **3.2.1.2. Rules for ensuring the coverage of commitments arising from options transactions**

At the time of concluding the sale of call option contracts, the sub-fund concerned must hold either the underlying securities, or equivalent call options or other instruments capable of ensuring adequate coverage for the commitments arising from these contracts, such as warrants on transferable securities.

The securities underlying the call options sold may not be sold while these options are open unless they are covered by opposite options or other instruments that can be used for this purpose. The same is applicable to the equivalent call options or other instruments that the relevant sub-fund of the Company must hold if it does not own the underlying securities when it comes to the sale of the related options.

Notwithstanding this rule, the Company may sell call options on securities that it does not hold at the time of concluding the option contract if the following conditions are observed:

- the strike price of call options thus sold may not exceed 25% of the value of the net assets of the sub-fund in question;
- the relevant sub-fund of the Company must always be capable of ensuring the coverage of positions taken as a consequence of these sales.

When the Company sells put options, the sub-fund concerned must be covered during the whole option contract period by the cash that it might require to pay for the securities of which it will take delivery should the counterparty exercise the options.

When the Company sells unhedged call options, it is exposed to a theoretically unlimited risk of loss. In the event of the sale of put options, the Company is exposed to a risk of loss whereby the price of the underlying securities falls below the strike price less the premium received.

#### 3.2.1.3. Conditions and limits on the sale of call and put options

The total exposure arising from sales of call and put options (with the exclusion of sales of call options for which the relevant sub-fund of the Company has adequate hedging) and the total exposure arising from the operations mentioned in point 3.2.2.3. hereinafter when taken together may not exceed the value of the net assets of the sub-fund in question.

In this context, the commitment arising from call and put options sold is equal to the sum of the strike prices of the options.

### 3.2.2. **Transactions involving futures contracts on financial instruments and options on such contracts**

With the exception of OTC transactions covered in point 3.2.2.2. below, the transactions mentioned here may only involve contracts that are traded on a regulated market that operates regularly, is recognised and open to the public.

Subject to the conditions specified hereinafter, these transactions may be carried out for hedging purposes or for another objective.

#### 3.2.2.1. Transactions intended to hedge the risks related to stock market fluctuations

In order to hedge against the overall risk of an unfavourable change in the stock markets, the Company may sell futures contracts on stock market indices. For the same purpose, it may also sell call options or purchase put options on stock market indices.

The purpose of hedging the aforementioned transactions assumes that there is a sufficiently close correlation between the composition of the index used and that of the corresponding portfolio of the sub-fund in question.

In principle, the total commitments arising from futures and options contracts on stock market indices must not exceed the total market value of the securities held by the relevant sub-fund in the market corresponding to this index.

#### 3.2.2.2. Transactions intended to hedge the risks related to interest rate and/or currency fluctuations

In order to hedge against the overall risk of interest rate and/or currency fluctuations, the Company may sell interest rate and/or currency futures contracts. For the same purpose, it may also sell call options or purchase put options on interest rates and/or currencies or even carry out interest rate and/or currency swaps in OTC transactions with first-class financial institutions specialised in this type of transaction.

In principle, the total commitments arising from futures contracts, options contracts and interest rate and/or currency swap contracts may not exceed the total market value of the assets to be hedged held by the relevant sub-fund in the currency corresponding to that of the contracts in question.

#### 3.2.2.3. Transactions carried out for purposes other than hedging

The futures and options markets are extremely volatile and the risk of incurring a loss is very high.

The Company may, for purposes other than hedging, buy and sell futures and options contracts on all types of financial instruments provided that the total exposure arising from these purchase and sale transactions in aggregate with the total exposure arising from the sales of call and put options on transferable securities never exceeds the value of the net assets of the sub-fund in question.

The sale of call options on the transferable securities for which the sub-fund has adequate hedging is not taken into account for the calculation of the total commitments mentioned above.

In this context, the commitments arising from transactions not involving options on transferable securities are defined as follows:

- the commitment arising from futures contracts is equal to the liquidation value of the net positions of the contracts involving identical financial instruments (after compensation between long and short positions), without having to take respective maturities into account;
- the commitment arising from the purchased and sold options contracts is equal to the amount of the strike prices of the options making up the net short positions involving the same underlying asset, without having to take respective maturities into account.

The amount of the premiums paid for the purchase of outstanding call and put options mentioned here, together with the sum of the premiums paid for the purchase of the outstanding call and put options on transferable securities referred to in point 3.2.1.1. above, may not exceed 15% of the value of the net assets of the relevant sub-fund of the Company.

### **3.2.3. Securities lending transactions**

The Company may undertake securities lending transactions provided that the following rules are observed:

#### **3.2.3.1. Rules for ensuring the proper execution of securities lending transactions**

The Company may lend securities held in its portfolio to a borrower either directly or via a standardised lending system organised by a recognised securities clearing institution or by a lending system organised by a financial institution specialised in this type of transaction and subject to prudential supervision deemed by the CSSF as equivalent to those laid down by EU law.

Within the framework of securities lending transactions, the Company must receive guarantees that meet the requirements of CSSF Circular 08/356.

#### **3.2.3.2. Restrictions with regard to securities lending transactions**

The Company must ensure that the volume of securities lending transactions is limited to an appropriate level and it must be able to request the restitution of the securities lent in such a way that it can meet its redemption obligations at all times and so that such transactions do not compromise the management of the Company's assets in compliance with its investment policy.

#### **3.2.3.3. Reinvestment of cash received as a guarantee**

The Company is authorised to reinvest the cash received as a guarantee within the context of securities lending transactions in compliance with the requirements of CSSF Circular 08/356.

### **3.2.4. Repurchase options (*rémeré*)**

#### 3.2.4.1 Purchase of securities with the option of repurchase (*rémeré*)

As a buyer, the Company may enter into transactions with the option of repurchase which consist of the purchase of securities whereby the terms of the agreement entitle the seller (the counterparty) to repurchase the securities sold from the Company at a price and time agreed between the two parties on conclusion of the contract.

During the lifetime of the repurchase option, the Company may not sell the securities acquired under this agreement before the counterparty exercises the right to repurchase the securities or before the repurchase deadline has expired, unless the Company has other means of covering its obligations.

The Company must ensure that the volume of repurchase options is limited to such a level that it is able to meet its redemption obligations vis-à-vis its shareholders at all times.

The type of securities subject to repurchase options as well as the counterparties involved must meet the requirements of CSSF Circular 08/356.

Securities purchased with the option of repurchase must comply with the Company's investment policy and must, when combined with the other securities held in the Company's portfolio, respect the Company's investment restrictions.

#### 3.2.4.2 Sale of securities with the option of repurchase (*rémeré*)

As a seller, the Company may enter into transactions with the option of repurchase which consist of the sale of securities whereby the terms of the agreement entitle the Company to repurchase the securities sold from the buyer (the counterparty) at a price and time agreed between the two parties on conclusion of the contract.

The counterparties in these transactions must meet the requirements of CSSF Circular 08/356.

Where applicable, the Company must have the assets necessary to pay the agreed restitution price when the repurchase option expires.

#### 3.2.4.3 Receipt of a guarantee

The Company may accept a guarantee that meets the requirements of CSSF Circular 08/356 in order to reduce the counterparty risk linked to repurchase option transactions.

The Company is authorised to reinvest the cash received as a guarantee within the context of such transactions in compliance with the requirements of CSSF Circular 08/356.

### **3.2.5. Repurchase and reverse repurchase agreements (*pension*).**

#### 3.2.5.1 Reverse repurchase agreements

The Company may enter into reverse repurchase agreements which consist of transactions whereby, at maturity, the seller (the counterparty) has the obligation to repurchase the asset sold to the Company and the Company has the obligation to return the asset bought under the terms of the agreement.

The counterparties in these transactions must meet the requirements of CSSF Circular 08/356.

During the lifetime of the reverse repurchase agreement, the Company may not sell the securities under the agreement or give them to a third party as a guarantee/security unless it has other means of covering its obligations. The Company must ensure that the volume of reverse repurchase agreements is limited to such a level that it is able to meet its redemption obligations vis-à-vis its shareholders at all times.

In addition to meeting the requirements of CSSF Circular 08/356, the securities under the reverse repurchase agreement must comply with the investment policy of the Company and, when combined with the other securities held in the Company's portfolio, respect the Company's investment restrictions.

#### 3.2.5.2 Repurchase agreements

The Company may enter into repurchase agreements which consist of transactions whereby, at maturity, the Company has the obligation to repurchase the asset sold while the counterparty has the obligation to return the asset bought under the terms of the agreement.

The counterparties in these transactions must meet the requirements of CSSF Circular 08/356.

The Company must have the assets necessary to pay the agreed restitution price when the repurchase agreement expires. The Company must ensure that the volume of repurchase agreements is limited to such a level that it is able to meet its redemption obligations vis-à-vis its shareholders at all times.

#### 3.2.5.3 Receipt of a guarantee

The Company may accept a guarantee that meets the requirements of CSSF Circular 08/356 in order to reduce the counterparty risk linked to repurchase/reverse repurchase agreements.

The Company is authorised to reinvest the cash received as a guarantee within the context of such transactions in compliance with the requirements of CSSF Circular 08/356.

### **3.3. Use of complex derivative instruments and techniques**

The Company may invest up to 10% of the net assets of each sub-fund in complex derivatives for the purpose of hedging against or creating exposure to credit risk. The Company may use index credit derivatives (iTraxx, CDX, ABX, etc.) as well as single and multiple-entity credit derivatives.

#### *Note:*

The Company's Board of Directors may, in the interest of the shareholders, adopt new restrictions to facilitate compliance with the laws and regulations in force in the countries where shares of the Company are offered to the public. The detailed section of the prospectus will be updated.

### **3.4. Risk management**

The Company has established risk management and control procedures in order to ensure compliance with the regulations in force as well as with the investment policies and strategies of each sub-fund:

- The Company will comply with the investment policies and strategies of the sub-funds while controlling their risk/return profiles.
- The volatility and performance of each sub-fund are analysed daily with risk factors monitored systematically.

- Risk management and control procedures ensure compliance with the applicable laws and regulations.

The internal auditor of the Company shall monitor the procedures and supervise the organisation of controls.

### 3.4.1. Risk assessment systems tailored to the risk profile of a sub-fund

The procedure used by the Company to manage risk enables it to monitor and assess the risks linked to its investments at any time as well as their contribution to the general risk profile of the portfolio.

Sub-funds must use risk assessment systems tailored to their risk profile in order to ensure an accurate assessment of all the risks to which they are exposed.

### 3.4.2. Limitation of overall risk linked to derivatives

Each sub-fund will ensure that the total risk arising from derivative financial instruments does not exceed the total net assets of its portfolio. This means that the total risk arising from the use of financial derivatives may not exceed 100% of the net assets of a sub-fund. Each sub-fund's total commitments are therefore limited to 200% of the net assets after considering the possible effects of netting and hedging.

### 3.4.3. Restrictions on temporary borrowing

The total risk assumed by the sub-fund may not be increased by more than 10% as a result of the use of temporary borrowings meaning that the total risk may never exceed 210% of the NAV.

### 3.4.4. Method for calculating the total risk

#### 3.4.4.1 *Classification of sub-funds according to their risk profile*

The Company must evaluate the risk profile based on the investment policy and strategy (including the use of derivative financial instruments) in order to choose an appropriate method for assessing overall risk.

The sub-funds mentioned in the detailed section of the prospectus adopted the following methods for assessing overall risk:

CARMIGNAC PORTFOLIO – Grande Europe	commitment approach
CARMIGNAC PORTFOLIO – Commodities	commitment approach
CARMIGNAC PORTFOLIO – Emerging Discovery	commitment approach
CARMIGNAC PORTFOLIO – Global Bond	commitment approach
CARMIGNAC PORTFOLIO – Cash Plus	commitment approach
CARMIGNAC PORTFOLIO – Market Neutral	commitment approach
CARMIGNAC PORTFOLIO – Emerging Patrimoine	commitment approach

#### 3.4.4.2 *Market risk*

The **market risk** is assessed using the commitment approach whereby a sub-fund's derivative positions are converted into the corresponding underlying positions, it being understood that the long and short positions on a given underlying asset may be offset.

To this end, other criteria must also be taken into consideration, such as: the overall risk to which the sub-fund is exposed as a result of the use of derivatives and the type, purpose, number and frequency of the derivative contracts to which they subscribe as well as the management techniques used.

#### *3.4.4.3. Counterparty risk*

In compliance with point 3.1.4. a) of the prospectus, the counterparty risk of a sub-fund in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is one of the credit institutions mentioned in point 3.1.1. f) of the prospectus, or 5% of its assets in other cases. Point III.5. and IV.1. of Circular 11/512 examines the rules relating to the assessment of counterparty risk in more detail.

In application of Point 3.1.1. g) of the prospectus, OTC derivatives must be subject to a reliable valuation which can be verified daily and independently by the Company.

## **4. DESCRIPTION OF RISKS**

Investments are subject to market fluctuations and to the risks inherent in investments in transferable securities and other assets in which the Company invests.

There is no guarantee that the investment objective of the Fund will be achieved.

Although this list is not exhaustive, we would like to draw the attention of investors to the following risks:

### **a) Risks associated with equity investments**

An investment in equities generally gives rise to a higher return than an investment in short or long-term debt. However, the risks associated with equity investments are also often greater, given that the performance of equities depends on factors that are difficult to predict. Amongst these factors, there is the possibility of a sudden or prolonged fall in the market as well as the risks connected with the companies themselves. The main risk associated with any equity portfolio stems from the fact that the value of the investments held in this portfolio may fall. The value of equities can vary in response to the business activities of the companies or to global changes in the market and/or economic conditions. Historically, equities have generated higher returns in the long term and have entailed greater risks in the short term than any other investment vehicle.

### **b) Risks associated with investments in debt securities**

The main risks connected to investments in debt securities include:

- interest rate risk (the risk that the value of the Fund's investments might decrease if interest rates increase);
- credit risk (the risk that the companies in which the Company is invested might fall into financial difficulties and might no longer be willing or able to honour their commitments towards the Company);
- market risk (the risk that the value of the Fund's investments might decrease following general movements in the financial markets);
- management risk (the risk that the Fund's investment techniques might prove inefficient and create losses for the Company); and
- counterparty risk (the risk of a counterparty's bankruptcy leading it to default on payment).

### **c) Risks associated with OTC transactions**

The Fund may carry out OTC transactions on spot and futures contracts on indices or other financial instruments as well as on swaps on indices or other financial instruments with first-class banks or stockbrokers specialised in these types of transactions acting as counterparty. Although the corresponding markets are not necessarily recognised as being more volatile than other futures markets, traders are less protected from defaults in their transactions on these markets because the contracts traded on them are not guaranteed by a clearing house.

The prices of OTC index contracts can be very volatile due to the low margin requirements for this type of contract.

#### **d) Risks associated with currencies**

The Fund may invest in securities denominated in a certain number of currencies other than the Fund's Base Currency. Exchange rate fluctuations of foreign currencies affect the value of the securities held by the Company.

#### **e) Liquidity risk**

This risk basically stems from the degree of liquidity of the markets on which the transferable securities making up the portfolio are traded. Some of the stocks in which the Company is authorised to invest may be illiquid. Illiquid stocks are taken to mean those that cannot be sold under normal conditions within a period of seven days at the price at which the Company has valued them. These stocks entail a risk that the Company will not be able to sell them at the desired time. It is also possible that the price at which they are sold may be lower than the price at which the Company had bought them.

#### **f) Risks associated with credit derivative transactions**

Credit risk: The Company may invest in bonds with a rating below investment grade. The average rating of the bonds held directly by the Fund or through investment in UCITS shall be at least investment grade (i.e. rated at least BBB-/Baa3 by the rating agencies Standard & Poor's and Moody's). Furthermore, a more specific credit risk linked to the use of credit derivatives, such as credit default swaps, exists.

The table below shows the situations in which the use of credit default swaps presents a risk:

Holding the underlying of the CDS	Aim of the Fund Manager's use of CDS	Existence of credit risk
Yes	Sell protection	Yes, in the event of the downgrading of the issuer of the underlying security
Yes	Purchase protection	No
No	Sell protection	Yes, in the event of the downgrading of the issuer of the underlying security
No	Purchase protection	Yes, in the event of the upgrading of the issuer of the underlying security

This credit risk is controlled by a qualitative analysis carried out by the team of credit analysts on the evaluation of companies' solvency.

#### **g) Risks associated with forward financial instruments**

The Company may include exchange-traded derivatives (including futures and options) and OTC derivatives (including options, futures products, interest rate swaps and credit derivatives) in its investment policy for the purpose of investment and/or hedging. These are volatile instruments generating certain specific risks and exposing investors to the risk of loss. Leverage is provided by the low initial margin deposits that are usually requested when taking a position in such instruments. As a result, a relatively small change in the price of a contract could give rise to significant gains or losses compared to the initial margin actually invested. This could lead to unlimited additional losses in excess of the margin deposited. Furthermore, when used for the purpose of hedging, these instruments and the investments or market sectors being hedged could prove uncorrelated. Transactions in over-the-counter derivatives, such as credit derivatives, may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

**h) Emerging market risks:** price fluctuations can be significant and the operating and supervision conditions may deviate from the standards prevailing on the large international exchanges due to investment in the emerging markets.

**i) Risk of capital loss:** the fund 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.

**j) Risk associated with discretionary management:** discretionary management is based on the expected evolution of the different markets. There is a risk that the product might not be invested in the best-performing markets at all times.

## **5. BOARD OF DIRECTORS AND FUND MANAGER**

### **5.1. Board of Directors**

The investments of the Company are made under the control and responsibility of its Board of Directors which at present consists of:

- Mr Edouard CARMIGNAC,
- Mr Eric HELDERLÉ,
- Mr Jean-Pierre MICHALOWSKI
- Mr Simon PICKARD

### **5.2. Fund Manager**

Moreover, the Company makes use of the services of "CARMIGNAC GESTION LUXEMBOURG" which assumes the role of Fund Manager pursuant to the agreement dated 30 June 1999.

Under the terms of this agreement, "CARMIGNAC GESTION LUXEMBOURG" has been entrusted with the day-to-day management of the Company's portfolios.

"CARMIGNAC GESTION LUXEMBOURG" is an authorised professional of the financial sector under the law of 5 April 1993 on the financial sector, as amended. It was established in Luxembourg as a *société anonyme* (public limited company) pursuant to notarial deed dated 27 November 1998. Its basic corporate object is the management of investment portfolios, as well as the distribution of units of UCIs approved for sale in Luxembourg. Its share capital is EUR 3,000,000.

The management agreement stipulates that the effective period shall last for three years from the date of signing and that it shall then remain in force for an indefinite period, unless terminated by one of the parties with three months' prior notice.

The Board of Directors of "CARMIGNAC GESTION LUXEMBOURG" is made up as follows:

- Mr Eric HELDERLE
- Mr Edouard CARMIGNAC
- Ms Pascale GUILLIER

"CARMIGNAC GESTION Luxembourg" in its capacity as Fund Manager shall receive a fee for its services, the conditions of which are specified in the detailed section of this prospectus. Any amendment to this fee shall be notified in the Company's periodic financial reports.

## **6. THE MANAGEMENT**

The Company has appointed Mr Eric Helderlé and Mr Antoine Bruneau to manage the Company.

### **6.1 The directors**

Eric Helderlé was awarded an MBA from Iowa State University and was involved in setting up the portfolio of the insurance company TRANS EXPANSION, a subsidiary of COMPAGNIE DU MIDI, from 1984 until 1987. In 1987 he was appointed Business Development Manager of PYRAMIDE GESTION, a subsidiary of the stockbrokers HAMANT CARMIGNAC, and was responsible for coordinating the company's expansion. In 1989, he set up Carmignac Gestion with Edouard Carmignac and assumes the role of General Manager. He is also a Director of Carmignac Gestion and Chairman of Carmignac Gestion Luxembourg. Mr Eric Helderlé has more than 20 years' experience in the areas of investment fund and wealth management.

Antoine Bruneau is currently Company Secretary of Carmignac Gestion Luxembourg and Financial Controller at Groupe Carmignac Gestion S.A. He is responsible in particular for monitoring regulatory and compliance issues as well as internal control procedures. Holder of a Masters in Accounting and Finance (MSTCF) from the University of Lyon III, Antoine Bruneau is a Luxembourg chartered accountant with 5 years' experience as an external financial auditor for a Big Four firm where he specialised in the investment fund and banking industry.

## **6.2 Responsibilities and duties of the Management**

The Management manages the business of the Company, represents and acts in the name and on behalf of the Company within the scope of the responsibilities and duties delegated to it by the Board of Directors.

As part of its activities, the Management executes the decisions and instructions of the Board of Directors as well as those of all authorised directors.

In his capacity as a member of Management, the Managing Director, Eric Helderlé, assumes a coordinating role and is authorised to give instructions to the Management and must report to the Board of Directors.

The Management's duties also include the supervision of the functions delegated by the Company to third parties. Pursuant to decisions taken by the Board of Directors and within the scope of their responsibilities, the Directors are authorised to give instructions to third parties.

The Directors monitor the following delegated functions in particular:

- Asset management;
- Risk management;
- Custodian;
- The central administration, the domiciliary agent, the registrar and transfer agent, the paying agent;
- Distribution

## **7. CUSTODIAN**

Under an agreement dated 21 October 2000, BNP Paribas Securities Services, Luxembourg branch, has taken over the duties of custodian assumed by BGL BNP Paribas (formerly BGL Société Anonyme) under an Agreement on the Provision of Services concluded on 30 June 1999 with Fortis Bank Luxembourg S.A.

BNP Paribas Securities Services, Luxembourg branch, with registered office at 33, rue de Gasperich, L-5826 Hesperange, Luxembourg, is a Luxembourg bank founded on 1 June 2002. It has been carrying out banking activities since its foundation. The custodian fulfils the normal duties and obligations in respect of deposits of cash, transferable securities and other assets. With the agreement of the Company, the custodian may, under its responsibility, entrust the deposit of transferable securities to central clearing houses, to other banks or to correspondent financial institutions.

The custodian agreement is concluded for an indefinite period and may be terminated with 6 months' prior notice.

If the decision to resign is taken by the custodian, the Company must appoint a new custodian who will assume the responsibilities and duties of the resigning custodian. The resigning custodian shall take all measures necessary to ensure the proper protection of shareholders' interests until the date of the appointment of a new custodian.

Before the expiry of the notice period, the Company shall announce the name of the new custodian.

The custodian must furthermore:

- a) ensure that the sale, issue, redemption and cancellation of shares carried out by the Company or on its behalf take place in accordance with the law or with the Company's Articles of Association;
- b) ensure that the equivalent value of all transactions relating to the Company's assets is delivered within the normal time limits;
- c) ensure that the Company's income is allocated in accordance with the Company's Articles of Association.

In accordance with the Agreement on the Provision of Services, and bearing in mind the duties outlined above, BNP Paribas Securities Services, Luxembourg branch, will receive a fee, the conditions of which are specified in the detailed section of this prospectus and which may vary between sub-funds. Any changes in these fees will be notified in the Company's periodic financial reports.

## **8. ADMINISTRATIVE AGENT, DOMICILIARY AGENT, REGISTRAR AND TRANSFER AGENT, PAYING AGENT**

Under a central administration agreement dated 5 November 2010, CACEIS Bank Luxembourg has been appointed as the Company's domiciliary agent, administrative agent, registrar and transfer agent, and paying agent. In particular, the duties of administrative agent consist of maintaining the Company's accounts and calculating the net asset value of the shares on a regular basis. In particular, the duties of paying agent consist of receiving payment for subscription requests and undertaking payment of redemption requests (and dividends where applicable).

## **9. THE SHARES**

### **9.1. Description of the shares, shareholders' rights**

Shares may be issued in different classes depending on the decision of the Board of Directors. The Board of Directors shall establish a pool of assets constituting a sub-fund, which corresponds to a share class or several share classes.

The Board of Directors shall establish a sub-fund corresponding to a share class and may establish a sub-fund corresponding to two or more share classes as follows: if two or more share classes correspond to a given sub-fund, the assets attributed to these classes shall be invested according to the specific investment policy of the sub-fund concerned provided that within a sub-fund the Board of Directors may periodically establish share classes corresponding to (i) a specific dividend policy (entitlement to dividend distributions or not), and/or (ii) a specific subscription or redemption fee structure, and/or (iii) a specific management or advisory fee structure, and/or (iv) a specific distribution, shareholder services or other fee structure, and/or (v) a specific investor profile, and/or (vi) the currency or unit of currency in which the class may be denominated and based on the exchange rate between this currency or a unit of currency and the base currency of the sub-fund concerned, and/or (vii) such other characteristics that the Board of Directors shall establish at the appropriate time in accordance with the applicable laws. Shares are issued in bearer or registered form for all sub-funds, depending on the shareholder's choice. They have no nominal value and are fully paid up. Fractions of shares may be issued up to three decimal places.

No individual share certificate shall be issued for either bearer shares or registered shares.

For bearer shares a global certificate per share class and per sub-fund shall only be issued at the request and expense of shareholders.

If shareholders do not wish to receive certificates, they will receive confirmation of their status as shareholders.

Owners of registered shares will receive confirmation of their registration.

One voting right is allocated for every whole share of each sub-fund. No voting rights shall be allocated with respect to fractions of shares. Shareholders enjoy the general rights of shareholders as described in the law of 10 August 1915 on companies, with the exception of the preferential right to subscribe new shares.

In each sub-fund, the Board of Directors shall determine whether accumulation and/or distribution shares are issued. In the event that this choice is provided, any share may be issued, at the shareholder's choice, either as a distribution share ("DIV share") giving rise to an annual distribution in the form of dividends of an amount to be decided by the general meeting of shareholders for the sub-fund to which this share relates, or as an accumulation share ("CAP share") for which the annual allocation of an amount decided by the general meeting of shareholders shall in principle be reinvested in the sub-fund to which this share relates.

As dividends are allocated to the distribution shares of a given a sub-fund, the proportion of the sub-fund's net assets attributable to the distribution shares shall decrease by the total amounts of dividends distributed while the proportion of the sub-fund's net assets attributable to the accumulation shares shall increase as a consequence of the reinvestment of the undistributed income.

Shareholders may at any time request that a bearer share be converted into a registered share or a distribution share into an accumulation share or vice versa. In this case, the Company shall be entitled to charge any costs incurred to the shareholder.

## **9.2. Bodies authorised to receive subscriptions and redemptions**

Carmignac Gestion Luxembourg in Luxembourg, CARMIGNAC GESTION in France and the representatives of the Company in different countries as well as any establishment mentioned for this purpose in the periodic reports are authorised to receive subscription, redemption and conversion requests at their offices, which must then be sent to Luxembourg for execution.

## **10. ISSUE OF SHARES AND SUBSCRIPTION AND PAYMENT PROCEDURE**

The Board of Directors is authorised to issue shares at any time and without limitation.

Shares may be subscribed on each bank business day from the Company as well as from the other establishments appointed by the Company where prospectuses containing a subscription form are available. The establishments thus appointed will forward the subscription requests to the transfer agent for execution.

The subscription price consists of the net asset value plus a possible fixed subscription fee as set out in the detailed section of this prospectus. A commission plus any taxes that may be applicable shall be charged in the case of the physical delivery of shares. The charges pertaining to a particular sub-fund are listed in the detailed section of this prospectus.

For an order to be executed at the net asset value of a given valuation day, it must be received by the Company or any other establishment appointed by the Company before 18:00 (CET/CEST) on the day prior to the valuation day and forwarded to the central administration in Luxembourg before 13:00 (CET/CEST) on the valuation day. Requests accepted after this deadline will be processed at the net asset value of the valuation day following the given valuation day.

Shares are subscribed on the basis of an unknown net asset value.

The Fund shall ensure that transactions related to market timing are not accepted and shall take every measure necessary to eliminate the use of such practices.

Any new subscription of shares is equivalent to a firm commitment and must be fully paid up.

Payment of the subscription price shall take place within the deadline laid down in the detailed section of the prospectus.

Shares may also be issued in return for a contribution in kind pursuant to the law of 10 August 1915 on companies, in particular as regards the obligation to provide a valuation report prepared by the approved independent auditor appointed by the general meeting of shareholders in accordance with article 23 of the Articles of Association of the Company, and provided that these shares correspond to the investment policy and restrictions of the sub-fund concerned, as described in article 15 of the Articles of Association of the Company and in this prospectus.

Any taxes and brokerage fees arising from the subscription of shares are borne by the subscriber. These fees may not exceed the maximum amount authorised by the laws, regulations and banking practices of the countries in which the shares are purchased.

The Board of Directors may limit or block the ownership of shares by any natural person or legal entity if it deems that this ownership may be detrimental to the Company in accordance with article 6 of the Company's Articles of Association.

### **10.1 General provisions**

Subscription requests for one or more sub-funds must state the number of shares requested or the amount to be invested, the relevant share class, whether the shares are distribution or

accumulation shares and whether they are in bearer or registered form. Only a confirmation of registration shall be issued.

In some countries, the subscription of shares may be carried out according to the specific procedures authorised by the regulatory authority of the country in question.

The payment of the subscription amount will be made in the currency of the relevant sub-fund or share class or in any currency determined by the Company's Board of Directors, by telegraphic transfer or cheque payable to the account of CACEIS Bank Luxembourg, reference CARMIGNAC PORTFOLIO SICAV, quoting the sub-fund purchased. If a shareholder wishes to make payment in a currency other than that of the relevant sub-fund or share class, the costs of the foreign exchange conversion will be born by the shareholder, the Company declining all responsibility.

The Company reserves the right to present all cheques and payment orders as soon as they are received and to withhold the shares and/or payments in excess of the purchase price until applicants' cheques have been cleared.

The Company reserves the right to deny any purchase request or to accept only a part thereof, especially if the payment and a written purchase request fail to be received on the above-mentioned date. If a request has been fully or partially denied, the price paid or the balance thereof will be returned by post to the applicant, at the latter's risk. Furthermore, the Board of Directors reserves the right to halt the issue and sale of the shares of each sub-fund at any time and without prior notice in accordance with this prospectus.

No shares will be issued by the Company during any period in which the calculation of the net asset value for each sub-fund is suspended by the Company pursuant to the powers granted to it by its Articles of Association and described in article 13 of this prospectus. Notice of any suspension will be communicated to any person who has presented a request for subscription, redemption or conversion and any request made or pending during such a suspension may be cancelled by written notice to the Company before the end of the suspension period. Failing this, the requests will be taken into consideration on the first valuation day following the end of the suspension period.

In the event of extraordinary circumstances that might negatively affect the interests of shareholders, the Board of Directors reserves the right to carry out further valuations within the same day, which will be valid for all subscription, redemption or conversion requests made during the day in question; the Board will ensure that shareholders who have submitted a subscription, redemption or conversion request in the course of the day will be treated equally.

## **10.2 Fight against money laundering**

Distributors of shares are required to respect the provisions of the Luxembourg regulations relating to the fight against money laundering and in particular the law of 12 November 2004 on the fight against money laundering and the financing of terrorism, as amended, and the applicable circulars issued by the *Commission de Surveillance du Secteur Financier* (Luxembourg financial supervisory authority).

Subscribers must, among other things, provide proof of their identity to the distributor or the sales agent that registers their subscription. The distributor or sales agent must request the following pieces of identification from subscribers: for natural persons, a certified true copy (by the distributor, sales agent or local administrative authorities) of their passport/identity card; for companies and other legal entities, inter alia, a certified true copy of the articles of association, a certified true copy of the extract from the commercial register, a copy of the most recently published annual report, the full names of the beneficial owners, in other words the end shareholders.

## **11. REDEMPTION OF SHARES**

Subject to the suspension of the determination of the net asset value of those shares whose redemption is requested and subject to the provisions set out hereinafter, the shareholders of the Company may at any time request the Company to redeem all or part of their shares or fractions of shares.

The Company must redeem their shares at any time in accordance with the limitations laid down in the law of 17 December 2010.

A shareholder who wishes to have all or part of their shares redeemed may request this by writing to the Company in Luxembourg or to an establishment indicated in the periodic reports for this purpose and which must forward the request to Luxembourg to be executed.

The request must specify the name of the vendor and the number of securities to be redeemed, the sub-fund or share class to which they belong, whether they are distribution or accumulation shares, whether they are in registered or bearer form and, in the case of registered shares, the name in which they are registered as well as the details regarding the person to whom the redemption proceeds must be paid. With regard to bearer shares, the request must be accompanied by the shares to be redeemed together with all un-matured coupons and any documentary evidence of a transfer in the case of registered shares.

The Board of Directors may charge a redemption fee as determined in the detailed section of this prospectus.

For an order to be executed at the net asset value of a given valuation day, it must be received by the Company or any other establishment appointed by the Company before 18:00 (CET/CEST) on the day prior to the valuation day and forwarded to the central administration in Luxembourg before 13:00 (CET/CEST) on the valuation day. Requests accepted after this deadline will be processed at the net asset value of the valuation day following the given valuation day.

The redemption of shares is made on the basis of an unknown net asset value.

The Fund shall ensure that transactions related to market timing are not accepted and shall take every measure necessary to eliminate the use of such practices.

Shareholders will be reimbursed in the currency of the relevant sub-fund or, upon request, in any other freely convertible currency. If a shareholder wishes to be reimbursed in a currency other than that of the sub-fund in question, the costs of the foreign exchange transaction necessary will be charged to the shareholder, the Company declining all responsibility.

Given the obligation of ensuring sufficient liquidity with regard to the relevant sub-fund's assets, the payment of the redemption price will take place within the deadline laid down in the detailed section of the prospectus, unless the transfer of the redemption price proves impossible as a result of legal provisions concerning restrictions on foreign exchange or transfers or due to other circumstances beyond the custodian's control, and provided that the relevant share certificates, if any, have been returned.

The payment will be made by cheque denominated in the currency of the sub-fund in question or in any other convertible currency according to the request, sent by post to the shareholder or at the request and the expense of the latter by transfer payable to the bank account indicated by the shareholder.

The redemption price of shares of the Company may be higher or lower than the purchase price paid by the shareholder.

If, as a result of redemption or conversion requests, it becomes necessary on a given valuation day to redeem more than 10% of the number of shares outstanding of the sub-fund in question, the Board of Directors may decide to postpone these redemption or conversion requests until the following valuation day of the sub-fund in question. On this date, the redemption or conversion requests that have been postponed (and not cancelled) will be processed with priority over those redemption and conversion requests received on that valuation day that have not been postponed.

### **Compulsory redemption of shares**

The general meeting of shareholders of the sub-fund or sub-funds concerned may decide:

- to liquidate the aforementioned sub-fund(s);
- to close the aforementioned sub-fund(s) by means of a transfer of the assets to another sub-fund of the Company;
- to close the aforementioned sub-fund(s) by means of a transfer of the assets to another Luxembourg Undertaking for Collective Investment within the limits authorised by article 2 (5) of the law of 17 December 2010;

In such case, no quorum of presence is required and the resolutions are passed by simple majority of the shares present or represented.

The same decisions may be taken by the Board of Directors in the following cases only:

- When the net assets of the sub-fund in question fall below two million five hundred thousand euro;
- When significant changes to the political and economic situation justify it.

Decisions taken by the general meeting or by the Board of Directors shall be published in the press in the manner provided for in the prospectus with respect to notices to shareholders.

In the case of the closure of a sub-fund by means of a transfer, shareholders will have the right to request the redemption of their shares for a period of one month from the publication provided for in the previous paragraph. In such case, no redemption fees shall be charged. At the end of this period, the decision to transfer the assets shall be binding on all shareholders who have not opted to redeem their shares.

## **12. CONVERSION OF SHARES**

Except in the event of the suspension of the calculation of the net asset value of the shares of one of the sub-funds in question, shareholders have the right to convert all or some of their shares of one sub-fund into shares of another sub-fund, their distribution shares into accumulation shares, their bearer shares into registered shares, and vice versa.

To this effect, the Company or any other establishment appointed by the Company, must be notified in writing, by telex, fax or e-mail before 18:00 (CET/CEST) on the business day prior to the applicable valuation day. These requests must reach the Central Administration in Luxembourg before 13:00 (CET/CEST) on the valuation day. Requests received after this cut-off time will be processed at the net asset value of the valuation day following the given valuation day.

Shares are converted on the basis of an unknown net asset value.

The Fund shall ensure that transactions related to market timing are not accepted and shall take every measure necessary to eliminate the use of such practices.

The request shall indicate the number of shares for which the conversion is requested, the sub-fund or share class to which they belong, whether they are in registered or bearer form, accumulation or distribution shares as well as the details of the sub-fund of the new shares, whether the latter are to be registered or bearer shares, distribution or accumulation shares. The request will also indicate where any possible physical delivery of the shares must take place as well as the address to which the payment of any possible balance arising from the conversion must be sent. It must be accompanied by the shares for which the conversion is requested.

The request must be formulated according to the procedures laid down for the redemption of shares as described above.

Subject to the suspension of the calculation of the net asset value of the shares, the conversion may only take place on those valuation days in Luxembourg that the relevant sub-funds have in common.

The number of shares to which all or part of the shares of one sub-fund (the “original sub-fund”) is converted into shares of another sub-fund (the “new sub-fund”) is determined as accurately as possible in accordance with the following formula:

$$A = \frac{B \times C \times D}{E}$$

- A represents the number of shares of the new sub-fund to be allocated (depending on the case, distribution shares or accumulation shares);
- B represents the number of shares of the original sub-fund to be converted (depending on the case, distribution shares or accumulation shares);
- C represents the net asset value of the original sub-fund on the applicable valuation date (depending on the case, distribution shares or accumulation shares);
- D represents the exchange rate on the day of the transaction between the currencies of the two sub-funds in question;
- E represents the net asset value of the sub-fund to be converted (depending on the case, distribution shares or accumulation shares) plus a possible conversion fee, as specified in the detailed section of the prospectus.

The conversion of shares shall not be carried out if the calculation of the net value of one of the sub-funds in question is suspended.

Any conversion fees that may be payable are specified in the detailed section of this prospectus. Fractions of shares of the new sub-fund or in the new class of shares arising from the conversion will only be allocated up to the third decimal place. The Company will be entitled to any balance not used in the payment.

Where appropriate, after the conversion the Company will inform shareholders of any amount in conversion charges still to be paid.

In the case of the conversion of distribution shares into accumulation shares and of bearer shares into registered shares and vice versa within the same sub-fund, no fees, commissions or charges will be payable.

The number of new shares to be issued will be determined by the value of the shares redeemed, divided by the unit value of the shares of the class in which the issue is requested.

### **13. DIVIDENDS**

Each year, the general meeting of shareholders shall determine, on the motion of the Board of Directors, the amounts of dividends to be allocated in the case of each sub-fund and with regard to both distribution shares and accumulation shares of each sub-fund. The net assets of the Company may be distributed up to the limits allowed under Luxembourg law.

If, however, it is in the interests of shareholders not to distribute any dividend on account of market conditions, no distribution shall be made.

These amounts may include the net income from investments and realised or unrealised capital gains, after deduction of realised or unrealised losses.

Where appropriate, the amounts to be allocated to each sub-fund shall be broken down between all the distribution shares on the one hand and all the accumulation shares on the other hand, in proportion to the net assets corresponding to the class that these groups of shares represent respectively. The proportion of the amount allocated to the distribution shares of the sub-fund will in principle be distributed to the holders of these shares in the form of cash or share dividends of the same type and sub-fund. The proportion of the amount allocated to accumulation shares of the sub-fund will in principle be reinvested in the sub-fund corresponding to this class in favour of the accumulation shares.

In regard to a sub-fund's distribution shares, the Board of Directors is authorised to pay an interim dividend without having to comply with the conditions laid down in article 72-2 of the law of 10 August 1915, as subsequently amended. These dividends will be issued in the calculation currency of the sub-fund or in another currency to be determined by the Board of Directors and will be payable on the dates and in the places chosen by the Board of Directors. Any declared dividend that has not been claimed by its beneficiary within 5 years of its allocation may no longer be claimed and shall revert to the sub-fund in question. Nevertheless, the Company reserves the right to pay out the dividends in question up to a maximum of 5 years after this 5-year period of limitation.

No interest shall be paid on a declared dividend for shares of a sub-fund and this dividend shall be retained by the Company at the beneficiary's disposal.

The dividends shall be paid in the currency of the relevant sub-fund of the Company.

### **14. DETERMINATION OF THE NET ASSET VALUE**

The net asset value per share is determined in the currency of the sub-fund as determined by the Board of Directors. It is determined in accordance with the Company's Articles of Association, which stipulate that this calculation must be made at least twice a month, based on the closing price on the stock exchange or the markets where the assets held by the sub-fund are traded on the day prior to the valuation day.

If the calculation day of a sub-fund's net asset value ("valuation day") as stipulated above is a bank holiday or partial bank holiday in Paris, it shall be calculated on the next full bank business day.

The consolidation currency of the Company and sub-funds is the euro.

The details concerning the frequency, the date and the calculation currency of the net asset value for each sub-fund are indicated in the detailed section of this prospectus.

The net asset value shall be obtained on the valuation day by dividing the Company's net assets corresponding to each sub-fund, consisting of the Company's assets corresponding to this sub-fund less the liabilities corresponding to this sub-fund, by the number of shares issued for this sub-fund.

Insofar as possible, the Company must factor in all the administrative costs and other regular and recurring expenses. These costs shall include, among others, domiciliary, auditor and paying agent fees, all the charges for services to the Company, the printing and distribution costs for certificates, prospectuses, annual and semi-annual financial reports and all other documents published on a regular or occasional basis for the information of shareholders, as well as usual bank charges.

The Company's formation costs shall be capitalised and amortised over a period of 5 years.

Should a substantial change in prices occur since the last valuation of the day in question on the markets in which a major proportion of the Company's investments attributable to a sub-fund are traded or listed, the Company may cancel the first valuation and make a second valuation in order to safeguard the interests of shareholders and of the Company.

In such a case this second valuation shall apply to all requests for subscriptions, redemptions and conversions applicable on that date.

#### **14.1. The assets of the Company shall consist of:**

- 1) all cash in hand or at banks, including any interest due;
- 2) all bills payable, sight bills and accounts receivable insofar as the Company is reasonably aware of such (including the proceeds from sales of securities that have not yet been received);
- 3) all securities, units, shares, bonds, option or subscription rights and other investments and transferable securities that are owned by the Company;
- 4) all dividends and payments to be received by the Company in cash or securities (the Company may nevertheless make adjustments to take account of fluctuations in the market value of transferable securities caused by practices such as ex-dividend or ex-right trading);
- 5) all outstanding interest generated by the securities owned by the Company, unless however this interest is included in the principle amount of such securities;
- 6) the formation costs of the Company insofar as they have not been amortised, provided that these formation costs may be deducted directly from the Company's capital;
- 7) any other assets of any kind whatsoever, including prepaid expenses.

The value of these assets shall be determined as follows:

- a) the value of cash in hand or at banks, bills payable, sight bills, accounts receivable, prepaid expenses, dividends and interest declared or falling due but not yet received, shall be expressed by the nominal value of these assets, unless it seems unlikely that this value will be received; in such case, the value shall be determined by deducting the amount deemed appropriate by the Company in order to reflect the true value of these assets.
- b) the value of any security traded or listed on an official stock exchange shall be determined based on the last known price on the valuation date in question.
- c) the value of any security traded or listed on another regulated market shall be determined based on the last known price on the valuation date in question.
- d) insofar as the securities held in the portfolio on the valuation date are not traded or listed on an official stock exchange or on another regulated market that operates regularly, is recognised and open to the public or, if in the case of securities that are listed or traded on an official stock exchange or another regulated market, the price determined as per subparagraph b) or c) does not represent the true value of these securities, the latter shall be valued on the basis of their foreseeable sale prices, which must be determined prudently and in good faith.

#### **14.2. The liabilities of the Company are deemed to include:**

- 1) all borrowings, interest on loans, bills and accounts payable;
- 2) all administrative expenses overdue or due (including the remuneration of managers, custodians, representatives and agents of the Company);
- 3) all known liabilities, whether due or not, including all matured contractual liabilities payable either in cash or in assets, including the amount of the dividends declared by the Company but not yet paid when the valuation day coincides with the date on which the determination is made of the person who is or shall be entitled thereto;

- 4) a reserve from capital and income allocated for taxes incurred up until the valuation day and established by the Board of Directors and other reserves authorised or approved by the Board of Directors;
- 5) all of the Company's other liabilities of whatever nature with the exception of those represented by the share capital of the Company. To value the amount of these liabilities, the Company may take into account administrative and other regular or recurring expenses by estimating them for the year or any other period and spreading the amount proportionally over this period.

**14.3. The Board of Directors shall establish a pool of assets for each sub-fund as follows:**

- 1) the proceeds from the issue of shares of each sub-fund shall be attributed in the Company's accounts to the pool of assets established for each sub-fund, and the assets, liabilities, income and expenses relating to this sub-fund shall be allocated to this pool of assets in accordance with the provisions of this article;
- 2) assets which derive from other assets shall be attributed to the same pool of assets as the assets from which it was derived in the accounts of the Company. Each time an asset is re-valued, the increase or decrease in value is allocated to the pool of assets to which this asset belongs;
- 3) when the Company incurs a liability in relation to the assets of one specific pool or in relation to an action taken in the context of this specific pool, this liability shall be allocated to the pool in question;
- 4) in the event that an asset or a liability of the Company cannot be allocated to a specific pool, this asset or liability shall be allocated to all pools prorata to the net asset values of the different sub-funds; the assets of a specific sub-fund shall only be liable for the debts, liabilities and commitments of that sub-fund, unless stipulated otherwise in the Articles of Association; in respect of the relationship between shareholders, each sub-fund shall be treated as a separate entity.
- 5) following the payment of dividends to the shareholders of a sub-fund, the net asset value of this sub-fund shall be reduced by the amount of these dividends.

**14.4. Within each sub-fund:**

Insofar as and during the period that distribution shares and accumulation shares have been issued and are outstanding, the value of the net assets for this sub-fund, determined in accordance with the above provisions, shall be broken down between all the distribution shares on the one hand and all the accumulation shares on the other.

The portion of the sub-fund's net assets attributable to all the distribution shares shall equal the percentage of the number of shares issued and outstanding for this sub-fund represented by all the distribution shares.

Likewise, the portion of the sub-fund's net assets attributable to all the accumulation shares shall equal the percentage of the number of shares issued and outstanding for this sub-fund represented by all the accumulation shares.

Following each distribution in cash to the distribution shares, the portion of the sub-fund's net assets attributable to all the distribution shares shall be reduced in proportion to this distribution, thus leading to a reduction in the percentage of the sub-fund's net assets attributable to all the distribution shares; the portion of the sub-fund's net assets attributable to all accumulation shares, on the other hand, shall remain the same, thus leading to an increase in the percentage of the sub-fund's net assets attributable to all accumulation shares.

**14.5. For the purposes of this article:**

- 1) each share of the Company which shall be redeemed according to article 11 above shall be considered an issued and existing share up until the close of the valuation day applicable to the redemption of this share and, as of this date and until the redemption price is paid, shall be considered a liability of the Company;
- 2) any investments, cash balances or other assets and liabilities of the Company denominated in a currency other than the euro shall be valued taking into account the exchange rates in force on the day and at the time that the net asset value of the shares is determined;
- 3) any purchase or sale of securities carried out by the Company shall be effective on the valuation day insofar as this is possible.

- 4) in the case of substantial redemption requests or in extraordinary circumstances that could have a detrimental impact on the interests of shareholders, the Board of Directors reserves the right to determine the net asset value of shares only after having effected the necessary sales of transferable securities;
- 5) in the event that extraordinary circumstances prevent or adversely affect the accuracy of the valuation according to the rules laid down above, the Company may follow other generally accepted rules in order to achieve a fair valuation of the Company's assets.

The net asset value of each sub-fund as well as the issue price may be obtained each bank business day in Paris, as defined in article 22 of the Articles of Association of the Company, at the registered office of the Company or at CARMIGNAC GESTION, 24 Place Vendôme F-75001 PARIS. It may also be consulted 24 hours a day by calling +33 1 42 61 62 00 and on the CARMIGNAC GESTION website at the following address: [www.carmignac.com](http://www.carmignac.com)

## **15. TEMPORARY SUSPENSION OF THE NET ASSET VALUE CALCULATION AND OF ISSUES, REDEMPTIONS AND CONVERSIONS**

The Board of Directors may suspend the calculation of the net asset value, as well as the issue, redemption and conversion of any class of shares for each of the Company's sub-funds:

- a) during any period in which one of the main stock exchanges on which a substantial proportion of the Company's investments attributable to a given sub-fund is listed is closed for any reason other than for a normal holiday or during which transactions on that market are restricted or suspended;
- b) when a situation exists that constitutes an emergency resulting in the Company's inability to dispose of the assets attributed to a given sub-fund in a normal way or to value them properly;
- c) when the means of communication normally used for determining the price or the value of investments attributable to a given sub-fund are not functioning;
- d) during any period when the Company is incapable of transferring funds attributable to a sub-fund in order to make payments following the redemption of shares or when a transfer of funds involved in selling or purchasing investments cannot be made at normal exchange rates,
- e) when a state of affairs exists that, in the opinion of the Company, constitutes a state of necessity whereby the sale or ability to dispose of the assets allocated to a given sub-fund of the Company is not within reason feasible or tenable or will probably be seriously prejudicial to the shareholders.

Notice of such a suspension and its conclusion shall be published in one or more newspapers chosen by the Board of Directors. This notice shall also be communicated to the Luxembourg authorities and to any shareholder or person requesting the subscription, redemption or conversion of shares.

During the period of suspension or postponement, shareholders may withdraw their unprocessed redemption or conversion requests by means of written notification sent and received before the end of said period. If no written notification has been received, the Company shall process the redemption or conversion request on the first valuation day after the period of suspension and postponement.

The above suspension relative to any share class of any sub-fund shall not have any impact on the calculation of the net asset value per share or on the issue, redemption or conversion of shares of any other sub-fund of the Company.

## **16. TAXATION**

### **16.1. Taxation of the Company**

Under the legislation currently in force, the Company is not subject to any income tax in Luxembourg. In addition, dividends distributed by the Company are not subject to any Luxembourg withholding tax.

The Company is only subject to a standard annual tax in Luxembourg of 0.05%, which is payable quarterly on the basis of the net assets calculated at the end of the quarter in question. No fees or taxes are payable in Luxembourg on the issue of shares of the Company.

Under the legislation currently in force, capital gains realised on the assets of the Company are not subject to tax in Luxembourg. Given that it invests its assets in other countries, the Company is likely to be exempt from any tax on capital gains.

Income received by the Company in the form of dividends and interest payments may be subject to withholding tax at varying rates. These taxes are not recoverable. Furthermore, the Company may be subject to indirect withholding taxes on its transactions (duties, stock exchange taxes) and on the services for which it is charged (sales tax, value added tax) due to the different legislation in force.

## **16.2. Taxation of shareholders**

**It is the responsibility of each shareholder to ascertain the tax treatment applicable in his case resulting from the law of his country, nationality or residence.**

Under current legislation, shareholders are not required in the Grand Duchy of Luxembourg to pay any tax on income (which does not include a possible withholding tax), on capital gains, on *inter vivos* gifts, on inheritances, or any other tax, except, however, (a) those shareholders with their domicile or residence or permanent establishment in Luxembourg, (b) certain non-residents of Luxembourg holding 10% or more of the equity capital of the Company and who sell all or part of their shares within 6 months of their acquisition and (c) in a few restricted cases, certain categories of ex-residents of Luxembourg if they own 10% or more of the equity capital of the Company.

Nevertheless, shareholders may be subject to withholding tax under certain conditions.

Thus, the Luxembourg law of 21 June 2005, which came into force on 1 July 2005, has transposed Directive 2003/48/EC of the Council of the European Union of 3 June 2003 on taxation of savings income in the form of interest payments.

The purpose of this law is to introduce a withholding tax on savings income in the form of interest payments made in Luxembourg in favour of beneficial owners who are natural persons and resident for tax purposes in a Member State of the European Union other than Luxembourg. In application of this law, the rate of withholding tax applicable will in time gradually be scaled up. It is currently 20% and shall be increased to 35% as of 1 July 2011. The withholding tax will not be applied if the beneficial owner expressly authorises the Paying Agent to disclose information to the authorities of his/her country of residence for tax purposes.

The foregoing provisions are based on the legislation currently in force and are subject to change.

Potential subscribers and shareholders are recommended to acquaint themselves and, if necessary, to seek advice regarding the laws and regulations (such as those concerning taxation and exchange controls) applicable to the subscription, purchase, holding and sale of shares in their countries of origin, residence and domicile.

## **17. GENERAL MEETINGS OF SHAREHOLDERS**

The Ordinary General Meeting of Shareholders of the Company takes place at the Company's registered office in Luxembourg on the third Monday of April at 15.00 (CET/CEST), and if this date is not a business day in Luxembourg, on the next business day. Personally addressed notices to attend are sent to all shareholders at the address listed in the register of shareholders at least eight days before the general meeting.

These notices will indicate the time and place of the general meeting and the conditions of admission, the agenda and the requirements under Luxembourg law as regards quorum and majority. Notices to attend will be published in *d'Wort* and *Le Mémorial*.

The requirements in regard to participation, quorum and majority at every general meeting of shareholders are those laid down in articles 67 *et seq* of the law of 10 August 1915, as amended, and in the Company's Articles of Association.

Other general meetings of shareholders may be held at the time and place specified in the notices to attend published in *Le Mémorial* and in the *Luxemburger Wort*.

In the case that the decisions to be taken concern only the rights of the shareholders of a specific sub-fund, these shall be taken by a meeting representing the shareholders of the sub-fund concerned, in compliance with article 10 of the Company's Articles of Association.

## **18. MANAGEMENT REPORT/ANNUAL AND SEMI-ANNUAL ACCOUNTS**

The report to shareholders, consolidated in the currency of the capital of the Company and verified by the independent auditor with regard to the previous financial year, is available at the Company's registered office fifteen days before the ordinary general meeting. In addition, semi-annual reports are also made available at the Company's registered office.

The Company's financial year ends on 31 December.

## **19. FEES AND EXPENSES**

Each sub-fund of the Company shall bear its own operating expenses in full, i.e.:

- the remuneration of directors (the amount of which shall be decided at the general meeting of shareholders), the Fund Manager, the independent auditor and the legal advisors of the Company;
- the fees of the custodian, administrative agent (whose fees comprise a fixed fee and transaction fees), the domiciliary agent, the registrar and transfer agent (whose fees comprise a fixed fee and transaction fees) and the paying agent, the normal fees for intermediaries responsible for fund distribution and the holding fees invoiced by the securities clearing houses, fees charged by banks and correspondent financial institutions;
- brokerage fees and bank charges incurred during transactions relating to the securities held in the Company portfolio (these expenses are included in the calculation of the cost price and deducted from the proceeds of the sale);
- all taxes, dues and levies that may be incurred on its transactions, assets and income;
- the printing costs for share certificates, prospectuses, annual and semi-annual reports as well as all other reports and documents required in accordance with the laws and regulations in force;
- costs linked to the publication of NAVs and all other information intended for shareholders, as well as all other operating expenses, including the fees for monitoring compliance with the investment restrictions;
- directors' fees, expenses linked to the setting up of a technical infrastructure by the custodian and central administration and costs related to the directors' mandates.

The fees and expenses applicable to the formation of the Company and the initial share issue shall be allocated insofar as they can be attributed to the different sub-funds and shall be amortised over a period of five years.

The cost of the creation of a new sub-fund shall be amortised by the sub-fund concerned over a period of five years. If they cannot be identified, these expenses will be charged prorata to the value of the different sub-funds.

These fees and expenses will firstly be charged against the Company's income, failing that against the net realised gains or against the assets of the Company.

In the event that a Company liability cannot be attributed to a specific sub-fund, this liability shall be attributed to all the sub-funds prorata to the net values of the different sub-funds. It is understood that all liabilities regardless of the sub-fund to which they are attributable are binding upon the Company as a whole, unless otherwise agreed with the creditors.

## **20. DISSOLUTION OF THE COMPANY**

The Company may be dissolved at any time, on the motion of the Board of Directors, by decision of an extraordinary general meeting of shareholders, who may only deliberate according to the conditions laid down in article 67-1 (2) of the law of 10 August 1915 on commercial companies.

If the capital falls below two-thirds of the minimum capital, the Board of Directors must convene an extraordinary general meeting of shareholders, which may decide on the possible dissolution of the

Company. The general meeting, for which no quorum is required, shall decide by a simple majority of the votes cast by those shareholders present or represented.

The question of the dissolution of the Company shall also be submitted to the general meeting when the share capital falls below one quarter of the minimum capital; in this case, the general meeting is convened without a quorum being necessary and the dissolution may even be decided by the shareholders representing one quarter of the votes present or represented at the meeting.

The general meeting must be organised in such a way that it is held within a period of forty days from the date it is determined that the net assets of the Company have fallen below the legal minimum of two-thirds or one quarter, as the case may be.

In the event of the Company's dissolution, liquidation proceedings shall be carried out by one or several liquidators who may be natural persons or legal entities, and who shall be appointed by the general meeting of shareholders which shall determine their powers and remuneration, without prejudice to the application of the law of 17 December 2010.

The net proceeds of the liquidation of each sub-fund shall be distributed by the liquidators to the shareholders of each sub-fund in proportion to the number of shares that they hold in each class.

Any amount that has not been paid to a shareholder, shall be paid, in compliance with the law, into the *Caisse des Consignations* on conclusion of the liquidation.

## **21. MERGER OF SUB-FUNDS OF THE COMPANY OR TRANSFER OF A SUB-FUND TO ANOTHER LUXEMBOURG UCITS AND LIQUIDATION OF A SUB-FUND**

The general meeting of shareholders of the sub-fund or sub-funds concerned may decide:

- to liquidate the aforementioned sub-fund(s);
- to close the aforementioned sub-fund(s) by means of a transfer of the assets to another sub-fund of the Company;
- to close the aforementioned sub-fund(s) by means of a transfer of the assets to another Luxembourg Undertaking for Collective Investment within the limits authorised by article 2 (5) of the law of 17 December 2010.

In such case, no quorum of presence is required and the resolutions are passed by simple majority of the shares present or represented.

The same decisions may be taken by the Board of Directors in the following cases only:

- When the net assets of the sub-fund in question fall below two million five hundred thousand euro;
- When significant changes to the political and economic situation justify it.

Decisions taken by the general meeting or by the Board of Directors shall be published in the press in the manner provided for in the prospectus with respect to notices to shareholders.

In the case of the closure of a sub-fund by means of a transfer, shareholders will have the right to request the redemption of their shares for a period of one month from the publication provided for in the previous paragraph. In such case, no redemption fees shall be charged. At the end of this period, the decision to transfer the assets shall be binding on all shareholders who have not opted to redeem their shares.

## **22. PROTECTION OF PERSONAL INFORMATION AND TELEPHONE RECORDINGS**

The Company and the transfer agent may at any time gather information relating to existing or potential shareholders so as to develop and maintain the business relationship between existing or potential shareholders and the Company and for other related reasons. If an existing or potential shareholder does not provide such information in a satisfactory manner in the eyes of the Company and the transfer agent, the Company and the transfer agent may restrict or prevent that shareholder's ownership of shares and the Company, the transfer agent and/or the distributors (where applicable)

shall not be held liable for any loss resulting from the restriction or prevention of the ownership of shares.

By completing and returning a subscription form, shareholders agree to the use of their personal information by the Company and/or the transfer agent. The Company and/or the transfer agent may disclose personal information to their representatives or service providers or when required to do so by law or by a supervisory authority. Upon written request, shareholders are entitled to access their personal information held by the Company and/or the transfer agent. Shareholders may send a written request to the Company and/or the transfer agent requesting the rectification of their personal information. All personal information shall only be kept by the Company and/or transfer agent for the amount of time necessary to process the information.

The Company and/or transfer agent may need to transfer personal information to entities outside the European Union whose legislation regarding the protection of personal information may not be sufficiently strict. The Company and the transfer agent comply with the legal provisions applicable with regard to data protection and professional secrecy as laid down in the law of 5 April 1993 on the financial sector, as amended.

Distributors may use personal information in order to regularly inform shareholders of other products and services which they feel might be of interest to them, unless shareholders have specified in writing or via the subscription form that they do not wish to receive such information.

Shareholders accept that telephone conversations with the Company, the custodian and the transfer agent are recorded; recordings shall be carried out in compliance with the legislation in force. Recordings may be used in court or in the context of other judicial proceedings and shall have the same probative value as a written document.

### **23. GENERAL INFORMATION AND DOCUMENTS AVAILABLE**

The value of the net assets per share of each share class within a sub-fund, namely distribution shares or accumulation shares, and their issue, redemption and conversion prices as well as any possible dividends distributed may be obtained from the Company's registered office and from any of its representatives as well as financial services agents on any business day of the Company.

They are published in a selection of newspapers chosen by the Board of Directors.

The Company publishes a financial report at the end of every year and at the end of every six months that contains in particular a statement of the Company's assets as well as the number of shares issued or redeemed since the previous publication. Both the annual and semi-annual reports must contain a statement for each sub-fund in the currency of the sub-fund and a consolidated statement in the consolidated currency of the Company.

The amendments to the Articles of Association of the Company will be published in *Mémorial C, Recueil des Sociétés et Associations du Luxembourg*. Notices to shareholders will be published in Luxembourg in the "*d'Wort*" and possibly in other publications at the discretion of the Board of Directors.

The following documents may be consulted at the registered office of the Company:

1. the prospectus;
2. The Articles of Association;
3. the Agreement on the Provision of Services concluded with FORTIS BANK LUXEMBOURG S.A., as taken over by BNP Paribas Securities Services, Luxembourg branch;
4. the management agreement concluded with CARMIGNAC GESTION Luxembourg;
5. the central administration agreement concluded with CACEIS Bank Luxembourg
6. the Company's annual and semi-annual reports.

The prospectus and the financial reports may be obtained by the public free of charge at the registered office of the Company and from any of its representatives or financial services agents.

**CARMIGNAC PORTFOLIO – Grande Europe**

**Historical information**

This sub-fund was created on 30 Jun 1999.

**Investment policy and objectives**

The objective of the sub-fund is to achieve long-term capital growth by investing its assets mainly in equities of European Union Member States and, on a supplementary basis, in equities of non-EU Member States or candidates for accession, Russia and Turkey.

The sub-fund aims to outperform its performance indicator, the Dow Jones Stoxx 600 index (ex-dividends) (SXXP INDEX).

However, investments in Russia together with investments in transferable securities other than those described in point 3.1.1. of the prospectus may not exceed 10% of the net assets of the sub-fund.

The assets which are not invested in equities of the countries specified above shall be preferably but not automatically invested in international transferable securities.

This sub-fund may use listed or over-the-counter derivative market instruments and techniques, such as options and futures, for the purpose of hedging and/or generating exposure to equity risk or currency risk provided that they are used in accordance with the investment policy and objectives of the portfolio.

This sub-fund may acquire units of other undertakings for collective investment in transferable securities (UCITS) and/or open-ended undertakings for collective investment (UCIs) provided that no more than 10% of its net assets is invested in the units of these UCITS and/or UCIs.

The sub-fund may also hold cash on an ancillary basis.

On an ancillary basis, the sub-fund may invest in other transferable securities depending on the market outlook.

**The attention of shareholders resident in France for tax purposes is drawn to the fact that the Carmignac Grande Europe sub-fund is eligible for the French equity savings plan (PEA), meaning that a minimum of 75% of the portfolio is permanently invested in securities or rights eligible for the PEA.**

**Risk profile**

The risk profile of the sub-fund is to be considered over an investment horizon of more than 5 years.

The sub-fund's rating on the risk scale is available in the Key Investor Information Document.

Potential investors must be aware that the assets of the sub-fund are subject to the fluctuations of the international markets and to the risks inherent in investments in transferable securities and other assets in which the sub-fund invests.

As a result of the sub-fund's investment policy, the main risks incurred are:

- *Equity risk:* the sub-fund is exposed to the equity risk of European Union Member States and, on a supplementary basis, of non-EU Member States or candidates for accession as well as Russia and Turkey.
- *Currency risk:* the sub-fund 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.

- *Liquidity risk:* the sub-fund is exposed to liquidity risk arising from the fact that the markets in which the sub-fund is invested may occasionally be affected by a temporary lack of liquidity. These market distortions may have an impact on the pricing conditions under which the sub-fund might be caused to liquidate, initiate or modify its positions.
- *Counterparty risk:* the sub-fund is exposed to the risk of a counterparty defaulting on a payment.
- *Risk of capital loss:* A capital loss occurs when a unit is sold at a lower price than that paid at the time of purchase.

Moreover, it should be noted that the management undertaken by the sub-fund is discretionary; it is based on anticipating the evolution of the various markets. This being the case, there is a risk that the sub-fund might not be invested in the best-performing markets at all times.

**Shareholders have no guarantee that they will get back the capital invested.**

**Shareholders must be aware that investments in the emerging markets involve additional risks because of the political and economic situation in the emerging countries that may affect the value of the investments.**

### Investor profile

This sub-fund is intended for all types of investors, be they natural persons or legal entities, seeking to diversify their investment via international stocks. Given the exposure of the sub-fund to the equity market, the recommended investment period is over 5 years.

Units of this sub-fund have not been registered in accordance with the US Securities Act of 1933. They may therefore not be offered or sold, either directly or indirectly, in the United States or on behalf of or for the benefit of a US person, as defined in Regulation S.

The appropriate amount to invest in this sub-fund depends on the personal situation of the shareholder. To determine this amount, investors' personal wealth, their cash requirements now and 5 years from now as well as their degree of risk aversion must all be taken into account. It is recommended that the shareholder seek the advice of a professional in order to diversify his investments and to decide on the proportion of his financial portfolio or wealth that should be invested in this sub-fund. It is also recommended that investments be sufficiently diversified so as to avoid exposure exclusively to the risks of this sub-fund.

### Historical performance

The sub-fund's past performances are available in the Key Investor Information Document.

### Characteristics of the shares

Share class	Dividend policy	Form of shares	Base currencies	Authorised subscribers	Minimum initial subscription	Minimum subsequent subscription	ISIN code
Class A	Accumulation	Registered/bearer*	EUR	All investors	1 share	1 share	LU 0099161993
Class E	Accumulation	Registered/bearer*	EUR	All investors	1 share	1 share	LU 0294249692
GBP Class	Accumulation	Registered/bearer*	GBP	All investors	1 share	1 share	LU 0553405878

(\*) For bearer shares, no physical shares shall be issued.

Three share classes, A, E and GBP, are offered to investors and differ according to their initial subscription period, fee structure and base currency.

Shares in the GBP class are issued at the initial price of GBP 100

### Net Asset Value (NAV)

Calculated daily in EUR or GBP respectively.

If the calculation day falls on a bank holiday or partial bank holiday in Paris, the NAV is calculated on the next full bank business day.

### Subscriptions, conversions, redemptions

Subscription, conversion and redemption requests received before 18:00 (CET/CEST) on the day before the valuation day by the Company or any other institution appointed by the Company, and sent to the central administration in Luxembourg before 13:00 (CET/CEST) on the valuation day, shall be executed, provided they are accepted, on the basis of the NAV calculation on that valuation day. Requests received after this cut-off time shall be executed on the basis of the NAV calculated on the first valuation day following the valuation day in question.

### Payment deadlines

The subscription and redemption price shall be paid within 3 bank business days in Luxembourg of the date on which the applicable NAV has been calculated.

### Fees and expenses relating to subscriptions, redemptions and conversions

<b>Fees payable to the sub-fund</b>	<b>Class A</b>	<b>Class E</b>	<b>GBP Class</b>
<b>Subscription fee</b>	None	None	None
<b>Redemption fee</b>	None	None	None

<b>Fees payable to distributors</b>	<b>Class A</b>	<b>Class E</b>	<b>GBP Class</b>
<b>Subscription fee</b>	Max. 4% of the NAV applicable per share	None	Max. 4% of the NAV applicable per share
<b>Redemption fee</b>	None	None	None
Annual distribution fee (payable monthly)	Max. 0.60% of the average net assets of the sub-fund	Max. 1.35% of the average net assets of the sub-fund	Max. 0.60% of the average net assets of the sub-fund
<b>Conversion fee</b>	Max. 1% of the NAV applicable per share	None	Max. 1% of the NAV applicable per share

### Fees payable by the sub-fund

<b>Fees payable to third parties</b>	<b>Class A</b>	<b>Class E</b>	<b>GBP Class</b>
<b>Fees for brokerage transactions</b>	Actual fees + 0.30% of the total amount of the transaction for European equities, 0.40% for other equities, 0.05% of the total amount of the transaction for European bonds, 0.0375% for other bonds (payable to the Fund Manager).		
<b>Custodian</b>	maximum 0.060% per annum, payable and calculated quarterly on the basis of the average net assets of the sub-fund.		
<b>Administrative Agent</b>	EUR 4,000 per month, + EUR 350 per month per share class denominated in a currency other than the euro and which is the subject of currency hedging, payable monthly (excluding transaction fees).		
<b>Paying Agent</b>	EUR 500 per month, payable monthly.		

<b>Fund Manager</b>	<p>0.84% per annum, payable and calculated monthly on the basis of the average net assets of the sub-fund and increased by a performance fee of 20% of the outperformance of the sub-fund.</p> <p>Provided that the performance of the sub-fund since the beginning of the year is positive and exceeds the performance of the DJ Stoxx 600 index, a daily provision of 20% of the positive difference between the change in the NAV (based on the number of units outstanding at the calculation date) and the change in the index is established. In the event of underperformance in relation to this index, a daily amount corresponding to 20% of this underperformance is deducted from the provision established since the beginning of the year.</p> <p>This fee is deducted annually on the basis of the total net assets at the end of the year. If the performance of the sub-fund since the beginning of the year is zero or negative, even if it exceeds the performance of the index, no performance fee will be charged.</p>
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**Total Expense Ratio (TER) - Year 2010**

Grande Europe Class A: 3,41%

Grande Europe Class E: 4,27%

## Detailed section of the prospectus 2

### CARMIGNAC PORTFOLIO – Commodities

#### Historical information

This sub-fund was created on 3 March 2003.

#### Investment policy and objectives

The objective of this sub-fund is to obtain long-term asset growth by managing a portfolio of investments in diversified business segments of the commodity sector.

The sub-fund aims to outperform its performance indicator, which comprises the following MSCI indices (ex-dividends): 45% MSCI ACWF Oil and Gas (MICUOGAS INDEX), 5% MSCI ACWF Energy Equipment (MICUEEQS INDEX), 40% MSCI ACWF Metal and Mining (MICUMMIN INDEX), 5% MSCI ACWF Paper and Forest (MICUPFOR INDEX) and 5% MSCI ACWF Food (MICUFPRO INDEX).

This sub-fund will consist mainly of shares of companies operating in the commodity sector, carrying out extraction, production, enrichment and/or treatment, as well as shares of companies specialising in energy production and services/equipment; investments may be carried out anywhere in the world.

This sub-fund may use listed or over-the-counter derivative market instruments and techniques, such as options and futures, for the purpose of hedging and/or generating exposure to equity risk or currency risk provided that they are used in accordance with the investment policy and objectives of the portfolio.

This sub-fund may acquire units of other undertakings for collective investment in transferable securities (UCITS) and/or open-ended undertakings for collective investment (UCIs) provided that no more than 10% of its net assets is invested in the units of these UCITS and/or UCIs.

It may also hold cash on an ancillary basis.

On an ancillary basis, the sub-fund may invest in other transferable securities depending on the market outlook.

#### Risk profile

The risk profile of the sub-fund is to be considered over an investment horizon of more than 5 years.

The sub-fund's rating on the risk scale is available in the Key Investor Information Document.

Potential investors must be aware that the assets of the sub-fund are subject to the fluctuations of the international markets and to the risks inherent in investments in equities and other transferable securities in which the sub-fund invests.

As a result of the sub-fund's investment policy, the main risks incurred are:

- *Equity risk:* the sub-fund is exposed to the equity risk of companies in the commodities sector carrying out extraction, production and/or treatment, as well as of companies specialising in energy production and services/equipment; investments may be carried out anywhere in the world.
- *Emerging markets risk:* the sub-fund is exposed to the risk associated with investing in emerging market equities where prices may fluctuate significantly and where operating conditions and supervision may deviate from the standards prevailing on the large international exchanges.
- *Risk linked to commodities:* changes in commodity prices and the volatility of the sector may cause the net asset value to fall.

- *Currency risk*: the sub-fund 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.
- *Liquidity risk*: the sub-fund is exposed to liquidity risk arising from the fact that the markets in which the sub-fund is invested may occasionally be affected by a temporary lack of liquidity. These market distortions may have an impact on the pricing conditions under which the sub-fund might be caused to liquidate, initiate or modify its positions.
- *Counterparty risk*: the sub-fund is exposed to the risk of a counterparty defaulting on a payment.
- *Discretionary risk*: given its discretionary management strategy, there is a risk that the Fund might not be invested in the best-performing markets at all times.
- *Risk of capital loss*: A capital loss occurs when a unit is sold at a lower price than that paid at the time of purchase.

Moreover, it should be noted that the management undertaken by the sub-fund is discretionary; it is based on anticipating the evolution of the various markets. This being the case, there is a risk that the sub-fund might not be invested in the best-performing markets at all times.

**Shareholders have no guarantee that they will get back the capital invested.**

**Shareholders must also be aware that investments in the emerging markets involve additional risks because of the political and economic situation in the emerging countries that may affect the value of the investments.**

### **Investor profile**

This sub-fund is intended for all types of investors, be they natural persons or legal entities, seeking to diversify their investment via international stocks. Given the exposure of the sub-fund to the equity market, the recommended investment period is over 5 years.

Units of this sub-fund have not been registered in accordance with the US Securities Act of 1933. They may therefore not be offered or sold, either directly or indirectly, in the United States or on behalf of or for the benefit of a US person, as defined in Regulation S.

The appropriate amount to invest in this sub-fund depends on the personal situation of the shareholder. To determine this amount, investors' personal wealth, their cash requirements now and 5 years from now as well as their degree of risk aversion must all be taken into account. It is recommended that the shareholder seek the advice of a professional in order to diversify his investments and to decide on the proportion of his financial portfolio or wealth that should be invested in this sub-fund. It is also recommended that investments be sufficiently diversified so as to avoid exposure exclusively to the risks of this sub-fund.

### **Historical performance**

The sub-fund's past performances are available in the Key Investor Information Document.

## Characteristics of the shares

Share class	Dividend policy	Form of shares	Base currencies	Authorised subscribers	Minimum initial subscription	Minimum subsequent subscription	ISIN code
Class A	Accumulation	Registered/bearer*	EUR	All investors	1 share	1 share	LU 0164455502
GBP Class	Accumulation	Registered/bearer*	GBP	All investors	1 share	1 share	LU 0553415323
Class E	Accumulation	Registered/bearer*	EUR	All investors	1 share	1 share	LU0705572823

(\*) For bearer shares, no physical shares shall be issued.

Three share classes, A, E and GBP, are offered to investors and differ according to their initial subscription period and base currency.

Shares in the GBP class are issued at the initial price of GBP 100

## Net Asset Value (NAV)

Calculated daily in EUR or GBP respectively.

If the calculation day falls on a bank holiday or partial bank holiday in Paris, the NAV is calculated on the next full bank business day.

## Subscriptions, conversions, redemptions

Subscription, conversion and redemption requests received before 18:00 (CET/CEST) on the day before the valuation day by the Company or any other institution appointed by the Company, and sent to the central administration in Luxembourg before 13:00 (CET/CEST) on the valuation day, shall be executed, provided they are accepted, on the basis of the NAV calculation on that valuation day. Requests received after this cut-off time shall be executed on the basis of the NAV calculated on the first valuation day following the valuation day in question.

## Payment deadlines

The subscription and redemption price shall be paid within 3 bank business days in Luxembourg of the date on which the applicable NAV has been calculated.

## Fees and expenses relating to subscriptions, redemptions and conversions

Fees payable to the sub-fund	Class A	GBP Class	Class E
Subscription fee	None	None	None
Redemption fee	None	None	None

Fees payable to distributors	Class A	GBP Class	Class E
Subscription fee	Max. 4% of the NAV applicable per share	Max. 4% of the NAV applicable per share	None
Redemption fee	None	None	None
Annual distribution fee	Max. 0.60% of the average net assets of	Max. 0.60% of the average net assets of	Max. 1.35% of the average net assets of

(payable monthly)	the sub-fund	the sub-fund	the sub-fund
<b>Conversion fee</b>	Max. 1% of the NAV applicable per share	Max. 1% of the NAV applicable per share	Max. 1% of the NAV applicable per share

### Fees payable by the sub-fund

<b>Fees payable to third parties</b>	<b>Class A</b>	<b>GBP Class</b>	<b>Class E</b>
<b>Fees for brokerage transactions</b>	Actual fees + 0.30% of the total amount of the transaction for European equities, 0.40% for other equities, 0.05% of the total amount of the transaction for European bonds, 0.0375% for other bonds (payable to the Fund Manager).		
<b>Custodian</b>	maximum 0.060% per annum, payable and calculated quarterly on the basis of the average net assets of the sub-fund.		
<b>Administrative Agent</b>	EUR 4,000 per month, + EUR 350 per month per share class denominated in a currency other than the euro and which is the subject of currency hedging, payable monthly (excluding transaction fees).		
<b>Paying Agent</b>	EUR 500 per month, payable monthly.		
<b>Fund Manager</b>	<p>0.84% per annum, payable and calculated monthly on the basis of the average net assets of the sub-fund and increased by a performance fee of 20% of the outperformance of the sub-fund.</p> <p>Provided that the performance of the sub-fund since the beginning of the year is positive and exceeds the performance of the composite index described hereafter, a daily provision of 20% of the positive difference between the change in the NAV (based on the number of units outstanding at the calculation date) and the change in the index is established. In the event of underperformance in relation to this index, a daily amount corresponding to 20% of this underperformance is deducted from the provision established since the beginning of the year.</p> <p>The index serving as the basis for the calculation of this performance fee consists of a combination of the following MSCI indices (ex-dividends):</p> <ul style="list-style-type: none"> <li>- 45% MSCI ACWF Oil and Gas</li> <li>- 5% MSCI ACWF Energy Equipment</li> <li>- 40% MSCI ACWF Metal and Mining</li> <li>- 5% MSCI ACWF Paper and Forest</li> <li>- 5% MSCI ACWF Food</li> </ul> <p>This fee is deducted annually on the basis of the total net assets at the end of the year. If the performance of the sub-fund since the beginning of the year is zero or negative, even if it exceeds the performance of the index, no performance fee will be charged.</p>		

### **Total Expense Ratio (TER) - Year 2010**

Commodities Class A: 8.85%

## Detailed section of the prospectus 3

### CARMIGNAC PORTFOLIO – Emerging Discovery

#### Historical information

This sub-fund was created on 14 December 2007.

#### Investment policy and objectives

This sub-fund seeks performance through exposure to the small and mid cap equity markets of the emerging countries. The management team implements an active and discretionary management strategy focused primarily on the selection of financial instruments based on the financial analysis of issuers. The sub-fund shall mainly invest its assets in securities issued by companies which have their registered office or which carry out the majority of their business activity in the emerging countries.

The sub-fund aims to outperform its performance indicator, which comprises: 50% MSCI Emerging Small Cap USD (MSLUEMR INDEX) converted into euro and 50% MSCI Emerging Mid Cap USD (MMDUEMR INDEX) converted into euro. The sub-fund's performance indicator is calculated ex-dividends and rebalanced annually.

At least 60% of the portfolio shall be invested in equities and other securities from all economic sectors.

The sub-fund may invest up to 10% of its assets in units of undertakings for collective investment in transferable securities (UCITS) and/or undertakings for collective investment (UCIs).

Stock selection is completely discretionary and is based on the management team's expectations. The portfolio shall be actively exposed to the emerging markets through investments in small and medium-sized companies offering mid to long-term return prospects and growth potential selected on the basis of their company fundamentals (in particular, market position, the quality of their financial structure, future prospects, etc.) together with adjustments linked to its reference market. Geographic or sectoral exposure shall result from stock selection.

The sub-fund may invest in futures and options traded on regulated or over-the-counter eurozone and/or international markets (outside the eurozone and including the emerging markets). In this context, the sub-fund may take positions to hedge and/or expose the portfolio to industrial sectors, geographical zones, interest rates, equities, securities and similar transferable securities or indices in order to achieve the investment objective. It may also take positions in the portfolio with a view to hedging it against and/or exposing it to currency risk. Such transactions will be carried out provided that they do not exceed 100% of the sub-fund's assets on these markets and in order to achieve the Fund's investment objective. The Fund Manager may conclude futures and options on equities, indices and currencies. As UCITS only have daily liquidity, the Fund Manager may only resell them to protect the sub-fund on the same evening or on the following day. However, the equity and index futures market shall enable the Fund Manager to at least partially protect the sub-fund from a sharp and sudden decline in the markets throughout the day. The sub-fund may invest in securities with embedded derivatives (simple convertibles, indexed convertibles, equity notes, etc.). Securities with embedded derivatives are used exclusively for investment purposes as a substitute for the equities underlying such securities.

#### Risk profile

The risk profile of the sub-fund is to be considered over an investment horizon of more than 5 years.

The sub-fund's rating on the risk scale is available in the Key Investor Information Document.

Potential investors must be aware that the assets of the sub-fund are subject to the fluctuations of the international markets and to the risks inherent in investments in transferable securities in which the sub-fund invests.

As a result of the sub-fund's investment policy, the main risks incurred are:

- *Emerging markets risk:* the net asset value of the sub-fund may fluctuate substantially as a minimum of 60% of its assets are invested in equities issued in the emerging markets where prices can be very volatile and where operating and supervisory conditions may deviate from the standards prevailing on the large international exchanges.
- *Risk associated with market capitalisation:* the Fund is mainly exposed to one or more equity markets of small and medium 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.
- *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 sub-fund's assets are exposed to equities, the net asset value of the Fund may decrease in the event of an equity market downturn.
- *Currency risk:* the sub-fund 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.
- *Risk associated with commitments on forward financial instruments:* the sub-fund may invest in financial futures, up to the limit of 100% of its assets. Up to 200% of the sub-fund's assets may thus be exposed to equities, which could lead to the risk of a more substantial and rapid decrease in the net asset value of the Fund than that of 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.
- *Discretionary risk:* given its discretionary management strategy, there is a risk that the Fund might not be invested in the best-performing markets at all times.

Moreover, it should be noted that the management undertaken by the sub-fund is discretionary; it is based on anticipating the evolution of the various markets. This being the case, there is a risk that the sub-fund might not be invested in the best-performing markets at all times.

**Shareholders have no guarantee that they will get back the capital invested.**

**Shareholders must also be aware that investments in the emerging markets involve additional risks because of the political and economic situation in the emerging countries that may affect the value of the investments.**

## **Investor profile**

This sub-fund is intended for private and institutional investors wishing to diversify their investments while benefiting from market opportunities through active and discretionary asset management over a recommended investment period of 5 years.

Units of this sub-fund have not been registered in accordance with the US Securities Act of 1933. They may therefore not be offered or sold, either directly or indirectly, in the United States or on behalf of or for the benefit of a US person, as defined in Regulation S.

The appropriate amount to invest in this sub-fund depends on the personal situation of the shareholder. To determine their level of investment, investors are invited to seek professional advice in order to diversify their investments and to determine the proportion of their financial portfolio or their assets to be invested in this sub-fund relative to, more specifically, the recommended investment period and exposure to the aforementioned risks, their personal assets, needs and objectives.

## **Historical performance**

The sub-fund's past performances are available in the Key Investor Information Document.

## **Characteristics of the shares**

<b>Share class</b>	<b>Dividend policy</b>	<b>Form of shares</b>	<b>Base currencies</b>	<b>Authorised subscribers</b>	<b>Minimum initial subscription</b>	<b>Minimum subsequent subscription</b>	<b>ISIN code</b>
<b>Class A</b>	Accumulation	Registered/bearer*	EUR	All investors	1 share	1 share	LU0336083810
<b>GBP Class</b>	Accumulation	Registered/bearer*	GBP	All investors	1 share	1 share	LU0553407650

(\*) For bearer shares, no physical shares shall be issued.

Two share classes, A and GBP, are offered to investors and differ according to their initial subscription period and base currency.

Shares in the GBP class are issued at the initial price of GBP 100

## **Net Asset Value (NAV)**

Calculated daily in EUR or GBP respectively.

If the calculation day falls on a bank holiday or partial bank holiday in Paris, the NAV is calculated on the next full bank business day.

## **Subscriptions, conversions, redemptions**

Subscription, conversion and redemption requests received before 18:00 (CET/CEST) on the day before the valuation day by the Company or any other institution appointed by the Company, and sent to the central administration in Luxembourg before 13:00 (CET/CEST) on the valuation day, shall be executed, provided they are accepted, on the basis of the NAV calculation on that valuation day. Requests received after this cut-off time shall be executed on the basis of the NAV calculated on the first valuation day following the valuation day in question.

In order to take account of the investment universe and the management characteristics, subscriptions shall be suspended once the portfolio's net assets exceed EUR 1 billion.

### Payment deadlines

The subscription and redemption price shall be paid within 3 bank business days in Luxembourg of the date on which the applicable NAV has been calculated.

### Fees and expenses relating to subscriptions, redemptions and conversions

<b>Fees payable to the sub-fund</b>	<b>Class A</b>	<b>GBP Class</b>
<b>Subscription fee</b>	None	None
<b>Redemption fee</b>	None	None

<b>Fees payable to distributors</b>	<b>Class A</b>	<b>GBP Class</b>
<b>Subscription fee</b>	Max. 4% of the NAV applicable per share	Max. 4% of the NAV applicable per share
<b>Redemption fee</b>	None	None
<b>Annual distribution fee (payable monthly)</b>	Max. 0.80% of the average net assets of the sub-fund	Max. 0.80% of the average net assets of the sub-fund
<b>Conversion fee</b>	Max. 1% of the NAV applicable per share	Max. 1% of the NAV applicable per share

### Fees payable by the sub-fund

<b>Fees payable to third parties</b>	<b>Class A</b>	<b>GBP Class</b>
<b>Fees for brokerage transactions</b>	Actual fees + 0.30% of the total amount of the transaction for emerging country equities, 0.40% for other equities, 0.05% of the total amount of the transaction for European bonds, 0.0375% for other bonds (payable to the Fund Manager).	

<b>Custodian</b>	maximum 0.060% per annum, payable and calculated quarterly on the basis of the average net assets of the sub-fund.
<b>Administrative Agent</b>	EUR 4,000 per month, + EUR 350 per month per share class denominated in a currency other than the euro and which is the subject of currency hedging, payable monthly (excluding transaction fees).
<b>Paying Agent</b>	EUR 500 per month, payable monthly.
<b>Fund Manager</b>	<p>1.14% per annum, payable and calculated monthly on the basis of the average net assets of the sub-fund and increased by a performance fee of 20% of the outperformance of the sub-fund.</p> <p>Provided that the performance of the sub-fund since the beginning of the year is positive and exceeds the performance of the index described hereafter, a daily provision of 20% of the positive difference between the change in the NAV (based on the number of units outstanding at the calculation date) and the change in the index is established. In the event of underperformance in relation to this index, a daily amount corresponding to 20% of this underperformance is deducted from the provision established since the beginning of the year.</p> <p>The index serving as the basis for calculating the performance fee is the following composite index: 50% MSCI Emerging Small Cap USD, converted into euro, and 50% MSCI Emerging Mid Cap USD, converted into euro (ex-dividends).</p> <p>This fee is deducted annually on the basis of the total net assets at the end of the year. If the performance of the sub-fund since the beginning of the year is zero or negative, even if it exceeds the performance of the index, no performance fee will be charged.</p>

**Total Expense Ratio (TER) - Year 2010**

Emerging Discovery Class A: 4,29%

## Detailed section of the prospectus 4

### CARMIGNAC PORTFOLIO – Global Bond

#### Historical information

This sub-fund was created on 14 December 2007.

#### Investment policy and objectives

This sub-fund invests mainly in international bonds.

The objective of the sub-fund is to outperform the JP Morgan Global Government Bond Index (JNUCGBIG INDEX), calculated with coupons reinvested, over a recommended minimum investment period of two years.

The sub-fund is constructed on the basis of a reactive management strategy which evolves according to market trends and is based on specific strategic asset allocation.

Within an international investment universe, the sub-fund offers active management on the international fixed income, credit and currency markets. The Fund's performance shall depend on the performance of the markets in relation to each other.

In order to outperform the performance indicator, the management team establishes strategic positions and uses arbitrage on all international fixed income and currency markets, including a significant portion in the emerging countries.

Seven major sources of added value are used to seek outperformance:

- the overall modified duration of the portfolio, with modified duration defined as the change in portfolio capital (as %) for a change in interest rates of 100 basis points (as %). The modified duration of the portfolio may fluctuate between -4 and 10.
- the allocation of modified duration between the different bond markets;
- the allocation of modified duration between the different segments of the yield curve;
- credit allocation on corporate bonds and emerging market debt;
- stock selection;
- currency allocation;
- trading.

The sub-fund may invest in inflation-indexed bonds.

Up to 10% of the sub-fund's assets may be exposed to equities either directly or via convertible bonds.

The sub-fund may invest up to 10% of its assets in units of undertakings for collective investment in transferable securities (UCITS) and/or undertakings for collective investment (UCIs).

The sub-fund may invest in futures and options traded on regulated or over-the-counter eurozone and/or international markets (outside the eurozone and including the emerging markets). In this context, the sub-fund may take positions to hedge and/or expose the portfolio to industrial sectors, geographical zones, interest rates, equities, securities and similar transferable securities or indices in order to achieve the investment objective. It may also take positions in the portfolio with a view to hedging it against and/or exposing it to currency risk. Such transactions will be carried out provided that they do not exceed 100% of the sub-fund's assets on these markets and in order to achieve the Fund's investment objective. The Fund Manager may conclude futures and options on equities, indices and currencies.

As UCITS only have daily liquidity, the Fund Manager may only resell them to protect the sub-fund on the same evening or on the following day. However, the equity and index futures market shall enable the Fund Manager to at least partially protect the sub-fund from a sharp and sudden decline in the markets throughout the day. The sub-fund may invest in securities with embedded derivatives (simple convertibles, indexed convertibles, equity notes, etc.). Securities with embedded derivatives are used exclusively for investment purposes as a substitute for the equities underlying such securities.

In order to achieve the performance objective, the sub-fund may invest in financial instruments such as credit default swaps (CDS) and use call and put options on currencies.

### **Use of specific hedging transactions and derivative products**

In order to achieve its investment objectives, the sub-fund may invest in derivative products which are traded on regulated or over-the-counter markets and have credit, currencies, interest rates or inflation rates as their underlying instrument. It may in particular take part in the credit derivatives market by concluding, for example, credit default swaps in order to sell or purchase protection. By derivative products we mean swaps, credit default swaps, total return swaps, asset swaps, forward contracts and/or options. The sub-fund may also conclude hedging transactions via forward contracts and/or options from time to time. It is not, however, under any obligation to do so.

A credit default swap (CDS) is a bilateral financial contract whereby a counterparty (the protection buyer) pays a periodic fee in exchange for a payoff from the protection seller in the event that a credit event affecting the reference issuer should arise. The protection buyer acquires the right to either sell a particular bond or bonds of the reference issuer at par value or to receive the difference between the par value and the market price of said reference bond or bonds (or any other previously determined reference value or strike price) in the event that a credit event should arise. A credit event includes bankruptcy, insolvency, judicial settlement, significant debt restructuring or the inability to honour a payment obligation on the stipulated date. The International Swaps and Derivatives Association (ISDA) has established standardised documentation entitled the "ISDA Master Agreement" relating to such derivative contracts. The sub-fund may use credit derivative products for the purpose of hedging the specific risk of certain issuers held in the portfolio by purchasing protection. Furthermore, if it is in the sub-fund's own best interests, it may purchase protection via credit derivatives without holding the underlying assets. Provided that it is acting in its own best interests, the sub-fund may also sell protection via credit derivatives in order to acquire specific credit exposure. The sub-fund may only take part in OTC credit derivative transactions if the counterparty is a first-class financial institution specialised in this type of transaction and, if this is the case, provided that the transaction complies with the standards laid down by the ISDA Master Agreement.

### **Risk profile**

The risk profile of the sub-fund is to be considered over an investment horizon of more than 2 years.

The sub-fund's rating on the risk scale is available in the Key Investor Information Document.

Potential investors must be aware that the assets of the sub-fund are subject to the fluctuations of the international markets and to the risks inherent in investments in transferable securities in which the sub-fund invests.

As a result of the sub-fund's investment policy, the main risks incurred are:

- *Interest rate risk:* Due to its composition, the Fund is subject to interest rate risk. Part of the portfolio may be invested in interest rate products. The value of the securities may decrease after a negative interest rate movement. In general, prices of debt securities increase when interest rates fall and decrease when interest rates rise.

- *Currency risk:* The sub-fund 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.
- *Credit risk:* Credit risk is the risk that the issuer may default. Should the quality of corporate bond issuers decline (for example if their rating with the financial rating agencies is downgraded), the value of the corporate bonds may drop. The net asset value of the Fund may decrease. The sub-fund may invest in bonds with a rating below investment grade. The average rating of the bonds held directly by the Fund or through investment in UCITS shall be at least investment grade (i.e. rated at least BBB-/Baa3 by the rating agencies Standard & Poor's and Moody's). Furthermore, a more specific credit risk linked to the use of credit derivatives, such as credit default swaps, exists.  
The table below shows the situations in which the use of credit default swaps presents a risk:

holding the underlying of the CDS	Aim of the Fund Manager's use of CDS	Existence of credit risk
Yes	Sell protection	Yes, in the event of the downgrading of the issuer of the underlying security
Yes	Purchase protection	No
No	Sell protection	Yes, in the event of the downgrading of the issuer of the underlying security
No	Purchase protection	Yes, in the event of the upgrading of the issuer of the underlying security

This credit risk is controlled by a qualitative analysis carried out by the team of credit analysts on the evaluation of companies' solvency.

- *Liquidity risk:* The sub-fund is exposed to liquidity risk arising from the fact that the markets in which the sub-fund is invested may occasionally be affected by a temporary lack of liquidity. These market distortions may have an impact on the pricing conditions under which the sub-fund might be caused to liquidate, initiate or modify its positions.
- *Counterparty risk:* The sub-fund is exposed to the risk of a counterparty defaulting on a payment.
- *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 10% of the sub-fund's assets are exposed to equities, the net asset value of the Fund may decrease in the event of a downward movement on the equity markets up to the limit of its exposure.
- *Emerging markets risk:* the sub-fund is exposed to the risk associated with investing in emerging market equities where prices may fluctuate significantly and where operating conditions and supervision may deviate from the standards prevailing on the large international exchanges.
- *Risks linked to derivatives:* the sub-fund may include exchange-traded derivatives (including futures and options) and OTC derivatives (including options, futures products, interest rate

swaps and credit derivatives) in its investment policy for the purpose of investment and/or hedging. These are volatile instruments generating certain specific risks and exposing investors to the risk of loss. Leverage is provided by the low initial margin deposits that are usually requested when taking a position in such instruments. As a result, a relatively small change in the price of a contract could give rise to significant gains or losses compared to the initial margin actually invested. This could lead to unlimited additional losses in excess of the margin deposited. Furthermore, when used for the purpose of hedging, these instruments and the investments or market sectors being hedged could prove uncorrelated. Transactions in over-the-counter derivatives, such as credit derivatives, may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

- *Discretionary risk*: given its discretionary management strategy, there is a risk that the Fund might not be invested in the best-performing markets at all times.

Moreover, it should be noted that the management undertaken by the sub-fund is discretionary; it is based on anticipating the evolution of the various markets. This being the case, there is a risk that the sub-fund might not be invested in the best-performing markets at all times.

**Shareholders have no guarantee that they will get back the capital invested.**

**Shareholders must also be aware that investments in the emerging markets involve additional risks because of the political and economic situation in the emerging countries that may affect the value of the investments.**

### Investor profile

This sub-fund is intended for private and institutional investors wishing to diversify their investments while benefiting from market opportunities through reactive asset management over a recommended investment period of 2 years.

Units of this sub-fund have not been registered in accordance with the US Securities Act of 1933. They may therefore not be offered or sold, either directly or indirectly, in the United States or on behalf of or for the benefit of a US person, as defined in Regulation S.

The appropriate amount to invest in this sub-fund depends on the personal situation of the shareholder. To determine their level of investment, investors are invited to seek professional advice in order to diversify their investments and to determine the proportion of their financial portfolio or their assets to be invested in this sub-fund relative to, more specifically, the recommended investment period and exposure to the aforementioned risks, their personal assets, needs and objectives.

### Historical performance

The sub-fund's past performances are available in the Key Investor Information Document.

### Characteristics of the shares

Share class	Dividend policy	Form shares	ofBase currencies	Authorised subscribers	Minimum initial subscription	Minimum subsequent subscription	ISIN code
Class A	Accumulation	Registered/bearer*	EUR	All investors	1 share	1 share	LU0336083497
GBP Class	Accumulation	Registered/bearer*	GBP	All investors	1 share	1 share	LU 0553413385

(\*) For bearer shares, no physical shares shall be issued.

Two share classes, A and GBP, are offered to investors and differ according to their initial subscription period and base currency.

Shares in the GBP class are issued at the initial price of GBP 100

### **Net Asset Value (NAV)**

Calculated daily in EUR or GBP respectively.

If the calculation day falls on a bank holiday or partial bank holiday in Paris, the NAV is calculated on the next full bank business day.

### **Subscriptions, conversions, redemptions**

Subscription, conversion and redemption requests received before 18:00 (CET/CEST) on the day before the valuation day by the Company or any other institution appointed by the Company, and sent to the central administration in Luxembourg before 13:00 (CET/CEST) on the valuation day, shall be executed, provided they are accepted, on the basis of the NAV calculation on that valuation day. Requests received after this cut-off time shall be executed on the basis of the NAV calculated on the first valuation day following the valuation day in question.

### **Payment deadlines**

The subscription and redemption price shall be paid within 3 bank business days in Luxembourg of the date on which the applicable NAV has been calculated.

### **Fees and expenses relating to subscriptions, redemptions and conversions**

<b>Fees payable to the sub-fund</b>	<b>Class A</b>	<b>GBP Class</b>
<b>Subscription fee</b>	None	None
<b>Redemption fee</b>	None	None

<b>Fees payable to distributors</b>	<b>Class A</b>	<b>GBP Class</b>
<b>Subscription fee</b>	Max. 4% of the NAV applicable per share	Max. 4% of the NAV applicable per share
<b>Redemption fee</b>	None	None
Annual distribution fee (payable monthly)	Max. 0.40% of the average net assets of the sub-fund	Max. 0.40% of the average net assets of the sub-fund
<b>Conversion fee</b>	Max. 1% of the NAV applicable per share	Max. 1% of the NAV applicable per share

### Fees payable by the sub-fund

Fees payable to third parties	Class A	GBP Class
<b>Fees for brokerage transactions</b>	Actual fees + 0.30% of the total amount of the transaction for European equities, 0.40% for other equities, 0.05% of the total amount of the transaction for European bonds, 0.0375% for other bonds (payable to the Fund Manager).	
<b>Custodian</b>	maximum 0.060% per annum, payable and calculated quarterly on the basis of the average net assets of the sub-fund.	
<b>Administrative Agent</b>	EUR 4,000 per month, + EUR 350 per month per share class denominated in a currency other than the euro and which is the subject of currency hedging, payable monthly (excluding transaction fees).	
<b>Paying Agent</b>	EUR 500 per month, payable monthly.	
<b>Fund Manager</b>	<p>0.54% per annum, payable and calculated monthly on the basis of the average net assets of the sub-fund and increased by a performance fee of 10% of the outperformance of the sub-fund.</p> <p>Provided that the performance of the sub-fund since the beginning of the year is positive and exceeds the performance of the index described hereafter, a daily provision of 10% of the positive difference between the change in the NAV (based on the number of units outstanding at the calculation date) and the change in the index is established. In the event of underperformance in relation to this index, a daily amount corresponding to 10% of this underperformance is deducted from the provision established since the beginning of the year.</p> <p>The index serving as the basis for calculating the performance fee is the JP Morgan Global Government Bond Index calculated with coupons reinvested.</p> <p>This fee is deducted annually on the basis of the total net assets at the end of the year. If the performance of the sub-fund since the beginning of the year is zero or negative, even if it exceeds the performance of the index, no performance fee will be charged.</p>	

### **Total Expense Ratio (TER) - Year 2010**

Global Bond Class A: 2,34%

## Detailed section of the prospectus 5

### CARMIGNAC PORTFOLIO – Cash Plus

#### **Historical information**

This sub-fund was created on 14 December 2007.

#### **Investment policy and objectives**

The objective of the sub-fund is to outperform the Eonia, capitalised (EONCAPL7 Index), calculated with coupons reinvested, by 1.5% over a recommended investment period of 18 months.

The outperformance shall be sought by taking long and/or short positions on the fixed income, currency and commodity index markets via financial instruments (forward instruments or otherwise). Strategies involving the volatility of these markets may also be implemented.

The sub-fund does not track an index; the index described below is a performance indicator. The performance indicator is the Eonia (Euro Overnight Average). This index is the main money market benchmark for the eurozone. The Eonia is the average of the overnight interbank rates communicated to the European Central Bank by the contributing panel banks (57 banks) and weighted by the volume of transactions. It is calculated by the ECB on the basis of the exact number of days/360 days and published by the European Banking Federation.

The geographical investment universe of the sub-fund includes the emerging Asian, African, Latin American, Middle Eastern and Eastern European (including Russia) countries. The sub-fund also has the option of investing worldwide.

The typology of the different strategies used is divided as follows:

##### **Arbitrage strategy:**

The portfolio shall be composed by taking long and/or short positions on the fixed income, currency and commodity index markets via financial instruments (forward instruments or otherwise) and on the volatility of these products.

##### **Investment strategy:**

The investment strategy involves investing the portfolio primarily in privately-issued securities and securitisation vehicles via the instruments described below. The portfolio is therefore invested in French and foreign bonds and money market instruments.

This component of the portfolio shall account for between 0% and 100% of the net assets.

The sub-fund shall use debt securities and money market instruments, particularly bonds issued or guaranteed by a State belonging to the investment universe. For the purpose of portfolio diversification, the sub-fund may invest up to 10% of its assets in shares or units of coordinated or non-coordinated European UCITS or UCIs of any classification.

In order to achieve its investment objective, the sub-fund may use:

- derivative instruments (e.g. futures, options, swaps) traded on regulated, organised or over-the-counter markets for the purpose of hedging and/or generating exposure to interest rate, currency, volatility and commodity index risk;
- equity derivatives up to the limit of 10% of assets for the purpose of hedging and/or exposing the portfolio to the equity derivatives market;
- credit derivatives for the purpose of hedging and/or exposing the portfolio to the credit market;
  
- government securities linked to an index and/or including an option component;
- temporary purchases and sales of securities;

In order to optimise performance, the Fund Manager may use cash deposits up to the limit of 100% of the net assets.

## **Risk profile**

The risk profile of the sub-fund is to be considered over an investment horizon of more than 18 months.

The sub-fund's rating on the risk scale is available in the Key Investor Information Document.

Potential investors must be aware that the assets of the sub-fund are subject to the fluctuations of the international markets and to the risks inherent in investments in equities and other transferable securities in which the sub-fund invests.

As a result of the sub-fund's investment policy, the main risks incurred are:

- *Emerging markets risk*: the net asset value of the sub-fund may vary substantially as a result of its investments in the emerging markets where prices may fluctuate significantly and where operating conditions and supervision may deviate from the standards prevailing on the large international exchanges.

- *Interest rate risk*: Due to its composition, the Fund is subject to interest rate risk. Part of the portfolio may be invested in interest rate products. The value of the securities may decrease after a negative interest rate movement. In general, prices of debt securities increase when interest rates fall and decrease when interest rates rise.

- *Credit risk*: credit risk is the risk that the issuer may default. Should the quality of corporate bond issuers decline (for example if their rating with the financial rating agencies is downgraded), the value of the corporate bonds may drop.  
The net asset value of the Fund may decrease.

*Risks associated with forward financial instruments*: Financial instruments can be used to generate specific exposure or, conversely, they can be used to hedge exposure, with the risk in the latter case being the appropriateness of the hedge. Forward financial instruments traded over-the-counter expose contracting parties to counterparty risk.

- *Currency risk*: the sub-fund 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 portion of the portfolio exposed to currency risk shall not exceed 50% of the net assets.

*Liquidity risk*: the sub-fund is exposed to liquidity risk arising from the fact that the markets in which the sub-fund is invested may occasionally be affected by a temporary lack of liquidity. These market distortions may have an impact on the pricing conditions under which the sub-fund might be caused to liquidate, initiate or modify its positions.

- *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.

- *Counterparty risk*: the sub-fund is exposed to the risk of a counterparty defaulting on a payment.

Moreover, it should be noted that the management undertaken by the sub-fund is discretionary; it is based on anticipating the evolution of the various markets. This being the case, there is a risk that the sub-fund might not be invested in the best-performing markets at all times.

**Shareholders have no guarantee that they will get back the capital invested.**

**Shareholders must also be aware that investments in the emerging markets involve additional risks because of the political and economic situation in the emerging countries that may affect the value of the investments.**

### Investor profile

This sub-fund is intended for private and institutional investors wishing to diversify their investments while benefiting from market opportunities through reactive asset management over a recommended investment period of 18 months.

Units of this sub-fund have not been registered in accordance with the US Securities Act of 1933. They may therefore not be offered or sold, either directly or indirectly, in the United States or on behalf of or for the benefit of a US person, as defined in Regulation S.

The appropriate amount to invest in this sub-fund depends on the personal situation of the shareholder. To determine their level of investment, investors are invited to seek professional advice in order to diversify their investments and to determine the proportion of their financial portfolio or their assets to be invested in this sub-fund relative to, more specifically, the recommended investment period and exposure to the aforementioned risks, their personal assets, needs and objectives.

### Historical performance

The sub-fund's past performances are available in the Key Investor Information Document.

### Characteristics of the shares

Share class	Dividend policy	Form shares	ofBase currencies	Authorised subscribers	Minimum initial subscription	Minimum subsequent subscription	ISIN code
Class A	Accumulation	Registered/bearer*	EUR	All investors	1 share	1 share	LU0336084032
GBP Class	Accumulation	Registered/bearer*	GBP	All investors	1 share	1 share	LU 0553411090

(\*) For bearer shares, no physical shares shall be issued.

Two share classes, A and GBP, are offered to investors and differ according to their initial subscription period and base currency.

Shares in the GBP class are issued at the initial price of GBP 5000

### Net Asset Value (NAV)

Calculated daily in EUR or GBP respectively.

If the calculation day falls on a bank holiday or partial bank holiday in Paris, the NAV is calculated on the next full bank business day.

### Subscriptions, conversions, redemptions

Subscription, conversion and redemption requests received before 18:00 (CET/CEST) on the day before the valuation day by the Company or any other institution appointed by the Company, and sent to the central administration in Luxembourg before 13:00 (CET/CEST) on the valuation day, shall be executed, provided they are accepted, on the basis of the NAV calculation on that

valuation day. Requests received after this cut-off time shall be executed on the basis of the NAV calculated on the first valuation day following the valuation day in question.

### **Payment deadlines**

The subscription and redemption price shall be paid within 3 bank business days in Luxembourg of the date on which the applicable NAV has been calculated.

### **Fees and expenses relating to subscriptions, redemptions and conversions**

<b>Fees payable to the sub-fund</b>	<b>Class A</b>	<b>GBP Class</b>
<b>Subscription fee</b>	None	None
<b>Redemption fee</b>	None	None

<b>Fees payable to distributors</b>	<b>Class A</b>	<b>GBP Class</b>
<b>Subscription fee</b>	Max. 1% of the NAV applicable per share	Max. 1% of the NAV applicable per share
<b>Redemption fee</b>	None	None
Annual distribution fee (payable monthly)	Max. 0.30% of the average net assets of the sub-fund	Max. 0.30% of the average net assets of the sub-fund
<b>Conversion fee</b>	Max. 1% of the NAV applicable per share	Max. 1% of the NAV applicable per share

### **Fees payable by the sub-fund**

<b>Fees payable to third parties</b>	<b>Class A</b>	<b>GBP Class</b>
<b>Fees for brokerage transactions</b>	Actual fees + 0.30% of the total amount of the transaction for European equities, 0.40% for other equities, 0.05% of the total amount of the transaction for European bonds, 0.0375% for other bonds (payable to the Fund Manager).	
<b>Custodian</b>	maximum 0.060% per annum, payable and calculated quarterly on the basis of the average net assets of the sub-fund.	
<b>Administrative Agent</b>	EUR 4,000 per month, + EUR 350 per month per share class denominated in a currency other than the euro and which is the subject of currency hedging, payable monthly (excluding transaction fees).	
<b>Paying Agent</b>	EUR 500 per month, payable monthly.	

<p><b>Fund Manager</b></p>	<p>0.24% per annum, payable and calculated monthly on the basis of the average net assets of the sub-fund and increased by a performance fee of 20% of the outperformance of the portfolio compared with the performance indicator. Provided that the performance of the sub-fund since the beginning of the year is positive and exceeds the performance of the index described hereafter, a daily provision of 20% of the positive difference between the change in the NAV (based on the number of units outstanding at the calculation date) and the change in the index is established. In the event of underperformance in relation to this index, a daily amount corresponding to 20% of this underperformance is deducted from the provision established since the beginning of the year.</p> <p>The index serving as the basis for calculating the performance fee is the Eonia, capitalised (EONCAPL7 Index), calculated with coupons reinvested.</p> <p>This fee is deducted annually on the basis of the total net assets at the end of the year. If the performance of the sub-fund since the beginning of the year is zero or negative, even if it exceeds the performance of the index, no performance fee will be charged.</p>
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**Total Expense Ratio (TER) - Year 2010**

Cash Plus Class A: 1,15%

## Detailed section of the prospectus 6

### CARMIGNAC PORTFOLIO – Market Neutral

#### **Historical information**

This sub-fund was launched on 12 March 2009 following the merger between Carmignac Alternative Investments and Carmignac Portfolio.

#### **Investment policy and objectives**

The sub-fund aims to achieve capital growth regardless of market conditions via a portfolio that is only weakly correlated to the world equity market and which is less volatile than said market. In order to achieve its objective of absolute return, the sub-fund shall use the equity market neutral strategy in order to minimise systematic risk and net exposure to the equity market while relying on the management team's ability to select high-performing international stocks.

The sub-fund invests primarily in equities according to the opportunities presented by the different countries, sectors, market capitalisations and investment styles, and employs financial derivative instruments. The total value of such instruments may not exceed the total net assets of the sub-fund. Such derivative financial instruments may include futures, options, swaps and contracts for difference with equities, baskets of equities, exchange traded funds and stock market indices as their underlying instrument and traded on regulated or OTC markets.

The sub-fund aims to outperform the Eonia index, capitalised (EONCAPL7 Index), calculated with coupons reinvested.

The sub-fund's net exposure to equity market risk may vary between -30% and +30% of the net assets. Short positions are established using derivatives involving cash settlements.

The shares shall be selected on the basis of their fundamentals and represent quality companies with solid capital appreciation, high cashflow and reasonable valuations. The use of derivative financial instruments for the purpose of hedging will be concentrated on exposure to shares of low-quality companies with deteriorating fundamentals and exaggerated forecasts and to stock market indices providing meaningful protection in the event of a decline with regard to the geographical, sector and economic characteristics of the shares in which the net assets are invested.

In compliance with the principle of risk spreading and, temporarily, for defensive purposes in times of economic difficulty, the sub-fund may invest up to 100% of its net assets in transferable securities and money market instruments issued or guaranteed by a Member State of the EU, its regional public authorities, a Member State of the OECD or an international public body to which one or more EU Member States belong, provided that the securities held by the sub-fund come from at least six different issues and that the securities from one issue do not exceed 30% of the total amount of the net assets of the sub-fund.

This sub-fund may acquire units of other undertakings for collective investment in transferable securities (UCITS) and/or open-ended undertakings for collective investment (UCIs) provided that no more than 10% of its net assets is invested in the units of these UCITS and/or UCIs.

#### **Risk profile**

The risk profile of the sub-fund is to be considered over an investment horizon of more than 2 years.

The sub-fund's rating on the risk scale is available in the Key Investor Information Document.

Potential investors must be aware that the assets of the sub-fund are subject to the fluctuations of the international markets and to the risks inherent in investments in transferable securities and other assets in which the sub-fund invests.

As a result of the sub-fund's investment policy, the main risks incurred are:

- *Equity risk:* equity price fluctuations could have a positive or negative impact on the net asset value of the sub-fund. Market risk is the risk of a general fall in equity prices. The sub-fund may be exposed to equity risk. The Fund Manager shall, however, ensure that the risk linked to the equity markets is sufficiently hedged.
- *Currency risk:* the sub-fund 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.
- *Liquidity risk:* the sub-fund is exposed to liquidity risk arising from the fact that the markets in which the sub-fund is invested may occasionally be affected by a temporary lack of liquidity. These market distortions may have an impact on the pricing conditions under which the sub-fund might be caused to liquidate, initiate or modify its positions.
- *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.
- *Discretionary risk:* given its discretionary management strategy, there is a risk that the Fund might not be invested in the best-performing markets at all times.
- *Credit risk:* credit risk is the risk that the issuer may default. Should the quality of corporate bond issuers decline (for example if their rating with the financial rating agencies is downgraded), the value of the corporate bonds may drop. The net asset value of the Fund may decrease.
- *Counterparty risk:* the sub-fund is exposed to the risk of a counterparty defaulting on a payment.

Moreover, it should be noted that the management undertaken by the sub-fund is discretionary; it is based on anticipating the evolution of the various markets. This being the case, there is a risk that the sub-fund might not be invested in the best-performing markets at all times.

**Shareholders have no guarantee that they will get back the capital invested.**

### **Investor profile**

This sub-fund is intended for all investors, be they natural persons or legal entities, seeking to diversify their portfolio by investing in a product that targets the equity markets and provides protection against the risk inherent in these markets. The recommended investment horizon is more than 2 years.

Units of this sub-fund have not been registered in accordance with the US Securities Act of 1933. They may therefore not be offered or sold, either directly or indirectly, in the United States or on behalf of or for the benefit of a US person, as defined in Regulation S.

The appropriate amount to invest in this sub-fund depends on the personal situation of the shareholder. To determine this amount, investors' personal wealth, their cash requirements now and 2 years from now as well as their degree of risk aversion must all be taken into account. It is recommended that the shareholder seek the advice of a professional in order to diversify his

investments and to decide on the proportion of his financial portfolio or wealth that should be invested in this sub-fund. It is also recommended that investments be sufficiently diversified so as to avoid exposure exclusively to the risks of this sub-fund.

### **Historical performance**

The sub-fund's past performances are available in the Key Investor Information Document.

### **Characteristics of the shares**

Share class	Dividend policy	Form of shares	Base currencies	Authorised subscribers	Minimum initial subscription	Minimum subsequent subscription	ISIN code
Class A	Accumulation	Registered/bearer*	EUR	All investors	1 share	1 share	LU0413372060
GBP Class	Accumulation	Registered/bearer*	GBP	All investors	1 share	1 share	LU 0553414516

(\*) For bearer shares, no physical shares shall be issued.

Two share classes, A and GBP, are offered to investors and differ according to their initial subscription period and base currency.

Shares in the GBP class are issued at the initial price of GBP 100

### **Net Asset Value (NAV)**

Calculated daily in EUR or GBP respectively.

If the calculation day falls on a bank holiday or partial bank holiday in Paris, the NAV is calculated on the next full bank business day.

### **Subscriptions, conversions, redemptions**

Subscription, conversion and redemption requests received before 18:00 (CET/CEST) on the day before the valuation day by the Company or any other institution appointed by the Company, and sent to the central administration in Luxembourg before 13:00 (CET/CEST) on the valuation day, shall be executed, provided they are accepted, on the basis of the NAV calculation on that valuation day. Requests received after this cut-off time shall be executed on the basis of the NAV calculated on the first valuation day following the valuation day in question.

### **Payment deadlines**

The subscription and redemption price shall be paid within 3 bank business days in Luxembourg of the date on which the applicable NAV has been calculated.

### **Fees and expenses relating to subscriptions, redemptions and conversions**

Fees payable to the sub-fund	Class A	GBP Class
Subscription fee	None	None
Redemption fee	None	None

<b>Fees payable to distributors</b>	<b>Class A</b>	<b>GBP Class</b>
<b>Subscription fee</b>	Max. 4% of the NAV applicable per share	Max. 4% of the NAV applicable per share
<b>Redemption fee</b>	None	None
Annual distribution fee (payable monthly)	Max. 0.60% of the average net assets of the sub-fund	Max. 0.60% of the average net assets of the sub-fund
<b>Conversion fee</b>	Max. 1% of the NAV applicable per share	Max. 1% of the NAV applicable per share

### **Fees payable by the sub-fund**

<b>Fees payable to third parties</b>	<b>Class A</b>	<b>GBP Class</b>
<b>Custodian</b>	maximum 0.060% per annum, payable and calculated quarterly on the basis of the average net assets of the sub-fund.	
<b>Administrative Agent</b>	EUR 4,000 per month, + EUR 350 per month per share class denominated in a currency other than the euro and which is the subject of currency hedging, payable monthly (excluding transaction fees).	
<b>Paying Agent</b>	EUR 500 per month, payable monthly.	
<b>Fund Manager</b>	<p>0.84% per annum, payable and calculated monthly on the basis of the average net assets of the sub-fund and increased by a performance fee of 10% of the outperformance of the portfolio compared with the performance indicator. Provided that the performance of the sub-fund since the beginning of the year is positive and exceeds the performance of the index described hereafter, a daily provision of 10% of the positive difference between the change in the NAV (based on the number of units outstanding at the calculation date) and the change in the index is established. In the event of underperformance in relation to this index, a daily amount corresponding to 10% of this underperformance is deducted from the provision established since the beginning of the year.</p> <p>The index serving as the basis for calculating the performance fee is the Eonia, capitalised (EONCAPL7 Index), calculated with coupons reinvested.</p> <p>This fee is deducted annually on the basis of the total net assets at the end of the year. If the performance of the sub-fund since the beginning of the year is zero or negative, even if it exceeds the performance of the index, no performance fee will be charged.</p>	

### **Total Expense Ratio (TER) - Year 2010**

Market Neutral Class A: 2,68%

## Detailed section of the prospectus 7

### CARMIGNAC PORTFOLIO – Emerging Patrimoine

#### Historical information

This sub-fund was created on 31 Mar 2011.

#### Investment policy and objectives

This Sub-fund invests mainly in international equities and bonds of emerging countries.

The objective of the Sub-fund is to outperform its performance indicator, composed of 50% Morgan Stanley Emerging Market USD (MSEUEGF Index), expressed in EUR and calculated ex-dividends, and 50% JP Morgan GBI - Emerging Markets Global Diversified Composite Unhedged EUR Index (JGENVUEG Index), calculated with coupons reinvested, over a recommended minimum investment period of five years. The performance indicator is rebalanced annually.

The Sub-fund is constructed on the basis of a reactive management strategy which evolves according to market trends and is based on specific strategic asset allocation.

Within an international investment universe, the Sub-fund offers active management on the international equity, fixed income, credit and currency markets. The Fund's performance shall depend on the performance of the markets in relation to each other.

Up to 50% of the net assets of the portfolio shall be invested in equities and other securities giving or capable of giving, directly or indirectly, access to capital or voting rights.

Stock selection is completely discretionary and is based on the management team's expectations. The portfolio shall be actively exposed to emerging markets through investments in companies offering mid to long-term return prospects and growth potential selected on the basis of their company fundamentals (in particular, market position, the quality of their financial structure, future prospects, etc.) together with adjustments linked to its reference market. Geographic or sectoral exposure shall result from stock selection.

Furthermore, between 50% and 100% of the assets of the sub-fund shall be invested in fixed or variable rate bonds, transferable debt securities or treasury bills.

The average rating of the bonds held directly by the Fund or through investment in UCITS shall be at least investment grade (i.e. rated at least BBB-/Baa3 by the rating agencies Standard & Poor's and Moody's).

For the bond component, the management team establishes strategic positions and uses arbitrage on all international fixed income and currency markets, mainly in emerging countries.

Six major sources of added value are used to seek outperformance:

- the overall modified duration of the portfolio, with modified duration defined as the change in portfolio capital (as %) for a change in interest rates of 100 basis points (as %). The portfolio's modified duration to interest rates may fluctuate between -4 and +10.
- the allocation of modified duration between the different bond markets;
- the allocation of modified duration between the different segments of the yield curve;
- credit allocation on corporate bonds and emerging market debt;
- stock selection;
- currency allocation;

The Sub-fund may invest in inflation-indexed bonds.

The Sub-fund may invest up to 10% of its assets in units of undertakings for collective investment in transferable securities (UCITS) and/or undertakings for collective investment (UCIs).

The Sub-fund may invest in futures and options traded on regulated or over-the-counter international markets (eurozone and outside the eurozone and the emerging markets). In this context, the Sub-fund

may take positions to hedge and/or expose the portfolio to industrial sectors, geographical zones, interest rates, equities, securities and similar transferable securities or indices in order to achieve the investment objective. It may also take positions in the portfolio with a view to hedging it against and/or exposing it to currency risk. Such transactions will be carried out provided that they do not exceed 100% of the Sub-fund's assets on these markets and in order to achieve the Fund's investment objective. The Fund Manager may conclude futures and options on equities, indices, interest rates and currencies. As UCITS only have daily liquidity, the Fund Manager may only resell them to protect the Sub-fund on the same evening or on the following day. However, the equity and index futures market shall enable the Fund Manager to at least partially protect the Sub-fund from a sharp and sudden decline in the markets throughout the day. The Sub-fund may invest in securities with embedded derivatives (simple convertibles, indexed convertibles, equity notes, etc.). Securities with embedded derivatives are used exclusively for investment purposes as a substitute for the equities underlying such securities.

In order to achieve the investment objective, the Sub-fund may invest in financial instruments such as credit default swaps (CDS) and use call and put options on currencies.

### **Use of specific hedging transactions and derivative products**

In order to achieve its investment objectives, the Sub-fund may invest in derivative products which are traded on regulated or over-the-counter markets and have equities or equity indices, credit, currencies, interest rates or inflation rates as their underlying instrument. It may in particular take part in the credit derivatives market by concluding, for example, credit default swaps in order to sell or purchase protection. By derivative products we mean swaps, credit default swaps, total return swaps, asset swaps, forward contracts and/or options. The Sub-fund may also conclude hedging transactions via forward contracts and/or options from time to time. It is not, however, under any obligation to do so.

A credit default swap (CDS) is a bilateral financial contract whereby a counterparty (the protection buyer) pays a periodic fee in exchange for a payoff from the protection seller in the event that a credit event affecting the reference issuer should arise. The protection buyer acquires the right to either sell a particular bond or bonds of the reference issuer at par value or to receive the difference between the par value and the market price of said reference bond or bonds (or any other previously determined reference value or strike price) in the event that a credit event should arise. A credit event includes bankruptcy, insolvency, judicial settlement, significant debt restructuring or the inability to honour a payment obligation on the stipulated date. The International Swaps and Derivatives Association (ISDA) has established standardised documentation entitled the "ISDA Master Agreement" relating to such derivative contracts. The Sub-fund may use credit derivative products for the purpose of hedging the specific risk of certain issuers held in the portfolio by purchasing protection. Furthermore, if it is in the Sub-fund's own best interests, it may purchase protection via credit derivatives without holding the underlying assets. Provided that it is acting in its own best interests, the Sub-fund may also sell protection via credit derivatives in order to acquire specific credit exposure. The Sub-fund may only take part in OTC credit derivative transactions if the counterparty is a first-class financial institution specialised in this type of transaction and, if this is the case, provided that the transaction complies with the standards laid down by the ISDA Master Agreement.

### **Risk profile**

The risk profile of the Sub-fund is to be considered over an investment horizon of more than 5 years.

The sub-fund's rating on the risk scale is available in the Key Investor Information Document.

Potential investors must be aware that the assets of the Sub-fund are subject to the fluctuations of the international markets and to the risks inherent in investments in transferable securities in which the Sub-fund invests.

As a result of the Sub-fund's investment policy, the main risks incurred are:

- *Emerging markets risk:* the net asset value of the Sub-fund may vary substantially as a result of investing primarily in equities and bonds of emerging markets where prices may fluctuate significantly and where operating conditions and supervision may deviate from the standards prevailing on the large international exchanges.
- *Equity risk:* Due to its composition, the Sub-fund is subject to equity risk. The net asset value of the Fund may decrease in the event of an equity market downturn.
- *Interest rate risk:* Due to its composition, the Sub-fund is subject to interest rate risk. Part of the portfolio may be invested in interest rate products. The value of the securities may decrease after a negative interest rate movement. In general, prices of debt securities increase when interest rates fall and decrease when interest rates rise.
- *Currency risk:* The Sub-fund 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.
- *Credit risk:* Credit risk is the risk that the issuer may default. Should the quality of corporate bond issuers decline (for example if their rating with the financial rating agencies is downgraded), the value of the corporate bonds may drop. The net asset value of the Fund may decrease. The Sub-fund may invest in bonds with a rating below investment grade. The average rating of the bonds held directly by the Fund or through investment in UCITS shall be at least investment grade (i.e. rated at least BBB-/Baa3 by the rating agencies Standard & Poor's and Moody's). Furthermore, a more specific credit risk linked to the use of credit derivatives, such as credit default swaps, exists.

The table below shows the situations in which the use of credit default swaps presents a risk:

Holding the underlying of the CDS	Aim of the Fund Manager's use of CDS	Existence of credit risk
Yes	Sell protection	Yes, in the event of the downgrading of the issuer of the underlying security
Yes	Purchase protection	No
No	Sell protection	Yes, in the event of the downgrading of the issuer of the underlying security
No	Purchase protection	Yes, in the event of the upgrading of the issuer of the underlying security

This credit risk is controlled by a qualitative analysis carried out by the team of credit analysts on the evaluation of companies' solvency.

- *Liquidity risk:* the Sub-fund is exposed to liquidity risk arising from the fact that the markets in which the Sub-fund is invested may occasionally be affected by a temporary lack of liquidity. These market distortions may have an impact on the pricing conditions under which the Sub-fund might be caused to liquidate, initiate or modify its positions.
- *Counterparty risk:* the Sub-fund is exposed to the risk of a counterparty defaulting on a payment.

- *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.
- *Discretionary risk:* given its discretionary management strategy, there is a risk that the Fund might not be invested in the best-performing markets at all times.
- *Risks linked to derivatives:* The Sub-fund may include exchange-traded derivatives (including futures and options) and OTC derivatives (including options, futures products, interest rate swaps and credit derivatives) in its investment policy for the purpose of investment and/or hedging. These are volatile instruments generating certain specific risks and exposing investors to the risk of loss. Leverage is provided by the low initial margin deposits that are usually requested when taking a position in such instruments. As a result, a relatively small change in the price of a contract could give rise to significant gains or losses compared to the initial margin actually invested. This could lead to unlimited additional losses in excess of the margin deposited. Furthermore, when used for the purpose of hedging, these instruments and the investments or market sectors being hedged could prove uncorrelated. Transactions in over-the-counter derivatives, such as credit derivatives, may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

Moreover, it should be noted that the management undertaken by the Sub-fund is discretionary; it is based on anticipating the evolution of the various markets. This being the case, there is a risk that the Sub-fund might not be invested in the best-performing markets at all times.

**Shareholders have no guarantee that they will get back the capital invested.**

**Shareholders must also be aware that investments in the emerging markets involve additional risks because of the political and economic situation in the emerging countries that may affect the value of the investments.**

### **Investor profile**

This Sub-fund is intended for private and institutional investors wishing to diversify their investments while benefiting from market opportunities through reactive asset management over a recommended investment period of 5 years.

Units of this sub-fund have not been registered in accordance with the US Securities Act of 1933. They may therefore not be offered or sold, either directly or indirectly, in the United States or on behalf of or for the benefit of a US person, as defined in Regulation S.

The appropriate amount to invest in this Sub-fund depends on the personal situation of the shareholder. To determine their level of investment, investors are invited to seek professional advice in order to diversify their investments and to determine the proportion of their financial portfolio or their assets to be invested in this Sub-fund relative to, more specifically, the recommended investment period and exposure to the aforementioned risks, their personal assets, needs and objectives.

### **Historical performance**

No historical performance data will be available for this Sub-fund during the first year following its launch. When it is available, the historical performance of this Sub-fund will appear in the Key Investor Information Document.

## Characteristics of the shares

Share class	Dividend policy	Form of shares	Base currencies	Authorised subscribers	Minimum initial subscription	Minimum subsequent subscription	ISIN code
Class A	Accumulation	Registered/ bearer*	EUR	All investors	1 share	1 share	LU0592698954
Class E	Accumulation	Registered/ bearer*	EUR	All investors	1 share	1 share	LU0592699093
GBP Class	Accumulation	Registered/ bearer*	GBP	All investors	1 share	1 share	LU0592699176
USD Class	Accumulation	Registered/ bearer*	USD	All investors	1 share	1 share	LU0592699259

(\*) For bearer shares, no physical shares shall be issued.

Four share classes, A, E, GBP and USD, are offered to investors and differ according to their base currency.

Shares in the A class are issued at the initial price of EUR 100.

Shares in the E class are issued at the initial price of EUR 100.

Shares in the GBP class are issued at the initial price of GBP 100

Shares in the USD class are issued at the initial price of USD 100

## Net Asset Value (NAV)

Calculated daily in EUR, GBP and USD

First Net Asset Value date: 31 March 2011

If the calculation day falls on a bank holiday or partial bank holiday in Paris, the NAV is calculated on the next full bank business day.

## Subscriptions, conversions, redemptions

Subscription, conversion and redemption requests received before 18:00 (CET/CEST) on the day before the valuation day by the Company or any other institution appointed by the Company, and sent to the central administration in Luxembourg before 13:00 (CET/CEST) on the valuation day, shall be executed, provided they are accepted, on the basis of the NAV calculation on that valuation day. Requests received after this cut-off time shall be executed on the basis of the NAV calculated on the first valuation day following the valuation day in question.

## Payment deadlines

The subscription and redemption price shall be paid within 3 bank business days in Luxembourg of the date on which the applicable NAV has been calculated.

### Fees and expenses relating to subscriptions, redemptions and conversions

Fees payable to the Sub-fund	Class A	Class E	GBP Class	USD Class
Subscription fee	None	None	None	None
Redemption fee	None	None	None	None
Conversion fee	None	None	None	None

Fees payable to distributors	Class A	Class E	GBP Class	USD Class
Subscription fee	Max. 4% of the NAV applicable per share	Max. 0% of the NAV applicable per share	Max. 4% of the NAV applicable per share	Max. 4% of the NAV applicable per share
Redemption fee	None	None	None	None
Annual distribution fee (payable monthly)	Max. 0.60% of the average net assets of the Sub-fund	Max. 1.35% of the average net assets of the Sub-fund	Max. 0.60% of the average net assets of the Sub-fund	Max. 0.60% of the average net assets of the Sub-fund
Conversion fee	Max. 1% of the NAV applicable per share	None	Max. 1% of the NAV applicable per share	Max. 1% of the NAV applicable per share

### Fees payable by the Sub-fund

Fees payable to third parties	Class A	Class E	GBP Class	USD Class
<b>Fees for brokerage transactions</b>	Actual fees + 0.30% of the total amount of the transaction for European equities, 0.40% for other equities, 0.05% of the total amount of the transaction for European bonds, 0.0375% for other bonds (payable to the Fund Manager).			
<b>Custodian</b>	maximum 0.060% per annum, payable and calculated quarterly on the basis of the average net assets of the Sub-fund.			
<b>Administrative Agent</b>	EUR 4,000 per month, + EUR +350 per month per share class denominated in a currency other than the euro and which is the subject of currency hedging, payable monthly (excluding transaction fees).			
<b>Paying Agent</b>	EUR 500 per month, payable monthly.			
<b>Fund Manager</b>	0.84% per annum, payable and calculated monthly on the basis of the average net assets of the Sub-fund and increased by a performance fee of 15% of the outperformance of the Sub-fund. Provided that the performance of the Sub-fund since the beginning of the year is positive and exceeds the performance of the index described hereafter, a daily provision of 15% of the positive difference between the			

	<p>change in the NAV (based on the number of units outstanding at the calculation date) and the change in the index is established. In the event of underperformance in relation to this index, a daily amount corresponding to 15% of this underperformance is deducted from the provision established since the beginning of the year.</p> <p>The index serving as the basis for calculating the performance fee is composed 50% of the Morgan Stanley Pays Emergents international index (ex-dividends) and 50% of the JP Morgan GBI - Emerging Markets Global Diversified bond index (calculated with coupons reinvested).</p> <p>This fee is deducted annually on the basis of the total net assets at the end of the year. If the performance of the sub-fund since the beginning of the year is zero or negative, even if it exceeds the performance of the index, no performance fee will be charged.</p>
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**Total Expense Ratio (TER) - Year 2010**

No TER will be available for this Sub-fund during the first year following its launch.

## CARMIGNAC PORTFOLIO SICAV

SICAV (established in accordance with the law of 17 December 2010)  
Registered office: 5, Allée Scheffer, L-2520 Luxembourg  
Luxembourg Trade and Companies Register no. B 70 409

### SUBSCRIPTION FORM

I the undersigned

Surname : \_\_\_\_\_  
First name : \_\_\_\_\_  
Address : \_\_\_\_\_

after having received and read the prospectus, wish to subscribe:

Class (\*):             registered                       bearer

- to CARMIGNAC PORTFOLIO – Grande Europe – A shares
- to CARMIGNAC PORTFOLIO – Grande Europe – E shares
- to CARMIGNAC PORTFOLIO – Grande Europe – GBP shares
- to CARMIGNAC PORTFOLIO – Commodities – A shares
- to CARMIGNAC PORTFOLIO – Commodities – GBP shares
- to CARMIGNAC PORTFOLIO – Commodities – E shares
- to CARMIGNAC PORTFOLIO – Emerging Discovery – A shares
- to CARMIGNAC PORTFOLIO – Emerging Discovery – GBP shares
- to CARMIGNAC PORTFOLIO – Global Bond – A shares
- to CARMIGNAC PORTFOLIO – Global Bond – GBP shares
- to CARMIGNAC PORTFOLIO – Cash Plus – A shares
- to CARMIGNAC PORTFOLIO – Cash Plus – GBP shares
- to CARMIGNAC PORTFOLIO – Market Neutral – A shares
- to CARMIGNAC PORTFOLIO – Market Neutral – GBP shares
- to CARMIGNAC PORTFOLIO – Emerging Patrimoine – A shares
- to CARMIGNAC PORTFOLIO – Emerging Patrimoine – E shares
- to CARMIGNAC PORTFOLIO – Emerging Patrimoine – GBP shares

to CARMIGNAC PORTFOLIO – Emerging Patrimoine – USD shares

This subscription shall be settled as follows:

0 by transfer to account no. .... with CACEIS Bank Luxembourg

Done in duplicate in ....., on .....

Signature (followed by the written note "Read and approved")

(\*) please tick the appropriate box