

CARMIGNAC SÉCURITÉ

Coordinated French mutual fund (FCP)

Prospectus

January 2012

DETAILED MEMORANDUM

1. GENERAL CHARACTERISTICS

1.1 STRUCTURE OF THE FUND

- **Name**

CARMIGNAC SÉCURITÉ

- **Legal form and Member State in which the Fund was established**

French mutual fund (*Fonds Commun de Placement – FCP*) established in France in compliance with European standards (Directive 85/611/EEC, amended by Directive 2001/107/EC).

- **Creation date and intended lifetime**

The Fund was approved by the *Commission des Opérations de Bourse (COB)*, the French Stock Exchange Commission, on 12 January 1989. It was launched on 26 January 1989 for a period of 99 years (ninety nine years).

- **Fund overview**

Initial net asset value	Sub-funds	ISIN code	Dividend policy	Base currency	Target subscribers	Minimum subscription amount	Minimum subsequent subscription
EUR 762.25	No	FR0010149120	Accumulation	Euro	All investors	1 unit	0.100 unit

- **Address at which the latest annual and semi-annual reports can be obtained**

The latest annual and semi-annual reports shall be sent to unitholders within one week upon written request to:

CARMIGNAC GESTION, 24, place Vendôme, 75001
PARIS

The prospectus is available on the website: www.carmignac.com

Contact: Communications department
Tel: 33 (0)1.42.86.53.35
Fax: 33 (0)1.42.86.52.10

The AMF website (www.amf-France.org) contains additional information on the list of regulatory documents and all the provisions relating to investor protection.

1.2 DIRECTORY

- **Management company**

Carmignac Gestion, a *société anonyme* (public limited company), 24 place Vendôme, 75001 Paris, approved by the COB on 13 March 1997 under number GP 97-08.

- **Custodian**

CACEIS Bank, a *société anonyme* (public limited company) with a Board of Directors. A credit institution approved by the CECEI, 1-3 Place Valhubert, 75206 Paris Cedex 13

- **Centralisation of subscription and redemption requests**

CACEIS Bank, a *société anonyme* (public limited company) with a Board of Directors. A credit institution approved by the CECEI, 1-3 Place Valhubert, 75206 Paris Cedex 13

- **Institutions responsible for ensuring compliance with the centralisation cut-off time**

CACEIS Bank, 1-3 Place Valhubert, 75013 Paris and CARMIGNAC GESTION, société anonyme, 24 place Vendôme, 75001 PARIS

- **Registrar**

CACEIS Bank, a *société anonyme* (public limited company) with a Board of Directors. A credit institution approved by the CECEI, 1-3 Place Valhubert, 75013 Paris.

- **Statutory auditors**

Cabinet Patrice VIZZAVONA, 64, boulevard Maurice Barrès, 92200 Neuilly sur Seine
Authorised signatory: Mr Patrice VIZZAVONA

KPMG AUDIT, 1 Cours Valmy, 92923 PARIS La Défense Cedex

- **Promoter(s)**

Carmignac Gestion, *société anonyme* (public limited company), 24 place Vendôme, 75001 Paris

- **Accounting delegated to:**

CACEIS Fastnet, a credit institution approved by the CECEI, 1-3 Place Valhubert, 75013 Paris

2. MANAGEMENT AND ADMINISTRATION PROCEDURES

2.1 GENERAL CHARACTERISTICS

- **Characteristics of the units and shares**

ISIN code: FR0010149120

Each unitholder has a co-ownership right in and to the assets of the Fund proportional to the number of units they hold.

CACEIS Bank assumes the role of custodian. The administration of units is carried out by Euroclear France.

Specific characteristics of an FCP: no voting rights are attributed to the ownership of units; all decisions are taken by the Management Company.

Unitholders may subscribe and redeem thousandths of units.

Units are issued in bearer form.

- **Year-end**

The accounting year ends on the date of the last net asset value of the month of December.

- **Applicable tax regime**

Investors are reminded that the information that follows only constitutes a general overview of the French tax regime applicable to investments in a French accumulation fund according to current French legislation. Investors are therefore advised to assess their personal situation with their usual tax advisor.

At Fund level

Due to their co-ownership structure, FCPs are not subject to corporation tax in France; they therefore enjoy a certain level of transparency. Therefore, income received and earned by the Fund in the course of its investment activities is not taxable at this level.

Abroad (in the investment countries of the Fund), gains realised on the sale of foreign transferable securities and foreign income received by the Fund in connection with its investment activities may in some cases be taxable (generally in the form of withholding tax). Foreign taxes may, in limited cases, be reduced or waived if any tax treaties apply.

At unitholder level:

- Unitholders resident in France

Gains or losses realised by the FCP, income distributed by the FCP as well as gains or losses recorded by the unitholder are subject to the applicable tax regime.

- Unitholders resident outside France

Subject to tax treaties, taxes imposed in article 150-0 A of the *Code Général des Impôts* (CGI), the French General Tax Code, do not apply to gains realised at the time of the redemption or sale of units of the Fund by persons who are not resident in France for tax purposes within the meaning of article 4 B of the CGI, or whose registered office is located outside France, provided that these persons have not directly or indirectly held more than 25% of the units at any time in the five years prior to the redemption or sale of their units (CGI, article 244a C).

Unitholders resident outside France shall be subject to the provisions of the tax legislation in force in their countries of residence.

2.2 SPECIFIC PROVISIONS

2.2.1 Classification

Bonds and other debt securities denominated in euro

2.2.2 Investment objective

The Fund's objective is to outperform its performance indicator, the Euro MTS 1-3 year Index, with reduced volatility.

2.2.3 Performance indicator

The Fund's performance indicator is the Euro MTS 1-3 Year index calculated with coupons reinvested.

This index replicates the performance of the 1-3 year government bond market denominated in euro, dividends reinvested (Bloomberg code: EMTXART index). It includes prices provided by more than 250 members of the market. These securities include bonds from Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Portugal and Spain as well as semi-government bonds.

This index does not strictly define the investment universe but allows investors to assess the risk profile that they can expect when investing in the Fund.

2.2.4 Investment strategy

Strategies used

The investment strategy aims to outperform the performance indicator, the Euro MTS 1-3 index, which comprises government bonds:

- by exposing the portfolio to the fixed income markets through investments in bonds issued by issuers deemed "investment grade" by the rating agencies Standard and Poor's and Moody's and, where applicable, by investing up to 10% of its net assets in junk bonds; and
- by varying the overall modified duration of the portfolio according to the manager's expectations.

The investment strategy is based largely on the manager's analysis of the yield spread between different maturities (yield curve), between different countries and between the different ratings of bonds offered by corporate and public issuers. The choice of issuing countries is the result of macroeconomic analysis carried out by the manager. The choice of corporate bonds is made on the basis of financial and sectoral analysis carried out by the whole investment team. The choice in relation to maturities is made on the basis of the manager's expectations on inflation and the Central Banks' willingness to implement their monetary policies.

The selection criteria for bonds is therefore based on the issuing company's fundamentals and the evaluation of quantitative factors such as the yield premium they offer compared to government bonds.

The products acquired by the Fund are denominated mainly in euro. The portfolio's level of modified duration shall be between -3 and 4.

- Description of the asset classes

Equities

None

Debt securities and money market instruments

The portfolio is invested predominantly in eurozone, and to a lesser extent international, fixed rate bonds, money market instruments, floating rate bonds and inflation-linked bonds.

As the Fund is managed on a discretionary basis, no asset allocation constraints shall apply.

The weighted 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). However, the manager reserves the right to invest up to 10% of the net assets in bonds whose rating is below investment grade.

There are no restrictions in terms of duration, modified duration or allocation between chosen corporate and public issues provided the overall modified duration of the portfolio does not exceed 4.

UCITS, investment funds, trackers or Exchange Traded Funds (ETF)

The Fund may invest up to 10% of its net assets in UCITS.

The Fund may invest in UCITS managed by Carmignac Gestion. The manager retains the option of investing in money market funds.

The Fund shall invest in the following assets subject to the regulatory limits:

- French or foreign funds that comply with the European Directive (coordinated);
- where applicable, French funds that do not comply with the European Directive and are classified by the *Autorité des Marchés Financiers* (AMF), the French Financial Markets Authority, as a bond or money market fund.

The FCP may use trackers, listed index funds and exchange traded funds on a limited basis.

Derivatives

The manager may invest in futures and options traded on eurozone regulated or over-the-counter markets.

In this context, the manager may take positions to increase or reduce the modified duration of the portfolio depending on his expectations in order to achieve the investment objective and to the extent that these transactions do not result in the modified duration limits provided being exceeded.

The portfolio shall be hedged against interest rate risk through the purchase or sale of options and/or futures listed on regulated European markets; commitments in respect of such hedges may not exceed 100% of the value of the FCP's assets.

The use of futures and options allows the manager to enter the markets quickly in order to hedge the portfolio's exposure to interest rate or yield curve risk, while taking into account the level of volatility.

The manager may use credit derivatives in order to hedge the Fund against or expose it to credit risk through the use of index credit derivatives and single and multiple-issuer credit derivatives. Transactions carried out on the credit derivatives market are complex derivative transactions; such transactions are therefore limited to 10% of the net assets.

Securities with embedded derivatives

From time to time, the manager may invest in securities with embedded derivatives (warrants, credit-linked notes EMTN, equity warrants) traded on eurozone regulated or over-the-counter markets in order to achieve the investment objective. In all cases, the amounts invested in securities with embedded derivatives may not exceed 10% of the net assets.

Deposits and cash

The FCP may use deposits in order to optimise its cash management and to manage the various subscription or redemption settlement dates of the underlying UCITS. Up to 20% of its assets may be invested in deposits with the same credit institution. This type of operation shall be carried out on an exceptional basis.

The FCP may hold cash on an ancillary basis, in particular in order to meet its redemption obligations in relation to investors. Cash lending is prohibited.

Cash borrowings

The FCP may borrow cash on a limited basis in order to optimise its cash management and to manage the various subscription or redemption settlement dates of the underlying UCITS. These transactions shall be carried out within the regulatory limits.

Temporary purchase and sale of securities

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

Any temporary purchases or sales of securities shall be carried out under market conditions. Additional information can be found under the heading "Fees and expenses".

2.2.5 Risk profile

Your money shall be invested in financial instruments and, where applicable, UCITS selected by the Management Company. These financial instruments and UCITS shall be subject to the evolution and fluctuations of the market.

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

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

Interest rate risk: the portfolio's level of modified duration shall be between -3 and 4. Interest rate risk results in a decline in the net asset value in the event of a rise in interest rates. When the modified duration of the portfolio is positive, a rise in interest rates may lead to a reduction in the value of the portfolio. When the modified duration of the portfolio is negative, a fall in interest rates may lead to a reduction in the value of the portfolio.

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

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

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

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

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

Currency risk: currency risk is linked to exposure to a currency other than the Fund's valuation currency. On an ancillary basis, the Fund is directly or indirectly exposed to currency risk via its investments and use of forward financial instruments.

2.2.6 Target investors

Units of this 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.

Aside from this exception, the FCP is open to all investors.

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

The recommended investment period is 2 years.

The appropriate amount to invest in this fund depends on the personal situation of the investor. To determine this amount, the investor's assets, current and future financial requirements and degree of risk aversion must all be taken into account. Investors are also advised to sufficiently diversify their investments to avoid being exposed to the risks of this Fund only.

2.2.7 Allocation of income

Accumulation fund: Dividends are recorded on an accruals basis.

2.2.8 Characteristics of the units

The units are denominated in euro. Thousandths of units may be issued.

2.2.9 Frequency of distributions

No dividends are distributed for an accumulation FCP.

2.2.10 Subscription and redemption procedures

Date and frequency of the net asset value

- Daily.
- The calendar used to determine the days on which the net asset value is published is the legal calendar of public holidays within the meaning of article L0.3133-1 of the *Code de Travail*, the French Labour Code.

Terms and conditions of subscriptions and redemptions:

Subscription and redemption requests are centralised on each NAV calculation and publication day (D) before 18:00, and are executed on the next business day on the basis of the net asset value calculated using the closing price of D and published on D+1.

Subscription and redemption requests received by Carmignac Gestion before 18:00 are precentralised by Carmignac Gestion and executed under the same conditions as above.

Subscriptions and redemptions resulting from a request transmitted after the cut-off time mentioned in the prospectus (late trading) are prohibited. Subscription and redemption requests received after 18:00 shall be treated as if they were received on the following NAV calculation and publication day.

Institutions responsible for ensuring compliance with the centralisation cut-off time indicated in the paragraph above:

CACEIS Bank, 1-3 place Valhubert, 75013 Paris and CARMIGNAC GESTION, 24 place Vendôme, 75001 Paris.

Investors are reminded that requests transmitted to promoters other than the institutions indicated above must take into consideration the fact that the cut-off time for the centralisation of orders applies to said promoters vis-à-vis CACEIS Bank. Consequently, such promoters may apply their own cut-off time, which may be earlier than the cut-off time indicated above, in order to take into account the time required to transmit orders to CACEIS Bank.

Place and means of publication of the net asset value:

CARMIGNAC GESTION, Address: 24 place Vendôme, 75001 Paris.

The net asset value announced at 15:00 each day shall be used for the calculation of the subscriptions and redemptions received before 18:00 on the previous day.

The net asset value is available 24 hours per day on the following number, +33 (0)1 42 61 62 00, and is displayed at the offices of Carmignac Gestion.

The net asset value will be published on the Carmignac Gestion website: www.carmignac.com

2.2.11 Fees and expenses

Subscription and redemption fees

Subscription fees increase the subscription price paid by the investor, while redemption fees decrease the redemption price. The fees charged by the FCP serve to offset the costs incurred by the FCP to invest and disinvest investors' monies. Fees not paid to the FCP are attributed to the Management Company, the Fund promoter, etc.

FEES AND EXPENSES PAYABLE BY THE INVESTOR FOR SUBSCRIPTIONS AND REDEMPTIONS	BASIS	RATE
Maximum subscription fee payable to third parties	net asset value x number of units	Maximum 1% inclusive of tax
Subscription fee payable to the Fund	net asset value x number of units	None
Redemption fee payable to third parties	net asset value x number of units	None
Redemption fee payable to the Fund	net asset value x number of units	None

■ MANAGEMENT AND ADMINISTRATION FEES

These fees cover all the costs invoiced directly to the FCP, except transaction costs. Transaction costs include intermediary fees (brokerage, stock market taxes, etc.) as well as transaction fees, if any, that may be charged by the custodian and the Management Company in particular. The following fees may be charged in addition to the management and administration fees:

- performance fees. These reward the Management Company if the FCP exceeds its objectives. They are therefore charged to the FCP;
- transaction fees charged to the FCP;
- a portion of the income from temporary purchases or sales of securities.

Fees charged to the Fund	Basis	Rate
Management and administration fees, inclusive of tax (including all charges (other than transactions costs), performance fees and fees related to investments in UCITS or investment funds)	Net assets	Maximum 1.5% inclusive of tax
Performance fees	Net assets	None
Transaction fees charged by the Management Company	Maximum payable per transaction	French stock exchange: 0.3% (inclusive of tax) on each transaction; this fee is 0.05% (inclusive of tax) for bond transactions Foreign stock exchange: 0.4% (inclusive of tax) on each transaction; this fee is 0.05% (inclusive of tax) for bond transactions

Calculation and distribution of the proceeds of temporary purchases and sales of securities

Repurchase agreements are carried out under the market conditions applicable at the time of the transaction. Carmignac

Gestion does not receive any fees in relation to these transactions.

Payments in kind

CARMIGNAC GESTION does not receive payments in kind for its own account or on behalf of third parties as defined in the General Regulation of the *Autorité des Marchés Financiers*, formerly the *Commission des Opérations de Bourse*. For further information, please refer to the Fund's annual report.

2.2.12 Choice of intermediaries

Carmignac Gestion uses a multi-criteria approach to select intermediaries guaranteeing best execution of stock market orders.

The criteria applied are both quantitative and qualitative and depend on the markets for which the intermediaries provide services, in terms of both geographical area and instruments.

The analysis criteria include, inter alia, the availability and proactivity of the intermediary representatives, the financial situation of the intermediaries, their speed, the quality of the processing and execution of orders and intermediary costs.

3. COMMERCIAL INFORMATION

3.1 Place and means of publication of the net asset value

CARMIGNAC GESTION, 24 place Vendôme, 75001 Paris.

The net asset value announced at 15:00 each day shall be used for the calculation of the subscriptions and redemptions received before 18:00 on the previous day. The net asset value is available 24 hours per day on the following number, +33 (0)1 42 61 62 00, and is displayed at the offices of Carmignac Gestion and on the Carmignac Gestion website: www.carmignac.com

3.2 Publication of information about the Fund

The latest annual and semi-annual reports shall be sent to unitholders within one week upon written request to: CARMIGNAC GESTION, 24, place Vendôme, 75001 PARIS

The prospectus is available on the website: www.carmignac.com

Contact: Communications department

Tel: 33 (0)1.42.86.53.35

Fax: 33 (0)1.42.86.52.10

4. INVESTMENT RULES

The FCP shall respect the regulatory limits applicable to standard coordinated French UCITS.

4.2 Calculating overall risk

Overall risk is calculated using the commitment approach.

5. VALUATION AND ACCOUNTING RULES FOR THE ASSETS

The annual financial statements for the financial year lasting 12 months and ended on the day of the last net asset value of the year are presented in accordance with the provisions laid down in Accounting Regulatory Committee (CRC) regulation no. 2003-02 of 2 October 2003 with regard to the accounting guidelines applicable to UCITS.

5.1 Main changes introduced by the new chart of accounts for UCITS

The presentation of financial instruments on the balance sheet, previously influenced by risk diversification ratios, has been substituted by presentation according to type of instrument.

Off-balance sheet positions are shown according to their economic features.

Swap transactions are henceforth shown at their nominal value.

The notes provide the reader with further information on the types of risk arising both from holdings in financial instruments and from the implementation of the management strategy described in the prospectus or the simplified prospectus.

The accounting currency is the euro.

5.2 Methods used for the valuation of balance sheet items and futures and options

○ Investments in securities

Securities purchased are recorded at their acquisition price excluding fees, and securities sold are recorded at their sale price excluding fees.

Securities, futures and options held in the portfolio denominated in other currencies are converted into the accounting currency on the basis of the exchange rate provided in Paris on the valuation day (ASFFI price provided at 13:00, with the exception of the US\$ which is sourced from REUTERS at 15:00 GMT on the MGTX page).

The portfolio is valued according to the following methods:

○ French securities

- on the spot market, deferred settlement system: on the basis of the latest price available.

- on the OTC market: on the basis of the latest price available.

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

○ Foreign securities

- listed and registered in Paris: on the basis of the latest price available.

- not listed and not registered in Paris:

- on the basis of the latest price available for those in Europe,

- on the basis of the latest price available for the other securities.

Transferable securities whose prices have not been determined on the valuation day, or whose prices have been adjusted, are valued under the responsibility of the Management Company at their foreseeable sale prices.

○ UCITS are valued at the latest redemption price or the latest net asset value available.

They are valued at the latest redemption price or the latest net asset value available.

- **Money market instruments and synthetic assets composed of a money market instrument backed by one or more interest rate and/or currency swaps (“asset swaps”)**

For those traded in large volumes and which have a residual maturity greater than 3 months: at the market price on the basis of information feeds sourced from a financial information vendor (Bloomberg, Reuters, etc.).

For those not traded in large volumes and which have a residual maturity greater than 3 months: at the market price on the basis of information feeds sourced from a financial information vendor (Bloomberg, Reuters, etc.) for equivalent money market instruments whose price shall be incremented or decreased, where applicable, by a differential representing the issuer’s specific characteristics and by applying an actuarial method.

For those with a residual maturity of 3 months or less: on a straight-line basis.

In the case of a debt security valued at the market price whose residual maturity falls below or is equal to 3 months, the last rate used shall be frozen until the final repayment date, unless the security’s modified duration requires valuation at the market price (see the previous paragraph).

- **Temporary purchases and sales of securities according to the conditions provided for in the contract.**

These transactions are valued according to the conditions provided for in the agreement.

Certain fixed income transactions whose maturity is greater than three months may be valued at the market price.

- **Futures and options transactions**

Forward purchases and sales of currencies are valued in consideration of the amortisation of any positive or negative balance carried forward.

5.3 Off-balance sheet transactions

- Transactions on regulated markets

- **Futures:** these transactions are valued according to the markets on the basis of the settlement price. The commitment is calculated as follows: price of futures contract x nominal value of contract x quantities.
- **Options:** these contracts are valued according to the markets on the basis of the opening price or the settlement price. The commitment is equal to the conversion of the option into the underlying equivalent. It is calculated as follows: delta x quantity x ratio or nominal value of the contract x price of the underlying equivalent.

- Transactions on over-the-counter markets

- **Interest rate transactions:** valuation at the market price on the basis of information feeds sourced from a financial information vendor (Bloomberg, Reuters, etc.) and, if necessary, by applying an actuarial method.

- **Interest rate swap transactions:**

For those with a residual maturity greater than 3 months: valuation at the market price on the basis of information feeds sourced from a financial information vendor (Bloomberg, Reuters, etc.) and by applying an actuarial method.

- **Backed or non-backed transactions:**

- Fixed rate/Variable rate: nominal value of the contract
- Variable rate/Fixed rate: nominal value of the contract
- For those with a residual maturity of three months or less: valuation on a straight-line basis.
- In the case of an interest rate swap transaction valued at the market price whose residual maturity is less than or equal to three months, the last rate used shall be frozen until the final repayment date, except in the case of modified duration requiring valuation at the market price (see the previous paragraph).

The commitment is calculated as follows:

- Backed transactions: nominal value of the contract
- Non-backed transactions: nominal value of the contract

- **Other transactions on over-the-counter markets**

- Interest rate, foreign exchange or credit transactions: valuation at the market price on the basis of information feeds sourced from a financial information vendor (Bloomberg, Reuters, etc.) and, if necessary, by applying an actuarial method.
- The commitment is shown as follows: nominal value of the contract.

5.4 Method used to record interest and income from fixed income securities

Income is recorded on an accruals basis.

5.5 Calculation of management and performance fees

The fixed management fees are capped at 1.5% inclusive of tax of the daily average of the assets under management. They are recorded for each net asset value.

The calculation is carried out *pro rata temporis* on the basis of the assets under management.

5.6 Transaction fees

CARMIGNAC GESTION receives transaction fees as defined in the *Autorité des Marchés Financiers* (AMF) General Regulation under the following conditions:

- 0.3 % (inclusive of tax) for stock market transactions in France, except for bond transactions in which case the fee is reduced to 0.1% (inclusive of tax);
- 0.4% (inclusive of tax) for transactions on foreign stock exchanges, except for bond transactions in which case the fee is reduced to 0.1% (inclusive of tax);

In an exceptional case where a sub-custodian applies a transaction fee for a particular transaction not described in the provisions above, a description of the transaction and the transaction fees charged shall be provided in the management report of the Fund.

5.7 Dividend policy

No dividends are distributed for an accumulation FCP.

5.8 Accounting currency

The FCP's financial statements are recorded in euro.

MANAGEMENT REGULATIONS OF THE FCP CARMIGNAC SECURITE

TITLE 1: ASSETS AND UNITS

ARTICLE 1 – CO-OWNERSHIP UNITS

The co-owners' rights are represented by units, with each unit corresponding to the same fraction of the Fund's assets. Each unitholder has a co-ownership right in and to the assets of the Fund proportional to the number of units they hold.

The duration of the fund is 99 years from its creation, except in the cases of early dissolution or extension provided for in these Regulations (see article 11).

The characteristics of the various classes of units and their eligibility requirements are described in the FCP's prospectus.

The different classes of units may:

- benefit from different dividend policies; (distribution or accumulation)
- be denominated in different currencies;
- be charged different management fees;
- be charged different subscription and redemption fees;
- have a different par value.

The units may be merged or divided.

The Board of Directors of the Management Company may decide that the units shall be sub-divided into tenths, hundredths, thousandths or ten thousandths, with such subdivisions being referred to as fractions of units.

The provisions of the regulations governing the issue and redemption of units shall apply to fractions of units, whose value shall always be proportionate to that of the units they represent. Unless otherwise provided, all other provisions of the regulations relating to units shall apply to fractions of units without any need to make a specific provision to that end.

Lastly, the Management Company's Supervisory Board may decide, at its own discretion, to sub-divide the units by issuing new units which shall be allocated to unitholders in exchange for their existing units.

ARTICLE 2 - MINIMUM AMOUNT OF ASSETS

Units may not be redeemed if the Fund's assets fall below EUR 300,000. In such a case, and unless the value of the assets recovers above this amount in the interim period, the Management Company shall take the necessary measures to merge or dissolve the Fund within a period of thirty days.

ARTICLE 3 - ISSUE AND REDEMPTION OF UNITS

Units are issued each time a subscription request is received on the basis of their net asset value plus a subscription fee, where applicable.

Subscriptions and redemptions are executed under the conditions and according to the procedures defined in the prospectus.

Units of the Fund may be admitted to an official stock exchange listing in accordance with the regulations in force.

Subscriptions must be fully paid up on the day the net asset value is determined. Subscriptions may be made in cash and/or by a contribution in kind in the form of transferable securities. The Management Company is entitled to refuse any securities offered and, for that purpose, must announce its decision within seven days of the date on which the securities were tendered. If they are accepted, the securities tendered are valued according to the rules laid down in article 4, and the subscription is based on the first net asset value following acceptance of the securities concerned.

Subscriptions must be fully paid up on the day the net asset value is determined. Subscriptions may be made in cash and/or by a contribution in kind in the form of transferable securities. The Management Company is entitled to refuse any securities offered and, for that purpose, must announce its decision within seven days of the date on which the securities were tendered. If they are accepted, the securities tendered are valued according to the rules laid down in article 4, and the subscription is based on the first net asset value following acceptance of the securities concerned.

Redemptions shall be made solely in cash, except in the event of the liquidation of the Fund if unitholders have stated that they agree to be repaid in securities. The redemption price is paid by the custodian within five days of the valuation day of the units.

However, if in exceptional circumstances the redemption requires the prior sale of assets held in the Fund, this deadline may be extended to a maximum of 30 days.

With the exception of a succession or an inter vivos gift, the sale or transfer of units between unitholders, or unitholders and third parties, is treated as a redemption followed by a subscription; if this involves a third party, the sale or transfer amount must, where applicable, be supplemented by the beneficiary in order to at least reach the minimum subscription amount stipulated by the prospectus.

Pursuant to article L.214-30 of the French monetary and financial code, the Management Company may temporarily suspend the redemption of units or the issue of new units by the Fund when exceptional circumstances and the interests of the unitholders so require.

If the net assets of the Fund have fallen below the minimum threshold set by the regulations, no redemptions may be carried out.

A minimum subscription may be applied according to the procedures set out in the prospectus.

ARTICLE 4 - CALCULATION OF THE NET ASSET VALUE

The net asset value is calculated in accordance with the valuation rules specified in the detailed memorandum of the prospectus.

Contributions in kind may comprise only stocks, securities, or contracts admissible as assets of UCITS, and are valued according to valuation rules governing the calculation of the net asset value.

TITLE 2: MANAGEMENT OF THE FUND

ARTICLE 5 - THE MANAGEMENT COMPANY

The Fund is managed by the Management Company in accordance with the Fund's investment objectives.

The Management Company shall act in all circumstances on behalf of the unitholders and has the exclusive right to exercise the voting rights attached to the securities held in the Fund.

ARTICLE 5A – OPERATING RULES

The instruments and deposits in which the Fund's assets may be invested, as well as the investment rules, are described in the detailed memorandum of the prospectus.

ARTICLE 6 - THE CUSTODIAN

The custodian is responsible for the custody of the assets held in the Fund, for processing the orders received from the Management Company in relation to the purchase and sale of securities as well as those relating to the exercise of subscription and allotment rights attached to the securities held in the Fund. It is responsible for all collections and payments.

The custodian must ensure that decisions taken by the Management Company are lawful. Where applicable, it must take any protective measures it deems necessary. In the event of a dispute with the Management Company, it shall inform the AMF.

ARTICLE 7 – THE STATUTORY AUDITOR

A statutory auditor has been appointed by the Supervisory Board of the Management Company for a term of six financial years with the approval of the AMF.

The statutory auditor carries out the checks and audits established by law and, in particular, certifies whenever necessary the accuracy and consistency of the financial statements and of the accounting information contained in the management report.

The statutory auditor's mandate may be renewed.

The statutory auditor shall inform the AMF and the Management Company of the Fund of any irregularities and misstatements observed during the course of his work.

Assets will be valued and exchange ratios will be determined for the purpose of any conversion, merger or split under the statutory auditor's supervision.

The statutory auditor shall review all contributions in kind and, as part of his responsibilities, shall establish a report on his valuation and his remuneration.

The statutory auditor shall certify the accuracy of the composition of the assets and other information before any publication.

The statutory auditor's fees are determined by mutual agreement between the statutory auditor and the Board of Directors of the Management Company on the basis of an agenda indicating all duties deemed necessary.

In the event of a liquidation, the statutory auditor shall value the amount of the assets and establish a report on the terms and conditions of such liquidation.

The statutory auditor certifies positions serving as the basis for the payment of interim dividends. The statutory auditor's fees are included in the management fees.

ARTICLE 8 - THE FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

At the end of each financial year, the Management Company prepares the financial statements and a report on the management of the Fund during the last financial year.

The list of assets and liabilities is certified by the custodian and all of the above documents are reviewed by the statutory auditor.

The Management Company shall make these documents available to unitholders within four months of the financial year-end and shall notify them of the amount of income attributable to them: these documents shall be sent by post if expressly requested by the unitholders, or made available to them at the offices of the Management Company.

TITLE 3: DISTRIBUTION POLICY

ARTICLE 9 - DISTRIBUTABLE INCOME

The net income for the financial year is equal to the amount of interest, arrears, dividends, premiums and prizes, directors' fees as well as all proceeds generated by the securities held in the portfolio of the Fund, plus income generated by temporary cash holdings, less management fees and borrowing costs.

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

The Management Company decides on the allocation of net income.

Net gains/losses are attributed to each class of units in proportion to their share in the total net assets.

Holders of A and E units will be subject to the accumulation policy, i.e. the reinvestment of all income generated.

TITLE 4: MERGER – SPLIT – DISSOLUTION – LIQUIDATION

ARTICLE 10 - MERGER - PLIT

The Management Company may either merge all or part of the assets of the Fund with another UCITS under its management or with a UCITS managed by another company, or split the Fund into two or more mutual funds under its management.

Such mergers or splits may only be carried out one month after unitholders have been notified. Such mergers or splits give rise to the issue of a new certificate indicating the number of units held by each unitholder.

ARTICLE 11 - DISSOLUTION - EXTENSION

If the assets of the Fund remain below the amount set in article 2 above for thirty days, the Management Company shall inform the AMF and shall dissolve the Fund, except in the event of a merger with another fund.

The Management Company may dissolve the Fund before term. It shall inform the unitholders of its decision, after which no further subscription or redemption requests shall be accepted.

The Management Company shall also dissolve the Fund if a request is made for the redemption of all of the units, if the custodian's appointment is terminated and no other custodian has been appointed, or upon expiry of the Fund's term, unless such term is extended.

The Management Company shall inform the AMF by post of the dissolution date and procedure. Lastly, it shall send the AMF the statutory auditor's report.

The Fund's extension may be decided by the Management Company subject to the agreement of the custodian. Its decision must be taken at least three months before the expiry of the Fund's term and must be notified to the unitholders and the AMF.

ARTICLE 12 - LIQUIDATION

In the event of dissolution, the custodian or, where applicable, the Management Company, is responsible for carrying out the liquidation. To this end, they shall be granted the broadest powers to realise assets, pay off any creditors and allocate the available balance among the unitholders in the form of cash or securities.

The statutory auditor and the custodian shall continue to carry out their functions until the end of the liquidation.

TITLE 5: DISPUTES

ARTICLE 13 – JURISDICTION – ADDRESS FOR SERVICE

All disputes relating to the Fund that may arise during the term of the Fund or during its liquidation, either among the unitholders or between the unitholders and the Management Company or the custodian, shall be submitted to the courts having jurisdiction.