

CARMIGNAC

Commodities

Management report at 31 December 2011



D. Field

Net assets	€1,161,536,702.85	Value of the A share	€321.75
		Value of the GBP share	£76.23

During a difficult year for the commodities sector, **Carmignac Commodities** posted negative performance of 21.12%, against negative performance of 13.26% for its benchmark indicator. However, after a mediocre third quarter, the fourth quarter of the year saw a recovery in the sectors most sensitive to the economic cycle, as macroeconomic data improved in the United States. The first signs that monetary policy was being reoriented in China also led to a revival of investor confidence, particularly benefiting the sectors hardest hit in 2011, such as metals and oil services. At the end of the last quarter, the fund posted performance of 11.86%, against 12.11% for its index.

Gold-mining sector

Over the year as a whole, one of the main sources of the fund's underperformance was our overweighting in gold mines, this sector having been hit particularly hard in 2011. The decline of more than 10% in these companies seemed particularly disappointing during a year when the price of physical gold continued its upward trend, though at the end of the year, gold prices suffered from the negative impact of the appreciating dollar. A combination of factors weighed on these mining stocks. Rising financing and operating costs, notably in a time of intensifying geopolitical risks, weighed on the ability of certain companies to meet their production and earnings targets. This last factor probably turned out to be one of the most damaging, the deterioration in margins having led to a compression of valuation multiples. Finally, uncertainties associated with the economic slowdown encouraged investors to favour ETFs linked to physical gold, to the detriment of gold mining equities, which were deemed more volatile in this context. In the fourth quarter, this underperformance was partly offset by our choices of stocks. **Pretium Resources** thus recovered after announcing a significant improvement in the quality and quantity of its deposits. Because companies capable of exploiting high-quality ore in a politically stable country such as Canada are extremely rare, we are highly confident about this stock's upside potential. **Franco Nevada** also outperformed gold and the gold mines index, highlighting the advantages of its defensive economic model based on collecting royalties.

In any event, the arguments for holding gold mining stocks as against physical gold have never been as encouraging. Though margins have grown at the expected rate, the large gold mining groups now have the ability to generate returns on free cash flow in excess of 10%; even assuming the gold price stagnates. Thus, for the first time in 10 years, shareholders should enjoy substantial returns through dividend distributions or share buyback programmes. Gold mine equities also benefit from low valuations, which now coincide with the valuations of the much more cyclical equities of base metals. Valued at 15x cash flow at the beginning of the year, the stocks of the large gold mining companies are now trading at around 10x, levels that offer significant upside prospects. We also remain optimistic about gold prices. Systemic risk associated with the euro zone crisis, gold buying by emerging countries' central banks and monetary creation linked to the accommodating policies of the developed countries are all factors helping gold prices.

At the beginning of 2012, we accordingly maintain our overweighting in the gold mining sector. We have, however, endeavoured to modify the composition of this sector and to diversify our defensive positions so as to better protect the fund. We first raised the average market capitalisation of stocks held, favouring certain large companies with attractive valuations, such as **Randgold Resources**. We also strengthened our positions in companies that collect royalties under their proprietary rights in gold mines, particularly **Franco Nevada**. These companies enjoy a more defensive profile since they are not affected by rising operating costs. Furthermore, **Franco Nevada** has in the past proved robust in difficult market phases, as in 2008 when the group outperformed its rivals.

Energy

In the energy sector, oil services held up well against the index, doing well in the fourth quarter thanks to the performance of our positions in **Core Laboratories** and **Oceaneering**. Faced with an economic slowdown, the portfolio has been

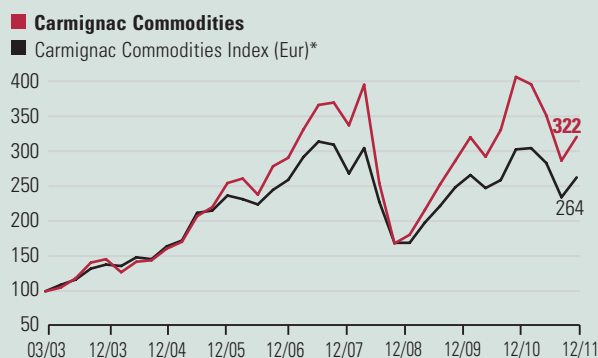
repositioned more defensively by taking positions in companies less sensitive to changing prices, like pipeline companies. These companies, such as **Enbridge** and **Transcanada**, collect a fixed toll for each barrel transiting through their infrastructure, so their revenue is not inked to oil prices. This sector is seeing modest but steady year-on-year growth as distribution networks develop. This profile, linked with a policy of distributing generous dividends, makes these companies an attractive investment in a time of volatile markets.

We have also invested in a number of oil companies paying high dividends. **Baytex** and **Crescent Point** have a reserve of numerous as yet unexploited sites, which will enable them to generate constant annual growth of 5 to 10% over the next four to five years. While they undoubtedly do not have the potential of genuine exploration companies like **Lundin Petroleum** or **Pacific Rubiales**, they are nonetheless worth including in the portfolio. Their high dividends on the order of 4 to 6% make it costly to take short positions, which dissuades speculative funds from venturing into these stocks. Their relatively stable growth rates mean they are better able to hold up in times of turbulent markets. Even though, like other stocks in the sector, they would be hit if the oil price fell back below \$50, they are less volatile than their peers.

Base metals

Although it was down throughout the year, the base metals sector generated the biggest contribution to performance in the fourth quarter. **Quadra Mining**, which is one of our 10 heaviest weightings, was the subject of a cash takeover bid from Polish copper producer KGHM. Quadra Mining is a copper producer acquired in the middle of last year on account of its attractive valuation and renewed confidence in the management team. In terms of the sector, this purchase shows the attraction and rarity of opportunities to acquire new copper operations. A number of acquisitions related to the copper sector's assets took place this year, including **Barrick Gold** of Equinox, and more recently the purchase of Anvil by Minmetals and the purchase option taken by Codelco on half of the Chilean copper mines portfolio of Anglo American. This situation is symptomatic of the bottlenecks weighing on copper production. Furthermore, the Quadra purchase had positive repercussions on all the sector's mid capitalisations, contributing to the performance of our main overweightings, such as **First Quantum**, which gained more than 50% over the quarter. This company has quality assets and a growth profile that make it an ideal takeover target for the future.

Performance of the Fund since its launch



* Index composed of 45% MSCI ACWF Oil and Gas (Eur), 5% MSCI ACWF Energy Equipment (Eur), 40% MSCI ACWF Metal and Mining (Eur), 5% MSCI ACWF Paper and Forest (Eur) and 5% MSCI ACWF Food (Eur), (Ex-Dividends).

Please note that past performance is not a guide to future performance and that it may fluctuate over time.

Outlook for 2012

Even though we expect some short-term volatility, we are convinced of the importance of investors remaining exposed to the commodities sector. This is because underlying demand remains robust in the emerging countries. It is highly likely that Chinese growth will slow down ahead of the next five-year plan, but the base effect must not be underestimated and total consumption levels will continue to grow from year to year. Moreover, and more importantly in our view, the upward movement of the commodities market remains linked to the ever greater constraints that weigh on increased production. This long-term trend only became more pronounced in 2011. The copper market is thus ever more dependent on the declining quality of ore, ever deeper deposits, political uncertainties and increasingly protracted environmental approval procedures. Finally, the natural resources companies in which we invest are now showing remarkable financial strength and are much more robust than they

were in 2008. Balance sheets are strong and we are persuaded that the year will abound in not-to-be-missed takeover opportunities. We continue to believe that mid capitalisations that enjoy above average growth, exploration potential and low valuations represent this sector's best opportunities and it is with enthusiasm that we start this new year.

Among the best annual performances, we highlight:

Stocks	Performance
Lundin Petroleum , oil, Canada	+102%
Pretium Resources , precious metals, Canada	+96%
Core Laboratories , oil services, Netherlands	+28%
Randgold Resources , gold, Africa	+24%
Tahoe Resources , precious metals, United States	+20%

Accumulated performance (%)	Since 31/12/2010	3 months	6 months	1 year	3 years	5 years	10 years	Since the first NAV
Carmignac Commodities	-21.12	11.86	-8.73	-21.12	90.74	15.08	-	221.84
Reference indicator*	-13.26	12.11	-7.26	-13.26	55.40	7.26	-	163.59
Category average**	-20.57	8.62	-11.98	-20.57	70.45	22.21	-	146.33
Ranking (quartile)	3	1	2	3	2	1	-	2

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**Sector Equity Natural Resources.

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Quarterly gross performance contribution (%)

Portfolio	Equity & Bond Derivatives	Currency Derivatives	Total
	15.87	-1.95	-1.63
			12.29

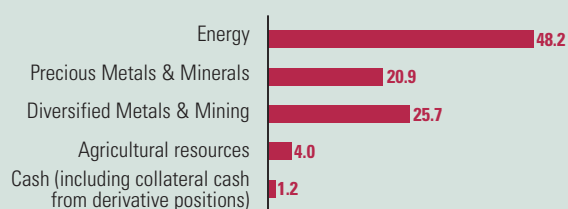
Statistics (%)

	1 year	3 years
Fund volatility	23.03	22.62
Benchmark volatility	18.46	18.14
Sharp ratio	-1.13	0.95
Beta	1.16	1.15
Alpha	-0.53	0.45

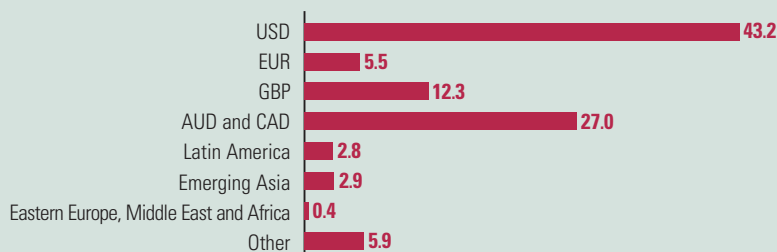
Geographic breakdown (derivatives excluded) (%)



Sector breakdown (derivatives excluded) (%)



Net currency exposure of the fund (%)



Portfolio Carmignac Commodities at 31/12/2011

			Price in local currencies	Total value (€)	% of net assets
CASH, CASH EQUIVALENTS AND DERIVATIVES OPERATIONS				13 738 724.91	1.18
	CASH (INCLUDING COLLATERAL CASH FROM DERIVATIVE POSITIONS)			13 738 724.91	1.18
EQUITIES				1 147 797 977.94	98.82
Energy				560 330 855.81	48.24
4 401 000	AMBIT ENERGY	North America	0.42	1 430 227.53	0.12
522 500	ANADARKO PETROLEUM	North America	76.33	30 722 508.96	2.64
6 280 000	BANKERS PETROLEUM	Eastern Europe	4.44	21 094 072.70	1.82
600 000	BAYTEX ENERGY TRUST	North America	56.97	25 934 107.50	2.23
750 000	BIRCHCLIFF ENERGY LTD	North America	13.60	7 716 457.99	0.66
625 500	CAMERON INTERNATIONAL CORP	North America	49.19	23 701 687.02	2.04
12 500 800	CANACOL ENERGY LTD	Latin America	0.77	7 281 927.60	0.63
500 000	CORE LABORATORIES	Europe	113.95	43 889 381.04	3.78
770 000	CRESCENT POINT ENERGY TRUST	North America	44.90	26 255 494.18	2.26
970 000	ENBRIDGE	North America	38.09	27 951 204.75	2.41
325 000	ENSCO PLC	Europe	46.92	11 746 716.48	1.01
2 055 328	GASFRAC ENERGY	North America	6.98	10 853 114.53	0.93
6 250 000	GRAN TIERRA ENERGY	Latin America	4.80	23 109 810.11	1.99
45 000	HRT PARTICIPACOES EM PETROLEO	Latin America	568.00	10 556 094.74	0.91
3 600 000	LUNDIN PETROLEUM	Europe	169.20	68 446 217.38	5.89
8 649 000	MADAGASCAR OIL	Africa	0.20	2 096 758.65	0.18
450 000	MEG ENERGY	North America	41.57	14 151 757.01	1.22
417 000	NATIONAL OILWELL	North America	67.99	21 840 180.26	1.88
110 000	OCCIDENTAL PETROLEUM CORP	North America	93.70	7 967 045.41	0.69
782 000	OCEANEERING	North America	46.13	27 788 514.42	2.39
1 875 000	PACIFIC RUBIALES ENERGY CORP	Latin America	18.73	26 567 878.35	2.29
3 214 000	QGEF PARTICIPACOES	Latin America	16.50	21 901 418.63	1.89
783 050	TRANSCANADA CORP	North America	44.53	26 565 705.06	2.29
1 400 000	TRANSGLOBE ENERGY	North America	8.07	8 547 112.00	0.74
1 190 000	TULLOW OIL	Europe	14.02	19 973 422.72	1.72
7 750 000	URANIUM-1 INC	Eastern Europe	2.16	12 664 069.30	1.09
500 000	VERMILION ENERGY	North America	45.37	17 215 455.60	1.48
265 000	WALTER ENERGY	North America	60.56	12 362 515.89	1.06
Diversified Metals & Mining				298 666 593.27	25.71
4 300 000	AFRICAN MINERALS	Africa	4.40	22 650 544.71	1.95
3 500 000	ATACAMA MINERALS	North America	1.15	3 044 974.85	0.26
7 250 000	ATLAS IRON	Australia	2.70	15 459 643.03	1.33
473 250	CLIFF NATURAL RESOURCES	North America	62.35	22 730 144.82	1.96
1 950 000	COPPER MOUNTAIN MINING	North America	5.63	8 305 405.30	0.72
3 531 250	FIRST QUANTUM MINERALS LTD	Africa	20.05	53 562 478.72	4.61
310 000	FREEPORT MCMORAN COP. & GOLD	Asia	36.79	8 785 502.45	0.76
2 500 000	HUBBAY MINERALS INC	North America	10.14	19 177 667.66	1.65
3 020 000	ILUKA RESOURCES	Australia	15.50	36 968 883.27	3.18
11 000 000	INDOCEMENT TUNGGAL PRAKARSA	Asia	17 050.00	15 933 257.87	1.37
5 950 000	KENMARE RESOURCES PLC	Africa	0.46	3 276 667.07	0.28
9 200 000	LUNDIN MINING CORP	North America	3.87	26 934 977.49	2.32
1 845 000	QUADRA MINING LTD	North America	15.08	21 048 227.86	1.81
860 000	VALE SA	Latin America	21.45	14 210 222.24	1.22
2 270 000	XSTRATA	Latin America	9.78	26 577 995.93	2.29
Precious Metals & Minerals				242 627 247.93	20.89
525 000	AGNICO EAGLE MINES	North America	36.32	14 688 595.31	1.26
13 535 200	AVION GOLD CORP	North America	1.62	16 588 133.30	1.43
3 229 300	CANACO RESOURCES	North America	1.45	3 542 372.43	0.30
750 000	CONTINENTAL GOLD LTD	North America	7.52	2 081 174.11	0.18
340 250	DETOUR GOLD	North America	25.15	6 473 720.54	0.56
950 000	ELDORADO GOLD CORP	Asia	14.02	10 076 029.81	0.87
450 000	EXTORRE GOLD MINES	North America	7.53	2 563 452.74	0.22
1 130 000	FRANCO-NEVADA CORP	North America	38.78	33 151 567.88	2.85
7 380 000	GRYPHON MINERALS	Australia	1.14	6 644 447.95	0.57
1 400 000	HARMONY GOLD MINING CO	Africa	11.64	12 553 248.85	1.08
430 000	KINROSS GOLD CORP	North America	11.40	3 776 142.97	0.33
250 000	NEWMONT MINING	North America	60.01	11 556 830.87	0.99
4 550 000	PRETIUM RESOURCES	North America	12.51	41 783 485.26	3.60
179 000	RANDGOLD RESOURCES LTD	Africa	102.10	14 078 419.29	1.21
200 000	ROYAL GOLD INC	North America	67.43	10 388 629.97	0.89
2 700 000	SABINA GOLD AND SILVER CORP	North America	3.84	7 843 552.60	0.68
3 745 000	SEMAFO	North America	6.60	18 741 290.61	1.61
1 000 000	TAHOE RESOURCES	North America	17.68	13 375 193.86	1.15
606 700	TIGRAY RESOURCES	Africa	1.28	587 491.77	0.05
1 069 500	YAMANA GOLD INC	Latin America	14.69	12 133 467.81	1.04
Agricultural resources				46 173 280.93	3.98
43 000 000	GOLDEN AGRI-RESOURCES	Asia	0.72	18 265 260.66	1.57
550 000	ISRAEL CHEMICALS LTD	Middle East	39.50	4 376 687.22	0.38
740 000	POTASH CORP	North America	41.28	23 531 333.05	2.03
PORTFOLIO VALUE				1 147 797 977.94	98.82
NET ASSETS				1 161 536 702.85	100.00