

Funds of Funds

Management report at 31 December 2011



F. Leroux

Carmignac Profil Réactif 100

Net assets €196,442,365.54
Value per share €150.59

Carmignac Profil Réactif 75

Net assets €242,714,049.97
Value per share €174.28

Carmignac Profil Réactif 50

Net assets €487,282,361.16
Value per share €154.54

The year 2011 was difficult for our profiles management, whose globally defensive positioning during the period failed to enable it to outperform the performance indicators. **Carmignac Profil Réactif 100** was thus down 11.76% against a decline of 6.39% for its index, **Carmignac Profil Réactif 75** was down 8.66% against a decline of 2.31% and **Carmignac Profil Réactif 50** was down 4.29% against an increase of +1.76%. Besides excessive exposure to topics connected with the emerging countries, commodities and innovation, the profiles funds suffered as a result of their brief Japanese investment initiated a few days before the tsunami. Though positive, the gains made on derivative positions, intended to protect the portfolio, proved insufficient to offset the fund portfolio's losses.

Over the quarter, Carmignac Profil Réactif 100, 75 and 50 saw performance of 6.98%, 5.78% and 4.36% respectively, against 10.31%, 8.22% and 6.37% for their performance indicators. During the quarter, our profiles funds opted for equity exposure of some 70 to 75% of their authorised maximum, enabling them to generate performance of around 70 to 80% of that of their indices. They suffered in relative terms from their investments in global and diversified funds on account of their very defensive positioning. Conversely, the allocation in **Carmignac Euro-Entrepreneurs**, **Carmignac Emerging Discovery**, **Carmignac Global Bond** and **Carmignac Sécurité** proved entirely satisfactory in both absolute and relative terms. Likewise, the extra linking to equity markets provided by additional derivative positions, initiated mainly on the Euro Stoxx and the S&P 500 but also on the South Korean index, helped narrow the gap with their benchmarks.

Our profiles funds started 2012 with a level of investment in equities close to the authorised maximums and exposure to the euro noticeably greater than that of their indicators. The fund portfolio is complemented by additional derivative

positions on European, Chinese and South Korean indices. This is because we remain convinced that the established decline in inflation in China will enable the implementation of monetary and economic policies much more favourable to the emerging markets, and Chinese markets in particular. Likewise, the slight overall improvement in the banking situation in Europe has clearly helped sentiment regarding the euro zone while at the same time averting systemic risk. These two factors should enable the patent undervaluation of the equity markets in Asia and Europe to be gradually reduced. At the same time, the ending of the political stalemate in the United States will enable the US economy to continue its modest growth and contribute to the ongoing stock market recovery seen at the beginning of this year. The averting of systemic risk originating in Europe should also favour a technical recovery in the euro against the dollar, from which we wish to have all our profiles funds profit tactically.

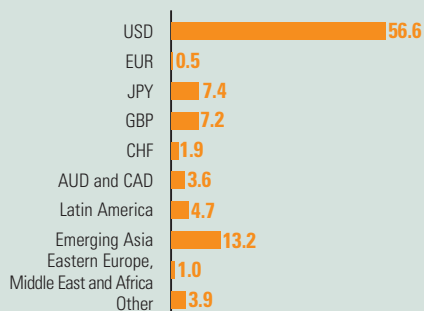
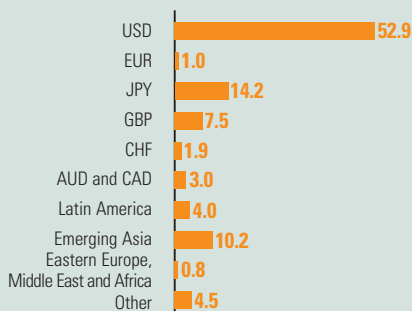
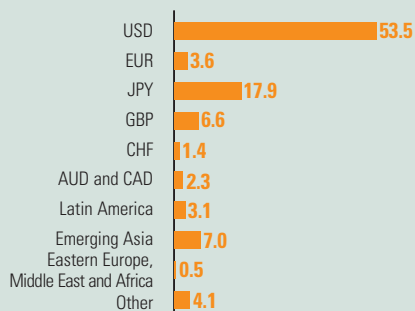
Beyond the current recovery in the markets, which should in our view continue at least for the first quarter, we remain preoccupied by the European situation. The Greek crisis is still far from settled. Likely anxiety-provoking outcomes range from a disorganised default to a pure and simple exit from the euro zone. Likewise, disappointing economic growth highlighting the inadequacy of the solutions provided for the Italian, Spanish and French problems could unleash renewed market weakness. We will endeavour to detect as quickly as possible when these risk factors appear so that we can better manage the volatility resulting from the twofold situation. As regards portfolio allocation, we will continue with the policy adopted in 2011. We maintain our core portfolio, made up of our diversified funds, supplemented by a relatively restrictive allocation in our specialised funds, most of the measures to make the portfolio more dynamic and reduce exposure being provided by derivative transactions on liquid stock market indices and representative of our convictions or the perceived risks.

Asset allocation (%)

Title	Carmignac Profil Réactif 100	Carmignac Profil Réactif 75	Carmignac Profil Réactif 50
Carmignac Investissement (A)	13.48%	8.83%	3.71%
Carmignac Grande Europe (A)	11.21%	9.52%	5.39%
Carmignac Euro-Entrepreneurs	8.94%	5.39%	2.53%
Carmignac Emergents (A)	11.97%	7.37%	4.31%
Carmignac Emerging Discovery (A)	3.93%	3.08%	1.56%
Carmignac Innovation	6.25%	5.08%	2.70%
Carmignac Commodities (A)	8.93%	6.27%	4.34%
Carmignac Patrimoine (A)	7.05%	15.07%	19.87%
Carmignac Emerging Patrimoine (A)	6.48%	5.25%	3.69%
Carmignac Euro-Patrimoine	2.69%	12.15%	15.29%
Carmignac Market Neutral (A)	4.18%	5.62%	7.56%
Carmignac Global Bond (A)	4.70%	10.72%	16.71%
Carmignac Sécurité	0.00%	0.00%	5.43%
Carmignac Court Terme	6.22%	4.73%	3.11%
Cash (including collateral cash from derivative positions)	3.97%	0.92%	3.80%
Total	100.00%	100.00%	100.00%

Exposure by asset class

	Carmignac Profil Réactif 100	Carmignac Profil Réactif 75	Carmignac Profil Réactif 50
Equities	44.4%	34.7%	21.4%
Bonds	11.3%	19.4%	30.3%
Cash (including collateral cash from derivative positions)	44.3%	45.9%	48.3%

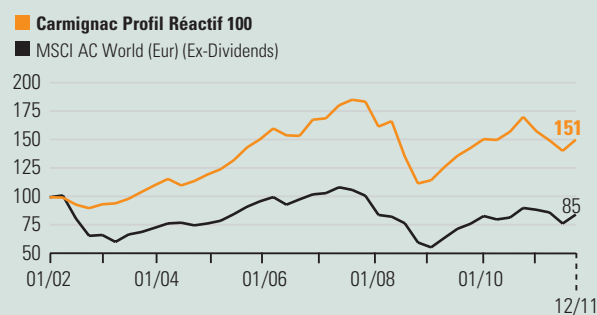
Net currency exposure of the fund
Carmignac Profil Réactif 100 (%)Net currency exposure of the fund
Carmignac Profil Réactif 75 (%)Net currency exposure of the fund
Carmignac Profil Réactif 50 (%)

Carmignac Profil Réactif 100

Accumulated performance (%)	Since 31/12/2010	3 months	6 months	1 year	3 years	5 years	10 years	Since the first NAV
Carmignac Profil Réactif 100	-11.76	6.98	0.43	-11.76	32.89	-11.44	-	50.59
MSCI AC World (Eur) (Ex-Dividends)	-6.39	10.31	-2.14	-6.39	40.86	-17.28	-	-15.24
Category average*	-8.53	1.36	-6.30	-8.53	8.38	-10.35	-	-3.32
Ranking (quartile)	3	1	1	3	1	3	-	1

* Euro Flexible Allocation

Performance of the Fund since launch



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

Quarterly gross performance contribution (%)

Portfolio	Equity & Bond Derivatives	Currency Derivatives	Total	
	4.83	1.76	0.66	7.25
Statistics (%)		1 year	3 years	
Fund volatility		8.27	10.21	
Benchmark volatility		12.35	14.22	
Sharp ratio		-1.62	0.74	
Beta		0.51	0.54	
Alpha		-0.76	0.28	
Value at Risk		Fund	Reference indicator	
99% - 20 days (2 years)		7.52%	13.80%	

Carmignac Profil Réactif 75

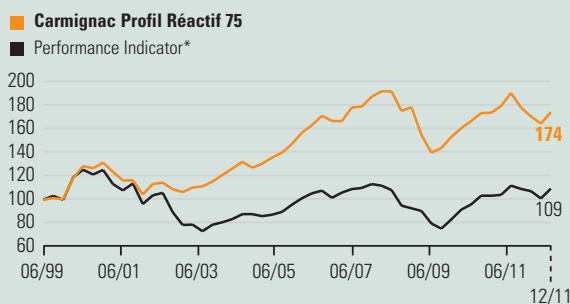
Accumulated performance (%)	Since 31/12/2010	3 months	6 months	1 year	3 years	5 years	10 years	Since the first NAV
Carmignac Profil Réactif 75	-8.66	5.78	2.04	-8.66	24.48	-2.30	-	53.21
Reference indicator*	-2.31	8.22	1.97	-2.31	37.25	0.32	-	5.47
Category average**	-9.36	3.51	-7.54	-9.36	17.39	-14.34	-	1.78
Ranking (quartile)	2	1	1	2	2	1	-	1

* 75% MSCI ACW (Eur) (Ex-Dividends) + 25% Citigroup WGBI (Eur) (Accrued interest).

** EUR Aggressive Allocation

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Performance of the Fund since launch



* 75% MSCI ACW (Eur) (Ex-Dividends) + 25% Citigroup WGBI (Eur) (Accrued interest).

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

Quarterly gross performance contribution (%)

Portfolio	Equity & Bond Derivatives	Currency Derivatives	Total
4.05	1.63	0.36	6.04

Statistics (%)	1 year	3 years
Fund volatility	6.72	7.79
Benchmark volatility	8.88	10.38
Sharp ratio	-1.52	0.66
Beta	0.54	0.52
Alpha	-0.65	0.16

Value at Risk

	Fund	Reference indicator
99% - 20 days (2 years)	6.14%	9.56%

Carmignac Profil Réactif 50

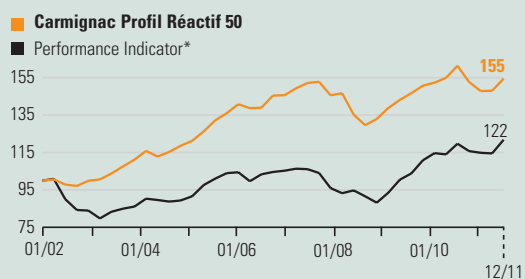
Accumulated performance (%)	Since 31/12/2010	3 months	6 months	1 year	3 years	5 years	10 years	Since the first NAV
Carmignac Profil Réactif 50	-4.29	4.36	4.45	-4.29	19.19	6.19	-	54.54
Reference indicator*	1.76	6.37	6.06	1.76	33.02	16.46	-	21.88
Category average**	-6.16	2.33	-4.86	-6.16	12.62	-8.91	-	3.26
Ranking (quartile)	2	1	1	2	2	1	-	1

* 50% MSCI ACW (Eur) (Ex-Dividends) + 50% Citigroup WGBI (Eur) (Accrued interest).

** EUR Moderate Allocation

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Performance of the Fund since launch



* 50% MSCI ACW (Eur) (Ex-Dividends) + 50% Citigroup WGBI (Eur) (Accrued interest).

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Quarterly gross performance contribution (%)

Portfolio	Equity & Bond Derivatives	Currency Derivatives	Total
3.11	1.27	0.24	4.62

Statistics (%)	1 year	3 years
Fund volatility	5.35	5.55
Benchmark volatility	7.12	7.67
Sharp ratio	-1.16	0.65
Beta	0.52	0.45
Alpha	-0.44	0.13

Value at Risk

	Fund	Reference indicator
99% - 20 days (2 years)	5.39%	6.01%