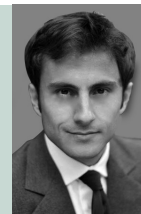




CARMIGNAC

Sécurité

Management report at 31 December 2011



C. Galvis

Net assets €4,821,927,642.22 **Value of the share** €1,545.44

Carmignac Sécurité posted performance of 1.12% last quarter, against a decline of 0.18% for its index, taking its annual performance to 0.81%, slightly below that of its benchmark indicator. This outperformance was due mainly to our selection in favour of corporate bonds. On the other hand, the contribution of our interest rate strategies was neutral even though they caused high volatility. During the period, European and foreign investors reduced their exposure to European government bonds, taking yields on peripheral bonds to historical highs (550 basis points on Italian 10-year paper), while the implied volatility of German government bonds reached 11.6%. Despite these developments, yields on corporate bonds tightened over the period. The liquidity injected by the ECB having done its work, yields were reduced on all corporate issuers, this improvement even stabilising the borrowing costs of financial issuers.

The fourth quarter saw the sovereign debt crisis worsen in Europe, governments showing themselves incapable of finding a credible solution to contain the contagion and prevent market uncertainties spreading to the main euro zone countries. Yields on government bonds continued to widen despite the ECB buying €462 billion of bonds during the period. The problematical interaction between the sovereign debt crisis and the banking sector's credit standing, reflected in particular in the freezing of the interbank market, necessitated the coordinated action of the main central banks in the form of swap lines in dollars intended to facilitate the financing of European banks. The ECB announced an unprecedented operation to finance banks for three years while at the same time cutting its base rate. At the beginning of 2012, these measures seem to have enjoyed some effectiveness insofar as the improvement in liquidity has reduced pressure on the banking sector. Sovereign yields have also stabilised, though they remain at high levels.

■ Outlook for 2012

For the months ahead, while increased liquidity should sustain the markets in the short term, the still unresolved difficulties of both the banking sector and European governments are nonetheless likely to be recalled to investors' minds. In a time of global economic slowdown, central banks are likely to remain accommodating, with the ECB continuing to cut its base rate. Moreover, the calendar of banks' and governments' financing requirements for 2012 is likely to lead the ECB to renew its long-term financing operations (LTROs) in favour of banks. On the other hand, the recessive effects of fiscal austerity policies should increase as the year goes by. Despite these macroeconomic risks and the ongoing sovereign crisis, corporate bonds in the non-financial sector, particularly in the investment grade segment, continue in our view to have substantial upside potential. The widening of yields in 2011 enabled valuations to reach attractive levels, particularly as regards a default rate expected in 2012 to remain below its historical average. Furthermore, due to the contradictory effects of abundant liquidity and the prospects of an economic slowdown, returns on German government bonds should remain relatively stable for the coming year. In this context, the modified duration of Carmignac Sécurité should evolve tactically in a range between 200 and 400 basis points, while our carry strategies should benefit from the anchoring of short rates by the ECB.

■ Interest rate strategies

During the past quarter, we maintained a defensive positioning characterised by equilibrium within the portfolio between our positions in corporate bonds and a high modified duration on German government bonds. The performance of our positions on German government bonds turned out to be neutral over the period, on account of the hefty volatility of these bonds brought about by increased systemic risk. This was due to speculation about a possible break-up of the euro zone that resurfaced following the unsatisfactory placement of German government bonds at the 23 November auction. This event triggered a wave of

investor distrust with respect to all European government debt, yields on French government bonds widening on this occasion. In this environment combining hefty volatility and tensions on the yields of high-end government bonds, some international bond investors appear to be reducing their exposure to German and French government bonds.

For the months ahead, despite the measures taken by the ECB to improve liquidity, systemic risk has not gone away. Furthermore, because of the effects on growth caused by austerity policies, **the sovereign debt crisis remains problematical for countries not rated AAA, which we resolutely intend to avoid.** Accordingly, we will maintain a tactical and active approach to managing the fund's modified duration, but with a bias in favour of high modified duration to take account of the euro zone's fundamental long-term difficulties.

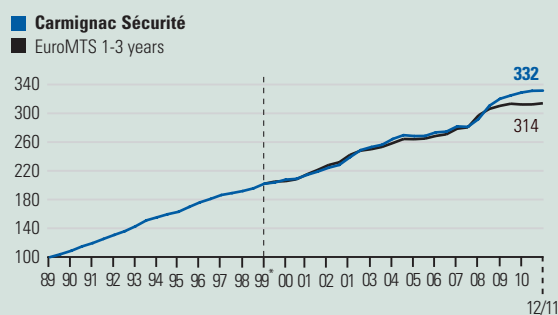
■ Credit strategies

In the fourth quarter, our positions in corporate bonds contributed 1.3% to performance, recording a gain over all the segments. Compared with the preceding quarter, our allocation remained stable at 56% of assets. Exposure to the high-yield segment was reduced to around 6.8% of assets, on account of the uprating of FCE Bank, a Ford Motor captive finance company, with this issuer's paper having joined the investment grade category in October.

The heaviest contribution to performance was generated by the recovery in our corporate bonds in the cyclical sectors: consumer discretionary, industrials and commodities. As mentioned in our previous report, we felt that this summer's trend of widening yields was more linked to the banking sector's liquidity problems than to a deterioration in issuers' fundamentals. While it is true that the default rate is likely to increase in 2012, valuations of European corporate bonds continue to reflect exaggerated default rates that do not take account of the improvement in corporate balance sheets in terms of both debt and liquidity. As regards the banking sector, although long-term solutions intended to restore banks' credit standings remain subject to caution, injections of liquidity by the ECB should in the short term enable the yields on European bank bonds to tighten. Our exposure to this sector remains for the most part focused on euro-denominated issues of well-capitalised banks in countries like the United States, Switzerland, the United Kingdom, Australia and some emerging countries.

In a world of low interest rates where returns are rare, we remain convinced that high-quality European corporate bonds still represent a relatively safe alternative compared with government or bank bonds subject to credit standing problems brought about by the over indebtedness crisis in the euro zone. Our portfolio remains focused on BBB-rated companies with improving balance sheets. The average yield on the portfolio is 3.8% for an average duration of 2.5 years.

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.
*Date of création of the euro and the EuroMTS 1-3 years index

Accumulated performance (%)	Since 31/12/2010	3 months	6 months	1 year	3 years	5 years	10 years	Since the first NAV
Carmignac Sécurité	0.81	1.12	0.09	0.81	13.51	21.24	47.88	231.79
Euro MTS 1-3 Y (Accrued interest)	0.54	-0.18	0.51	0.54	5.66	16.93	37.68	-
Category average*	1.44	0.28	0.96	1.44	11.24	12.17	34.88	206.39
Ranking (quartile)	3	1	3	3	2	2	1	2

*EUR Diversified Bond

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

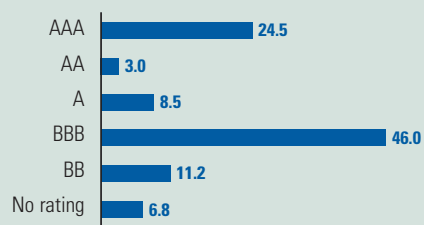
Quarterly gross performance contribution (%)

Portfolio	Bond Derivatives	Currency Derivatives	Total
1.47	-0.10	0.00	1.37

Statistics (%)

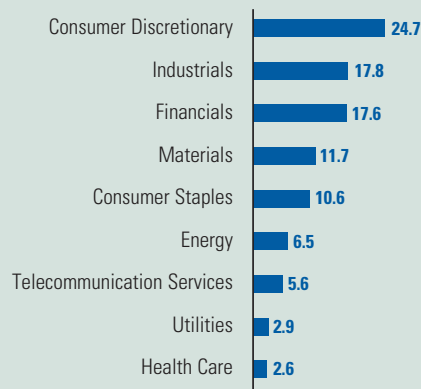
	1 year	3 years
Fund volatility	2.22	2.01
Benchmark volatility	2.52	1.92
Sharpe ratio	-0.03	1.80
Beta	0.12	0.33
Alpha	0.06	0.30

Rating breakdown (derivatives excluded) (%)



Modified duration : 2.33

Sector breakdown (derivatives excluded) - Corporate Bonds (%)



Bond portfolio (derivatives excluded) - Maturity breakdown (%)



Portfolio Carmignac Sécurité at 31/12/2011

	Price in local currencies	Total value (€)	% of net assets	
CASH, CASH EQUIVALENTS AND DERIVATIVES OPERATIONS		983 291 432.52	20.39	
CASH (INCLUDING COLLATERAL CASH FROM DERIVATIVE POSITIONS)		10 499 340.49	0.22	
REPO		723 282 089.88	15.00	
50 000 000 ENEL 17/02/2012	Commercial paper in Euros	49 897 074.37	1.03	
50 000 000 PSA BANQUE 17/02/2012	Commercial paper in Euros	49 906 999.40	1.04	
50 000 000 RENAULT 17/02/2012	Commercial paper in Euros	49 904 351.99	1.03	
50 000 000 REPSOL INTL 17/02/2012	Commercial paper in Euros	49 900 381.87	1.03	
50 000 000 VALLOUREC 20/02/2012	Commercial paper in Euros	49 901 194.52	1.03	
FIXED INCOME INVESTMENTS		3 838 636 209.70	79.61	
Developed countries fixed rate Government bonds		941 891 456.30	19.53	
327 500 000 BOBL 3.50% 12/04/2013	Euro	104.43	350 370 237.71	7.27
200 000 000 BOBL 4.00% 11/10/2013	Euro	106.88	215 612 923.50	4.47
100 000 000 SCHATZ 1.00% 14/12/2012	Euro	101.02	101 077 377.05	2.10
272 000 000 SCHATZ 1.00% 16/03/2012	Euro	100.24	274 830 918.04	5.70
Emerging markets fixed rate Government bonds		71 425 000.14	1.48	
30 000 000 BK DEV ECO 4.125% 15/09/2017	Euro	98.47	29 915 107.38	0.62
25 000 000 MEXICO 4.25% 16/06/2015	Euro	103.00	26 336 407.10	0.55
15 000 000 ROMANIA 5.00% 18/03/2015	Euro	97.17	15 173 485.66	0.31
Developed countries fixed rate corporate bonds		2 360 752 098.57	48.96	
16 000 000 AB INBEV 7.375% 30/01/2013	Consumer Staples	105.97	18 051 545.21	0.37
19 000 000 ACCOR 6.50% 06/05/2013	Consumer Discretionary	105.04	20 777 654.02	0.43
19 000 000 AIR FRANCE 4.575% 20/07/2013	Industrials	99.98	19 395 200.00	0.40
7 500 000 AIR FRANCE 4.75% 22/01/2014	Industrials	96.75	7 594 819.01	0.16
17 700 000 AIR FRANCE 6.75% 27/10/2016	Industrials	100.35	17 987 189.75	0.37
28 000 000 APRR 5.00% 12/01/2017	Industrials	101.80	29 872 755.07	0.62

Portfolio Carmignac Sécurité at 31/12/2011 (continued)

			Price in local currencies	Total value (€)	% of net assets
26 900 000	APRR 7.50% 12/01/2015	Industrials	110.36	31 660 389.82	0.66
45 912 000	ARCELOR 8.25% 03/06/2013	Materials	105.76	50 782 028.84	1.05
33 000 000	ARCELOR 9.375% 03/06/2016	Materials	111.71	38 682 491.80	0.80
95 600	AXA 2.50% 01/01/2014	Financials	220.00	21 032 000.00	0.44
52 388 000	BACARDI 7.75% 09/04/2014	Consumer Staples	111.47	61 392 823.03	1.27
35 000 000	BARCLAYS 3.50% 18/03/2015	Financials	99.11	35 664 247.40	0.74
25 000 000	BBVA 4.00% 13/05/2013	Financials	99.58	25 043 415.98	0.52
13 000 000	BG ENERGY 3.375% 15/07/2013	Energy	102.93	13 588 482.30	0.28
23 101 000	BNP PARIBAS 5.868% 16/01/2013	Financials	79.98	19 787 526.42	0.41
5 150 000	BNP PARIBAS 8.667% 11/09/2013	Financials	90.99	4 826 437.74	0.10
26 171 000	CAMPARI 5.375% 14/10/2016	Consumer Staples	105.26	27 862 493.22	0.58
18 000 000	CARLSBERG 6.00% 28/05/2014	Consumer Staples	108.52	20 185 731.15	0.42
41 900 000	CASINO 6.375% 04/04/2013	Consumer Staples	104.21	45 669 516.33	0.95
10 000 000	CATERPILLAR 2.75% 06/06/2014	Industrials	102.87	10 446 289.62	0.22
24 000 000	CELESIO 4.50% 26/04/2017	Health Care	95.80	23 737 597.38	0.49
25 500 000	CHRIST. DIOR 3.75% 23/09/2014	Consumer Discretionary	102.83	26 491 141.11	0.55
20 000 000	CITIGROUP 3.95% 10/10/2013	Financials	99.78	20 141 028.42	0.42
22 850 000	CREDIT AGRIC. 7.875% 26/10/2019	Financials	78.13	18 197 545.21	0.38
20 000 000	CREDIT SUISSE 6.375% 07/06/2013	Financials	103.35	21 404 840.98	0.44
6 114 000	CRH 7.375% 28/05/2014	Materials	109.35	6 958 081.13	0.14
13 500 000	EDENRED 3.625% 06/10/2017	Industrials	98.57	13 427 625.61	0.28
19 450 000	ELIA SYSTEM 4.50% 22/04/2013	Utilities	103.52	20 749 519.86	0.43
28 900 000	ELSEVIER 6.50% 02/04/2013	Consumer Discretionary	105.47	31 901 524.78	0.66
22 400 000	ERICSSON 5.00% 24/06/2013	Telecommunication Services	104.61	24 026 525.20	0.50
10 000 000	EURONEXT 5.375% 30/06/2015	Financials	106.96	10 971 642.90	0.23
10 000 000	EUTELSAT 4.125% 27/03/2017	Consumer Discretionary	100.83	10 401 554.92	0.22
18 750 000	FIAT 6.375% 01/04/2016	Consumer Discretionary	87.04	17 228 196.21	0.36
13 500 000	FIAT 7.625% 15/09/2014	Consumer Discretionary	98.84	13 655 857.50	0.28
41 253 000	FIAT 9.00% 30/07/2012	Consumer Discretionary	102.16	43 745 607.70	0.91
18 800 000	FIAT IND. 4.00% 28/03/2013	Industrials	96.08	18 638 246.55	0.39
30 000 000	FIAT IND. 5.25% 11/03/2015	Industrials	92.42	29 011 630.33	0.60
11 000 000	FONC. LYON. 4.62% 25/05/2016	Financials	94.33	10 687 446.12	0.22
32 000 000	FORD 7.125% 15/01/2013	Consumer Discretionary	102.36	34 965 847.67	0.73
50 950 000	FORD 7.125% 16/01/2012	Consumer Discretionary	100.18	54 550 001.37	1.13
20 000 000	FRANZ HANIEL 6.75% 23/10/2014	Consumer Staples	105.55	21 380 162.30	0.44
27 200 000	FRESENIUS 8.75% 15/07/2015	Health Care	116.04	32 680 565.78	0.68
33 700 000	GAS NATURAL 5.25% 09/07/2014	Utilities	102.44	35 386 894.93	0.73
27 650 000	GLENCORE 5.25% 11/10/2013	Materials	104.05	29 106 812.77	0.60
34 550 000	GLENCORE 7.125% 23/04/2015	Materials	108.22	39 110 464.07	0.81
14 809 000	HEIDELBERG 7.50% 31/10/2014	Materials	106.68	15 995 472.40	0.33
25 000 000	IBERDROLA 4.625% 07/04/2017	Utilities	101.33	26 190 539.62	0.54
15 000 000	ILIAD 4.875% 01/06/2016	Telecommunication Services	100.96	15 577 255.33	0.32
13 500 000	JPMORGAN 5.25% 08/05/2013	Financials	103.74	14 472 063.07	0.30
25 300 000	K+S AG 5.00% 24/09/2014	Materials	107.73	27 608 863.48	0.57
15 000 000	KPN 6.25% 04/02/2014	Telecommunication Services	108.48	17 130 401.71	0.36
9 200 000	KPN 6.25% 16/09/2013	Telecommunication Services	107.38	10 052 188.21	0.21
28 500 000	KRAFT FOODS 5.75% 20/03/2012	Consumer Staples	100.87	30 045 130.61	0.62
24 500 000	LAFARGE 7.625% 27/05/2014	Materials	106.14	27 322 080.70	0.57
21 000 000	LUFTHANSA 6.50% 07/07/2016	Industrials	111.62	24 115 345.98	0.50
43 455 000	LUFTHANSA 6.75% 24/03/2014	Industrials	108.73	49 541 998.31	1.03
13 956 000	MAN SE 5.375% 20/05/2013	Industrials	105.04	15 128 170.92	0.31
16 000 000	MERCK 4.875% 27/09/2013	Health Care	105.51	17 092 743.61	0.35
15 350 000	METRO 7.625% 05/03/2015	Consumer Staples	113.92	18 461 700.83	0.38
17 932 000	METRO 9.375% 28/11/2013	Consumer Staples	112.93	20 420 019.44	0.42
10 000 000	NWR 7.875% 01/05/2014	Materials	93.61	9 499 212.50	0.20
24 000 000	PEUGEOT 3.50% 17/01/2014	Consumer Discretionary	97.08	24 108 802.19	0.50

Portfolio Carmignac Sécurité at 31/12/2011 (continued)

			Price in local currencies	Total value (€)	% of net assets
5 000 000	PEUGEOT 3.625% 17/09/2013	Consumer Discretionary	98.27	4 967 428.83	0.10
74 000 000	PEUGEOT 4.00% 28/10/2013	Consumer Discretionary	99.99	74 544 025.36	1.55
28 900 000	PEUGEOT 5.625% 29/06/2015	Consumer Discretionary	100.36	29 842 201.59	0.62
45 000 000	PIRELLI & C. 5.125% 22/02/2016	Consumer Discretionary	96.27	45 319 718.84	0.94
37 052 000	PPR 4.00% 29/01/2013	Consumer Discretionary	101.95	39 154 340.63	0.81
39 000 000	PRYSMIAN 5.25% 09/04/2015	Industrials	97.93	39 701 590.82	0.82
11 985 000	PUBLICIS 4.25% 31/03/2015	Consumer Discretionary	104.11	12 865 688.25	0.27
20 600 000	RALLYE 5.875% 24/03/2014	Consumer Staples	101.61	21 877 992.48	0.45
13 000 000	RALLYE 8.375% 20/01/2015	Consumer Staples	106.65	14 905 328.97	0.31
14 000 000	RENAULT 3.25% 17/01/2014	Consumer Discretionary	98.18	14 184 414.52	0.29
30 000 000	RENAULT 3.75% 07/07/2014	Consumer Discretionary	97.86	29 934 877.80	0.62
25 000 000	RENAULT 4.00% 25/01/2016	Consumer Discretionary	94.71	24 870 770.55	0.52
45 000 000	RENAULT 4.625% 25/05/2016	Consumer Discretionary	95.94	44 446 995.49	0.92
38 714 000	REXAM 4.375% 15/03/2013	Materials	102.55	41 064 829.38	0.85
11 000 000	REXEL 7.00% 17/06/2015	Industrials	97.50	10 761 306.11	0.22
11 000 000	REXEL 8.25% 15/12/2013	Industrials	106.25	11 735 450.83	0.24
24 440 000	SANDVIK 6.875% 25/02/2014	Industrials	109.86	28 290 900.32	0.59
15 000 000	SOC. GEN. 7.756% 22/05/2013	Financials	60.31	9 768 437.30	0.20
3 360 000	SODEXO 6.25% 30/01/2015	Consumer Discretionary	110.33	3 901 961.10	0.08
20 000 000	ST GOBAIN 3.50% 30/09/2015	Industrials	101.40	20 462 606.56	0.42
12 500 000	ST GOBAIN 6.00% 20/05/2013	Materials	104.99	13 593 262.30	0.28
6 500 000	ST GOBAIN 7.25% 16/09/2013	Materials	108.09	7 167 515.01	0.15
20 871 000	ST GOBAIN 8.25% 28/07/2014	Materials	113.22	24 381 931.60	0.51
35 334 000	SWISS RE 6.00% 18/05/2012	Financials	101.52	37 210 548.19	0.77
22 000 000	TELEFONICA 3.406% 24/03/2015	Telecommunication Services	97.02	21 928 944.21	0.45
10 000 000	TELEFONICA 5.58% 12/06/2013	Telecommunication Services	102.60	10 573 765.57	0.22
10 000 000	UBS 4.875% 21/01/2013	Financials	102.31	10 695 694.52	0.22
20 000 000	VESTAS 4.625% 23/03/2015	Industrials	86.87	18 099 641.53	0.38
15 000 000	VIVENDI 3.5% 13/07/2015	Consumer Discretionary	101.38	15 458 549.59	0.32
11 750 000	VIVENDI 4.50% 03/10/2013	Consumer Discretionary	103.86	12 338 139.51	0.26
14 000 000	WENDEL 4.875% 04/11/2014	Industrials	99.41	14 031 220.00	0.29
31 200 000	WENDEL 4.875% 21/09/2015	Industrials	94.14	29 807 876.46	0.62
21 500 000	WENDEL 4.875% 26/05/2016	Industrials	90.68	20 135 349.18	0.42
40 000 000	WESTPAC BANK 6.50% 24/06/2013	Financials	106.70	44 059 142.08	0.91
34 627 000	WPP GROUP 5.25% 30/01/2015	Consumer Discretionary	105.95	38 374 170.29	0.80
24 700 000	WPP GROUP 6.625% 12/05/2016	Consumer Discretionary	111.80	28 674 096.38	0.59
Developed countries floating rate corporate bonds				105 755 297.22	2.19
30 000 000	BPCE TV 20/07/2012	Financials	99.68	30 032 353.33	0.62
15 000 000	CITIGROUP TV 12/01/2012	Financials	100.00	15 058 270.00	0.31
10 000 000	CITIGROUP TV 28/06/2013	Financials	96.22	9 625 441.11	0.20
18 000 000	FORTIS BANK TV 03/02/2012	Financials	100.10	18 095 575.00	0.38
22 000 000	NATIXIS TV 06/07/2012	Financials	89.99	19 895 205.00	0.41
13 250 000	NATIXIS TV 26/01/2012	Financials	98.12	13 048 452.78	0.27
Emerging markets fixed rate corporate bonds				358 812 357.47	7.44
40 000 000	BCO BRASIL 4.50% 20/01/2016 (Brazil)	Financials	98.66	41 183 400.00	0.85
39 140 000	GAZPROM 4.56% 09/12/2012 (Russia)	Energy	101.84	39 987 942.43	0.83
33 787 000	GAZPROM 5.875% 01/06/2015 (Russia)	Energy	103.30	36 078 186.01	0.75
28 679 000	GAZPROM 8.125% 04/02/2015 (Russia)	Energy	108.99	33 389 362.71	0.69
16 000 000	PEMEX 6.25% 05/08/2013 (Mexico)	Energy	105.22	17 250 500.55	0.36
39 100 000	PEMEX 6.375% 05/08/2016 (Mexico)	Energy	108.27	43 367 390.02	0.90
50 000 000	STAT BK INDIA 4.50% 30/11/2015 (India)	Financials	94.74	47 582 913.93	0.99
26 000 000	TELEMAR 5.125% 15/12/2017 (Brazil)	Telecommunication Services	97.83	25 507 964.21	0.53
29 000 000	TPSA 6.00% 22/05/2014 (Poland)	Telecommunication Services	107.67	32 302 755.33	0.67
40 670 000	VOTORANTIM 5.25% 28/04/2017 (Brazil)	Industrials	100.07	42 161 942.28	0.87
PORTFOLIO VALUE				3 838 636 209.70	79.61
NET ASSETS				4 821 927 642.22	100.00