

Carmignac Investissement A Acc

Morningstar Category Benchmark
MSCI World Free Growth NR USD

Morningstar Qualitative Rating™



► **Elite**
Superior
Standard
Inferior
Impaired

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Executive Summary

People: Edouard Carmignac has more than 35 years of experience and has managed the fund since it was launched in January 1989.

Parent: Carmignac Gestion has a solid investment culture but we would like it more if expenses were not so high.

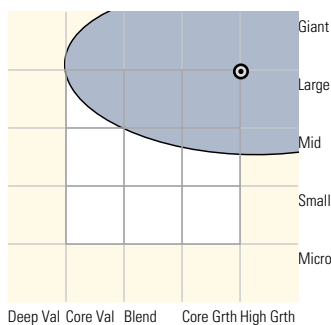
Process: The fund is managed opportunistically. The approach adopted combines a strong macroeconomic component with an active use of hedging.

Performance: The fund's track record is excellent.

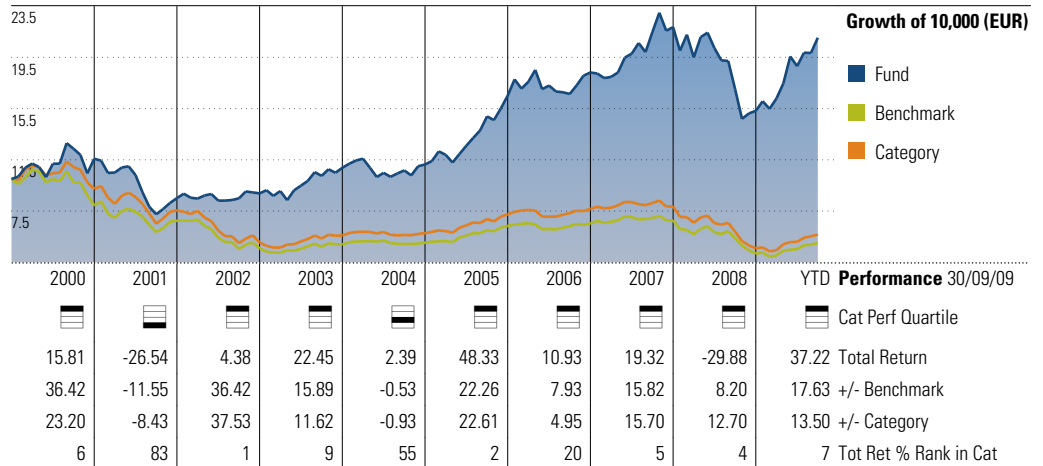
Price: The total expense ratio is higher than the median for the category.

Role in Portfolio: The fund can be used to diversify a portfolio of European stocks.

Morningstar Style Box: Ownership Zone



● Centroid = weighted average of stock holdings
● Zone = 75% of fund's stock holdings
(as of 30/09/09)



Morningstar Opinion

16 Oct 2009 | In our opinion, this global equity fund is one of the best.

Carmignac Investissement indeed embodies the main qualities we like to see in a fund. First of all, its manager, Edouard Carmignac, has many years of experience and, notably, has managed the fund since its launch more than 20 years ago. He follows an opportunistic approach with a long-term, absolute return mindset. With that aim, he bases his approach on his main convictions, which include a strong top-down dimension. The strategy rests on identification, usually upstream and not necessarily in the current trend, of investment themes with medium- and long-term growth potential. So, by the end of August 2009, the portfolio is exhibiting marked sector bets on emerging markets and natural resources, while since March, the team had once again turned positive on a limited number of Anglo-Saxon banks. At the same time, the fund maintains significant exposure (14%) to gold, which it considers to be a significant protective tool. Within these different themes, Carmignac can rely on the best ideas from a solid team of managers and analysts, which was recently strengthened by addition of a very experienced analyst in the financials sector. Due to the fund's considerable size, however, Carmignac selects only securities with sufficient liquidity. This is demonstrated by portfolio's positioning in the large-cap segment

of the Morningstar Style Box.

Another fundamental factor that distinguishes this offering is its systematic use of hedging and cash management policies to mitigate market fluctuations. In a bear market, the fund therefore loses much less than its competitors. The fund is more volatile than the average fund in its category, however, due to its sometimes aggressive positioning on strong growth themes. It is therefore intended for long-term investors with a high risk tolerance.

Lastly, management charges borne by fundholders are reasonable. They are accompanied by a performance fee that aligns their interests with those of the manager. This is unfortunately not the case for deducted turnover commissions. Even though we do not like these commissions, which we think are unfair, the fund managed overwhelmingly to overcome this disadvantage. By the end of September 2009, it ranks in the first decile of the category over three-, five-, and 10-year periods.

In view of the size of assets under management, it would be reasonable for the fund to pass economies of scale on to investors. Nevertheless, the experience of the manager and his team, the fund's success over the long term, and the soundness of the investment policy make it an excellent investment. The fund retains the Elite grade.

Morningstar Category™	Global Large-Cap Growth Equity
IMA Sector	Actions internationales
Manager's Benchmark	100% MSCI AC World LCL
Inception Date	26/01/1989
12 Month Yield %	0.00

ISIN	FR0010148981
Domicile	France
Legal Status/UCITS	FCP
Base Currency	EUR
Total Net Assets	EUR 5449.36 Mil

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Manager	Edouard Carmignac
Manager Start	26/01/89
Average Tenure	20.77
Avg Yrs Experience	36
Longest Tenure	20.77

Other Funds Managed
Carmignac Patrimoine

Number of Analysts 4

Management Company
Carmignac Gestion

Total Assets Under Mgt EUR 27 Bil
Total Assets in Strategy EUR 5.4 Bil

No Holdings (Range)	60-70
Max Position Size	7%
Expd Track Error	None
Expd Turnover	50-60%
Sector Constraints	None
Regional Constraints	None
Tactical Use of Cash	Yes
Hedging Policy	Selectively Hedged
Manager's Benchmark	100% MSCI AC World LCL

People

Edouard Carmignac has more than 35 years of experience. He created the company with his name in 1989 and holds 70% of its capital; the remainder is owned by employees. Carmignac has surrounded himself with a solid team that includes nine very experienced equity managers and four analysts. Each person's responsibilities are organised in terms of investment themes rather than a formal geographic or sectoral breakdown. This organisation is entirely appropriate for the Carmignac management

Parent

Founded in 1989 by Edward Carmignac, the company was managing EUR 27 billion by the end of August 2009. Assets under management have grown considerably. Over time, the range of products has expanded but we note that the new funds have been launched with intelligence rather than merely to take advantage of fashion with little concern for investors' long-term interests. Likewise, as assets grew, the company continually strengthened its investment teams with quality professionals: As proof, in September 2009 the team hired a very experienced financials analyst. Furthermore, we think the asset management company's communication with investors is

Process: Investment Approach

The fund seeks to maximise absolute performance over the long term. Investment decisions have a strong top-down orientation, based on an analysis of macroeconomic fundamentals that allows identification of medium-term themes. Within each theme, the fund manager selects securities (between 60 and 70) opportunistically in close collaboration with other members of the team. In view of the size of the fund, this selection process focuses on medium- and large-cap equities. Each company in the portfolio is visited at least once a year.

style. In the team, Frederic Leroux (19 years of experience) is in charge of economic research and hedge management, fundamental in view of the strong top-down orientation of the fund. This compact organisation allows for a fluid exchange of investment ideas. The selection of securities follows the best ideas of various managers and takes account of the liquidity constraints of Carmignac Investissement. The size of the team is adequate in our opinion and we appreciate the fact that most of the managers, including Carmignac, invest in the funds they manage and in those of their colleagues.

exemplary. While investors have easy access to the company's portfolio, reporting is very visible and clearly explains the investment decisions made, which, unfortunately, is too rare of a practice in the industry. On the other hand, the remuneration structure is not ideal since the managers have more of an interest in the firm's capital than the long-term performance of the funds. This drawback is however nuanced by the fact that most of the funds include a performance fee. Combined with reasonable management fees, this seems an effective way to align the interests of the fund manager with those of investors. On the other hand, and this is our main reservation with respect to the management company, we dislike the commissions charges on fund transactions.

The other fundamental characteristic of the investment approach lies in the use of cash and hedging instruments to ensure that the objective of preserving capital is achieved. The hedging consists essentially of short selling global index futures and, to a lesser extent, of holding short positions on a basket of securities in order to hedge a specific risk—for example US banks in 2007. Overall, the net exposure to the equity market is always equal to at least 60% of the fund's assets. Lastly, exposure to foreign exchange risk is also actively managed via hedging instruments and by taking opportunistic positions on certain currencies.

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Value Measures	Fund	Rel Cat
Price/Earnings	19.68	1.22
Price/Sales	1.77	1.50
Price/Book	1.89	0.97
Price/Cash Flow	8.62	1.15
Dividend Yield %	1.98	0.74

Growth Measures	Fund	Rel Cat
Long-Term Earnings	15.00	1.23
Historical Earnings	11.58	-0.32
Sales	15.92	-0.80
Cash Flow	7.96	3.49
Book Value	15.42	-0.86

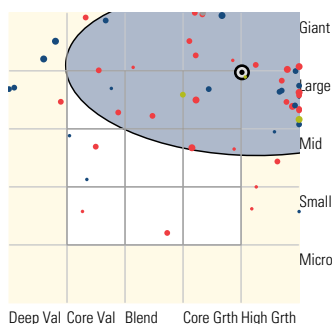
Average Market Cap EUR 18946.62 Mil

Process: Portfolio Positioning

The portfolio of Carmignac Investissement reflects the strong convictions of its manager and the supporting investment team. As such, investors should not look for a "standard" exposure to international equities as represented by the MSCI World Index. Since our last review (February 2009) the portfolio has experienced some noteworthy developments: The level of exposure to the market rose from 60% to nearly 100% during the second quarter. Cash was deployed again around three themes: Anglo-Saxon banks (JP Morgan, Bancorp, Wells Fargo, and Barclays) represented 11% of assets at the end of August; emerging markets (29% including Hong Kong)

with a preference for domestic growth-oriented securities; and natural resources (25%). These higher-beta themes were offset by gold (14%), defensive strategies for medicines and consumption (14%), and cash (7%) at the end August. Hedging on the American dollar, in place since the beginning of the year, was in the midst of being completely removed at the time of our publication. Historically, the portfolio has been situated in the growth segment of the Morningstar Style Box. Although the selection of securities is opportunistic and without style bias, the search for themes is clearly oriented toward dynamic growth, which explains this positioning. The need for liquidity is moreover reflected by a marked bias toward large caps.

Morningstar Holdings Based Style Map



● Centroid = weighted average of stock holdings
 ● Zone = 75% of fund's stock holdings
 (as of 30/09/09)

World Regions	% Equity
Greater Europe	18.23
Americas	57.91
Greater Asia	23.86

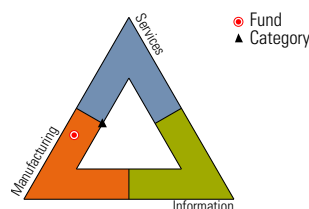
Top 5 Countries	% Equity
United States	33.29
Canada	13.84
United Kingdom	10.44
Brazil	8.00
China	7.47

Market Maturity	% Equity
Developed Markets	75.72
Emerging Markets	24.28
Not Classified	0.00

Asset Allocation	% Assets	long %	short %	net %
Stocks	92.19	92.19	0.00	92.19
Bonds	1.06	0.00	0.00	1.06
Cash	4.77	0.00	0.00	4.77
Other	1.98	0.00	0.00	1.98

Top Holdings	% Assets 30-09-09
Freeport-McMoRan Copper & Gold B	3.85
Schlumberger, Ltd.	3.74
J.P. Morgan Chase & Co.	3.30
First Solar, Inc.	3.07
Kinross Gold Corporation	3.06
Wells Fargo Company	2.96
Roche Holding AG	2.75
Goldcorp, Inc.	2.75
Transocean, Inc.	2.70
Smith International, Inc.	2.59
Newmont Mining Corporation	2.34
Barclays PLC	2.32
China Construction Bank Corporation	2.22
Cyrela Brazil Realty S.A. Empreend...	2.21
Barrick Gold Corporation	2.18
BHP Billiton PLC	2.13
ICICI Limited	2.01
National Oilwell Varco, Inc.	1.98
CSL Limited	1.97
Xstrata PLC	1.93
Total Equity/Bond Holdings	63/1
Assets in Top 10 Holdings %	30.76

Sector Delta



Sector Weightings	% Equity	Rel Cat
Information	6.30	0.39
Software	0.83	0.38
Hardware	5.47	0.77
Media	0.00	0.00
Telecommunications	0.00	0.00
Service	35.28	0.84
Healthcare	8.77	0.93
Consumer Services	0.24	0.03
Business Services	0.21	0.04
Financial Services	26.06	1.27
Manufacturing	58.42	1.40
Consumer Goods	10.14	0.94
Industrial Materials	32.19	1.84
Energy	16.09	1.42
Utilities	0.00	0.00

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Trailing (EUR)	Total Rtn %	+/- Bmark	+/- Cat	%Rnk in Cat
	3 Mo	11.80	1.20	0.59
6 Mo	29.11	4.96	1.22	39
1 Yr	23.63	30.44	28.03	1
3 Yr Annualised	8.12	15.60	16.03	1
5 Yr Annualised	14.54	14.22	13.49	1
10 Yr Annualised	10.52	14.44	12.98	1

MPT Stats	3 Yr	Rel Cat	5 Yr	Rel Cat
	R-Squared	73.32	0.81	69.71
Beta	1.11	1.01	1.17	1.06
Alpha	17.48	28.66	14.40	14.12

Volatility & Risk Adj Returns	3 Yr	Rel Cat	5 Yr	Rel Cat
	Std Deviation	20.42	1.03	18.75
Mean	0.82	-1.58	1.28	6.40
Sharpe Ratio	0.31	-0.63	0.66	-16.50
Information Ratio	1.13	-9.42	1.08	21.60
Treynor Ratio	9.74	-1.81	13.06	10.88

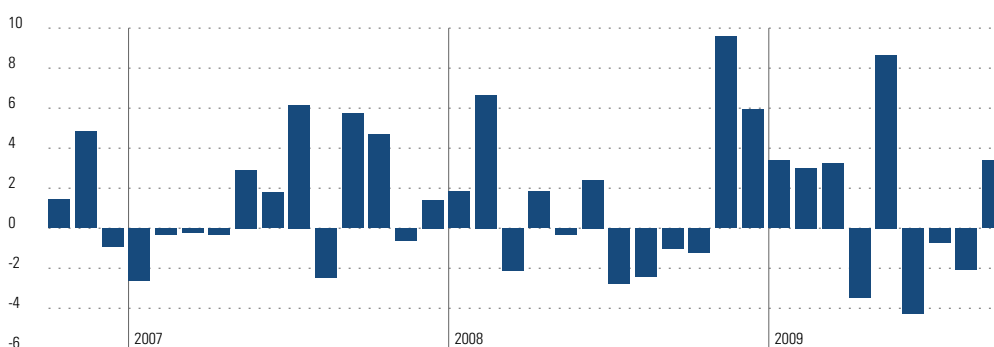
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Performance Analysis

This is one of the rare funds, perhaps the only one, with a track record spanning 20 years under the same manager. Since its launch in January 1989, it has outperformed the category average by 6.5% on an annualised basis as of the end of September 2009. In addition, the fund has ranked in the first percentile of the category over three, five and 10 years. Upstream identification of major themes, sometimes contrarian, as well as careful stock selection, are the main factors behind this undisputable success. Since 2001, systematic utilisation of hedging

has also contributed to the fund's excellent long-term performance. As such, it seems important to emphasise that, thanks to its hedged positions and the flexibility it has to increase cash, the fund does not only seek to outperform during bull markets. The fund has outperformed its competitors by more than 8% during the spectacular rebound of April 2009, and therefore it has ranked in the first quartile since the beginning of the year until the end of September 2009. The turnaround of positioning on certain banking firms, combined with exposure to emerging markets and natural resources (excluding gold), indeed turned out to be very sound.

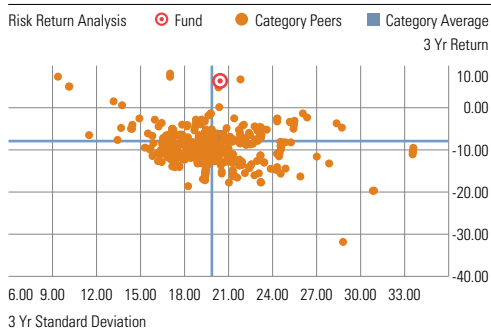
Monthly Return vs Morningstar Category (EUR)



Risk & Return

The manager's strong convictions against indices and competitors explain the fund's higher volatility in its category. The fund's maximum loss is more than 10%

lower as of the end of September 2009. These characteristics suggest that investors should not try to look for a low point to enter the fund but should hold it over a long-term investment horizon.



Morningstar Rating™ (Rel Cat)	Morningstar Return	Morningstar Risk	Morningstar Rating
3 Year	High	Abv avg	★★★★★
5 Year	High	Abv avg	★★★★★
10 Year	High	Abv avg	★★★★★
Overall	High	Abv avg	★★★★★

Price

Management fees are lower than average. A performance fee is charged. Moreover, the TER suffers from high move commissions.

Initial Sales Charge %	4.00
Max. Annual Management Fee %	1.50
Total Expense Ratio %	2.08