



D. Field

Carmignac Commodities is an international equity fund that primarily invests in precious metals and industrial metals, energy, and agricultural commodities. It seeks the best growth opportunities through careful selection of high-potential stocks.

EQUITY MANAGEMENT SPECIALISED

CARMIGNAC

Commodities

Management report at 31 December 2009

Net assets		Quarterly performance		Performance over 1 year	
	€941,059,600.02	Fund	+13.3%	Fund	+70.3%
Number of units	3,276,534.44	Indicator	+12.0%	Indicator	+47.0%
Value per unit	€287.21				

The final quarter of 2009 saw continued positive performance for the bulk of the commodities markets, as gradually improving global economic data reinforced the market's belief in an improving economic outlook. The Fund significantly outperformed its benchmark due to the good returns from mining and agricultural stocks, compensating the more modest performance from the energy sector. 2009 was marked by four consecutive positive quarters, an exceptional performance especially considering the disappointment of 2008.

The bright spot for performance for the quarter was the gold sector. The weaker dollar during the first two months provided a good support but the most significant news for gold was the announcement by India's Central Bank that they would buy 200 tonnes of gold from the IMF. This is the largest central bank purchase of gold in more than 10 years and could represent a turning point for the gold market. Central banks have been a major source of supply of gold since the 1990s. If this trend should reverse it would significantly improve the dynamics of the gold market and is potentially the most significant change this decade. We continue to monitor the market closely for signs of other countries following India's lead. Already Russia has announced they will add to their gold reserves. Should China and other countries with low gold reserves follow suit then there will be considerable price momentum behind gold.

Our mid cap gold holdings such as **Redback**, **Detour**, **Eldorado** and **Silver Wheaton** continued their trend of outperformance of the underlying commodity which further enhanced performance. This was offset somewhat by poorer showings by two of our larger cap names **Agnico** and **Kinross** which had to revise down gold production forecasts. This once again highlights the difficulties faced by the large producers in even maintaining current gold production level and highlights why we continue to favour the mid cap space. During the quarter we sold down our holdings in these names in favour of mid cap companies like **Centerra** and **Yamana**.

In the short term given both the Gold's strong performance and the signs of improvement in the US economy, we have become more cautious on this commodity. A period of a strong US dollar would create a substantial headwind for the price of gold prices. Given the considerable scope for a price rise over the medium term, we nevertheless maintain our positions in this sector but at a significantly lower level (precious metals has dropped from 22.2% to 15.4% of assets).

The energy sector has the potential for opportunities. Our energy holdings were a drag on the performance of the Fund, with the oil service companies in particular underperforming after a very strong September quarter. We still see considerable value in the oil service sector given the long term secular trends supporting their growth such as aging oilfields and more costly exploration and have continued to add to our exposure. We did however exit our holding in **Smiths** over doubts concerning its longer term strategic direction in favour of companies with a better defined strategy such as **Halliburton** and **Schlumberger**. The standout performer in our oil services portfolio was again **Carbo Ceramics** which thanks to its exposure to non conventional US gas continued to perform strongly.

The improvement in the global economic outlook should favour the oil and gas market. The recently announced takeover of XTO Energy by Exxon Mobil shows the sector to be attractive, and particularly in the gas extraction from bitumen shale business. We continue to avoid the mega cap oil names for the reasons we have mentioned previously but are trying to add to our medium and large cap names where we see companies with either growing production profiles or strong exploration potential. In this light of this, we have added companies such as **Petrobank**, **Gran Tierra** and **Afren** to our existing large holdings in **Bankers Petroleum** and **Pacific Rubiales**. The latter two continued to be strong performers in the fourth quarter recording double digit returns.

In base metals, performance was strong but relative performance was muted by the strong performance of the large cap diversified companies compared to our copper holdings such as Equinox and Freeport. This comes after several quarters of strong relative performance of these companies and we continue to believe for the medium term they will be strong contributors. The copper supply demand balance remains one of the most attractive in the commodities universe. Our nickel holdings **Mirebela**, **Talvivaara** and **Western Areas** were also very disappointing and start up issues continued to dog their performance. It is by no means unusual for mines to experience problems in their first few quarters of production and we regard this situation as temporary and one that should improve in coming quarters.

The fertilizer market finally began to show signs of life in the last quarter of this year as inventories began to slowly fall after reaching near record levels. This resulted in a relief rally in many fertilizer companies including **Yara** and **Potash corp** and these companies were amongst the strongest performers for the quarter. We have added slightly to our holdings in this sector but would like to see further signs of demand improvement to become more aggressive. It is one of the areas with the most potential in 2010 given that 2009 was a year of such weak demand.

Among the best annual performers, we note :

Stocks	Performance
Pacific Rubiales Energy Corp , energy, Canada	+605%
Mercator Minerals Ltd , metals and minerals, Canada	+520%
First Quantum Minerals Ltd , metals and minerals, Canada	+356%
Hudbay Minerals , zinc and gold, Canada	+343%
Equinox Minerals , metals and minerals, Canada	+201%

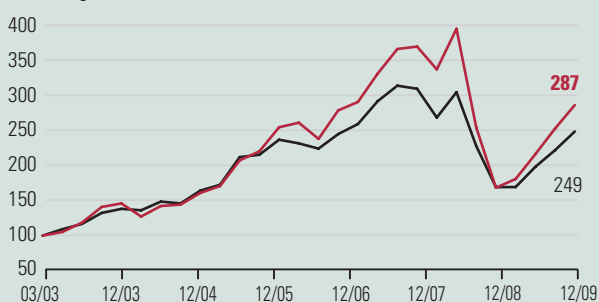
Accumulated performance (%)	Since 31/12/2008	3 months	6 months	1 year	3 years	5 years	10 years	Since launch on 10/03/2003
Carmignac Commodities	70.27	13.31	32.51	70.27	2.73	98.72	–	187.30
Carmignac Commodities Index (Eur)*	47.00	12.03	25.49	47.00	1.47	70.59	–	149.34
Category average**	62.27	12.96	26.06	62.27	-2.18	66.43	–	135.74
Ranking (quartile)	2	2	2	2	2	2	–	2

*Index calculated and 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).
**Sector Equity Natural Resources.

Performance of the Fund since its launch

■ Carmignac Commodities

■ Carmignac Commodities Index (Eur)

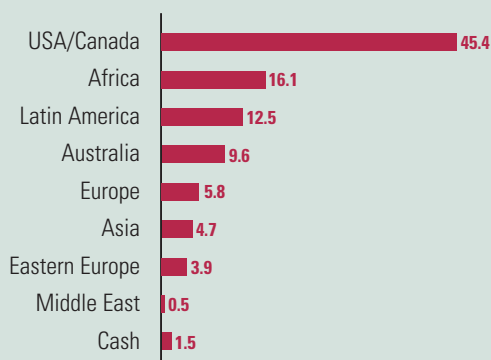


Statistics (%)

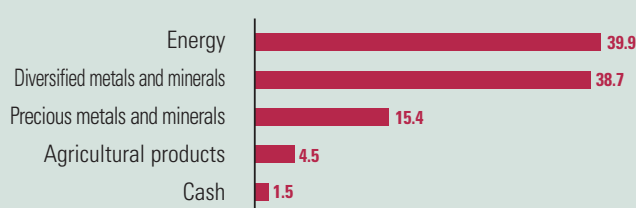
	1 year	3 years
Volatility of the Fund	20.54	32.05
Volatility of the Indicator	18.50	25.02
Sharp ratio	2.21	-0.06
Beta	0.98	1.19
Alpha	1.38	0.16

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

Geographical split (%)



Sector split (%)



Portfolio Carmignac Commodities at 31/12/2009

			Price in currencies	Total value (€)	% of net assets
CASH AND CASH APPROPRIATIONS				13 912 563.36	1.48
	CASH			13 912 563.36	1.48
EQUITIES				927 147 036.66	98.52
Energy				375 667 047.24	39.92
12 686 221	AFREN	Africa	0.85	12 137 191.57	1.29
2 640 000	AMBIT ENERGY	USA/Canada	0.84	1 552 536.20	0.16
300 000	ANADARKO PETROLEUM	USA/Canada	62.42	13 051 751.18	1.39
6 000 000	BANKERS PETROLEUM	Eastern Europe	6.22	24 812 180.04	2.64
515 000	CAMERON INTERNATIONAL CORP	USA/Canada	41.80	15 004 007.67	1.59
100 000	CANADIAN NATURAL RESOURCES	USA/Canada	76.00	5 063 326.90	0.54
376 118	CARBO CERAMICS	USA/Canada	68.17	17 870 684.13	1.90
67 800 000	DELTA DUNIA PETROINDO	Asia	1 690.00	8 500 478.17	0.90
2 313 400	GRAN TIERRA ENERGY	Latin America	5.71	9 206 840.22	0.98
550 000	HALLIBURTON CO	USA/Canada	30.09	11 534 762.15	1.23
900 000	HERITAGE OIL LIMITED	Middle East	4.36	4 416 680.74	0.47
690 000	NATIONAL OILWELL	USA/Canada	44.09	21 203 763.72	2.25
500 000	NOBLE	USA/Canada	40.70	14 183 655.69	1.51
4 250 666	PACIFIC RUBIALES ENERGY CORP	Latin America	15.45	43 662 515.59	4.64
2 700 000	PALADIN ENERGY	Africa	3.91	7 018 815.24	0.75
300 000	PETROBANK ENERGY & RESOURCES	USA/Canada	51.21	10 214 081.51	1.09
660 000	PETROLEO BRASILEIRO ADR	Latin America	42.39	19 602 644.47	2.08
536 774	PLANET GAS LTD	USA/Canada	0.15	48 788.46	0.01
1 030 000	PRIDE INTERNATIONAL	USA/Canada	31.91	22 908 032.76	2.43
400 000	SCHLUMBERGER	USA/Canada	65.09	18 205 262.24	1.93
1 120 000	SEADRILL	Europe	148.00	19 999 396.74	2.13
500 000	SOUTHWESTERN ENERGY CO	USA/Canada	48.20	16 797 351.45	1.78
337 200	SUNCOR ENERGY	USA/Canada	37.21	8 342 006.52	0.89
485 000	TRANSOCEAN INC	USA/Canada	82.80	27 989 545.22	2.97
825 000	TULLOW OIL	Europe	13.05	12 118 014.52	1.29
3 000 000	URANIUM ONE INC	Africa	3.02	6 023 535.67	0.64
80 000	WALTER ENERGY	USA/Canada	75.31	4 199 198.47	0.45
Diversified metals and minerals				364 173 663.80	38.70
630 000	ANGLO AMERICAN	Africa	27.11	19 223 704.20	2.04
1 140 000	BHP BILLITON PLC	Australia	19.95	25 598 514.27	2.72
5 000 000	CAPSTONE MINING CORP	USA/Canada	2.81	9 341 134.23	0.99
3 375 000	CONSOLIDATED THOMPSON IRON MINING	USA/Canada	6.76	15 168 539.33	1.61
5 500 000	COPPER MOUNTAIN MINING	USA/Canada	2.08	7 605 877.27	0.81
8 560 000	EQUINOX MINERALS	Africa	4.09	23 276 643.84	2.47
620 000	EVRAZ GROUP SA	Eastern Europe	28.25	12 207 701.69	1.30
591 000	FIRST QUANTUM MINERALS LTD	Africa	80.26	31 536 237.01	3.35
100 000	FNX MINING CIE	USA/Canada	11.56	768 565.92	0.08
285 000	FREEPORT MCMORAN COP. & GOLD	Asia	80.29	15 948 876.11	1.69
3 030 000	HUDBAY MINERALS INC	USA/Canada	13.57	27 336 679.74	2.90
12 700 000	IBERIAN MINERALS	USA/Canada	0.50	4 179 575.83	0.44
10 000 000	INDOCEMENT TUNGGAL PRAKARSA	Asia	13 700.00	10 163 599.08	1.08
5 200 000	LUNDIN MINING CORP	USA/Canada	4.30	14 866 032.84	1.58
854 000	MARULA MINES	Europe	1.00	595 225.65	0.06
8 569 900	MERCATOR MINERALS	USA/Canada	2.48	7 965 943.37	0.85
4 391 300	MIRABELA NICKEL LTD	Australia	2.36	6 890 145.60	0.73
500 000	RIO TINTO PLC	Australia	33.90	19 078 169.85	2.03
1 450 000	TALVIVAARA MINING	Europe	3.86	6 304 631.66	0.67
865 701	TECK RESOURCES LTD	USA/Canada	36.82	21 192 148.67	2.25
450 000	TERNIUM SA	USA/Canada	35.42	11 109 252.48	1.18
100 000	US STEEL	USA/Canada	55.12	3 841 784.28	0.41
350 000	USINAS SIDERURGICAS DE MINAS	Latin America	50.09	7 092 892.98	0.75
550 000	VALE SA	Latin America	29.03	11 128 419.59	1.18
800 000	VEDANTA RESOURCES	Australia	26.11	23 591 891.49	2.51
2 191 721	WESTERN AREAS	Australia	5.00	6 869 306.71	0.73
889 651	WINDIMURRA VANADIUM LTD	Australia	0.17	94 803.91	0.01
1 680 000	XSTRATA	America	11.21	21 197 366.20	2.25
Precious metals and minerals				144 999 081.39	15.41
5 300 000	ANDEAN RESOURCES LTD	Australia	2.60	8 637 873.75	0.92
2 221 666	AQUARIUS PLATINUM LTD	Africa	4.07	10 177 478.33	1.08
950 000	CENTERRA GOLD	USA/Canada	10.80	6 821 354.96	0.72
1 000 000	COLOSSUS MINERALS	USA/Canada	5.80	3 856 126.59	0.41
1 000 000	DETOUR GOLD	USA/Canada	17.88	11 887 507.48	1.26
1 000 000	ELDORADO GOLD CORP	Asia	14.92	9 919 553.22	1.05
314 000	GOLDCORP INC	USA/Canada	39.34	8 609 695.07	0.91
520 000	IAMGOLD CORP	Africa	16.51	5 707 865.17	0.61
9 820 865	MINERAL DEPOSITS LIMITED	Africa	0.99	6 063 782.38	0.64
2 900 000	OSISKO MINING	USA/Canada	8.46	16 311 415.46	1.73
279 999	RANDGOLD	Africa	79.12	15 440 683.66	1.64
1 500 300	RED BACK MINING	Africa	15.00	14 962 103.58	1.59
1 385 000	SILVER WHEATON CORP	Latin America	15.02	14 499 181.04	1.54
1 525 000	YAMANA GOLD INC	Latin America	11.38	12 104 460.70	1.29
Agricultural products				42 307 244.23	4.50
125 000	AGRIUM	USA/Canada	65.42	5 391 724.51	0.57
324 750	MBAC OPPORTUNITIES AND FINANCING	USA/Canada	12.50	2 698 873.08	0.29
240 000	POTASH CORP	USA/Canada	108.50	18 149 503.40	1.93
505 000	YARA INTERNATIONAL	Europe	263.70	16 067 143.24	1.71
PORTFOLIO VALUE				927 147 036.66	98.52
NET ASSETS				941 059 600.02	100.00