

# CARMIGNAC Market Neutral

**For a performance decorrelated to international markets and a low volatility objective**



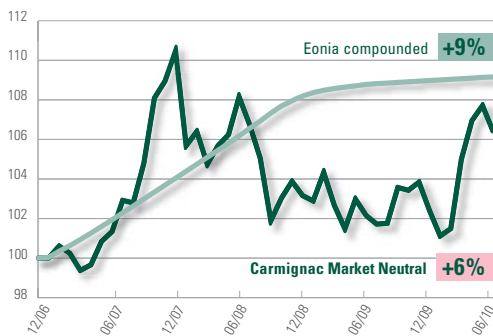
M. Carmignac  
Fund manager

Carmignac Market Neutral is a non-directional equity fund which aims for a net market exposure of between -30% and +30%. Its objective is to generate performance independent of market trends through a contained volatility and a weak correlation to global equity markets.



**Overall Morningstar Rating™**

### Performance since launch



### Performance as at 30/06/10

	1 year
Carmignac Market Neutral	+4.16%
Eonia compounded	+0.35%
Quartile	2

### Asset as at 30/06/10

Carmignac Market Neutral  
Net Assets: **102 M€**

### An original management style

Carmignac Market Neutral benefits from an active management style within a global investment environment. Stocks are selected from investment themes guided by our global macroeconomic outlook and through indepth company analysis. The Fund's objective is to generate absolute performance, irrespective of market conditions through a perfect control of volatility. To achieve this aim, Carmignac Market Neutral combines actively managed long positions and specific hedges destined to protect the portfolio. The Fund's performance is generated via the value differential between the equity positions and their hedges. It is therefore independent of market directional risk.

- **Equity:** the equity portfolio comprises companies benefiting from a high return on investment, free cash flow and low valuations.
- **Hedges:** the hedging portfolio comprises companies with low potential, suffering from deteriorated fundamentals or excessive market expectations. The portfolio also includes hedges on regional or sector indices.

### Neutral market exposure

Market exposure is a management strategy in its own right. It is managed via long positions on stocks as well as via specific hedging. The net exposure to inherent market risk may vary from -30% to +30% maximum of net assets.

### Low volatility objective

The volatility of the fund is subject to indepth monitoring by the fund manager. The measure of the volatility of each stock is compared to its growth potential within the portfolio. The sensitivity of the portfolio by pair of long/hedged positions is also subject to analysis.

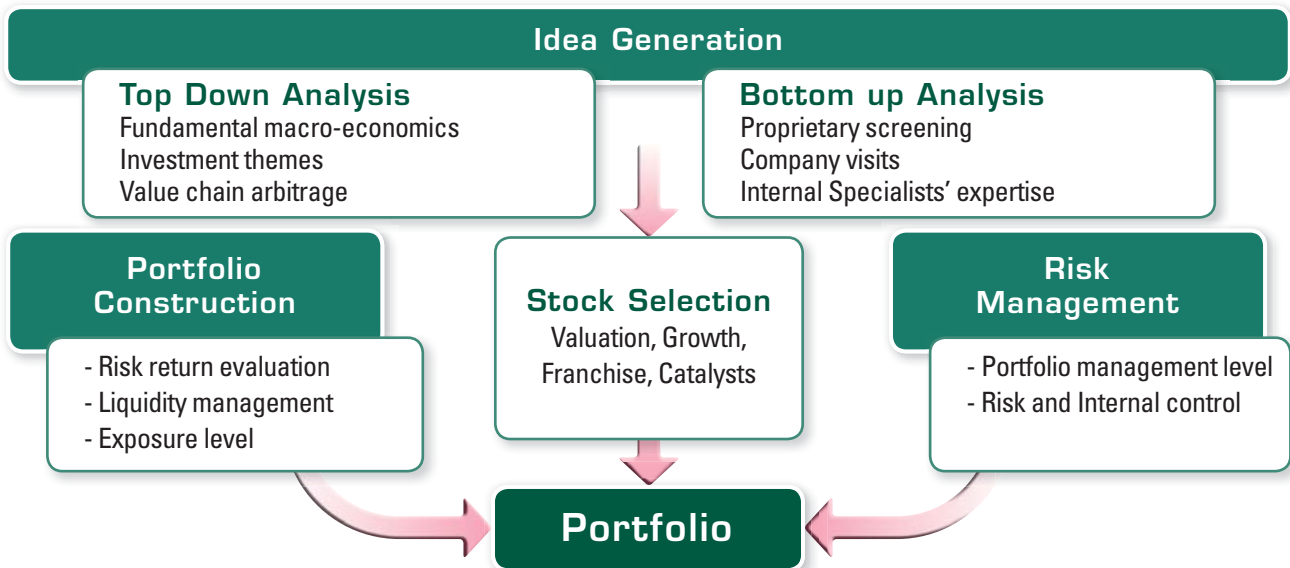
Source Morningstar at 30/06/2010.

Reference indicator: Eonia compounded.

Past performance is not a guarantee of future returns. Performance is not constant over time and is not guaranteed. All performance takes into account management fees.

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## Investment process



## Why invest in Carmignac Market Neutral ?

As a global equity fund, Carmignac Market Neutral benefits from the expertise of the entire investment team of Carmignac Gestion. The Fund is aimed at investors who wish to invest in this asset class whilst benefiting from a high decorrelation compared to market fluctuations.

Carmignac Market Neutral offers:

- daily liquidity,
- total transparency with a weekly, monthly and quarterly report,
- a regulated legal framework within a UCITS III Luxembourg-domiciled SICAV.

## Hedging management

The active management benefits from:

- traditional hedging via index futures (S&P500, DAX, Eurostoxx etc) and occasionally via options.
- specific hedging via sell operations on stocks or baskets of stocks.
  - considered to be too expensive compared to their growth potential;
  - whose fundamentals are deteriorating beyond market forecasts;
  - whose economic model does not seem sound enough to resist economic turmoil.

The objective of the hedging policy is to minimize market risks.

## Risk profile

- Equity risk : the market risk represents a general drop in share prices. The Fund may be exposed to equity risk. However, the fund manager may implement hedging to protect against the inherent equity market risk.

## Annual performances of the fund

	2009	2008	2007	2006
Carmignac Market Neutral	-0.74%	-6.62%	+10.47%	+0.01%*
Eonia compounded	+0.72%	+4.00%	+3.99%	+0.00%*

\*Since the creation of the Fund

Source Morningstar.

Reference indicator: Eonia compounded.

Past performance is not a guarantee of future returns. Performance is not constant over time and is not guaranteed. All performance takes into account management fees. This document is not intended as an invitation to buy or personal advice. It should not be considered as solicitation or canvassing. Both full and simplified Prospectuses for Switzerland, Fund rules as well as annual, semi-annual and quarterly reports of the Fund can be obtained free of charge from our Representative in Switzerland: Banque Genevoise de Gestion, 15, rue Toepffer, CH-1211 Geneva 3.

- Currency risk : the Fund is exposed to currency risk as the Fund manager may acquire stocks that are denominated in a currency other than the euro.
- The Fund is exposed to liquidity risk because the markets in which the Fund invests may be temporarily affected by a lack of liquidity.
- Risk of capital loss: the portfolio is managed in a discretionary manner and offers no capital guarantee nor capital protection.
- Counterparty risk : the Fund is exposed to counterparty default risk leading to a default of payment.
  - Investors are not guaranteed to recuperate the amount originally invested.
  - More information on the inherent risks of investing in the Fund are provided in the full prospectus.

## Fund characteristics

- Launch date: 26/12/2006\*
- Legal form: Sub-fund of Luxembourg-domiciled SICAV
- Bloomberg Code: CARMKNE LX
- ISIN Code: LU0413372060
- Currency: EURO
- Dividend policy: capitalisation
- Performance indicator: Eonia compounded
- Fixed Management Fee: 1.5%
- Variable Management Fee: 10% of the Fund's outperformance compared to its reference indicator in case of positive performance
- Maximum Subscription Fee: 4%
- Minimum recommended investment horizon: 2 years
- The Fund has no capital guarantee

\*UCITS transformation date: 12/03/2009