

**2010 ANNUAL REPORT  
OF THE FRENCH MUTUAL FUND  
CARMIGNAC PROFIL REACTIF 50**

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**(For the financial year ended 31 December 2010)**



24, place Vendôme, 75001 Paris – Tel.: 01 42 86 53 35 – Fax: 01 42 86 52 10  
Société anonyme. Portfolio management company (authorisation no. GP 9708 of  
13/03/97), with share capital of EUR 15,000,000, RCS Paris B 349 501 676  
[www.carmignac.fr](http://www.carmignac.fr)

**CABINET VIZZAVONA**

*22, avenue Bugeaud – 75116 PARIS*

*Tel. 01 47 27 26 17 - Fax 01 47 27 26 18*

**KPMG AUDIT**

*1, Cours Valmy, 92923 Paris La défense cedex*

*Tel. 01 55 68 68 68 - Fax 01 55 68 73 00*

**FRENCH MUTUAL FUND**  
**CARMIGNAC PROFIL REACTIF 50**

**Statutory auditor's report**  
**For the financial year ended 31 December 2010**

**Free translation of a French language original**

**This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditor's assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.**

**This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.**

**This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.**

Dear Sir/Madam,

In accordance with the mission assigned to us by the management body of the fund's management company, we present our report for the financial year ended 31 December 2010 relative to:

- the audit of the annual financial statements of the **CARMIGNAC PROFIL REACTIF 50** FCP which are attached to the present report,
- the justification of our evaluations,
- specific verifications and information required by law.

The annual financial statements were prepared by the management company. Our role is to express an opinion on these financial statements based on our audit.

## **I – OPINION ON THE ANNUAL FINANCIAL STATEMENTS**

We conducted our audit in accordance with the professional auditing standards applicable in France. These standards require that we carry out our audit in order to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit consists in examining, on a test basis or by other methods of selection, evidence supporting the amounts and disclosures contained in the annual financial statements. An audit also consists in assessing the accounting principles used and the significant estimates made, as well as the overall presentation of the financial statements. We believe that the evidence gathered is pertinent and sufficient to serve as a basis for our opinion.

In our opinion, the annual financial statements give, in accordance with French accounting rules and principles, a true and fair view of the Fund's financial position and assets and liabilities and of the results of its operations at the end of the financial year.

## **II – JUSTIFICATION OF THE EVALUATIONS**

In application of the provisions of Article L.823-9 of the French Commercial Code in relation to the justification of our evaluations, we wish to highlight the following points:

As part of our evaluation of the accounting principles used by the Fund and described in the notes to the annual financial statements under “Accounting methods and rules”, we have verified the correct application of the valuation methods used for the financial instruments in the portfolio.

The evaluations were made in the context of our audit of the annual financial statements, taken as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

## **III – SPECIFIC VERIFICATIONS AND INFORMATION**

We have also carried out the specific verifications required by law in accordance with the professional auditing standards applicable in France.

We have no comment as to the fair presentation and conformity with the annual financial statements of the information given in the annual report and in the documents sent to unitholders with respect to the financial position and the annual financial statements.

Paris La Défense, le 7 mars 2011

KPMG Audit  
*Département de KPMG S.A.*

Cabinet Vizzavona

Isabelle Bousquié  
*Associé*

Robert Mirri  
*Associé*

# CARMIGNAC PROFIL REACTIF 50 2010 ANNUAL REPORT

## ■ Main features of the Fund

### **Classification**

Balanced

### **Fund of Funds (UCITS)**

More than 50% of the net assets

### **Dividend policy**

Accumulation fund Dividends are recorded on a cash basis.

### **Countries in which the Fund is authorised for distribution**

Belgium, France, Germany, Italy, Luxembourg, Netherlands, Spain and Switzerland.

### **Investment objective**

The Fund is managed on a discretionary basis with an active asset allocation policy and is invested in international stocks. The Fund's objective is to achieve positive absolute performance on an annual basis with a risk profile comparable to that of its performance indicator, which comprises 50% MSCI AC World Free index, converted into euro, + 50% Citigroup WGBI All Maturities EUR index. The Fund aims to keep volatility below the annual volatility of its performance indicator.

### **Performance indicator**

The Fund's performance indicator is the following composite index: 50% MSCI AC World Free index, converted into euro, + 50% Citigroup WGBI All Maturities EUR index.

This composite index does not strictly define the investment universe but allows the investor to assess the performance and risk profile that they can expect when investing in the Fund. The market risk of the Fund is comparable to that of its performance indicator.

Description of the MSCI AC World Free index: the performance indicator for the equity component is the Morgan Stanley Capital Investment All Countries World Free index, converted into euro. It is calculated ex-dividend in dollars by Morgan Stanley (Bloomberg code: MSEUACWF) and converted into euro. This index includes around 2,402 stocks representing international companies (data at 30 September 2004).

Description of the Citigroup WGBI All Maturities EUR index: the performance indicator of the bond component is the Citigroup WGBI All Maturities EUR index. It is calculated ex-dividend in euro by Citigroup (Bloomberg code: SBWGEU). This index includes around 654 securities representing international bond issuers (data at 30 September 2004).

### **Investment strategy**

The investment policy takes into account the principle of risk spreading by means of the diversification of investments.

The Fund is a fund of funds invested primarily in UCITS managed by CARMIGNAC GESTION. The average investment in units or shares of UCITS and the allocation between the different asset classes shall depend on market conditions and portfolio diversification opportunities, and shall be determined on a discretionary basis by the management company. Subject to the regulatory investment limits, investments in UCITS shall account for between 50% and 100% of the net assets.

The Fund shall regularly invest in UCITS specialised in the emerging markets.

The Fund may invest in external UCITS when the desired allocation cannot be achieved exclusively through investment in UCITS managed by CARMIGNAC GESTION.

Stock selection is based on detailed financial analysis, meetings organised by companies, visits to these companies and daily news. Depending on the situation, the criteria used for stock selection are the value of the assets, return, growth and quality of the management, in particular.

Up to 50% of the net assets of the FCP may be invested in and/or exposed to equity UCITS or equities and other securities giving or capable of giving, directly or indirectly, access to capital or to voting rights, traded on eurozone and/or international markets, including a potentially significant portion in the emerging countries (without, however, exceeding 25% of the net assets).

In order for the manager to diversify the portfolio, the assets of the FCP may be invested in, inter alia, eurozone and/or international fixed rate bonds, transferable debt securities, variable rate bonds and inflation-linked bonds, including a potentially significant portion in the emerging countries (without, however, exceeding 25% of the net assets).

The Fund intends to invest between 50% and 100% of its net assets in UCITS managed by CARMIGNAC GESTION.

The manager may invest in futures and options traded on eurozone and/or international regulated or over-the-counter markets.

The maximum commitment of these derivative transactions shall be limited to the total value of the Fund's assets at any time.

The manager may invest in eurozone and/or international convertible bonds including those of the emerging countries, without, however, exceeding 25% of the net assets.

The manager may invest from time to time in securities with embedded derivatives (warrants, credit link notes, EMTN, certificates indexed on the volatility of the equity markets) traded on regulated or over-the-counter eurozone and/or international markets. In all cases, the amounts invested in securities with embedded derivatives may not exceed 10% of the net assets.

The FCP may use deposits and cash borrowings to optimise its cash management.

The FCP may enter into securities lending transactions on a limited basis in order to optimise its income.

### **Risk profile**

The FCP shall invest in UCITS and financial instruments selected by the Management Company. These UCITS and financial instruments shall be subject to the evolution and fluctuations of the market.

The risk profile of the FCP is suitable for an investment horizon of over 3 years.

Like any financial investment, potential investors should be aware that the value of the Fund's assets is subject to the fluctuations of the international equity and bond markets and that it may vary substantially. Unitholders receive no guarantee that they will get back the invested capital.

The risk factors described below are not exhaustive. It is up to each investor to analyse the risk associated with such an investment and to form his/her own opinion independent of CARMIGNAC GESTION, where necessary seeking the opinion of any advisors specialised in such matters in order to ensure that this investment is appropriate in relation to his/her financial situation.

The discretionary management style is based on expectations regarding the performance of different markets (equities, bonds). There is a risk that the Fund might not be invested in the best-performing markets at all times.

Equity risk: the level of exposure to equity risk may vary from 0% to 50% of the net assets, part of which shall be exposed to the international and emerging markets. The Fund is exposed to the European and international equity markets through investment predominantly in UCITS managed by CARMIGNAC GESTION and, where applicable, direct investment in financial instruments. The Fund is exposed to equity risk across geographical zones (Europe, international, the emerging countries) and capitalisation types (large, mid, small) as well as to convertible bond risk (similar to equity risk).

Investors are reminded that the operating and supervision conditions of the emerging markets may deviate from the standards prevailing on the large international markets.

Interest rate risk: up to 100% of the net assets of the Fund is exposed to the interest rate risk of the eurozone and international markets through investments in UCITS and/or direct investments in financial instruments. Investments in fixed rate bonds or other fixed income securities may record negative performances as a result of interest rate fluctuations.

Credit risk: the manager may invest in UCITS whose rating is below investment grade. The average rating of the bonds held directly by the Fund or through investment in UCITS shall be at least investment grade (i.e. rated at least BBB-/Baa3 by the rating agencies Standard & Poor's and Moody's).

Currency risk: the FCP is exposed to currency risk through the purchase of securities and/or UCITS denominated in currencies other than the euro or indirectly through the purchase of UCITS denominated in euro whose underlying investments are not hedged against currency risk as well as through currency forward exchange contracts.

Cash: the markets in which the FCP participates may occasionally be subject to temporary illiquidity. These market distortions may have an impact on the pricing conditions under which the FCP might be caused to liquidate, initiate or modify its positions.

Risk of capital loss: the FCP does not guarantee or protect the capital invested.

## **Target subscribers and investor profile**

All investors

The appropriate investment amount depends on your personal situation. To determine their level of investment, investors are invited to seek professional advice in order to diversify their investments and to determine the proportion of their financial portfolio or their assets to be invested in this FCP relative to, more specifically, the recommended investment period and exposure to the aforementioned risks, their personal assets, their needs and their own objectives.

The recommended investment period is 3 years.

## ■ Investment policy

### Management report

For the financial year ended, Carmignac Profil Réactif 50 posted a performance of +9.99%, compared with +15.28% for its performance indicator. After underperforming its indicator in the first two quarters, the Fund reduced the gap in the second half of the year thanks to the solid performance of its equity investments. However, the lack of yen-denominated investments in the underlying funds and its dollar allocation weighed on the Fund's performance throughout the year.

In the portfolio, the weak performance of our bond investments was partly offset by the strength of our equity funds. Our asset allocation, based on a balance between European high-visibility, non-cyclical securities on the one hand and the theme of emerging domestic growth and the resulting rise in commodity demand on the other, was the source of performance over the year. The main contributors to performance were thus our specialist (+6%), emerging (Carmignac Emergents and Carmignac Emerging Discovery) and commodity funds (Carmignac Commodities), accounting for a significant portion of the portfolio, with an average weighting of almost 18.5% over the year. Our emerging funds, which generated performances of +30.94% and 32.59% respectively over the year, benefited from a pertinent selection of stocks in the consumer staples, consumer discretionary and materials sectors. Bolstered by the rise in oil services and base and precious metals, Carmignac Commodities recorded an annual performance of +42.02%, which in turn benefited the Fund. Our European funds – Carmignac Euro-Entrepreneurs and Carmignac Grande Europe – did not let us down (average weighting of 8.2% and a contribution of 1.3% to performance) despite particularly volatile markets in the eurozone. Our diversified funds (Carmignac Patrimoine and Carmignac Euro-Patrimoine in particular), accounting for 42% of assets on average, contributed 3.8% to overall performance. Our bond funds, such as Carmignac Global Bond and Carmignac Sécurité, were less rewarding. The composition of the portfolio changed slightly over the year. Although we increased the weighting of our emerging and commodity funds in March, it was revised downwards slightly at the end of the year to counter persistent inflation fears in emerging countries, in favour of Carmignac Global Bond.

At a tactical level, the Fund of Funds was penalised by its forward exchange positions and overexposure to the dollar in particular (via forward exchange contracts) during part of the year. Forward currency transactions as a whole contributed negatively to the performance of the Fund of Funds, costing it 1.56%. Additional derivatives positions, such as gold options, enabled us to offset these losses. Finally, our Fund of Funds' equity risk exposure was regularly adapted during the year enabling it to generate performance in different market conditions. Derivatives positions as a whole, excluding currency derivatives, made a positive contribution of 1.55% to the Fund's performance. While Carmignac Profil Réactif 50 began the year with a defensive stance, we revised its level of exposure to 45% at the end of December.

*Past performance is not an indication of future results.*

## ■ Regulatory information

### **Policy for the selection of intermediaries**

"In its capacity as management company, Carmignac Gestion selects service providers whose execution policy guarantees the best possible result when executing orders transmitted on behalf of its UCITS or its clients. It also selects service providers to aid in making investment decisions and to execute orders. In both cases, Carmignac Gestion has defined a policy for selecting and evaluating intermediaries according to certain criteria. You can find the updated version of this policy at [www.carmignac.com](http://www.carmignac.com), where you will also find a report on intermediary fees.

### **Life of the Fund**

None.

## ■ Miscellaneous

### **Indirect fees of target UCITS**

The Fund invested in UCITS whose total fees did not exceed the limits set out in the prospectus:

- management fee: 2% of the net assets, inclusive of tax.
- subscription fee: 1% inclusive of tax.
- redemption fee: 1% inclusive of tax.

## **ANNUAL FINANCIAL STATEMENTS OF CARMIGNAC PROFIL REACTIF 50**

The annual financial statements presented here have been established according to the same format and using the same valuation methods as in the previous financial year.

## CARMIGNAC PROFIL REACTIF 50 BALANCE SHEET

### ASSETS

	31/12/2010	31/12/2009
<b>Net fixed assets</b>		
<b>Deposits</b>		
<b>Financial instruments</b>	<b>607,371,414.62</b>	<b>440,387,907.61</b>
<b>Equities and similar securities</b>		
Traded on a regulated or similar market		
Not traded on a regulated or similar market		
<b>Bonds and similar securities</b>		
Traded on a regulated or similar market		
Not traded on a regulated or similar market		
<b>Debt securities</b>		
Traded on a regulated or similar market		
<i>Transferable debt securities</i>		
<i>Other debt securities</i>		
Not traded on a regulated or similar market		
<b>Undertakings for Collective Investment</b>	<b>607,033,958.89</b>	<b>440,242,657.61</b>
Coordinated European UCITS and standard French UCITS	<b>607,033,985.89</b>	<b>440,242,657.61</b>
UCITS reserved for specific investors – FCPR (French venture capital funds) – FCIMT (French futures funds)		
Listed FCCs (securitisation funds) and investment funds		
Unlisted FCCs (securitisation funds) and investment funds		
<b>Temporary transactions on securities</b>		
Receivables on securities received under a repurchase agreement ( <i>pension</i> )		
Receivables on securities lent		
Securities borrowed		
Securities transferred under a repurchase agreement ( <i>pension</i> )		
Other temporary transactions		
<b>Forward financial instruments</b>	<b>337,455.73</b>	<b>145,250.00</b>
Transactions on a regulated or similar market	377,455.73	145,250.00
Other transactions		
<b>Other financial instruments</b>		
<b>Receivables</b>	<b>168,433,307.84</b>	<b>3,401,489.30</b>
<b>Currency forward exchange contracts</b>	<b>158,411,562.37</b>	
<b>Other</b>	<b>10,021,745.47</b>	<b>3,401,489.30</b>
<b>Financial accounts</b>	<b>3,973,787.56</b>	<b>4,670,481.24</b>
<b>Cash</b>	<b>3,973,787.56</b>	<b>4,670,481.24</b>
<b>Total assets</b>	<b>779,778,510.02</b>	<b>448,459,878.15</b>

## CARMIGNAC PROFIL REACTIF 50 BALANCE SHEET

### LIABILITIES

	31/12/2010	31/12/2009
<b>Equity capital</b>		
Share capital	618,567,747.74	449,232,788.73
Retained earnings		
Income	-9,741,354.97	-8,366,213.53
<b>Total share capital (= Amount corresponding to the net assets)</b>	<b>608,826,392.77</b>	<b>440,866,575.20</b>
<b>Financial instruments</b>	<b>467,653.47</b>	<b>407,602.33</b>
<b>Sales of financial instruments</b>		
<b>Temporary transactions on securities</b>		
Payables on securities transferred under a repurchase agreement ( <i>pension</i> )		
Payables on securities borrowed		
Other temporary transactions		
<b>Forward financial instruments</b>	<b>467,653.47</b>	<b>407,602.33</b>
Transactions on a regulated or similar market	337,455.71	145,250.00
Other transactions	130,197.76	262,352.33
<b>Payables</b>	<b>168,234,843.51</b>	<b>7,157,704.92</b>
<b>Currency forward exchange contracts</b>	<b>158,887,588.27</b>	
<b>Other</b>	<b>9,347,255.24</b>	<b>7,157,704.92</b>
<b>Financial accounts</b>	<b>2,249,620.27</b>	<b>27,995.70</b>
<b>Short-term bank loans</b>	<b>2,249,620.27</b>	<b>27,995.70</b>
<b>Borrowings</b>		
<b>Total liabilities</b>	<b>779,778,510.02</b>	<b>448,459,878.15</b>

## CARMIGNAC PROFIL REACTIF 50 OFF-BALANCE SHEET ITEMS

	31/12/2010	31/12/2009
<b>HEDGING TRANSACTIONS</b>		
<b>Commitments on regulated or similar markets</b>		
<b>Futures contracts</b>		
Euro Stoxx basic resources Future	8,468,075.00	
EURO STOXX 50 Future	12,014,200.00	
S&P 500 Future	24,283,850.77	
<b>Commitments on OTC markets</b>		
<b>Futures contracts</b>		
HUI-ML2-B 0110		2,876,048.09
<b>Other commitments</b>		
<b>OTHER TRANSACTIONS</b>		
<b>Commitments on regulated or similar markets</b>		
<b>Futures contracts</b>		
EUREX EUROSTX 0310		5,201,000.00
Nikkei 225 Future	12,433,321.94	
<b>Commitments on OTC markets</b>		
<b>Futures contracts</b>		
India Index Future	6,035,430.98	
<b>Other commitments</b>		

\* The other transactions are exposure transactions.

## CARMIGNAC PROFIL REACTIF 50 INCOME STATEMENT

	31/12/2010	31/12/2009
<b>Income from financial transactions</b>		
Income from deposits and financial accounts	5,075.82	1,159.65
Income from equities and similar securities		
Income from bonds and similar securities		
Income from debt securities		
Income from temporary purchases and sales of securities		
Income from financial futures		
Other financial income		
<b>Total (1)</b>	<b>5,075.82</b>	<b>1,159.65</b>
<b>Payables on financial transactions</b>		
Payables on temporary purchases and sales of securities		
Payables on financial futures		
Payables on financial debts	39,541.04	1,729.09
Other payables		
<b>Total (2)</b>	<b>39,541.04</b>	<b>1,729.09</b>
<b>Profit/(loss) on financial transactions (1 - 2)</b>	<b>-34,465.22</b>	<b>-569.44</b>
Other income (3)		
Management fee and depreciation allowance (4)	8,490,459.17	8,242,099.06
<b>Net profit/(loss) for the financial year (1 - 2 + 3 - 4)</b>	<b>-8,524,924.39</b>	<b>-8,242,668.50</b>
Income equalisation for the financial year (5)	-1,216,430.58	-123,545.03
Interim dividends paid for the financial year (6)		
<b>Profit/(loss) (1 - 2 + 3 - 4 + or - 5 - 6)</b>	<b>-9,741,354.97</b>	<b>-8,366,213.53</b>

## ■ Accounting methods and rules

The annual financial statements are established in accordance with the provisions laid down in Accounting Regulatory Committee (CRC) regulation no. 2003-02, as amended, with regard to the accounting guidelines applicable to UCITS.

The general principles of accounting apply:

- a true and fair view, comparability, continuity of operations,
- lawfulness and fairness,
- prudence,
- consistency of methods from one financial year to the next.

Income from fixed income securities is recorded on the basis of accrued interest.

Purchases and sales of securities are recorded exclusive of costs.

The accounting currency of the portfolio is the euro.

There are 12 months in the financial year.

### **Valuation rules for the assets:**

Financial instruments are recorded in the financial statements using the historical cost method and they are entered on the balance sheet at their current value as determined by the last-known market value or, where a market does not exist, by any external means or by using financial models.

Differences between the current values used to calculate the net asset value and the historical costs of transferable securities when first included in the portfolio are recorded in “valuation differentials” accounts.

Securities that are not denominated in the currency of the portfolio are valued in accordance with the principle described below; the valuation is then converted into the currency of the portfolio on the basis of the exchange rate prevailing on the valuation day.

### **Deposits:**

Deposits with a residual maturity of less than or equal to 3 months are valued using the straight-line method.

### **Equities, bonds and other securities traded on a regulated or similar market:**

For the calculation of the net asset value, equities and other securities traded on a regulated or similar market are valued on the basis of the last market price of the day.

Bonds and other similar securities are valued at the closing price supplied by various financial service providers. Interest accrued on bonds and other similar securities is calculated up to the date of the net asset value.

French government bonds are valued on the basis of the mid price of a contributor (a primary dealer selected by the French Treasury), supplied by an information server. This price is subject to a reliability check by means of a comparison with the prices of several other primary dealers.

### **Equities, bonds and other securities not traded on a regulated or similar market:**

Securities not traded on a regulated market are valued by the management company using methods based on the market value and the yield, while taking account of recent prices observed for significant transactions.

**Transferable debt securities:**

Transferable debt securities and similar securities that are not traded in large volumes are valued on the basis of an actuarial method, the reference rate (as defined below) being increased, where applicable, by a differential representative of the intrinsic characteristics of the issuer:

Transferable debt securities with a maturity of less than or equal to 1 year: Interbank rate in euro (Euribor).

Transferable debt securities with a maturity exceeding 1 year: valued using rates for French treasury bills (BTAN and OAT) with similar maturity dates for the longer durations.

Transferable debt securities with a residual maturity of less than three months may be valued using the straight-line method.

French treasury bills are valued on the basis of market prices, as published daily by the Bank of France.

**UCITS held by the Fund:**

Units or shares of UCITS shall be valued at their last known net asset value.

**Temporary transactions on securities:**

Securities received under repurchase agreements are recorded as an asset under the heading "Receivables on securities received under a repurchase agreement (*pension*)" at the contract amount, plus any accrued interest receivable.

Securities transferred under a repurchase agreement are recorded as securities purchased at their current value. The payables on securities transferred under a repurchase agreement are recorded as securities sold at the value determined in the contract, plus any accrued interest payable.

Securities lent are valued at their current value and are recorded as an asset under the heading "Receivables on securities lent" at their current value, plus any accrued interest receivable.

Securities borrowed are recorded as an asset under the heading "Securities borrowed" at the contract amount and as a liability under the heading "Payables on securities borrowed" at the contract amount, plus any accrued interest payable.

**Forward financial instruments:**

Forward financial instruments traded on a regulated or similar market:

Forward financial instruments traded on regulated markets are valued at the settlement price of that day.

Forward financial instruments not traded on a regulated or similar market:

**Swaps:**

Interest rate and/or currency swaps are valued at their market value by discounting future interest payments at the interest rate and/or currency exchange rate prevailing on the market. This price is adjusted to the issuer's risk.

Index swaps are valued using an actuarial method on the basis of a reference rate provided by the counterparty.

Other swaps are valued at their market value or at a value estimated according to the terms and conditions determined by the management company.

**Off-balance sheet commitments:**

Futures contracts are recorded at their market value as off-balance sheet commitments on the basis of the price used in the portfolio.

Options are converted into the underlying equivalent.

Swap commitments are recorded at their nominal value or, where there is no nominal value, at an equivalent amount.

**Financial instruments:**

Name	Description
CME NIKEI 225 J 0311	Future Nikkei 225
EUR DJE 600 BAS 0311	Euro Stoxx 600 Basic Resources Future
NIFTY JPM 0111	India Index Future
S&P500 MINI 0311	S&P 500 Future
EUR EUREX EUROS 0311	EURO STOXX 50 Future

**Management fees:**

Management fees are calculated on each valuation day on the basis of the net assets.

These fees are recorded in the Fund's income statement.

The management fees are paid in full to the Management Company responsible for all of the operating costs of the Funds.

Management fees do not include transaction fees.

The rate applied to the net asset value of the previous day is 1% (inclusive of tax).

The variable management fees are calculated according to the following method:

If the performance since the beginning of the financial year is positive and exceeds 5% on an annual basis, a daily provision of 10% of this outperformance is established.

In the event that the level of this outperformance decreases, a daily amount corresponding to 10% of this underperformance is deducted from the provision accumulated since the beginning of the year.

This provision is deducted annually from the last net asset value of the month of December by the management company.

**Dividend policy:**

The net profit/loss for the financial year is equal to the amount of interest, arrears, dividends, premiums and prizes, plus income generated by temporary cash holdings. Management fees and payables on financial transactions are charged against this income. Realised or unrealised gains or losses, as well as subscription and redemption fees, do not constitute income.

Distributable income is equal to the net income for the financial year plus retained earnings, plus or minus the balance of the income equalisation accounts for the last financial year.

In accordance with the provisions of the full prospectus, distributable income shall be accumulated in full by the Fund.

## CARMIGNAC PROFIL REACTIF 50 CHANGES IN NET ASSETS

	31/12/2010	31/12/2009
<b>Net assets at the beginning of the financial year</b>	<b>440,866,575.20</b>	<b>382,429,310.34</b>
Subscriptions (including subscription fees paid to the UCITS)	266,251,735.52	121,442,759.10
Redemptions (after deduction of redemption fees paid to the UCITS)	-146,600,625.69	-113,586,712.69
Realised gains on deposits and financial instruments	20,654,133.53	12,964,791.64
Realised losses on deposits and financial instruments	-156,993.14	-3,702,913.10
Realised gains on forward financial instruments	29,937,861.21	5,097,536.97
Realised losses on forward financial instruments	-25,689,495.92	-13,091,745.36
Transaction costs	-335,978.88	-158,557.33
Foreign exchange differences	-4,451,765.33	-147,849.72
Changes in the valuation differential of deposits and financial instruments	37,169,390.36	57,997,122.34
Valuation differential for the financial year N	72,198,217.93	35,028,827.57
Valuation differential for the financial year N-1	-35,028,827.57	22,968,294.77
Changes in the valuation differential of forward financial instruments	-293,519.70	-134,498.49
Valuation differential for the financial year N	-410,622.03	-117,102.33
Valuation differential for the financial year N-1	117,102.33	-17,396.16
Dividends paid in the previous financial year		
Net profit/(loss) for the financial year prior to the income equalisation account	-8,524,924.39	-8,242,668.50
Interim dividends paid for the financial year		
Other items		
<b>Net assets at the end of the financial year</b>	<b>608,826,392.77</b>	<b>440,866,575.20</b>

## BREAKDOWN OF FINANCIAL INSTRUMENTS BY LEGAL OR ECONOMIC STRUCTURE OF CARMIGNAC PROFIL REACTIF 50

	Amount	%
<b>ASSETS</b>		
Bonds and similar securities		
<b>TOTAL bonds and similar securities</b>		
Debt securities		
<b>TOTAL debt securities</b>		
<b>LIABILITIES</b>		
Sales of financial instruments		
<b>TOTAL sales of financial instruments</b>		
<b>OFF-BALANCE SHEET</b>		
<b>HEDGING TRANSACTIONS</b>		
EQUITIES	44,766,125.77	7.35
<b>TOTAL HEDGING TRANSACTIONS</b>	<b>44,766,125.77</b>	<b>7.35</b>
<b>OTHER TRANSACTIONS</b>		
EQUITIES	18,468,752.92	3.03
<b>TOTAL OTHER TRANSACTIONS</b>	<b>18,468,752.92</b>	<b>3.03</b>



## BREAKDOWN BY RESIDUAL MATURITY OF ASSET, LIABILITY AND OFF-BALANCE SHEET ITEMS OF CARMIGNAC PROFIL REACTIF 50

	< 3 months	%	[3 months - 1 year]	%	[1-3 years]	%	[3-5 years]	%	>5 years	%
<b>Assets</b>										
Deposits										
Bonds and similar securities										
Debt securities										
Temporary transactions on securities										
Financial accounts	3,973,787.56	0.65								
<b>Liabilities</b>										
Temporary transactions on securities										
Financial accounts	2,249,620.27	0.37								
<b>Off-balance sheet</b>										
Hedging transactions										
Other transactions										

Positions in interest rate futures are shown according to the maturity of the underlying instrument.

**BREAKDOWN BY LISTING CURRENCY OR VALUATION CURRENCY OF ASSET, LIABILITY AND OFF-BALANCE SHEET ITEMS OF CARMIGNAC PROFIL REACTIF 50**

	JPY		USD		INR		Other currencies	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>								
Deposits								
Equities and similar securities								
Bonds and similar securities								
Debt securities								
UCIs								
Temporary transactions on securities								
Receivables	26,367,674.03	4.33	91,973,553.51	15.11			74.61	
Financial accounts								
<b>Liabilities</b>								
Sales of financial instruments								
Temporary transactions on securities								
Payables			42,899,666.28	7.05				
Financial accounts	427,521.62	0.07	1,754,833.72	0.29			67,264.93	0.01
<b>Off-balance sheet</b>								
Hedging transactions			24,283,850.77	3.99				
Other transactions	12,433,321.94	2.04			6,035,430.98	0.99		

## RECEIVABLES AND PAYABLES: BREAKDOWN BY TYPE OF CARMIGNAC PROFIL REACTIF

50

	31/12/2010
<b>Receivables</b>	
Forward currency purchases	115,379,217.25
Funds receivable on forward currency sales	43,032,345.12
Subscriptions receivable	5,164,623.18
Guarantee deposits in cash	4,857,122.29
<b>Total receivables</b>	<b>168,433,307.84</b>
<b>Payables</b>	
Forward currency sales	42,899,666.28
Funds payable on forward currency purchases	115,987,921.99
Purchases with deferred settlement	4,138,386.40
Redemption price payable	855,883.01
Management fees	116,051.27
Performance fees	3,436,934.56
Deposits	800,000.00
<b>Total payables</b>	<b>168,234,843.51</b>

## NUMBER OF CARMIGNAC PROFIL REACTIF 50 SECURITIES ISSUED OR REDEEMED

	In units	In euro
Units subscribed during the financial year	1,721,793.348	266,251,735.52
Units redeemed during the financial year	-954,568.482	-146,600,625.69
Net balance of subscriptions/redemptions	767,224.866	119,651,109.83

## CARMIGNAC PROFIL REACTIF 50 SUBSCRIPTION AND/OR REDEMPTION FEES

	In euro
Redemption fees paid to the Fund	
Subscription fees paid to the Fund	
<b>Total fees paid to the Fund</b>	

## MANAGEMENT FEES OF CARMIGNAC PROFIL REACTIF 50

	31/12/2010
Guarantee fees	
Fixed management fees	5,053,524.61
Percentage of fixed management fees	1.00
Performance fees	3,436,934.56
Trailer fees	

## COMMITMENTS RECEIVED AND GIVEN BY CARMIGNAC PROFIL REACTIF 50

**Guarantees received by the Fund:**

None.

**Other commitments received and/or given:**

None.

**MARKET VALUE OF SECURITIES SUBJECT TO A TEMPORARY PURCHASE TRANSACTION  
BY CARMIGNAC PROFIL REACTIF 50**

	<b>31/12/2010</b>
Securities held under repurchase agreements ( <i>pension</i> )	
Securities borrowed	

## MARKET VALUE OF SECURITIES REPRESENTING GUARANTEE DEPOSITS OF CARMIGNAC PROFIL REACTIF 50

	31/12/2010
Financial instruments given as a guarantee and kept as original entry	
Financial instruments received as a guarantee and not entered on the balance sheet	

## FINANCIAL INSTRUMENTS OF THE GROUP HELD IN THE CARMIGNAC PROFIL REACTIF 50 PORTFOLIO

	ISIN code	Description	31/12/2010
<b>Equities</b>			
Bonds			
Transferable debt securities			
UCITS			603,416,010.83
	LU0413372060	CARMIGNAC ALT MARKET NEUTRAL C	39,426,413.15
	LU0164455502	CARMIGNAC COMMODITIES CA. 2DEC	43,629,391.90
	FR0010149161	CARMIGNAC CT FCP 3DEC	18,145,141.00
	FR0010149112	CARMIGNAC EURO ENTREPRENEURS 3DEC	24,706,758.72
	FR0010149179	CARMIGNAC EUR.PATRIMOINE FCP 3DEC	73,671,450.99
	FR0010149302	CARMIGNAC GESTION CARMIGNAC EMERGENTS	42,636,283.20
	FR0010149096	CARMIGNAC INNOVATION	14,389,348.47
	FR0010147603	CARMIGNAC INVEST LATIT FCP 3DEC	54,744,328.96
	FR0010135103	CARMIGNAC PATRIMOINE PART A 3DEC	70,483,268.08
	LU0099161993	CARMIGNAC PF GRANDE EUROPE 2 DEC	24,056,445.63
	LU0336083810	CARMIGNAC PTF EME DISCO C 3DEC	31,234,527.72
	LU0336083497	CARMIGNAC PTF GL BD (EUR) C 3DEC	87,673,266.45
	FR0010149120	CARMIGNAC SECURITE 3DEC	78,619,386.56
Forward financial instruments			

## CARMIGNAC PROFIL REACTIF 50 INCOME ALLOCATION TABLE FOR THE FINANCIAL YEAR

	31/12/2010	31/12/2009
<b>Amounts to be allocated</b>		
Retained earnings		
Income	-9,741,354.97	-8,366,213.53
<b>Total</b>	<b>-9,741,354.97</b>	<b>-8,366,213.53</b>
<b>Allocation</b>		
Dividend distribution		
Retained earnings for the financial year		
Accumulation	-9,741,354.97	-8,366,213.53
<b>Total</b>	<b>-9,741,354.97</b>	<b>-8,366,213.53</b>

**OVERVIEW OF RESULTS AND OTHER SIGNIFICANT ITEMS FOR THE LAST 5 FINANCIAL YEARS FOR CARMIGNAC PROFIL REACTIF 50**

	<b>29/12/2006</b>	<b>31/12/2007</b>	<b>31/12/2008</b>	<b>31/12/2009</b>	<b>31/12/2010</b>
<b>Total net assets in EUR</b>	<b>319,192,678.85</b>	<b>489,249,605.50</b>	<b>382,429,310.34</b>	<b>440,866,575.20</b>	<b>608,826,392.77</b>
Net assets	319,192,678.85	489,249,605.50	382,429,310.34	440,866,575.20	608,826,392.77
Number of units	2,193,301.824	3,199,622.896	2,949,292.449	3,003,357.046	3,770,581.912
Net asset value per unit	145.53	152.90	129.66	146.79	161.46
Accumulation per unit	-1.51	-1.55	-1.42	-2.78	-2.58

**LIST OF SECURITIES OF CARMIGNAC PROFIL REACTIF 50  
AT 31 DECEMBER 2010**

Name of securities	Currency	Quantity or nominal amount	Market value	% of net assets
<b>Undertakings for Collective Investment</b>				
<b>Standard French UCITS</b>				
<b>FRANCE</b>				
BFT MONETAIRE 3 DEC	EUR	274	3,617,948.06	0.59
CARMIGNAC CT FCP 3DEC	EUR	4,900	18,145,141.00	2.98
CARMIGNAC EURO ENTREPRENEURS 3DEC	EUR	131,896	24,706,758.72	4.06
CARMIGNAC EUR.PATRIMOINE FCP 3DEC	EUR	263,009	73,671,450.99	12.10
CARMIGNAC GESTION CARMIGNAC EMERGENTS FCP 3DEC	EUR	58,170	42,636,283.20	7.00
CARMIGNAC INNOVATION	EUR	63,859	14,389,348.47	2.36
CARMIGNAC INVEST LATIT FCP 3DEC	EUR	241,292	54,744,328.96	8.99
CARMIGNAC PATRIMOINE PART A 3DEC	EUR	13,388	70,483,268.08	11.58
CARMIGNAC SECURITE 3DEC	EUR	51,286	78,619,386.56	12.92
<b>TOTAL FRANCE</b>			<b>381,013,914.04</b>	<b>62.58</b>
<b>TOTAL standard French UCITS</b>			<b>381,013,914.04</b>	<b>62.58</b>
<b>Coordinated European UCITS and similar</b>				
<b>LUXEMBOURG</b>				
CARMIGNAC ALT MARKET NEUTRAL C	EUR	35,978.257	39,426,413.15	6.48
CARMIGNAC COMMODITIES CA.2DEC	EUR	106,961	43,629,391.90	7.17
CARMIGNAC PF GRANDE EUROPE 2 DEC	EUR	167,559	24,056,445.63	3.95
CARMIGNAC PTF EME DISCO C 3DEC	EUR	26,622	31,234,527.72	5.13
CARMIGNAC PTF GL BD (EUR) C 3DEC	EUR	90,009	87,673,266.45	14.39
<b>TOTAL LUXEMBOURG</b>			<b>226,020,044.85</b>	<b>37.12</b>
<b>TOTAL coordinated European UCITS and similar</b>			<b>226,020,044.85</b>	<b>37.12</b>
<b>TOTAL Undertakings for Collective Investment</b>			<b>607,033,958.89</b>	<b>99.70</b>
<b>Forward financial instruments</b>				
<b>Futures</b>				
<b>Futures on regulated or similar markets</b>				
Euro Stoxx Basic Resources Future	EUR	-265	-297,500.00	-0.05
EURO STOXX 50 Future	EUR	-430	-11,440.00	
Future Nikkei 225	JPY	265	18,266.39	
S&P 500 Future	USD	-520	10,249.34	
<b>TOTAL futures on regulated markets</b>			<b>-280,424.27</b>	<b>-0.05</b>
<b>Futures on OTC markets</b>				
India Index Future	INR	-1,175	-130,197.76	-0.02
<b>TOTAL futures on OTC markets</b>			<b>-130,197.76</b>	<b>-0.02</b>
<b>TOTAL futures</b>			<b>-410,622.03</b>	<b>-0.07</b>
<b>TOTAL Forward financial instruments</b>			<b>-410,622.03</b>	<b>-0.07</b>
<b>Margin calls</b>				
C.A.Indo margin calls in USD	USD	-13,750	-10,249.33	
C.A.Indo margin calls in euro	EUR	308,940	308,940.00	0.05
C.A.Indo margin calls in yen	JPY	-1,987,500	-18,266.38	
<b>TOTAL margin calls</b>			<b>280,424.29</b>	<b>0.05</b>
<b>Receivables</b>			<b>168,433,307.84</b>	<b>27.67</b>
<b>Payables</b>			<b>-</b>	<b>-27.63</b>
<b>Financial accounts</b>			<b>1,724,167.29</b>	<b>0.28</b>
<b>Net assets</b>			<b>608,826,392.77</b>	<b>100.00</b>
<b>CARMIGNAC PROFIL REACTIF 50</b>	<b>EUR</b>		<b>3,770,581.912</b>	<b>161.46</b>