



CARMIGNAC

Euro-Entrepreneurs

Management report at 31 March 2012



L. Ducoin

Net assets €187,073,079.53 Value of the share €181.57

Over the quarter **Carmignac Euro-Entrepreneurs** gained 11.38%, while its performance indicator was up 12.55%. Investors' clear preference for risky assets led to small caps outperforming considerably. For example, the Stoxx Small 200 index gained 12.55%, while the Stoxx Europe 600 index rose by just 10.38%.

There were two distinct periods in the quarter. In January, the markets started the year with a wave of sector rotation before the hierarchy of 2011 re-established itself. This rotation, during which investors favoured sectors that had made the least progress in 2011, enabled "lower quality" stocks to outperform the market. This meant that Carmignac Euro-Entrepreneurs lagged well behind its performance indicator in January (+3.51% vs. +7.89%). Over the rest of the quarter, higher quality stocks came back into favour, considerably narrowing the gap in relative performance. In the longer term, we remain convinced that these stocks will create more value than other companies on the market, provided they meet our selection criteria: structural growth, good management team, high and consistent generation of free cash flow, and solid balance sheet.

The technology sector was the biggest contributor to performance, largely thanks to **Dialog Semiconductor**. This German company produces low-energy integrated circuits for various industrial sectors. In particular, it operates in the mobile phone and tablet segments and counts Apple and Samsung Electronics among its clients. The Fund also benefited from the healthy performance of **Imtech**, a Dutch company that provides outsourced technical services. Lastly, **Cove Energy** made considerable progress, profiting from a takeover bid from Royal Dutch Shell, which was followed by a rival bid from PTT of Thailand. **Eutelsat Communications**, on the other hand, was one of the stocks to have penalised the Fund. The share price fell after Albertis put around half of its stake in the group on the market.

New positions

During the quarter, we stepped up our meetings with managers of companies in our investment universe, the intention being to identify businesses exposed to our favourite structural growth themes: exposure to emerging countries and the energy sector; innovation in terms of products or marketing. Accordingly, we opened some new positions, including **Dufry**. Listed in Switzerland, the group is the world's second biggest retailer in the passenger transport sector, mainly through its networks of duty free shops. It generates nearly half of its sales through a portfolio of long-term concessions from airport authorities. Dufry is thus exposed to structural growth in international tourism and air traffic. We consider Dufry to be the most innovative and profitable company in its sector. Its growth strategy is based on tourist destinations in emerging countries, and the stock is also listed in Brazil. The group plays an active role in consolidating its sector, which remains fragmented. Dufry now generates almost 60% of its sales in emerging countries while its operating cash flow exceeds 10% of sales.

We also invested in the Spanish group **Grifols**. The company, which attributes nearly 90% of its sales to exports, specialises in the extraction of proteins from blood. This industry, worth \$14 billion, is protected by high barriers to entry. Indeed, it is believed that a newcomer would need more than 10 years to gain approval from the health authorities. The sector is growing, not only due to the ageing population but also following the discovery of new proteins and an improvement in diagnosis techniques. Grifols' operating income should climb, not just through continued organic growth (7% to 8% per year) but also through synergies arising from the acquisition of Talecris, one of the last independent players on this market.

Smith Group of the United Kingdom is another of our recent investments. This group, which in recent years has placed great emphasis on improving its margins, is one of the last listed conglomerates in the UK. In several of its divisions (Medical and Detection) we can see early signs of acceleration in growth, driven largely by product innovation.

It should be noted that introducing these two new positions affected the Fund's geographic allocation, leading to a reduction in our exposure to the Netherlands in favour of the United Kingdom. This change has no macroeconomic basis and is simply the result of our stock picking. The difference in our weighting of these two countries relative to the performance indicator has also narrowed, and the groups in which we have invested are well advanced in their globalisation process.

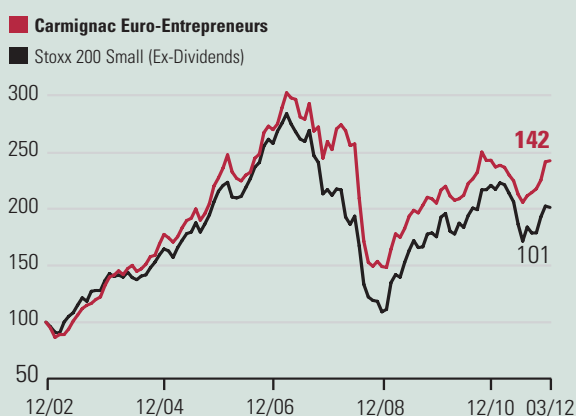
Outlook

We remain convinced that Europe has entered a period of debt reduction, a situation that has negative implications for business. In such circumstances, growth stocks should outperform as they will be all the more sought after by investors. We think a premium will develop on these stocks. This should benefit our investment universe in particular. Indeed, innovation has a much greater impact on earnings growth for small rather than large companies. This asset class looks set to continue outperforming the large cap universe as a whole.

Top performers over the quarter include:

Stocks	Performance
Dialog Semiconductor , semi-conductors, Germany	+46%
EADS , aerospace, Netherlands	+27%
Fuchs Petrolub , industrial machinery, Germany	+24%
Remy Cointreau , drinks, France	+23%
Eurocash , food distribution, Poland	+23%

Performance of the Fund since conversion



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

Accumulated performance (%)	Since 30/12/2011	3 months	6 months	1 year	3 years	5 years	10 years	Since conversion on 01/01/2003
Carmignac Euro-Entrepreneurs	11.38	11.38	17.84	2.33	63.47	-11.81	-	142.35
Stoxx 200 Small (Ex-Dividends)	12.55	12.55	17.35	-7.33	80.84	-25.07	-	101.20
Category average*	15.65	15.65	19.34	-4.09	93.40	-18.84	-	137.72
Ranking (quartile)	4	4	3	1	4	2	-	2

*Europe Small-Cap Equity

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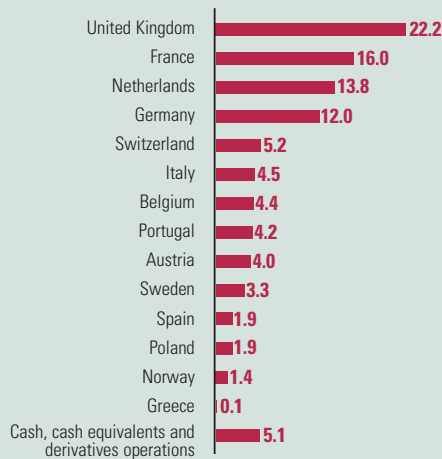
Quarterly gross performance contribution (%)

Portfolio	Equity & Bond Derivatives	Currency Derivatives	Total
11.21	0.62	-0.04	11.80

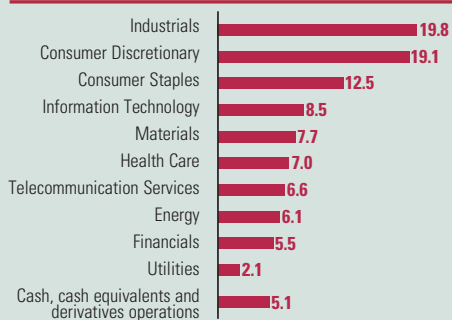
Statistics (%)

	1 year	3 years
Fund volatility	12.36	12.97
Benchmark volatility	20.11	20.28
Sharpe ratio	0.12	1.33
Beta	0.54	0.55
Alpha	0.49	0.43

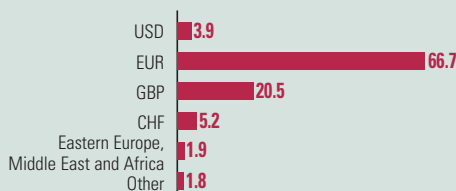
Country breakdown (derivatives excluded) (%)



Sector breakdown (derivatives excluded) (%)



Net currency exposure of the fund (%)



Portfolio Carmignac Euro-Entrepreneurs at 31/03/2012

	Price in local currencies	Total value (€)	% of net assets	
CASH, CASH EQUIVALENTS AND DERIVATIVES OPERATIONS		9 448 185.06	5.05	
CASH (INCLUDING COLLATERAL CASH FROM DERIVATIVE POSITIONS)		9 448 185.06	5.05	
EU EQUITIES		165 318 050.01	88.37	
Germany		22 476 236.37	12.01	
240 500 COMPUGROUP HOLDING	Information Technology	10.60	2 549 300.00	1.36
159 337 DIALOG SEMICONDUCTOR	Information Technology	18.32	2 918 257.16	1.56
212 314 FREENET	Telecommunication Services	12.13	2 575 368.82	1.38
87 579 FUCHS PETROLUB	Industrials	41.98	3 676 128.53	1.97
30 660 PFEIFFER VACUUM TECH	Industrials	85.10	2 609 196.66	1.39
265 304 RHOEN KLINIKUM	Health Care	15.06	3 994 151.72	2.14
110 325 SOFTWARE	Information Technology	28.08	3 097 926.00	1.66
73 969 WIRECARD	Information Technology	14.28	1 055 907.48	0.56
Austria		7 462 965.09	3.99	
64 252 ANDRITZ	Industrials	73.38	4 714 811.76	2.52
39 811 SCHOELLER-BLECKMANN	Industrials	69.03	2 748 153.33	1.47
Belgium		8 224 090.02	4.40	
72 577 D'IETEREN (D)	Consumer Discretionary	34.88	2 531 122.88	1.35
181 397 GALAPAGOS	Health Care	12.08	2 191 275.76	1.17
64 000 GIMV	Financials	38.25	2 448 000.00	1.31
42 266 THROMBOGENICS	Health Care	24.93	1 053 691.38	0.56
Spain		3 638 592.00	1.95	
227 412 GRIFOLS	Health Care	16.00	3 638 592.00	1.95
France		29 935 273.86	16.00	
254 895 EDENRED	Consumer Discretionary	22.56	5 750 431.20	3.07
7 161 EUROFINS SCIENTIFIC	Health Care	81.80	585 769.80	0.31
161 505 EUTELSAT COMMUNICATIONS	Consumer Discretionary	27.72	4 476 918.60	2.39
55 961 ILIAD	Telecommunication Services	103.30	5 780 771.30	3.09
45 539 IMERYS	Materials	45.59	2 076 123.01	1.11
54 050 IPSOS	Consumer Discretionary	26.89	1 453 134.25	0.78
877 292 MAUREL PROM NIGERIA	Energy	2.07	1 815 994.44	0.97
98 869 NEXITY	Consumer Discretionary	23.72	2 345 172.68	1.25
46 009 REMY COINTREAU	Consumer Staples	76.20	3 505 885.80	1.87
48 924 RUBIS	Utilities	43.85	2 145 072.78	1.15
Greece		98 015.24	0.05	
185 284 ELEKTRONIKI ATHENS	Consumer Discretionary	0.53	98 015.24	0.05
Italy		8 571 967.76	4.58	
800 019 DAVIDE CAMPARI	Consumer Discretionary	5.11	4 084 097.00	2.18
2 036 239 PIAGGIO & C	Consumer Discretionary	2.20	4 487 870.76	2.40
Netherlands		25 727 512.86	13.75	
14 542 CORE LABORATORIES	Energy	131.57	1 436 728.20	0.77
111 100 EADS	Industrials	30.71	3 411 325.50	1.82
174 961 IMTECH NV	Industrials	23.97	4 193 815.17	2.24
154 730 KONINKLIJKE VOPAK	Industrials	43.20	6 683 562.35	3.57
146 000 MEDIQ	Health Care	11.79	1 721 340.00	0.92
74 392 NUTRECO NV	Consumer Staples	53.92	4 011 216.64	2.14
196 300 UNIT 4 AGRRESSO	Information Technology	21.75	4 269 525.00	2.28
Poland		3 615 062.72	1.93	
428 984 EUROCASH SA	Consumer Staples	35.00	3 615 062.72	1.93
Portugal		7 840 428.38	4.19	
513 285 JERONIMO MARTINS	Consumer Staples	15.28	7 840 428.38	4.19
United Kingdom		41 497 428.85	22.18	
1 000 000 AMLIN	Financials	3.30	3 957 046.01	2.12
449 619 ASHMORE GRP	Financials	3.68	1 982 542.24	1.06
150 877 ASSOCIATED BRITISH FOOD PLC	Consumer Staples	12.20	2 208 530.09	1.18
5 475 000 CELADON MINING	Materials	0.28	1 806 497.09	0.97
1 085 982 COVE ENERGY	Energy	2.15	2 794 926.38	1.49
226 923 CRODA INTERNATIONAL	Materials	21.06	5 733 995.30	3.07
299 412 EROS INTL	Consumer Discretionary	2.45	880 148.06	0.47
722 469 HOMESERVE	Industrials	2.34	2 024 074.77	1.08
399 239 ICAP	Financials	3.93	1 881 589.53	1.01
379 691 INTERNATIONAL POWER PLC	Utilities	4.05	1 845 039.95	0.99
546 000 MARULA MINES LTD	Materials	0.65	266 501.46	0.14
680 441 ROCKHOPPER EXPLORATION PLC	Energy	3.29	2 683 963.99	1.43
80 468 SIGNET JEWELERS LTD	Consumer Discretionary	47.28	2 856 894.98	1.53
287 509 SMITHS GRP	Industrials	10.52	3 629 005.56	1.94
96 716 SPECTRIS	Information Technology	18.03	2 092 254.46	1.12
126 259 VICTREX	Materials	13.50	2 045 109.48	1.09
126 975 WHITBREAD	Consumer Discretionary	18.44	2 809 309.50	1.50
Sweden		6 230 476.86	3.33	
47 182 MILLICOM INT'L CELLULAR	Telecommunication Services	750.00	4 004 696.56	2.14
74 668 SWEDISH MATCH	Consumer Staples	263.40	2 225 780.30	1.19
EQUITIES EX EU		12 306 844.46	6.58	
Norway		2 642 619.24	1.41	
92 250 GOLAR LNG	Energy	217.60	2 642 619.24	1.41
Switzerland		9 664 225.22	5.17	
40 632 DUFREY GRP	Consumer Discretionary	118.00	3 983 363.93	2.13
20 839 GEBERIT	Industrials	188.90	3 270 458.27	1.75
9 296 SYNGENTA	Materials	312.10	2 410 403.02	1.29
PORTFOLIO VALUE		177 624 894.47	94.95	
NET ASSETS		187 073 079.53	100.00	