DIVERSIFIED MANAGEMENT

CARMIGNAC

Euro-Patrimoine

Management report at 31 March 2012

F.J. Furry

Net assets	€437,611,273.68	**Value of the share**	€294.17

Carmignac Euro-Patrimoine gained 6.29% over the first quarter of 2012 against a 3.52% rise for its performance indicator, giving the former a 2.77 point lead. The Fund thus confirmed its ability not only to protect its capital in bear markets as in 2011, but also to benefit from rallies when conditions favour equities. The Fund's volatility was down to 6.3% and remains much lower than its performance indicator's (8.5%) or European markets' (22.5%), meaning it offers an attractive risk/return profile. The outperformance over the quarter resulted from our three principal means of generating performance: flexible exposure to equity markets, a sector allocation that reflects our fundamental convictions, and the quality of our long and short stock picking. Our flexible exposure allowed us to harness European markets' technical rally at the beginning of the year, before we once again hedged the Fund against risk aversion at the end of the quarter. Our ability to make appropriate sector choices and select highly promising stocks benefited the underlying portfolio, which beat the Eurostoxx 50 index by 6.06 points in the first quarter.

As we wrote in our previous report: "*The year 2012 promises to be full of real opportunities tempered by risks, namely a discriminating and volatile environment eminently suited to our investment strategy based on stock selection and dynamic management of market risks*". So far, the markets have clearly not disappointed us. We also remain convinced that companies boasting stronger growth or high cash flows will trade at a premium over their peers with outdated business models or which are positioned in sectors subject to adverse regulatory change. However, we will remain vigilant of systemic risk, which may seem to have receded as a result of massive liquidity injections by central banks, but is still real at a time when Spain's unemployment rate is returning to the level at which it stood on accession to the European Union, and the country is proving unable to meet its public deficit and debt reduction targets. After European equities recorded their strongest quarterly performance since the late 1990s, we entered the second quarter with moderate net exposure of 35%, tempered by a prudent sector allocation that should make the portfolio less volatile.

Equity portfolio

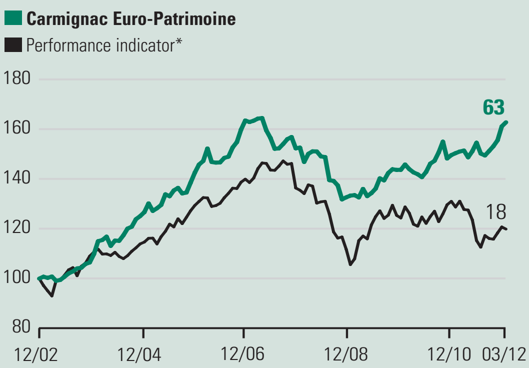
Although the sector is rather unpopular at the moment, our portfolio of telecom stocks proved to be the allocation's main performance driver. Indeed, for several quarters we have been focusing on the few European companies capable of generating significant earnings growth. A newcomer to the market and thorn in the side of the French mobile phone industry, **Iliad** has benefited from its strong product innovation. With its geographic exposure aggressively centred on emerging countries, **Millicom** has profited from the expansion of its operations in South America and Africa. The only representatives of their sector in the portfolio, these two stocks have outperformed considerably, in particular relative to groups born of former national monopolies or oligopolies, which are trying to stop the inevitable decline in their cash flows. The Dutch telecom leader KPN found itself having to cut its dividend accordingly.

Our consumer stocks again stood out over the quarter. For example, the UK advertising agency **Aegis** turned in a fine performance on the back of solid annual results. In 2012, the group is benefiting from excellent prospects linked to its strong presence in digital advertising, a segment to which consumer companies are allocating much higher budgets. **Remy Cointreau** and **LVMH** in the spirits and luxury goods segments, also reported improved earnings, largely on account of robust demand from wealthy individuals in emerging countries, where these products are status symbols. Of our more defensive stocks, **Jeronimo Martins** stood out. Buoyed by the health of the Polish economy, the group is reaping the benefits of a successful shop format, which will be rolled out in Colombia over the next few years.

Our energy portfolio was responsible for much of our outperformance, thanks to the quality of our stock selection and rise in crude oil prices following geopolitical pressure in Iran. However, **Golar**, the world's leading transporter of liquefied natural gas and last year's top performer, suffered from profit-taking by investors. Having said that, the position's negative contribution was offset by the progress made by the likes of **BG**, which was rewarded for its profits in the liquefied gas sector. Shares in **Afren**, a pan-African exploration company, leapt by more than 50% following the publication of better-than-expected production figures at its second oil deposit and the announcement of a discovery in Nigeria. Having already opened a new oil field in French Guiana, **Tullow Oil** benefited from a significant discovery in Kenya.

In relative terms, the portfolio suffered only very slightly from its significant underweighting of financial stocks, thanks to a clear outperformance by our selected stocks such as **Prudential**, an insurance company with significant exposure to the growth of life insurance in Asia, and **DNB NOR**, a Norwegian leader benefiting from the health of an economy closely correlated with oil prices. In contrast, our exposure to the metals and base materials sectors weighed on the portfolio's performance. Investors punished **Rio Tinto**, fearing a steeper-than-expected economic slowdown in China. Our gold position, **Randgold**, followed the same downward trend as its US peers. The group also suffered from its exposure to Mali, where political risk intensified after a recent coup d'état.

Performance of the Fund since conversion



** 50% EuroStoxx 50 (Ex-Dividends) + 50% Eonia compounded.*

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

Specific hedging, exposure and outlook

Our net exposure to equity markets varied between 30% and the maximum of 50% during the quarter. In very bullish market conditions, it was understandable that most of our hedging, both specific and on sector or general indices, cost us in absolute performance terms. However, these positions went a long way to reducing the Fund's volatility. It is worth noting that the upward trend seen at the beginning of the year has been amplified for the worst performing stocks of 2011, such as heavily indebted companies, utilities providers, and industrial and technology companies openly exposed to the economic cycle. We think this trend is unhealthy as it ignores the deterioration in fundamentals. Despite the strong rally, we have kept most of our hedging on these themes.

We are upholding the inestment convictions that guided us at the beginning of 2012. In our opinion, the market will remain highly discriminating, preferring companies with exposure to emerging countries and those with high cash flows. With the market boosted by liquidity injections and extremely low interest rates, we remain moderately optimistic and are paying close attention to equity markets, which should come back into favour with investors at the expense of government bonds. We are entering the second quarter with modest net exposure to equity markets of 35%.

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-Patrimoine	6.29	6.29	8.37	8.25	21.92	–0.40	–	62.82
Reference indicator*	3.52	3.52	6.47	–6.90	11.06	–14.61	–	17.63
Category average**	4.72	4.72	7.19	–1.17	24.13	–4.28	–	35.54
Ranking (quartile)	1	1	2	1	3	2	–	1

** 50% EuroStoxx 50 (Ex-Dividends) + 50% Eonia compounded.*

*** EUR Moderate Allocation*

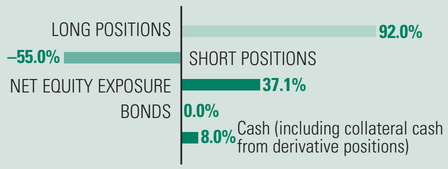
Please note that past performance is not a guide to future performance and that it may fluctuate over time.

Quarterly gross performance contribution (%)

Portfolio	Equity & Bond Derivatives	Currency Derivatives	Total
11.98	–4.90	–0.08	7.00

Statistics (%)	1 year	3 years
Fund volatility	6.32	6.08
Benchmark volatility	10.73	10.02
Sharpe ratio	1.18	1.03
Beta	–0.02	0.03
Alpha	0.63	0.54

Exposure by asset class



Sector split

	Positions Long	Short	Net
Energy	**13.3**	**-7.8**	**5.5**
Materials	**10.5**	**-5.9**	**4.6**
Industrials	**9.5**	**-6.1**	**3.5**
Consumer Discretionary	**12.9**	**-6.0**	**6.9**
Consumer Staples	**17.0**	**-6.0**	**11.0**
Health Care	**8.3**	**-4.3**	**4.0**
Financials	**10.0**	**-8.3**	**1.7**
Information Technology	**2.1**	**-1.8**	**0.3**
Telecommunication Services	**5.4**	**-3.7**	**1.7**
Utilities	**2.9**	**-5.2**	**-2.3**

Portfolio Carmignac Euro-Patrimoine at 31/03/2012

			Price in local currencies	Total value (€)	% of net assets
CASH, CASH EQUIVALENTS AND DERIVATIVES OPERATIONS				**34 905 307.94**	**7.98**
	CASH (INCLUDING COLLATERAL CASH FROM DERIVATIVE POSITIONS)			34 905 307.94	7.98
LONG POSITIONS				**402 705 965.74**	**92.02**
EU EQUITIES				**330 654 574.92**	**75.56**
Germany				**24 455 885.00**	**5.59**
181 600	BEIERSDORF	Consumer Staples	48.93	8 884 780.00	2.03
120 200	BMW	Consumer Discretionary	67.43	8 105 086.00	1.85
97 100	FRESENIUS STAMM	Health Care	76.89	7 466 019.00	1.71
Belgium				**8 819 580.00**	**2.02**
161 000	AB INBEV SA	Consumer Staples	54.78	8 819 580.00	2.02
Denmark				**15 916 016.99**	**3.64**
153 280	NOVO NORDISK AS	Health Care	772.50	15 916 016.99	3.64
Spain				**8 920 044.00**	**2.04**
124 200	INDITEX	Consumer Discretionary	71.82	8 920 044.00	2.04
France				**109 025 279.79**	**24.91**
187 300	BUREAU VERITAS SA	Industrials	66.00	12 361 800.00	2.82
130 200	DANONE	Consumer Staples	52.30	6 809 460.00	1.56
136 240	DASSAULT SYSTEMES	Information Technology	68.99	9 399 197.60	2.15
516 950	EDENRED	Consumer Discretionary	22.56	11 662 392.00	2.67
107 250	ESSILOR SA	Health Care	66.83	7 167 517.50	1.64
93 343	ILIAD	Telecommunication Services	103.30	9 642 331.90	2.20

Portfolio Carmignac Euro-Patrimoine at 31/03/2012 (continued)

			Price in local currencies	Total value (€)	% of net assets
94 400	IMERYS	Materials	45.59	4 303 696.00	0.98
97 900	LVMH	Consumer Discretionary	128.85	12 614 415.00	2.88
235 000	MAUREL & PROM	Energy	13.19	3 098 475.00	0.71
70 458	NEXITY	Consumer Discretionary	23.72	1 671 263.76	0.38
102 760	REMY COINTREAU	Consumer Staples	76.20	7 830 312.00	1.79
70 400	UNIBAIL-RODAMCO	Financials	149.95	10 556 480.00	2.41
152 529	ZODIAC AEROSPACE	Industrials	78.07	11 907 939.03	2.72
Italy				**6 243 008.00**	**1.43**
780 376	FIAT INDUSTRIAL	Industrials	8.00	6 243 008.00	1.43
Netherlands				**8 957 825.17**	**2.05**
44 050	CORE LABORATORIES	Energy	131.57	4 352 075.17	0.99
150 000	EADS	Industrials	30.71	4 605 750.00	1.05
Portugal				**14 074 216.98**	**3.22**
921 389	JERONIMO MARTINS (Poland)*	Consumer Staples	15.28	14 074 216.98	3.22
United Kingdom				**99 950 955.06**	**22.84**
6 100 545	AEGIS GRP	Consumer Discretionary	1.85	13 526 674.86	3.09
4 912 000	AFREN (Africa)*	Energy	1.33	7 862 028.92	1.80
1 600 700	AMLIN	Financials	3.30	6 334 043.55	1.45
501 650	BG GROUP PLC	Energy	14.48	8 715 450.24	1.99
385 650	CRODA INTERNATIONAL	Materials	21.06	9 744 782.53	2.23
787 500	INTERNATIONAL POWER PLC	Utilities	4.05	3 826 714.26	0.87
1 392 800	PRUDENTIAL	Financials	7.48	12 491 667.17	2.85
104 300	RANDGOLD RESOURCES LTD (Africa)*	Materials	53.70	6 720 151.18	1.54
179 836	RECKITT BENCKISER	Consumer Staples	35.33	7 623 259.80	1.74
1 043 500	ROCKHOPPER EXPLORATION PLC	Energy	3.29	4 116 031.26	0.94
223 250	STANDARD CHARTERED	Financials	15.60	4 178 654.99	0.95
413 817	TULLOW OIL	Energy	15.27	7 581 721.27	1.73
564 200	XSTRATA	Materials	10.68	7 229 775.03	1.65
Sweden				**25 408 832.93**	**5.81**
165 200	MILLICOM INT'L CELLULAR	Telecommunication Services	750.00	14 021 785.26	3.20
382 000	SWEDISH MATCH	Consumer Staples	263.40	11 387 047.67	2.60
Czech Republic				**8 882 931.00**	**2.03**
276 500	CESKE ENERGETICKE	Utilities	798.50	8 882 931.00	2.03
EQUITIES EX EU				**72 051 390.82**	**16.46**
Croatia				**2 773 333.12**	**0.63**
4 333 333	IO ADRIA	Financials	0.64	2 773 333.12	0.63
Norway				**29 950 267.22**	**6.84**
777 350	DNB NOR	Financials	73.20	7 490 951.94	1.71
220 900	GOLAR LNG	Energy	38.05	6 311 665.54	1.44
332 786	OCEAN RIG	Energy	16.90	4 223 236.01	0.97
571 000	PACIFIC DRILLING	Energy	10.12	4 339 205.53	0.99
270 000	SEADRILL	Energy	213.40	7 585 208.20	1.73
Switzerland				**39 327 790.48**	**8.99**
42 400	GEBERIT	Industrials	188.90	6 654 226.73	1.52
12 218	GIVAUDAN	Materials	870.00	8 831 188.47	2.02
189 140	NESTLE SA	Consumer Staples	56.80	8 925 478.34	2.04
139 800	NOVARTIS	Health Care	49.96	5 802 690.15	1.33
35 150	SYNGENTA	Materials	312.10	9 114 206.79	2.08
PORTFOLIO VALUE				**402 705 965.74**	**92.02**
NET ASSETS				**437 611 273.68**	**100.00**

			Exposition (€)	% actif net
SHORT POSITIONS			**-240 512 532.23**	**-54.96**
Europe			**-240 512 532.23**	**-54.96**
	Energy (1 position)	Austria	-4 287 985.00	-0.98
	Materials (1 position)	Switzerland	-2 969 148.72	-0.68
	Utilities (2 positions)	Germany	-4 710 470.00	-1.08
	Utilities (1 position)	Spain	-2 197 766.94	-0.50
	Energy (1 position)	Finland	-2 124 050.00	-0.49
	Energy (1 position)	France	-7 418 925.00	-1.70
	Industrials (2 positions)	France	-5 953 750.00	-1.36
	Consumer Discretionary (3 positions)	France	-7 794 193.50	-1.78
	Consumer Staples (1 position)	France	-3 313 691.25	-0.76
	Health Care (1 position)	France	-1 348 024.50	-0.31
	Utilities (2 positions)	France	-5 192 626.00	-1.19
	Telecommunication Services (1 position)	Italy	-4 626 885.00	-1.06
	Materials (1 position)	Luxembourg	-1 282 535.00	-0.29
	Materials (1 position)	United Kingdom	-4 107 864.90	-0.94
	Information Technology (2 positions)	United Kingdom	-3 371 165.16	-0.77
	Consumer Discretionary (1 position)	Sweden	-1 559 502.05	-0,36
	Regional Indexes (4 positions)	Europe	-178 253 949.21	-40.73
NET EQUITY EXPOSURE			**162 193 433.51**	**37.06**

**Production site*