

# **CARMIGNAC ÉMERGENTS**

**Coordinated French mutual fund (FCP)**

**Simplified prospectus**

# CARMIGNAC EMERGENTS SIMPLIFIED PROSPECTUS

## Coordinated French mutual fund (FCP)

### SECTION A - STATUTORY

#### OVERVIEW

- ISIN code: A units: FR0010149302
- GBP units: FR0010956607
- Name: CARMIGNAC EMERGENTS
- Legal structure: French FCP (*fonds commun de placement*)
- Sub-funds/feeder fund: No
- Management Company: CARMIGNAC GESTION
- Accounting delegated to: CACEIS Fastnet
- Intended lifetime: This Fund was initially created on 31 January 1997 for a period of 99 years
- Custodian: CACEIS Bank
- Centralisation of subscription and redemption requests: CACEIS Bank
- Statutory auditors: Cabinet Patrice VIZZAVONA and KPMG AUDIT
- Promoter: CARMIGNAC GESTION

#### INFORMATION ON INVESTMENTS AND MANAGEMENT

##### ■ CLASSIFICATION

International equities

##### ■ INVESTMENT OBJECTIVE

The fund is managed on a discretionary basis with an asset allocation bias towards emerging market equities; however, it does not rule out investment in emerging market debt.

The objective of the Fund is to outperform its performance indicator while keeping volatility below the level of this indicator.

##### ■ PERFORMANCE INDICATOR

The performance indicator is the following index: the Morgan Stanley emerging markets index, the MSCI Emerging Markets Free, converted into euro.

This index does not strictly define the investment universe but allows investors 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.

The Morgan Stanley Capital Investment Emerging Markets Free index is calculated ex-dividend in dollars by Morgan Stanley (Bloomberg code: MSEUEGF) and converted into euro. This index includes around 731 securities representing companies of the emerging countries (data at 31.12.2004).

##### ■ INVESTMENT STRATEGY

The investment strategy consists in selecting securities which offer the best growth potential without restriction in terms of allocation by geographical zone, sector or type and size of security.

As the Fund is managed on an active, discretionary basis, the asset allocation may differ substantially from that of its performance indicator, depending on the manager's expectations.

Subject to the regulatory limits, at least 60% of the assets of Carmignac Emergents is permanently exposed to equities.

In all cases, at least 2/3 of the equities and bonds shall be issued by companies or issuers that have their registered office or carry out a significant part of their business in the emerging countries, as defined in the performance indicator, the MSCI Emerging Markets Free index.

At least 60% of the assets of Carmignac Emergents is permanently exposed to equities and the Fund may be overexposed up to a maximum of 200% of the assets through the use of forward financial instruments.

The assets may also consist of fixed income securities, debt securities or money market instruments denominated in euro or other currencies as well as variable rate bonds. Up to 40% of the assets may be invested in fixed income products for the purpose of risk diversification in the event of expected negative movements in equities.

A maximum of 10% of the assets may also be invested in units or shares of UCITS.

Carmignac Emergents may use deposits and cash borrowings to optimise the management of cash within the Fund.

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

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

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

For the purposes of achieving its investment objective, Carmignac Emergents may use derivatives and securities with embedded derivatives on a limited basis in order to hedge the Fund's assets or increase the portfolio's exposure to business sectors, geographical areas, the fixed income, equity and foreign exchange markets and similar transferable securities or indices. The use of financial futures enables the manager to optimise management and to manage the risk of over- or under-exposure of the portfolio in relation to an expected development on the financial markets. These transactions shall not exceed the total value of the Fund's assets at any time.

##### ■ RISK PROFILE

The Fund shall be invested in financial instruments and, where appropriate, UCITS selected by the management company. These financial instruments and UCITS shall be subject to the evolution and fluctuations of the market.

- Emerging markets risk: the net asset value of Carmignac Emergents, a fund with an "International Equities" classification, may vary substantially as a minimum of two thirds of its assets are invested in equities of issuers located in emerging markets where stock prices fluctuate significantly and where operating and supervision conditions may deviate from the standards prevailing on the large international markets.

- Risk of capital loss: the portfolio is managed on a discretionary basis and does not guarantee or protect the capital invested. A capital loss occurs when a unit is sold at a lower price than that paid at the time of purchase.

- Equity risk: as a minimum of 60% of the assets of Carmignac Emergents is exposed to equities, the net asset value of the Fund may decrease in the event of a downward movement on the equity markets.

- Currency risk: the FCP is exposed to currency risk through the purchase of securities denominated in currencies other than the euro or indirectly through the purchase of financial instruments denominated in euro whose underlying investments are not hedged against currency risk as well as through currency forward exchange contracts. The net asset value of the Fund may decrease.

- Risk associated with commitments on forward financial instruments: Carmignac Emergents may invest in financial futures, provided they do not exceed the total value of the Fund's assets. As up to 200 % of the Fund's assets may thus be exposed to equities, this may lead to the risk of a more substantial and rapid decrease in the net asset value of the Fund than those that occur on the markets in which the Fund is invested. In the event of the occasional use of securities with embedded derivatives, the risk associated with this type of investment shall be limited to the amount invested for the purchase of the securities with embedded derivatives.

##### ■ TARGET SUBSCRIBERS AND INVESTOR PROFILE:

All investors.

As the Fund is mainly invested in emerging market stocks (all caps), it is aimed at all types of investors, natural persons and legal entities wishing to diversify their investments through foreign stocks.

##### ■ RECOMMENDED INVESTMENT PERIOD

Given the Fund's exposure to the equity market, the recommended investment period is more than 5 years.

The appropriate amount to invest in this fund depends on the personal situation of the investor. To determine this amount, the investor's assets, current and future financial requirements and degree of risk aversion must all be taken into account. Investors are also advised to sufficiently diversify their investments to avoid being exposed to the risks of this Fund only.

#### INFORMATION ON EXPENSES, FEES AND TAXATION

##### ■ SUBSCRIPTION AND REDEMPTION FEES

Subscription fees increase the subscription price paid by the investor, while redemption fees decrease the redemption price. The fees charged by the FCP serve to offset the costs incurred by the FCP to invest and disinvest investors' monies. The fees which are not paid to the FCP are attributed to the management company, the Fund promoter etc.

## COMMERCIAL INFORMATION

Expenses payable by the investor, deducted at the time of subscriptions and redemptions	Basis	Rate
Maximum subscription fee payable to third parties	net asset value X number of units	Maximum 4%
Subscription fee payable to the Fund	net asset value X number of units	None
Redemption fee payable to third parties	net asset value X number of units	None
Redemption fee payable to the Fund	net asset value X number of units	None

## ■ MANAGEMENT AND ADMINISTRATION FEES

These fees cover all the costs invoiced directly to the FCP, except transaction costs. Transaction costs include intermediary fees (brokerage, stock market taxes, etc.) as well as transaction fees, if any, that may be charged by the custodian and the management company in particular. The following fees may be charged in addition to the management and administration fees:

- performance fees. These reward the management company if the FCP exceeds its objectives. They are therefore charged to the FCP;
- transaction fees charged to the FCP;
- a portion of the income from temporary purchases or sales of securities.

For more details about the fees charged to the FCP, please refer to section B of the simplified prospectus.

Fees charged to the Fund	Basis	Rate
Management and administration fees, inclusive of tax (including all charges (other than transactions costs), performance fees and fees related to investments in UCITS or investment funds)	Net assets	A and GBP units: Maximum 1.5% inclusive of tax
Performance fees	Net assets	Maximum 20% of this outperformance when it is established. (1)
Transaction fees charged by the management company	Maximum payable per transaction	French stock exchange: 0.3% (inclusive of tax); this fee is 0.1% (inclusive of tax) for bond transactions Foreign stock exchange: 0.4% (inclusive of tax); this fee is 0.1% (inclusive of tax) for bond transactions

(1) Performance fees:

The performance fees are based on a comparison between the performance of the Fund and its performance indicator over the calendar year.

The Fund's performance indicator is the MSCI Emerging Markets Free. The Fund's performance is calculated according to changes in the net asset value.

If over the calendar year the Fund's performance (calculated with gross dividends reinvested) is positive and greater than that of its performance indicator, the variable part of the management fees shall represent 20% of the difference between the performance of the fund and the performance indicator.

If over the calendar year the Fund's performance is lower than that of its performance indicator, the variable part of the management fees shall be zero.

If during the year the Fund's performance since the beginning of the calendar year is positive and greater than that of its performance indicator calculated over the same period, this outperformance shall be the basis for a provision for the variable management fees on calculation of the net asset value.

In the event that the Fund underperforms in relation to its performance indicator between two net asset value calculation dates, any provision previously made shall be readjusted by a reduction in the provision. Such reductions in the provision are limited to the amount of previous contributions.

This variable part of the management fees shall only be received definitively at the close of each calendar year if the performance of the Fund has been positive and greater than that of its performance indicator over the year. It is deducted annually from the last net asset value of the month of December by the management company.

These fees (the fixed fees and any variable amounts) shall be charged directly to the Fund's income statement.

## ■ TAX REGIME

Depending on your tax status, any capital gains and income resulting from the ownership of units of the UCITS may be subject to tax. We advise you to obtain further information in this regard from the Fund promoter.

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## ■ SUBSCRIPTION AND REDEMPTION PROCEDURES

Subscription and redemption requests are centralised on each NAV calculation and publication day (D) before 18:00 (CET/CEST), and are executed on the next business day on the basis of the net asset value calculated using the closing price of D and published on D+1.

Subscription and redemption requests received by Carmignac Gestion before 18:00 (CET/CEST) are precentralised by Carmignac Gestion and executed under the same conditions as above.

In some countries, the subscription of shares may be carried out according to the specific procedures authorised by the regulatory authority of the country in question.

Subscriptions and redemptions resulting from a request transmitted after the cut-off time mentioned in the prospectus (late trading) are prohibited. Subscription and redemption requests received after 18:00 (CET/CEST) shall be treated as if they were received on the following NAV calculation and publication day.

## ■ INSTITUTIONS RESPONSIBLE FOR ENSURING COMPLIANCE WITH THE CENTRALISATION CUT-OFF TIME INDICATED IN THE PARAGRAPH ABOVE

CACEIS Bank, 1-3 place Valhubert, 75013 Paris and CARMIGNAC GESTION, 24 place Vendôme, 75001 Paris.

Investors are reminded that requests transmitted to promoters other than the institutions indicated above must take into consideration the fact that the cut-off time for the centralisation of requests applies to said promoters vis-à-vis CACEIS Bank. Consequently, such promoters may apply their own cut-off time, which may be earlier than the cut-off time indicated above, in order to take into account the time required to transmit requests to CACEIS Bank.

## ■ FINANCIAL YEAR-END

Date of the last net asset value of the month of December.

## ■ ALLOCATION OF INCOME

Accumulation fund. Dividends are recorded on an accruals basis.

## ■ DATE AND FREQUENCY OF NET ASSET VALUE CALCULATION

Daily;

The calendar used to determine the days on which the net asset value is published is the legal calendar of public holidays within the meaning of article L.222-1 of the *Code de Travail*, the French Labour Code.

## ■ PLACE AND METHODS OF PUBLICATION OR COMMUNICATION OF THE NET ASSET VALUE

Carmignac Gestion, Address: 24, place Vendôme, 75001 Paris. The net asset value is available 24 hours per day on the following number, +33 (0)1 42 61 62 00, and is displayed at the offices of Carmignac Gestion. The net asset value will be published on the Carmignac Gestion website: [www.carmignac.com](http://www.carmignac.com)

## ■ BASE CURRENCY OF THE UNITS OR SHARES

euro

## ■ CHARACTERISTICS OF THE DIFFERENT UNIT CLASSES

Unit classes	Initial net asset value	Sub-funds	ISIN code	Dividend policy
A	EUR 152.45	No	FR0010149302	accumulation
GBP	GBP 100	No	FR0010956607	accumulation

Unit classes	Base currency	Target subscribers	Minimum initial subscription	Minimum subsequent subscription
A	EUR	All investors	1 unit	1 unit
GBP	GBP	All investors	1 unit	1 unit

The Fund comprises two unit classes: A units and GBP units. The characteristics of these two classes are identical except for the currency in which they are denominated:

- A units are denominated in euro.
- GBP units are denominated in pound sterling.

## ■ CREATION DATE

The Fund was approved on 21 January 1997 by the *Autorité des Marchés Financiers* (the French Financial Markets Authority), formerly the *Commission des Opérations de Bourse* (the French Stock Exchange Commission). It was launched on 31 January 1997 for a period of 99 years (ninety-nine years).

## ■ INITIAL NET ASSET VALUE

The initial net asset value of A units is EUR 152.45.

The initial net asset value of GBP units is GBP 100.

**ADDITIONAL INFORMATION**■ **PUBLICATION OF INFORMATION ABOUT THE FUND**

The latest annual and semi-annual reports shall be sent to unitholders within one week upon written request to:

CARMIGNAC GESTION

24, place Vendôme

75001 PARIS

The full prospectus is available on the website [www.carmignac.com](http://www.carmignac.com)

Contact: Marketing and communications

Tel: 33 (0)1.42.86.53.35

Fax: 33 (0)1.42.86.52.10

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The AMF website ([www.amf-france.org](http://www.amf-france.org)) contains additional information on the list of regulatory documents and all the provisions relating to investor protection.

This simplified prospectus must be made available to subscribers prior to subscription.

■ **PUBLICATION OF INFORMATION CONCERNING THE VOTING POLICY OF THE MANAGEMENT COMPANY AND ITS IMPLEMENTATION**

The "voting policy" document, the management company's report on the conditions under which it has exercised the voting rights of the UCITS that it manages and information concerning the vote on each resolution may be consulted at its registered office:

Carmignac Gestion, 24, place Vendôme,

75001 Paris