

THEMA

In search of Investment themes ?



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Our new magazine THÉMA, a close link between you and your Private Bank, aims to deal with all aspects of asset management and financial engineering.

Operate within an increasingly complex financial environment. Give you the keys to understand its mechanisms and issues.

Go beyond the generally accepted ideas and prefer a long-term vision. New convictions for choosing the right investments.

Discover growth sectors and new investment themes. Choose the best investment products, strategies and structures.

Independent and committed, open and constructive, a source of ideas and guidance, accurate and pleasant to read. THÉMA, our new quarterly magazine, will guide you on the investment path from now on.

We hope you'll enjoy it.



Recession looming...

Economic conditions have deteriorated.

The scenario of a recession in the United States is becoming more generally accepted. Europe could also be affected. At the moment, economic activity is still shored up by external demand but new export orders have dropped to a record low, reflecting European companies' reliance on their main trading partners, the United States and the United Kingdom. Only Asia may prove able to resist, thanks to a newly emerged middle class with growing purchasing power.

The Federal Reserve, which has already cut the Fed Funds rate to 2.25 %, has indicated clearly that it will continue to ease monetary policy to the extent necessary while limiting its concerns with regard to inflationary risk. This situation continues to weigh on the dollar. While dollar weakness is a factor of support for US companies, it is a real handicap for European exports. The European Central Bank surprised the market by leaving its base rate unchanged at 4 %, but its insistence on inflationary risk is even more disconcerting. Admittedly, inflation stood at 3.5 % in March (well above the 2 % target) with commodity prices reaching a high. The slowdown in growth is likely to moderate inflationary trends, however, and the appreciation of the euro will limit imported inflation.

The disappointing figures of employment point out the weakness of the American economy

The credit crisis is not yet over and continues to undermine market confidence. After the sub-prime crisis, followed by the systemic risk linked to monolines, the financial crisis appears to have entered a new phase. It is now affecting the commercial banks, faced with significant liquidity needs that the central banks are trying to remedy.

Long-term interest rates are currently very low and factor in a pronounced economic slowdown. The stock market outlook is negative in the short and medium term. The micro economic news flow is likely to remain negative. Most companies have not yet revised significantly their earnings forecasts, which were based on historically high margins. The financial markets are therefore likely to remain under pressure over the coming months.

US - Consumer Confidence

(Conference Board index)

December	07	90.6
January	08	87.9
February	08	76.4
March	08	64.5

Rating

Evaluation by an independent agency of the risk of solvency of a company, a State, an issuer and attribution of a rating corresponding to the capacity of refunding towards the creditors. The most known rating agencies are Standard & Poors, Moody's and Fitch Ratings. The highest rating is AAA, the lowest D.



Which role played the “Monolines” in the current credit crisis ?

Monolines, also known as credit enhancers, are specialised financial institutions that guarantee entities issuing debt in the financial markets.

Credit enhancers enable such issuers to benefit from their reputation and credit rating. Credit enhancement developed in the United States for the benefit of municipal authorities that traditionally seek finance from the capital markets. Credit enhancers subsequently began providing guarantees for securitisation issues (debt stocks transformed into financial securities issued in the capital markets). In 2007, the monolines were badly hit by the “sub-prime” (inadequately backed mortgage loans) crisis.

The total amount of assets covered by credit enhancers was estimated at USD 2,400 billion in 2007, of which 60% related to their traditional sector of activity, municipal bonds.

If a credit enhancer loses its AAA rating, all the bonds it guarantees suffer the same downgrade, resulting in significant losses. Moreover, a rating downgrade means the enhancer cannot guarantee new paper and, consequently, finds itself out of business.

The monoline crisis has spread throughout the banking sector. Banks with assets guaranteed by monolines were severely affected and forced to record significant provisions. Short of cash, banks are now reluctant to grant credit or financing to certain funds.

Given the scale of the risk, a massive rescue plan is inevitable. The US central bank (FED) has been particularly determined, cutting interest rates and injecting massive amounts of cash. The US central bank has to play his part of purchaser and lender of last resort, which has somewhat reassured the US markets. The European markets have remained rather more circumspect given the less active stance of the European Central Bank.

The monoline crisis has spread throughout the banking sector

The total amount covered by credit enhancers was estimated at

2400
billion USD
in 2007

panorama

Asset Allocation of Crédit Agricole Luxembourg as of 31/03/2008

Bond management

Expectations of a US recession have increased and the Federal Reserve cut interest rates sharply to accompany the government's plan to boost the economy. In the euro zone, the European Central Bank left rates unchanged but the Société Générale affair has heightened the markets' aversion to risk. The bond markets were relatively volatile over the quarter as a whole, particularly with regard to US long rates, alternating between falling as the result of their safe haven status and rising against a backdrop of inflationary risk. The sub-prime crisis and its corollary have pushed up yields in the credit market. We have held on to our index-linked US bonds. We also favoured issues that benefit from curve steepening in an environment of monetary easing (cuts in short rates) and inflationary risk (upward pressure on long rates). At the same time, we invested in emerging Asian debt in order to take advantage of the appreciation of these currencies and in emerging external debt in view of the wide spreads.

Equities management

January will stand out as a particularly black month with most indices falling by close to 20%. The economic downturn has dragged on the markets ever since. Also, the micro-economic news flow is expected to deteriorate further as most companies have still to revise their earnings forecasts, which were based on particularly high margins. Equity valuations continue to provide a factor of support but are not enough to assuage concern. Our scenario for the medium term has turned negative. During the quarter, we reduced the weight of equities in the portfolios. In terms of geographic allocation, we moved back into more defensive markets such as the United States, the United Kingdom and Japan at the expense of continental Europe and emerging markets. These markets are less volatile and stand up better in market downturns.

Alternative management and foreign currencies

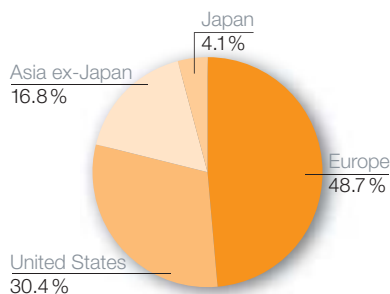
The financial crisis and the risk of its spreading to hedge funds prompted us to significantly reduce the alternative investment portion in the profiles during the quarter. We also increased the hedges on dollar positions given the collapse of the dollar against the euro.

Asset Allocation

	Prudent	Balanced	Growth
Equities	7.6%	25.4%	43.2%
Bonds	40.8%	30.2%	13.9%
Alternative	11.9%	12.2%	9.2%
Monetary Funds	34.5%	27.8%	29.5%
Cash	5.2%	4.4%	4.2%
Total	100.0%	100.0%	100.0%

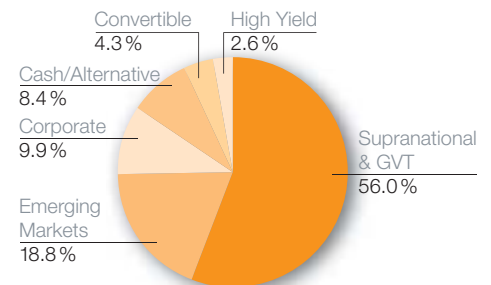
Equity Portfolio

Geographical breakdown



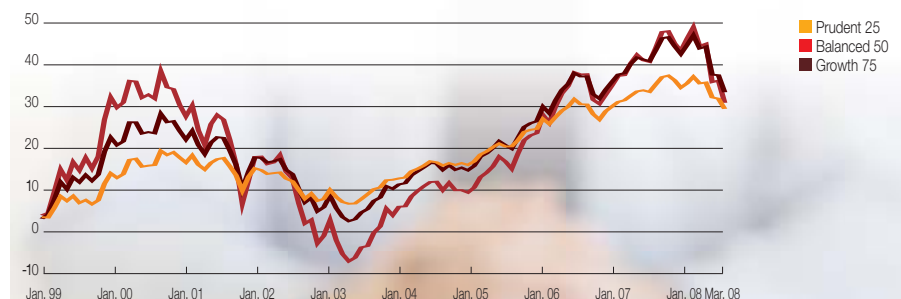
Bond Portfolio

Breakdown by product type



Performance as of 31 march 2008

Performances euro	YTD 2008	2007	2006	2005	2004	2003	2002	2001	2000
Prudent 25	-4.71%	2.40%	2.84%	8.28%	4.19%	5.80%	-5.70%	-1.58%	2.32%
Balanced 50	-7.65%	2.98%	4.73%	12.96%	4.69%	7.57%	-10.36%	-3.67%	-0.39%
Growth 75	-9.85%	3.32%	5.56%	16.80%	5.33%	10.94%	-17.23%	-7.65%	-3.49%



Performance as of 31 march 2008

CRÉDIT AGRICOLE LUXEMBOURG FUNDS

Money Market and Short Term Funds	Currency	NAV	YTD %	1 year %	5 years %
Lion Intergestion-Monétaire Euro	EUR	1226.27	0.96	3.68	11.49
International Multi-Mger Court Terme Dynamique	EUR	1061.63	-2.88	-1.19	n.a.
Asset Allocation Funds					
Lux International Strategy					
Income SRI (0% Equities)	EUR	1156.30	-0.31	0.31	8.30
Prudent SRI (Max 25% Equities)	EUR	1142.07	-3.98	-4.57	15.59
Balanced SRI (Max 50% Equities)	EUR	1066.24	-7.57	-8.29	20.95
Growth SRI (Max 75% Equities)	EUR	977.25	-10.36	-10.76	31.59
Dynamic SRI (Max 100% Equities)	EUR	785.70	-14.54	-14.81	37.07
Multi-Manager Funds					
Indolux Private Portfolio					
International Multi-Manager 50	EUR	1331.42	-6.04	-3.10	37.02
International Multi-Manager 75	EUR	1353.50	-8.70	-5.00	45.23
International Multi-Manager 100	EUR	1338.36	-12.19	-8.70	49.60

PRIVATE BANK SELECTION

Equity Funds					
Europe					
CAAM Funds Euro Quant C	EUR	8.70	-18.12	-15.87	107.79
Goldman Sachs Europe Core Equity	EUR	10.84	-16.49	-18.37	n.a.
JPM Europe Small Cap (acc.)	EUR	13.47	-14.85	-25.95	n.a.
Oyster European Opportunities	EUR	295.75	-15.49	-15.88	129.33
North America					
Dexia Quant Equities USA C	USD	1624.01	-9.41	-10.24	66.38
Morgan Stanley US Equity Growth	USD	35.44	-11.24	4.08	64.68
SGAM Equities US Relative Values -A-	USD	25.91	-9.46	-14.97	75.00
JPM US Dynamic (acc.)	USD	11.40	-12.10	-13.83	n.a.
Global					
JPM Global Dynamic (acc.)	USD	13.50	-12.68	-4.80	n.a.
Emerging Markets					
JPMF Emerging Markets Equity	USD	22.13	-12.60	16.60	n.a.
Japan					
Axa Rosenberg Japan Equity Alpha	JPY	879.38	-16.55	-30.09	54.49
Invesco Nippon Select Equity	JPY	321.00	-21.71	-32.99	55.07
Asia					
Aberdeen Global Asia Pacific - A	USD	54.68	-9.78	13.40	272.23
Fidelity South East Asia	USD	15.12	-17.01	23.13	n.a.
HSBC Chinese Equity	USD	79.89	-26.73	19.06	n.a.
JF India (acc.)	USD	25.00	-27.39	23.21	n.a.
Latin America					
CAAM Funds Latin American	USD	615.55	-1.30	38.19	725.91
Bond Funds					
Europe					
CAAM Funds Euro Bond	EUR	12.86	1.18	1.26	14.28
CAAM Funds Euro Corporate Bond	EUR	12.90	-1.38	-4.16	10.73
Morgan Stanley Short Maturity Euro Bond A	EUR	17.46	0.92	2.40	8.99
CAAM Funds European High Yield Bond	EUR	11.43	-9.72	-14.51	27.42
CAAM Funds Euro Select Bond	EUR	107.51	0.55	2.84	n.a.
CAAM Funds Arbitrage VaR 2 (*since 18.04.2005)	EUR	105.94	-0.40	0.08	n.a.
CAAM Funds Dynarbitrage VaR 4 (*since 18.04.2005)	EUR	103.58	-3.16	-4.96	n.a.
North America					
CAAM Funds US Dollar Bond	USD	14.46	2.99	7.51	19.11
Pioneer Funds US High Yield Corp Bond USD	USD	7.41	-4.76	-4.02	38.25
Global					
CAAM Funds Global Bond C	USD	19.47	6.22	10.88	48.85
JPM Global High Yield Bond	EUR	141.63	-2.45	-3.21	33.31
Emerging Markets Debt					
CAAM Funds Emerging Markets Debt	USD	20.07	1.57	-0.50	62.91
Funds of Hedge Funds⁽¹⁾					
Green Way Arbitrage 2 B	EUR	1197.01	-2.33	2.95	19.70
Green Way Limited B	EUR	33353.94	-0.34	7.76	40.70
Green Way Select Global Long/Short Equity B	EUR	1707.47	-3.26	8.27	49.89
Summit Alternative Moderate (*since Nov. 2005)	EUR	5656.59	-2.91	4.00	n.a.
Summit Alternative Dynamic (*since Nov. 2005)	EUR	5950.38	-4.15	3.71	n.a.

MARKET INDICES

Dow Jones Euro Stoxx 50	EUR	3628.06	-17.54	-13.23	78.12
Dow Jones Industrial Average	USD	12262.89	-7.55	-0.74	53.44
MSCI World CR	USD	1437.40	-9.53	-5.07	92.00
Nikkei 225 CR	JPY	12525.54	-18.18	-27.55	57.11
MSCI EM (Emerging Markets) CR	USD	1104.58	-11.32	18.90	305.70
EFFAS Euro Govt All	EUR	148.60	2.29	3.92	20.11
JP Morgan United States GBI	USD	434.08	4.53	12.48	27.42
JP Morgan Global GBI	USD	436.79	9.56	19.97	47.12

Capitalisation shares. ⁽¹⁾ Performance as of 29/02/08. Source: Lipper Hindsight, CAL, CAAM-AI.

This document is not a prospectus and does not constitute an offer to sell or buy any security, including shares of the funds featured. Shares of these funds are offered on the basis of their respective prospectuses only. The past performance of investments is not necessarily a guide to future returns. Changes in rates of exchange and other factors may cause the value of an investment to go up or down. Additional risk factors are described in the fund prospectuses. The Alternative Investment Funds are invested in "non-traditional" investment funds, whose managers have the flexibility to hold short positions, to invest in non-transferable securities or to use substantial leverage in addition to holding traditional long side investments. Alternative investment funds may also hold illiquid securities which result in difficulties establishing a fund's net asset value.

CAAM Funds Global Agriculture

With the aim to invest in global companies in all agricultural sectors, the investment of CAAM Funds Global Agriculture will concentrate on three main areas: crop growing, livestock and agricultural support activities (transport, equipment, infrastructure, biotechnology, irrigation, etc.).

At the beginning of March CAAM, the asset management company of Crédit Agricole

Demand is growing. The world population is growing and is expected to reach 9 billion by 2050. Also, life expectancy has increased significantly, particularly in emerging countries. Economic growth has generated an increase in income that is generally characterised by changes in eating habits, notably increased consumption of meat. Lastly, the development of biofuels has a direct impact on demand for cereals.

This investment universe comprises around 1,500 listed securities. The portfolio contains between 60 and 100 stocks, selected using qualitative and quantitative procedures and with a view to achieving a good geographic and sector spread.

Demography and biofuel: supports for the prices

CAAM Funds Global Agriculture is managed by an experienced team of specialists and provides good diversification for a portfolio as the correlation between soft commodities and stock markets is very low.



Group, launched this new fund. The investment has chosen to invest as close as possible to the source of these commodities, upstream of production rather than in the processed and finished products. This investment philosophy is designed to favour a pure investment universe.

CAAM Funds Global Agriculture has chosen to invest as close as possible to the source of these commodities

CAAM Funds Global Agriculture aims to outperform over an investment horizon of at least five years by taking advantage of the opportunities provided by structural imbalances, the scissors effect between supply and demand for agricultural goods.

At the same time, supply is declining. The rural exodus and intense urbanisation have resulted in a scarcity of arable land. Also, the quality of the land is deteriorating due to excessively short crop cycles and intensive use of fertilisers. Lastly, climate change is destroying or impoverishing increasing amounts of farmland.

The price of agricultural commodities, still known as soft commodities, has therefore entered an upward cycle. This trend is expected to last, as it is driven mainly by demographic factors.

CAAM Funds Global Agriculture aims to invest in companies that are likely to benefit from this upward cycle and in companies whose aim is to improve agricultural productivity.

Meat consumption

kg/pers./year

USA	122
Developped countries	83
Emerging countries	31

1 kg beef production needs 7 kg cereal

patrimonial

Interview with Nicolas Fragneau

Natural Resources Equity manager with CA-Asset Management

Investing in commodities

The strong demand is structural rather than linked to economic conditions



THÉMA "What is the outlook for commodity trends?"

NICOLAS FRAGNEAU "For a long time, commodity cycles closely echoed economic cycles, rising during periods of economic expansion and falling during economic slowdowns. The present situation is different, as the strong demand is structural rather than linked to economic conditions. Demand is strong, particularly in emerging countries, due to economic development, non-stop urbanisation and the building of new infrastructure. For the first time ever, supply cannot meet demand."

THÉMA "Are high prices therefore inevitable?"

NF "The acceleration in prices may halt temporarily, but I do not think the trend can be reversed. There are economic and sociological factors that point to this being a lasting trend. Note that China currently consumes the same amount of oil per inhabitant as the United States did in 1900."

THÉMA "Speaking of energy, how do you view biofuels?"

NF "The inadequacy of oil resources is worrying. We need to make the most of all the reserves and explore difficult-to-reach regions in the North and in deep water. Biofuels will not replace oil but they will supplement it. This has led some of the major oil companies to become leaders in the biofuels sector."

THÉMA "What about precious metals and food?"

NF "Precious metal prices have risen considerably due to increasingly scarce resources, constantly increasing mining costs and strong demand for luxury goods as the result of higher living standards. The price of wheat more than doubled in 2007. This trend is likely to accelerate for all soft commodities as the global population is growing and farmland is becoming increasingly scarce, due essentially to urbanisation. These factors have been aggravated further by the deterioration in weather conditions."

THÉMA "Do rising commodity prices offer an investment opportunity?"

NF "Yes, commodities are becoming increasingly scarce, so the adjustment is through prices. This sector has achieved the best performance at global level over the past few years. We recommend investing in equities in this sector given the multiplying effect. Some prices are rising much faster than production costs. Gold producers, for instance, have seen their sales price double from one year to the next."

THÉMA "What is the right investment horizon?"

NF "In the long term, the issues are identical for the whole sector: scarcity of supply relative to strong demand. In the shorter term (1 year), agricultural commodities offer more opportunities as the rise in prices started later. Globally however, it is important to be selective and choose solid, well-positioned players with reasonable production costs."

flash

Crédit Agricole Life Insurance (CALI) Europe



Crédit Agricole Group's Luxembourg-based life insurance company.

Based in Luxembourg for the past ten years, Predica Europe has changed its name to **Crédit Agricole Life Insurance (CALI) Europe**.

CALI Europe will create and market, under the "European Passport", a broad range of life insurance solutions that respond to the needs of an international clientele.

As a partner of our Private Banking activities, CALI Europe can **offer insurance contracts tailored to each investor's specific needs**.

A life insurance policy is an ideal structure for holding assets, and is an integral part of an overall **wealth management philosophy**.

A life insurance policy is also a means of diversifying investments and of organising asset transmission.

A range of contracts tailored to each investor's needs

Subscribing to a Luxembourg life insurance policy in any EU member State gives access to the advantageous legal framework provided by Luxembourg regulations: a flexible contract, spreading of risk and protection of policyholders.

From this perspective, CALI Europe offers a broad range of life insurance policies:

- **dedicated life insurance funds** combining a personalised life insurance policy and discretionary managed assets;
- **unit-linked contracts** (or multi-supports), whereby the subscriber can allocate capital to a wide selection of funds in terms of geographic region, structure or investment theme;
- **euro denominated bond funds**, with guaranteed capital and returns.

news



Crédit Agricole Luxembourg

The merger between Crédit Agricole Luxembourg and Crédit Agricole Luxembourg Bank (formerly Bank Sarasin

Europe, acquired in July 2007) will become effective on 26 April when all the staff will be grouped at the 39, allée Scheffer premises, where the clients will be welcomed. This merger places Crédit Agricole Luxembourg among the top five private banks in Luxembourg in terms of assets under management.



SEPA

The Single Euro Payments Area (SEPA) became a reality on 28 January 2008. The single payment area covers the 27 EU member states as well as Iceland, Liechtenstein, Norway and Switzerland. The aim is to enable bank customers within SEPA countries to make international payments and transfers with the same ease and security and at the same cost as a national payment. SEPA Credit Transfers (SCT) require the bank customer's IBAN code. The maximum execution time is three days, to be reduced to one day by 2012.

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