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**Benefit from our active management on a buoyant sector:
Luxury
Fondskongress Mannheim**

January 2008



Luxury: a core investment with its own main advantages

[Luxury & Lifestyle Strategy]

- **Growing demand for luxury goods** due to new wealth in emerging economies like China and Latin America
- **Fairly price-inelastic consumer demand** for recognized brands
- **Strong barriers to entry**
- **A successful strategy since 2002**

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What is luxury?

What is Luxury?

Our vision of the Luxury sector

- The traditional vision of the luxury market which comprises 4 main sectors and **30 stocks**:



- SGAM's Luxury universe can be enlarged to include other products or services and represents **nearly 140 stocks**:

- ▶ Luxury cars. motorcycles. boats
- ▶ Wine. Champagne and spirits
- ▶ Sporting goods
- ▶ Home accessories
- ▶ Hotels cruises and travel services
- ▶ Lifestyle /Medical equipment of premium quality
- ▶ Private management banks...



A less restricted universe than the MSCI World Textile Apparels and Luxury goods one, which take into account all products or services that benefit from a high quality and/or a brand image.

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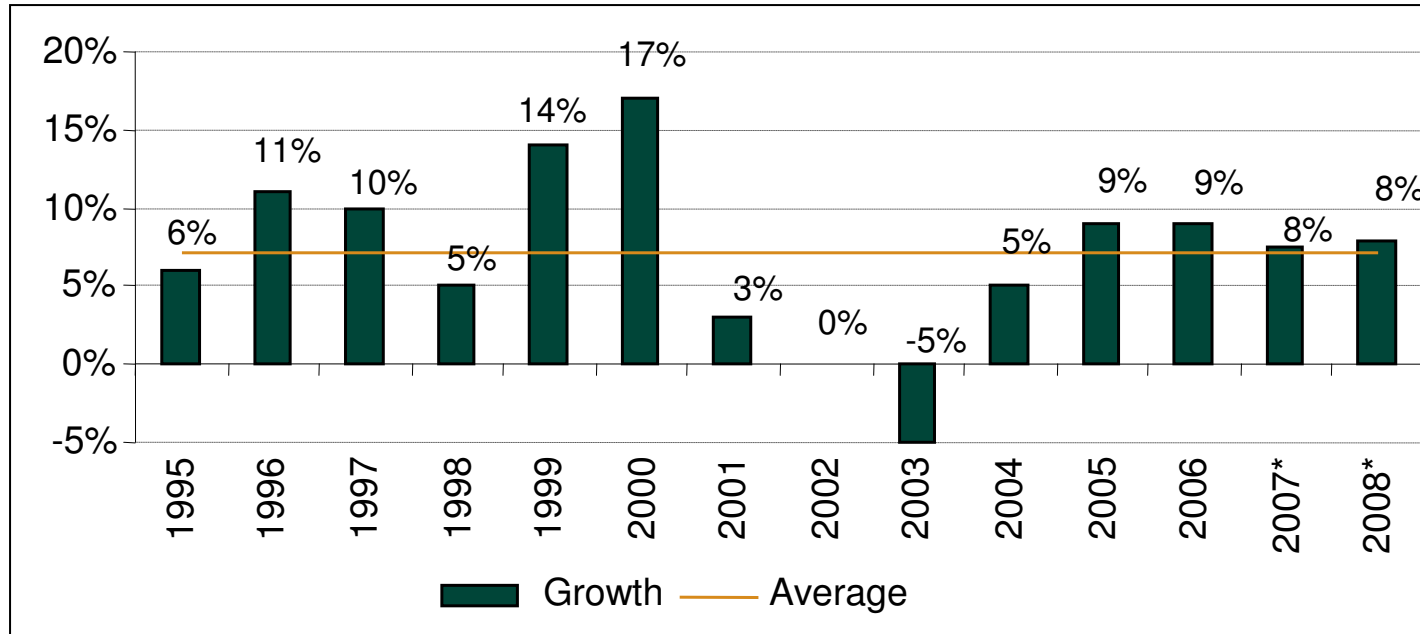


Why is luxury a core investment?

Why is luxury a core investment?

1 - An average annual growth of 7%

Annual growth rate of sales in the luxury universe



Data: Bain & Comp., Lehman Brothers forecast

* LB forecast

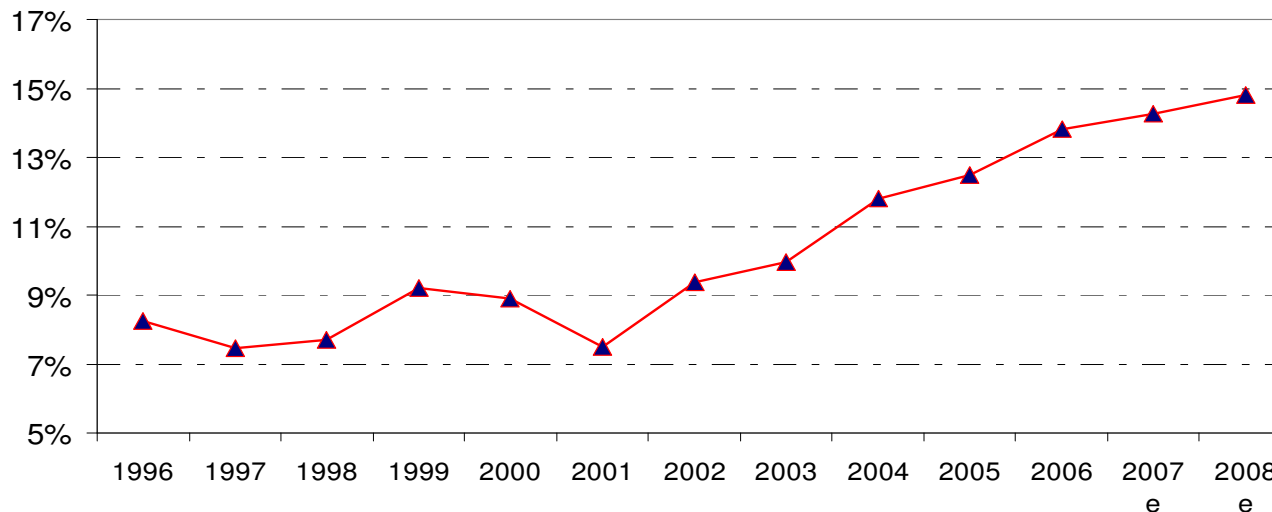
- Only one negative year in 2003

- Given current macroeconomic conditions we expect a 7% to 9% average annual growth in the 3 years to come

- Strong growth of margins over recent years
- We forecast further margin expansion : 2008e net margin 14.8% vs 2006 13.83%

- for example LVMH EBIT margin grew from 19% in 2004 to 20.7% in 2006.
 - we forecast LVMH EBIT margin of 22.6% in 2008.

Net Margin

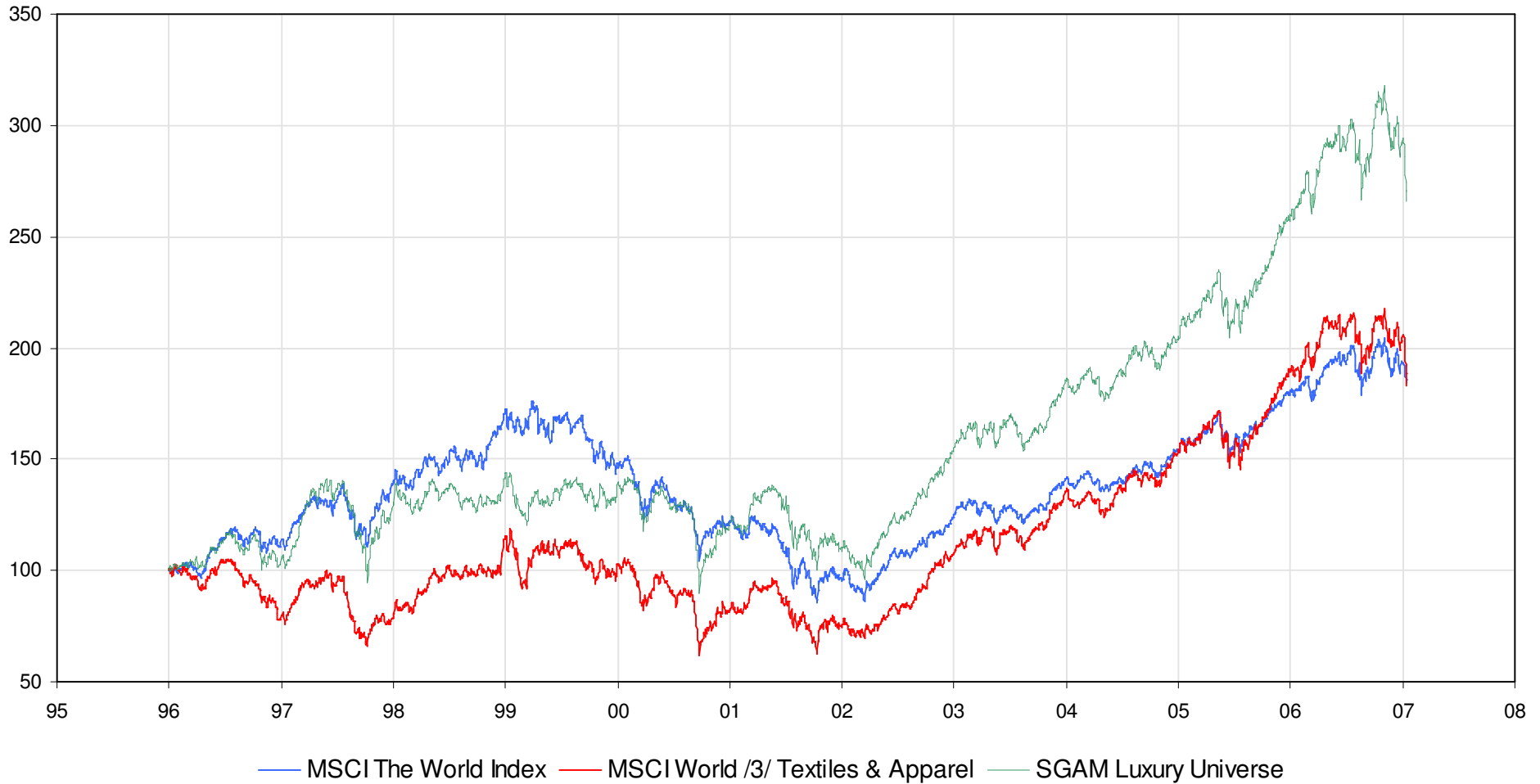


Source: SGAM/JCF – Top 10 portfolio holdings.



A successful results

- Our universe has proven to be more defensive in the 99/02 correction and performed better during the 03/06 expansion



Source SGAM/JCF – USD – au 11/01/2008



What is Luxury?

Who buys luxury goods?

- **The high net worth individuals (defined as individuals with more than USD 1 million in financial assets)**

=> They are trends setters and are very important for premium products:

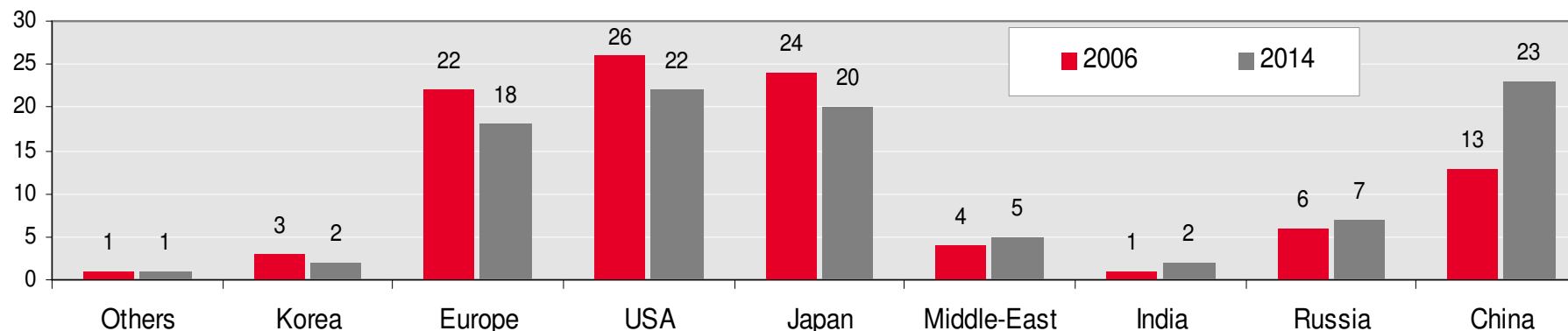
- 9.5 million people in the world
- 0.2% of adults world population
- 25% of the world wealth

- **And, the not so rich: middle and upper middle class individuals**

- ▶ **a target with a significant increase**

- The growth of the Chinese customers will be a key factor for the sector.

% sales by nationality



Source : Merrill Lynch Luxury Goods Team

■ But also.

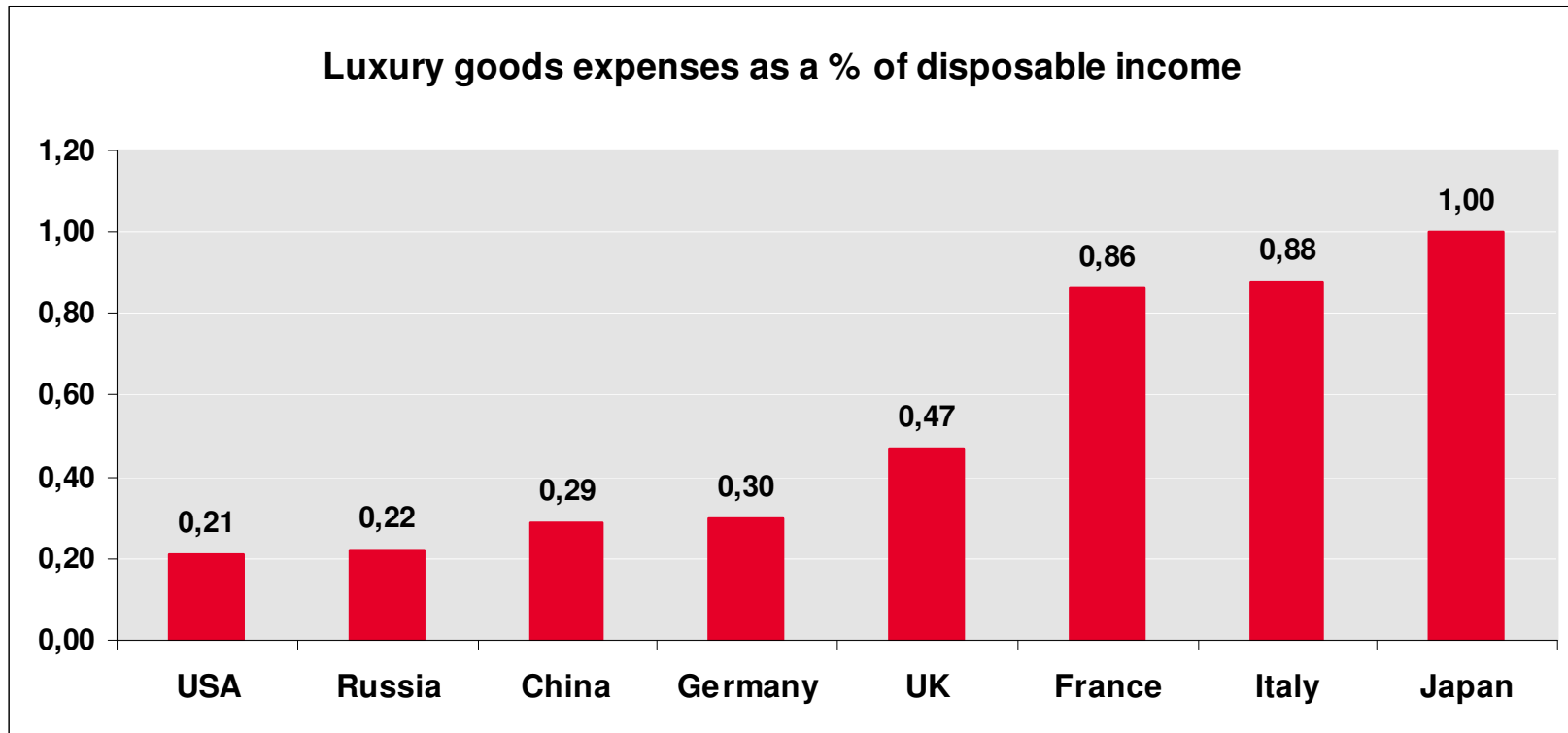
- ▶ **Russia** (the second largest population of billionaires after the US / 88.000 HNWI in 2004 / 36 Russian billionaires possess financial wealth of USD 110bn / A “nouveaux riches” population of around 3 million people)
- ▶ and **India** (70.000 HNWI in 2004/ The biggest gold jewelry market in the world)



By 2014, Chinese, Russian and Indian should account for 32% (vs. 20% in 2006)

Why is luxury a core investment?

3 - Where will growth come from?

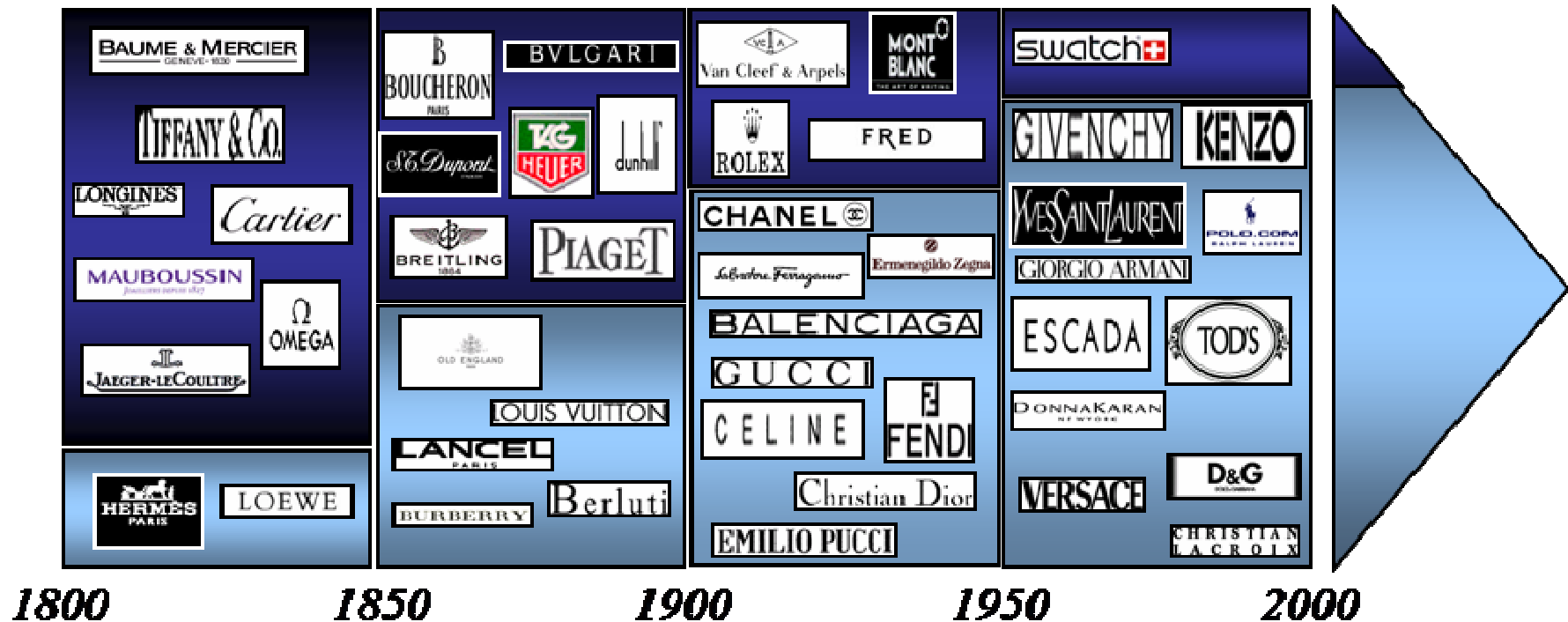


Source : Merrill Lynch Luxury Goods Team

Why is luxury a core investment?

4 - Strong barriers to entry 1/3

■ In terms of image...



It goes through a long process - which can take several years - to build a strong brand image known worldwide.

Inception date of a choice of brands – Data: Merrill Lynch Luxury Goods Team estimates

■ In terms of Costs...

- ▶ An advertising campaign to support the launch of a new perfume represents between 60% and 100% of the turnover expected in year 1.
- ▶ On average, advertising campaigns of international launch of a well-known brand cost more than €15 – 20 Mn.

Advertising budget 2006e (ad + events) in €Mn

Tod's	51
Richemont	570
ow, Cartier	200e
LVMH	1700
ow, Louis Vuitton	230e

Network investments - Average 2004 - 2005 - 2006 in € Mn

Tod's	24
Richemont	163
LVMH	670



Why is luxury a core investment?

4 - Strong barriers to entry 3/3

■ Many brands but few companies:

LVMH

- Louis Vuitton
- Christian Dior
- Fendi
- Celine
- Loewe
- Donna Karan
- Kenzo
- Tag Heuer
- Marc Jacobs
- Givenchy

Richemont

- Cartier
- Dunhill
- Mont Blanc
- Van Cleef & Arpels
- Piaget
- Baume & Mercier
- Vacheron Constantin
- Chloé
- Shanghai Tang
- Panerai

Gucci

- Gucci
- Yves Saint Laurent
- Boucheron
- Bottega Veneta
- Sergio Rossi
- Alexander McQueen
- Stella McCartney
- Balenciaga

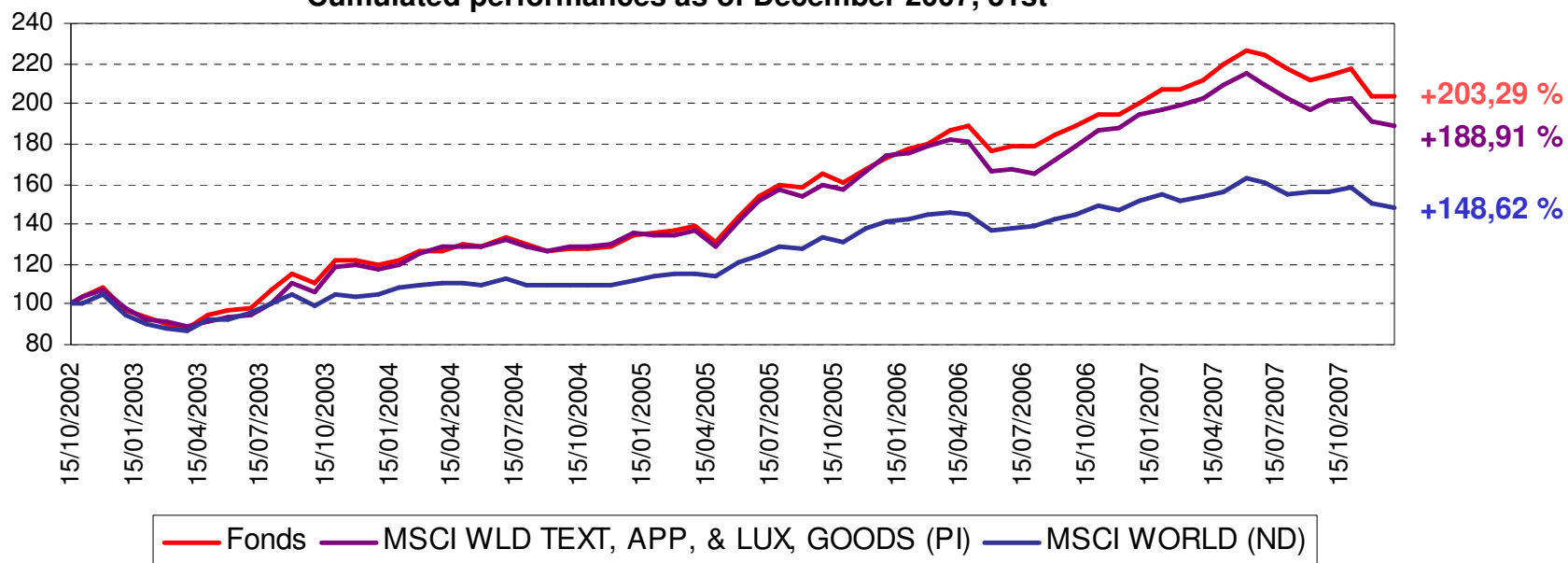
SGAM Invest Secteur Luxe



■ Gross performances as of the end of December (in EUR)

Cumulated performances (EUR)	1 year	3 years	5 years	Since creation (10/15/2002)
SGAM Invest Secteur Luxe	1,62 %	51,38 %	109,26 %	103,29 %
MSCI WLD TEXT. APP. & LUX. GOODS (PI) – indice 1	-2,79 %	39,47 %	93,44 %	88,91 %
MSCI World (ND) – indice 2	-1,66 %	33,25 %	57,10 %	48,62 %

Cumulated performances as of December 2007, 31st



Source: SGAM – reporting – Gross performances in euro - graph: cumulated gross performances since creation.

Outstanding Performances

[Luxury & Lifestyle Strategy]

		Perf.	Rating	Perf.	Rating	Perf.	Rating	Perf.	Rating	Perf.	Rating
Clariden Leu Luxury Goods Eqty	GB0009580241	-2.71	10	-5.8	8	4.99	8	44.95	2	146.79	2
Cominvest Fd Deluxe P	LU0256866673	-0.79	1	-4.32	4	13.1	1	N/A	----	N/A	----
CS EF (Lux) Global Prestige B	LU0254360752	-2.59	8	-4.04	2	8.33	6	N/A	----	N/A	----
ING (L) Inv Prest & Luxe Pcap	LU0119214772	-2.35	6	-5.81	9	2.56	9	34.78	3	133.19	3
Parvest Global Brands C USD	LU0111537394	-3.03	11	-4.75	6	-4.41	11	17.39	5	94.84	5
Pictet F (LUX) Premium Brands-PC	LU0217139020	-1.38	4	-5.99	11	8.4	4	N/A	----	N/A	----
SGAM Fund Eq Luxury&Lifestyle A	LU0261454143	-0.84	2	-3.32	1	9.99	3	N/A	----	N/A	----
SGAM Invest Secteur Luxe	FR0000988503	-0.93	3	-4.74	5	10.51	2	53.73	1	166.03	1
Average Performance/No of Funds		-1.98	33	-4.84	33	4	32	26.41	17	113.62	17

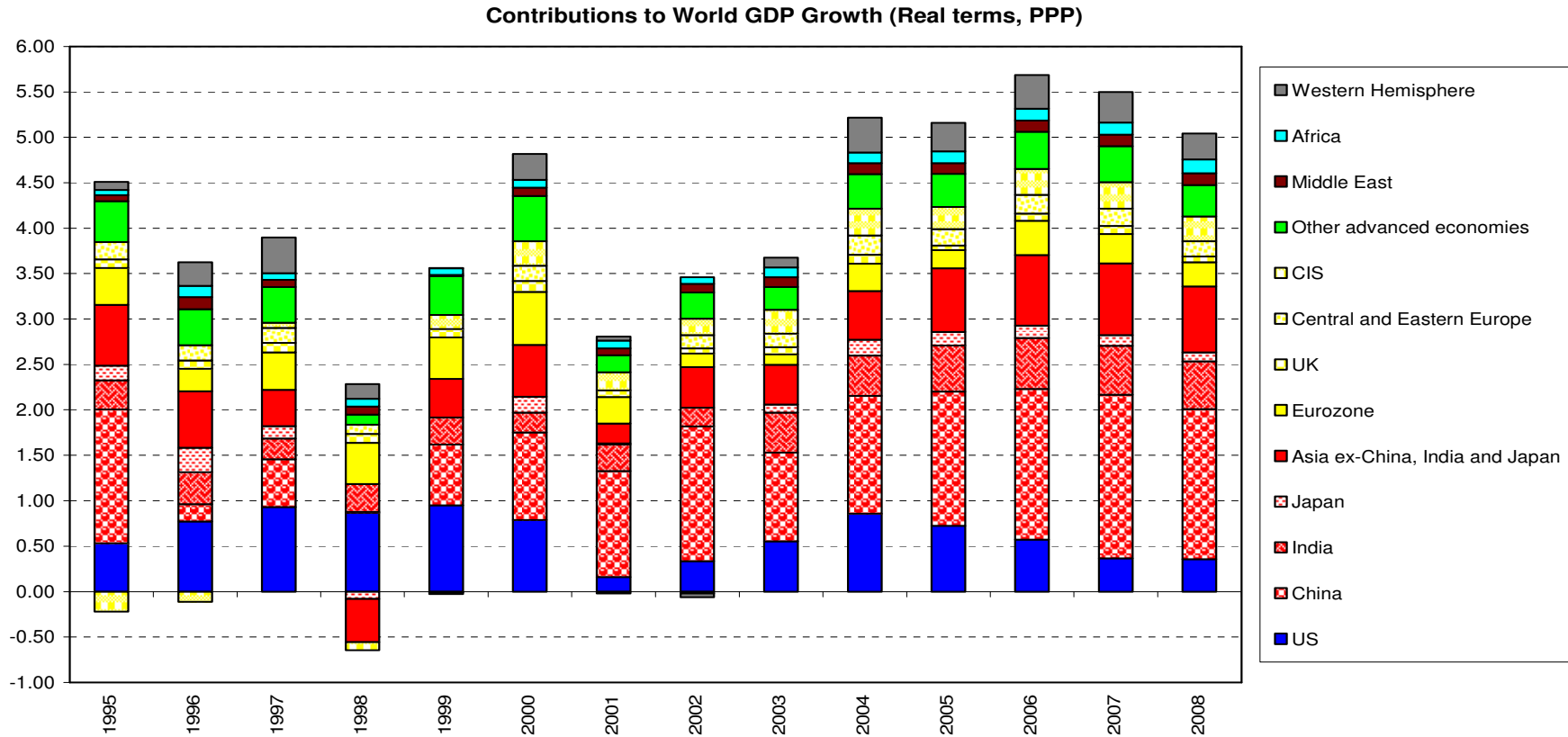
Performance in USD ; Sector – Consumer Goods and Services December 2007

- ▶ Our luxury strategy represented by the Luxembourg based SGAM Fund Luxury & Lifestyle and the French based SGAM Invest Secteur Luxe is well positioned within its peer group.
- ▶ SGAM Fund Luxury & Lifestyle is ranked top 3 in November & December 2007 and over 1 year.
- ▶ SGAM Invest Secteur Luxe is ranked 1st out of 17 for 3 years and 5 years periods, which shows that the Fund is delivering excellent and constant long term performance.
- ▶ Some funds in this category have no exposure in the luxury sector and SGAM Luxury strategy outperformed the general consumer goods and services sector and also its luxury rivals.

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2008 Luxury Sector Outlook

Strong Global GDP Growth



Source: IMF, GGDC and own calculations

■ **US GDP growth is decreasing:**

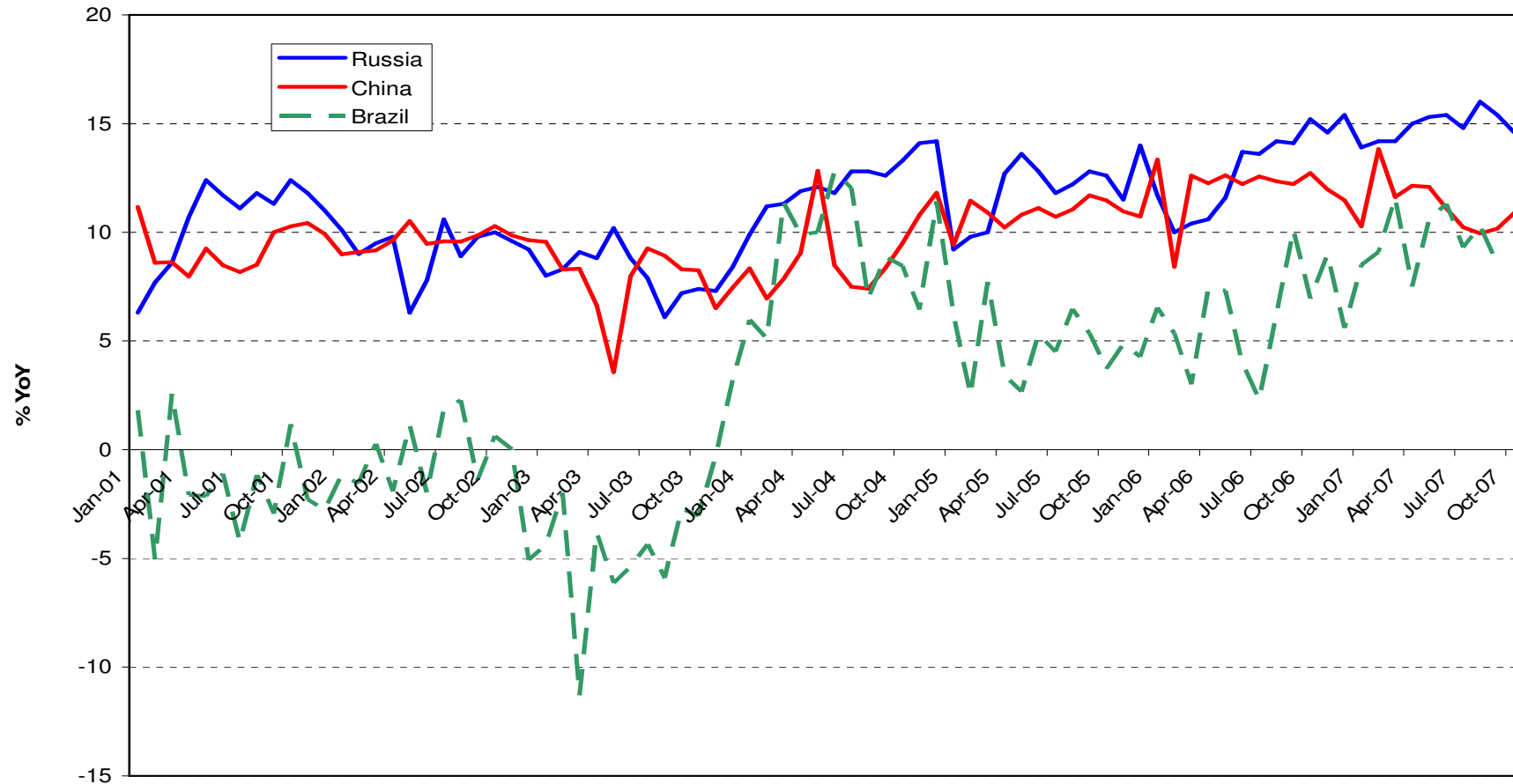
- ▶ US consumption is expected to remain lackluster, but growth will remain at around 2.5%.

■ **But global GDP is still very strong:**

- ▶ Emerging Asia is set to “de-couple” with its growth driven increasingly by domestic demand.
- ▶ Asia’s part of global GDP is increasing.

■ Consumption has remained strong in the key emerging countries

Real retail sales in some Emerging countries





Conclusion

2 - On the micro side we are still positive on 2008

[Luxury & Lifestyle Strategy]

	P/E 07e	P/E 08e	EPS % Change 07e	EPS % Change 08e	PEG 07/08
SGAM Invest Secteur Luxe	17.8 x	15.6 x	9 %	14.1 %	1,54
MSCI World Index Bench	14.9 x	13.3x	-0.9 %	11,6 %	2.79
DJ Euro Stoxx 50 Bench	12.3 x	11.4x	8.6 %	9.2%	1,38

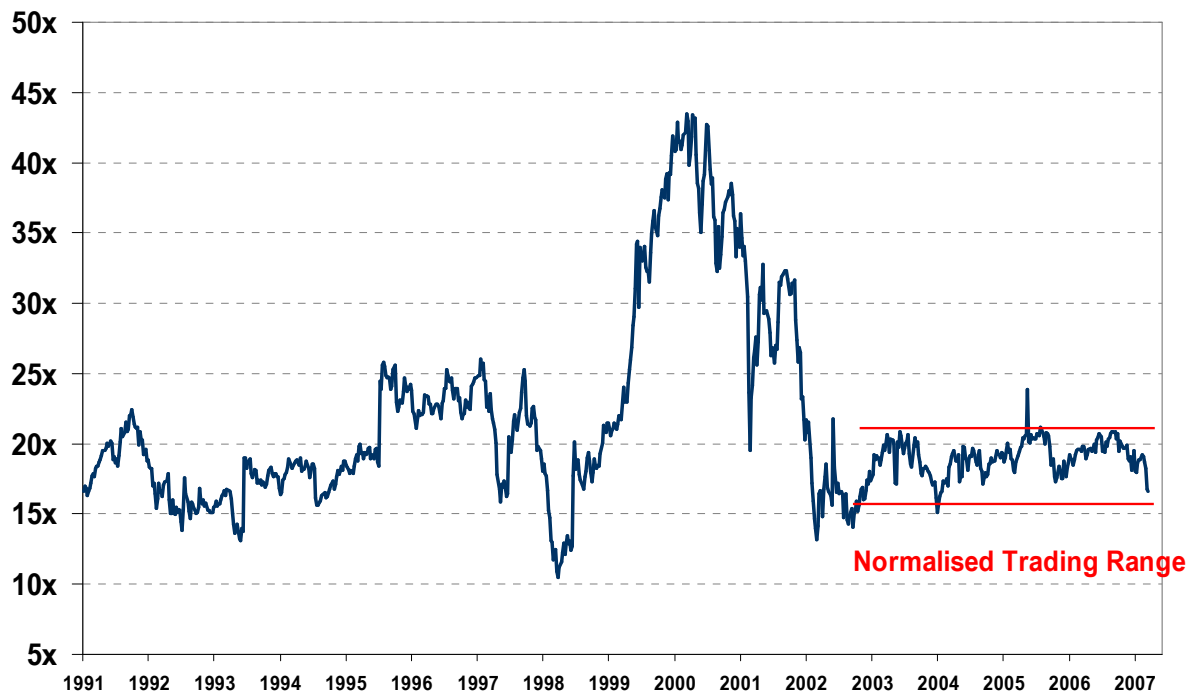
▶ **Head winds** : potential negative currency impact on some stocks and deceleration of the growth of the Japanese demand

▶ **Positive factors** : strong growth in the rest of Asia and Russia

 **We expect a significant single digit organic growth**

Source: JCF. In Euros as 08/01/2008

■ P/Es are at the lower end of the historical range



■ PEGs are low compared to world market

	<u>PEG 07/08</u>
SGAM Luxury Strategy	1.54
MSCI World Index	2.79

■ EPS growth is expected to be strong for 2008

- ▶ Our expected earnings growth is comparable to that of Emerging Asian countries (Indonesia, China, India, Korea, Philippines, Malaysia & Thailand)

	<u>EPS% Change 08</u>
SGAM Luxury Strategy*	14.10%
Emerging Asia**	14.60%

Source : *JCF in USD as of 31/12/07- ** HSBC estimates, October 2007.

Euro Appreciation – Potential but Limited Risk

■ The Euro currency appreciated against all currencies, especially USD. **But the impact is limited because:**

- ▶ 77% of luxury sales are made outside US.
- ▶ Most luxury companies hedged against USD for 2008.
- ▶ Luxury companies have strong pricing power: they can easily increase their prices from 4% to 6% for countries with small currency depreciation against Euro.

	Americas	Europe	Japan	Rest of Asia	Other
Tiffany	62%	7%	19%	9%	3%
LVMH	26%	37%	13%	17%	7%
Burberry	24%	48%	6%	20%	2%
Escada Group	19%	51%	7%	7%	12%
Gucci Division	21%	34%	19%	22%	4%
Richemont	20%	42%	15%	22%	0%
Hugo Boss	19%	71%	3%	8%	0%
Swatch Group	12%	45%	9%	28%	2%
Hermes	15%	38%	27%	17%	3%
Bulgari	16%	37%	24%	16%	7%
Tod's	10%	74%	7%	8%	0%
Giorgio Armani	25%	52%	6%	6%	10%
Prada Group	21%	54%	19%	6%	0%
Average	22%	46%	13%	14%	4%
Weighted Average	23%	42%	13%	18%	4%

■ Organic sales growth remain strong, especially in developing markets:

- ▶ Asia (excluding Japan) is registering buoyant double digit sales growth. China including HK, Taiwan and Macao has represented around 10% of the luxury sales.
- ▶ Europe benefits from the demand for very high end products from Russia and from the Middle East.

% Sales in Asia		Sales Growth Rates		
		6 Months (Jan to Jun 07)	9 Months (Jan to Sep 07)	3 Months (Jun to Sep 07)
LVMH	17%	+17%	+19%	+23%
Richemont	21%	+28%	+30%	+32%



Bernard Arnault – Chairman of LVMH in his opening remarks in November 2007 at FT luxury conference in Moscow stated that **worldwide luxury spending should double to EUR 300 billion in the next 5 years**. He also added that China is already the third largest luxury market, followed by Russia.

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Appendix



Isabelle Ardon – Senior Fund Manager of SGAM Invest Secteur Luxe

Isabelle got an Engineering Degree from EPF in France and a MBA from University of Southern California in Los Angeles. After a position of Credit Analyst and Sell Side Analyst at NSM, she joined SG as Sell Side Analyst in 1986. She became fund manager in the Private Banking department in 1994. She has been European Equity Portfolio Manager since 1997. She has been managing SGAM Invest Secteur Luxe since 2004.



Anne Le Borgne – Fund Manager

Anne has a Masters in Finance from the University of Paris Dauphine. She began her Career in 1992 in the pharmaceutical group Sanofi as an internal auditor and then as an Investor Relations Officer. In 1999, she joined SGAM as a buy-side analyst to follow the healthcare and medical technologies, the cosmetics, the food producers and beverages companies. She works on the luxury strategy since October 2007.



Virginie Deterck - Senior Portfolio Strategist

Virginie has a Masters Degree in Finance & International Economy and a Post-Graduate Degree in Banking & Finance from the University of Pantheon-Sorbonne (Paris I). She began her career in 1996 as a Sell-Side Research Analyst on small and mid caps. In 1998, she joined The Fortis Group as a Sell Side Research Analyst for 2 years, before joining the Buy-Side team at SGAM. Since 2003, Virginie is specialized on the luxury sector.



Philippe Lasnier de Lavalette – Fund Manager

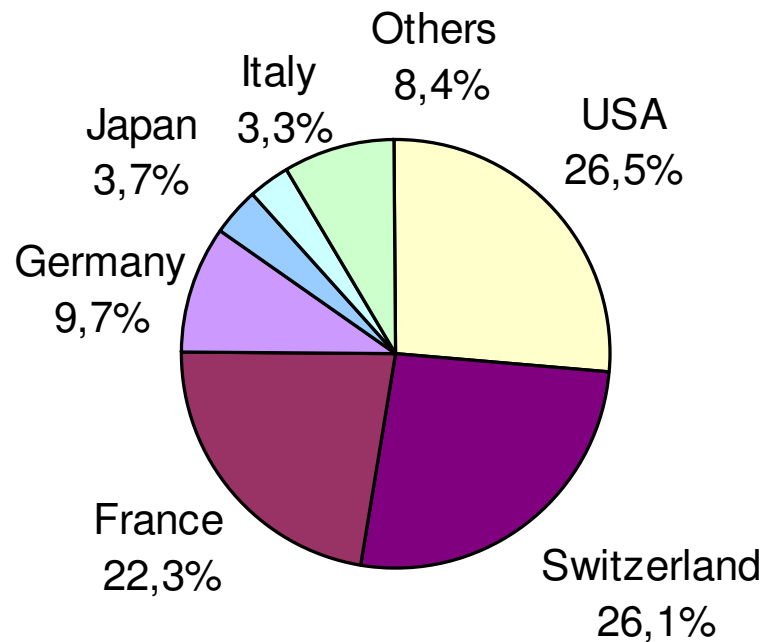
Philippe graduated with an MBA in Marketing and Finance from New York University. He started his career at Nestlé in the marketing department. In 1995 he joined Société Générale as a portfolio manager in the Employee savings plan department. He has been an Equity Senior Portfolio Manager at SGAM since 1998. Since 2005, Philippe has become Senior Portfolio Strategist for the SGAM equity funds managed out of Paris.

SGAM Invest **Secteur Luxe**

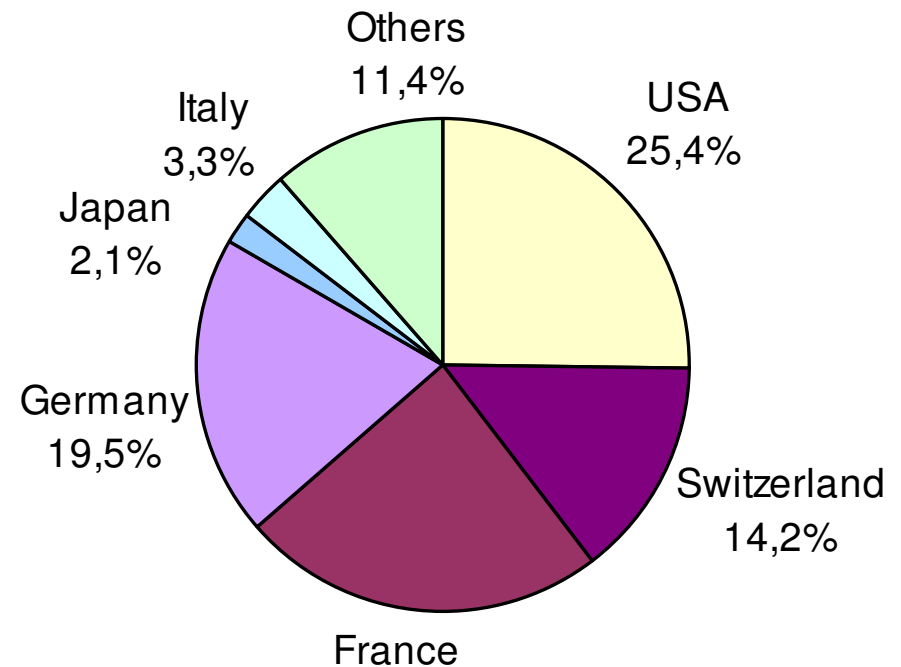


■ Our universe is as diversified as the MSCI World Text, App & Luxury goods...

MSCI World Text. Apparel & Luxury Goods



Univers SGAM



Source: JCF as of 01/15/2008

SGAM Luxury Universe

Personal & Household Goods	39.1 %
Automobiles	16.5 %
Travel & Leisure	13.3 %
Health Care	10.3 %
Food & Beverage	8.7 %
Retail	5.7 %
Financial Services	3.7 %
Banks	1.3 %
Construction & Materials	1.0 %
Industrial goods and services	0.4 %

MSCI World Text., App., & Lux. Goods

Clothing & Accessories	71.7 %
Footwear	25.6 %
Others	2.7 %

Source: JCF as of 01/14/2008

And less concentrated

SGAM's Luxury universe – 140 stocks			
DaimlerChrysler AG	Automobiles	Germany	8.6 %
L'Oréal	Personal Products	France	7.7 %
LVMH	Clothing & Accessories	France	5.0 %
Diageo	Distillers & Vintners	UK	4.9 %
Alcon	Medical Supplies	Switzerland	4.2 %
BMW	Automobiles	Germany	3.8 %
Cie Financière Richemont	Clothing & Accessories	Switzerland	3.4 %
Porsche AG	Automobiles	Germany	3.1 %
Las Vegas Sands	Gambling	USA	2.8 %
Nike Inc	Footwear	USA	2.6 %

MSCI Textile and apparel – 30 stocks –			
Cie Financière Richemont	Clothing & Accessories	Switzerland	18.9 %
LVMH	Clothing & Accessories	France	15.7 %
Nike Inc	Footwear	USA	13 %
Adidas	Footwear	Germany	7.9 %
Coach Inc	Clothing & Accessories	USA	5.6 %
The Swatch Group	Clothing & Accessories	Switzerland	4.8 %
Hermès International	Clothing & Accessories	France	4.0 %
Christian Dior	Clothing & Accessories	France	3.7 %
VF	Clothing & Accessories	USA	3.6 %
Gildan	Clothing & Accessories	Canada	2.6 %



The Top 10 stocks represents 45% of the bench



The Top 10 stocks represents 80% of the bench

Source SGAM/JCF – in USD – as of 01/14/2008

SGAM Invest **Secteur Luxe**



■ Characteristics

➤ Legal structure	French FCP
➤ Investment rule	UCITS III
➤ Regulatory classification	Global equities
➤ Recommended investment period	> 5 years
➤ Management company	Société Générale Asset Management
➤ Custodian	Société Générale
➤ Inception date	10/14/2002
➤ Benchmark index	MSCI World Textiles, Apparel and Luxury Goods
➤ Currency	Euro
➤ Minimum subscription	500 €, then 50 €
➤ Maximum initial charge	2% max
➤ Management fees	2.40% tax included max
➤ Performance fees	20% over benchmark
➤ Redemption fees	None
➤ NAV calculation	Daily
➤ Cut-off time	At 9 am executed at day's NAV
➤ ISIN	FR0000988503

SGAM Fund

Equities Luxury & Lifestyle

➤ Now this exceptional strategy is available in SGAM Fund:

Characteristics

Benchmark	MSCI World Textiles, Apparel and Luxury Goods	Valuation	Daily (D)
Base Currency	USD	Subscription / redemption / conversion cut-off time	1.00 pm, Luxembourg time (D-1)
Strategy launched	2002	Settlement	D+2
Fund's inception	November 7, 2006	Subscription currencies	USD / EUR

Share	A	P	B
ISIN	LU0261454143	LU0261455207	LU0261454572
Initial NAV	USD 100	USD 100	USD 1,000
Minimum subscription	1 share	EUR / USD 500,000	EUR / USD 3,000,000
Maximum initial charge	5%	5%	5%
Redemption fees	Nile	Nile	Nile
Maximum management fees	2.00%	1.50%	0.80%



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Past performance is not an indication of future results. Performance is not constant over time.

Investment process

Key metrics factors used for company evaluation: the example of LVMH

■ Beyond quantitative analysis. qualitative metrics have been developed based on specific criteria of the sector

Exposure to tourism	---	Geographic expansion	+++
Currency hedging	-	Line extension	++
Pricing and mix power	+	Brand image	++
Management quality	+++	Innovation capacity	++

(range from « --- » to « +++ »)

TOTAL
++

SGAM Invest Secteur Luxe: detailed portfolio

	France	Germany	Italy	Switzerland	USA	Fund	Index	Fund Vs. Index
CONSUMER DISCRETIONARY	22,76%	7,54%	6,78%	19,43%	14,61%	71,12%	100,00%	-28,88%
AUTOMOBILES & COMPONENTS		3,07%				3,07%	0,00%	3,07%
		BMW 2.66% PORSCHE AU 0.41%						
CONSUMER DURABLES & APPAREL	18,28%	4,46%	6,78%	18,36%	13,50%	61,37%	100,00%	-38,63%
	HERMES INT 0.64% LVMH 9.83% CHRISTIAN 4.88% BENETEAU 2.14% RODRIGUEZ 0.79%	ADIDAS (XE 4.00% ESCADA 0.46%	BULGARI 1.51% LUXOTTICA 2.93% ANTICHI PE 1.57% TODS GROUP 0.77%	THE SWATCH 8.49% RICHEMONT 9.87%	COACH 4.27% NIKE B 7.18% POLO RALPH 2.05%			
CONSUMER SERVICES	1,86%			1,07%		2,93%	0,00%	2,93%
	ACCOR SA 1.86%			KUONI REIS 1.07%				
RETAILING	2,63%				1,12%	3,74%	0,00%	3,74%
	PINAULT-PR 2.63%				TIFFANY 1.12%			
CONSUMER STAPLES	10,73%			1,78%		12,51%	0,00%	12,51%
FOOD BEVERAGE & TOBACCO	6,17%			1,78%		7,95%	0,00%	7,95%
	PERNOD-RIC 4.83% REMY COINT 1.33%			LINDT & SP 1.78%				
HOUSEHOLD & PERSONAL PRODUCTS	4,56%					4,56%	0,00%	4,56%
	CLARINS 0.73% OREAL (L') 3.83%							
FINANCIALS				2,01%		2,01%	0,00%	2,01%
DIVERSIFIED FINANCIALS				2,01%		2,01%	0,00%	2,01%
				JULIUS BAE 2.01%				
HEALTH CARE	4,71%			4,24%		8,95%	0,00%	8,95%
HEALTH CARE EQUIPMENT & SERVICES	4,71%			4,24%		8,95%	0,00%	8,95%
	ESSILOR IN 4.71%			NOBEL BIOC 2.26% SONOVA HOL 1.97%				
INFORMATION TECHNOLOGY						1,28%	0,00%	1,28%
TECHNOLOGY HARDWARE & EQUIPMENT						1,28%	0,00%	1,28%
FUND	38,21%	7,54%	6,78%	27,46%	14,61%			
INDEX	23,40%	9,36%	3,17%	25,26%	26,33%			
FUND Vs. INDEX	14,81%	-1,82%	3,61%	2,19%	-11,72%			