



THE FRANCE GROWTH FUND

Adopting a Pan-European
Multi-Strategy Approach

April 2002

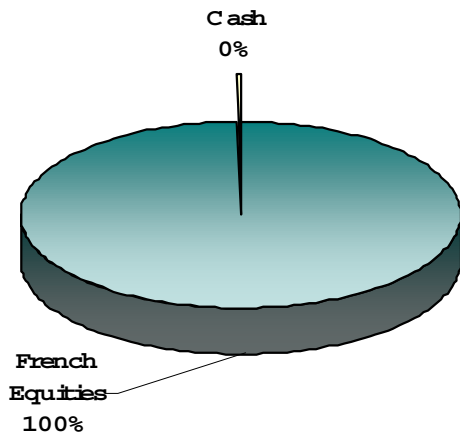
A closed-end fund started in 1990 to capture opportunities in the French equity market

General characteristics

- Registered closed-end fund
- May 1990: inception and listing on the NYSE (symbol: FRF)
- Investment advisor: *CAAM USAS*, U.S. registered subsidiary of Paris-based *Crédit Agricole Asset Management*
- Current net assets: \$104 million
- Benchmark: French SBF 120 Index

The Fund has met its objectives

Fully invested in French equities



Morningstar Rating:



Track record since inception



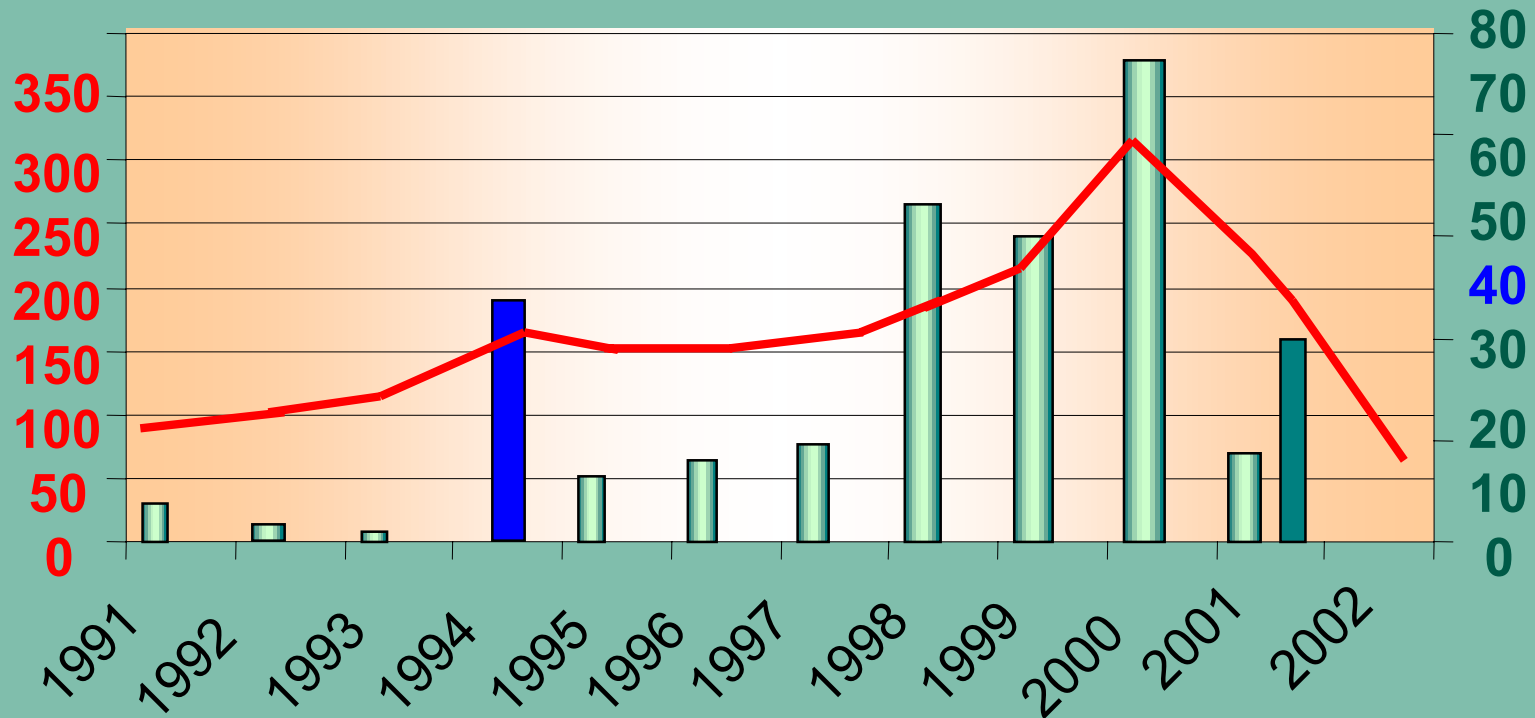
Rapid evolution towards a single European equity market

- **Over the last five years, major developments have transformed the equity markets in continental Europe :**
 - The introduction of the Euro
 - A wave of cross-border mergers
 - New corporate strategies
 - Union of some European stock exchanges
 - Sector-driven investment process
- **Evolution from local to a pan-European market**

The Fund has implemented consistent policies
to enhance shareholder value

*Market Cap**

*Distributions**



**All figures in millions of USD*

Adapting *The France Growth Fund* to a changing investment environment

- **Expand the mandate from a single country to Europe**
- **Use of the closed-end structure to give access to alternative investment techniques**
- **Control risks through diversification of strategies and managers**

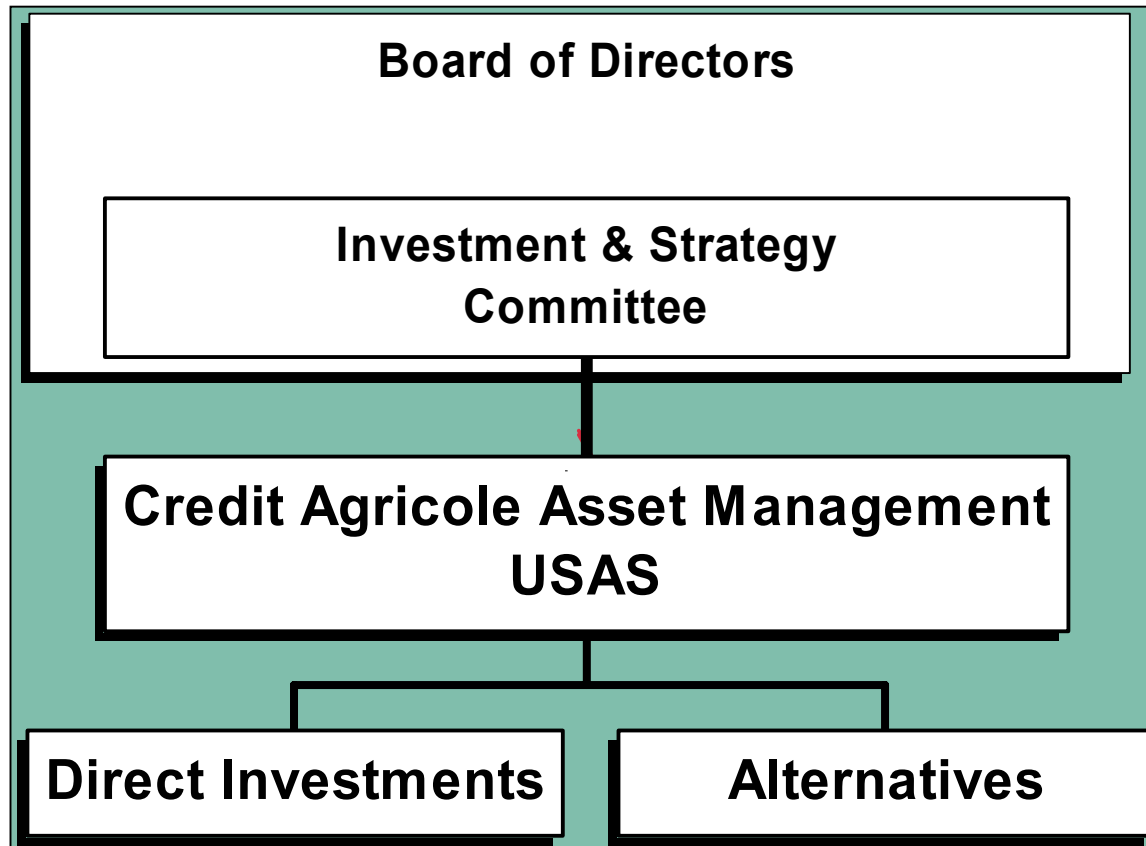
Adapting *The France Growth Fund* to a changing investment environment

- **The Board of Directors is proposing a new approach, subject to shareholder approval:**
 - ▢▶ To expand the investment universe to the whole of Europe
 - ▢▶ To diversify the Fund across defined investment strategies implemented by a group of selected managers
 - ▢▶ To change the Fund's name to "*The European Multi-Strategy Investment Company*"
- **Focus on identifying opportunities and selecting managers**

Adapting *The France Growth Fund* to a changing investment environment

- **Under the new proposal, the assets of the Fund will be divided into two parts:**
- Direct investments managed by selected investment advisors
- Asset allocation to managers specialized in innovative alternative strategies such as hedge funds
- **The Investment Manager will:**
 - ➡ Select and supervise the outside managers
 - ➡ Actively allocate assets between strategies and managers
 - ➡ Directly manage a portion of the equity portfolio

Management Structure

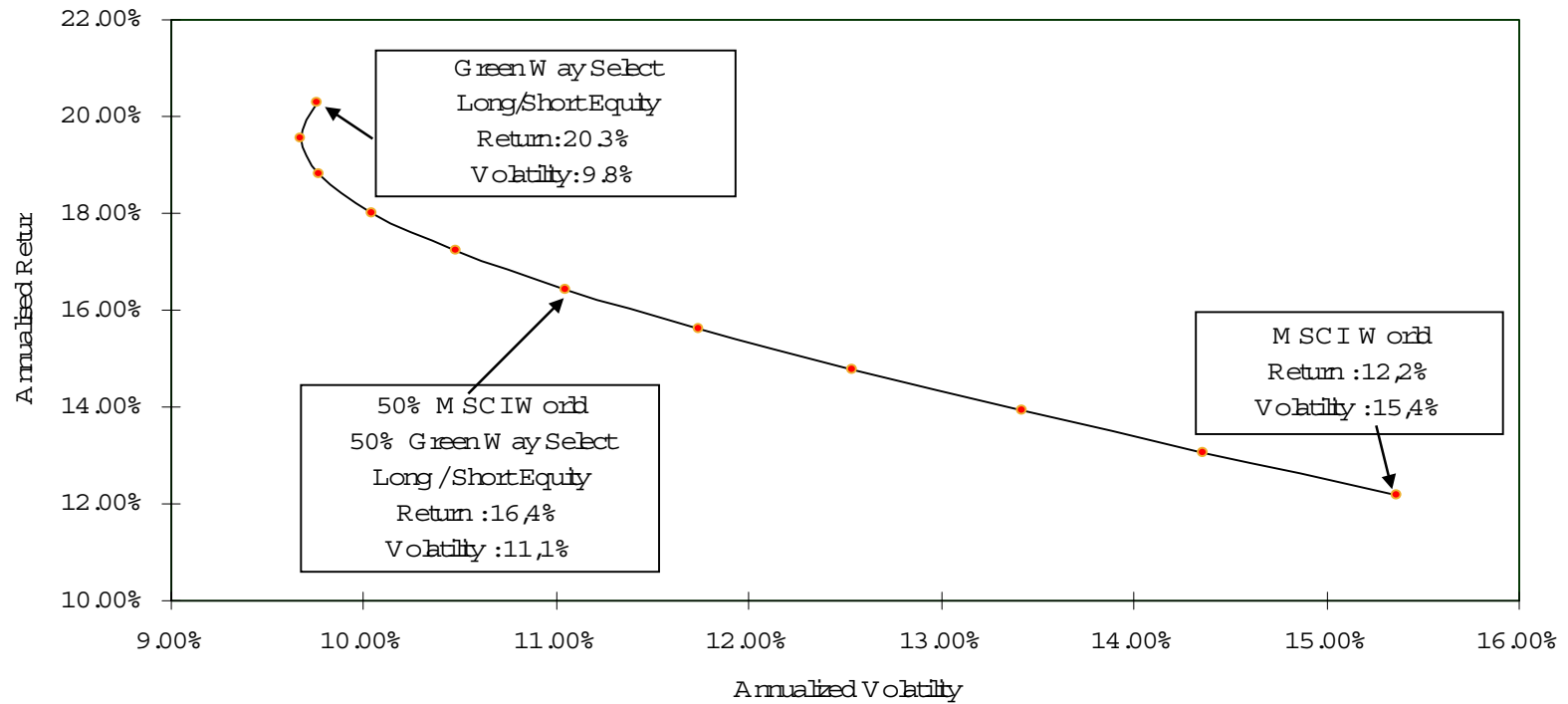


The investment adviser has a long experience in selecting alternative investment managers

- The Alternative Investment Products Group of Crédit Agricole Asset Management was established in 1992 to manage alternative investments for the Crédit Agricole Group
- Assets under management exceed US\$ 2 billion
- More than 100 institutional clients
- Strong European coverage
- Offices in Paris, London, Chicago and Tokyo
- 37 employees, including 15 investment professionals

Impact of investing in alternatives: Improving efficiency of investment portfolios

Portfolio Risk/Return Profile 1997 to 2000 (in US\$)



New alternative investment techniques have reached Europe

- **Emergence in Europe of alternative investment managers applying non directional investment styles, including:**
 - Long/Short equity
 - Convertible arbitrage
 - Merger arbitrage

The European story for alternatives: A growing universe of managers to choose from

Strategy	Number of Established Managers	Number of Emerging Managers	Total Assets (\$ Billions)	Percentage of European Industry
Long/Short Equity	33	71	32	63%
Convertible Bond Arbitrage	6	8	5	10%
Merger Arbitrage	2	8	4	8%
Diversified Arbitrage	9	13	8	15%
Fixed Income Arbitrage	2	8	2	4%

Source: EuroHedge League Tables 2000

The European story for alternatives: European focused hedge funds Performance and correlation with Stock Market

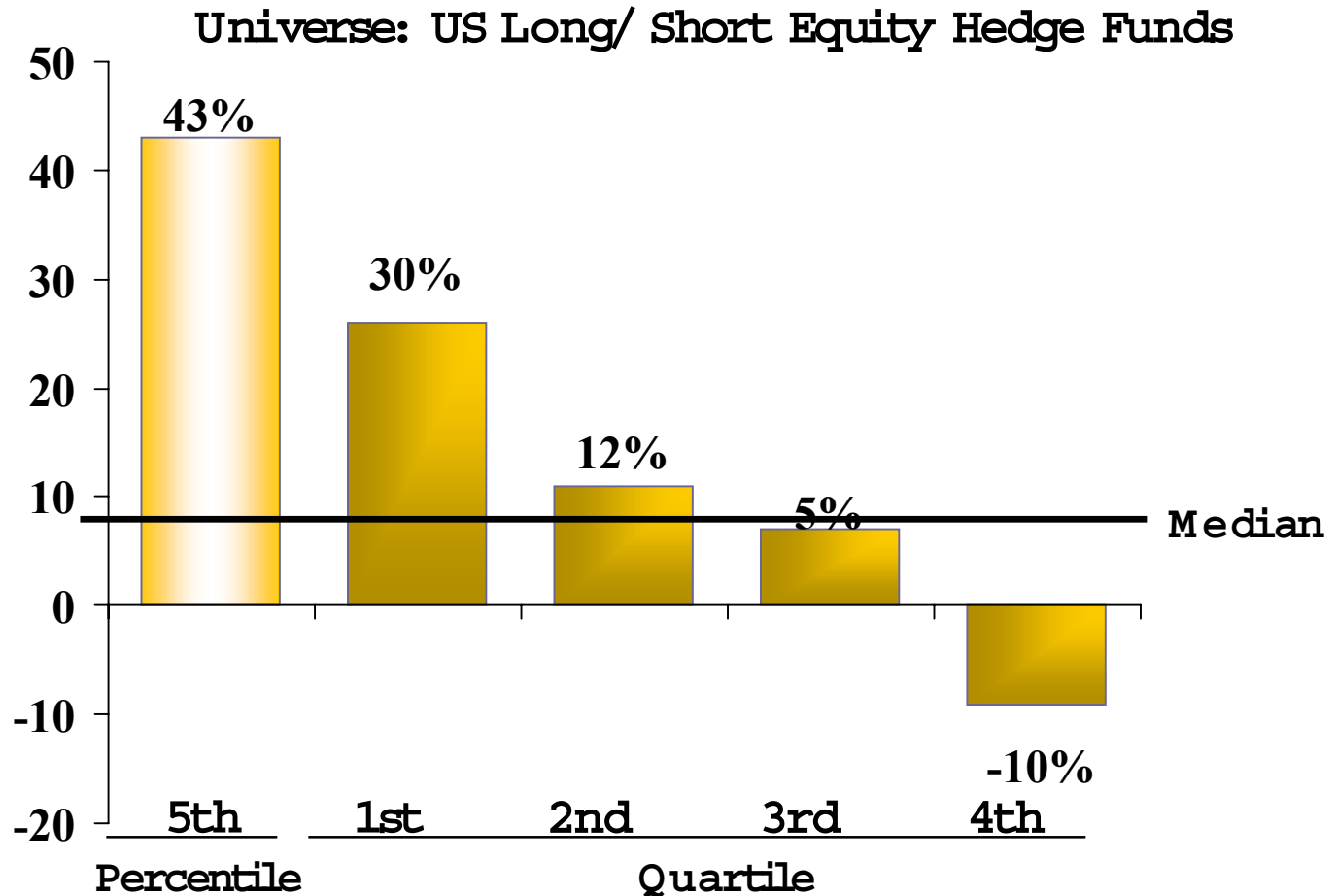
Strategy	Returns	Volatility	Correlation*	Beta*
Long/Short equity	16.31 %	14.16 %	0.64	0.55
Convertible Bond Arbitrage	16.07 %	3.21 %	0.28	0.05
Merger Arbitrage	15.15 %	3.38 %	0.02	0.00
Diversified Arbitrage	15.57 %	3.61 %	0.19	0.03
Fixed Income Arbitrage	4.92 %	5.13 %	0.17	0.05

Source: CAAIPG Internally Calculated Style Indexes from 1998-2001

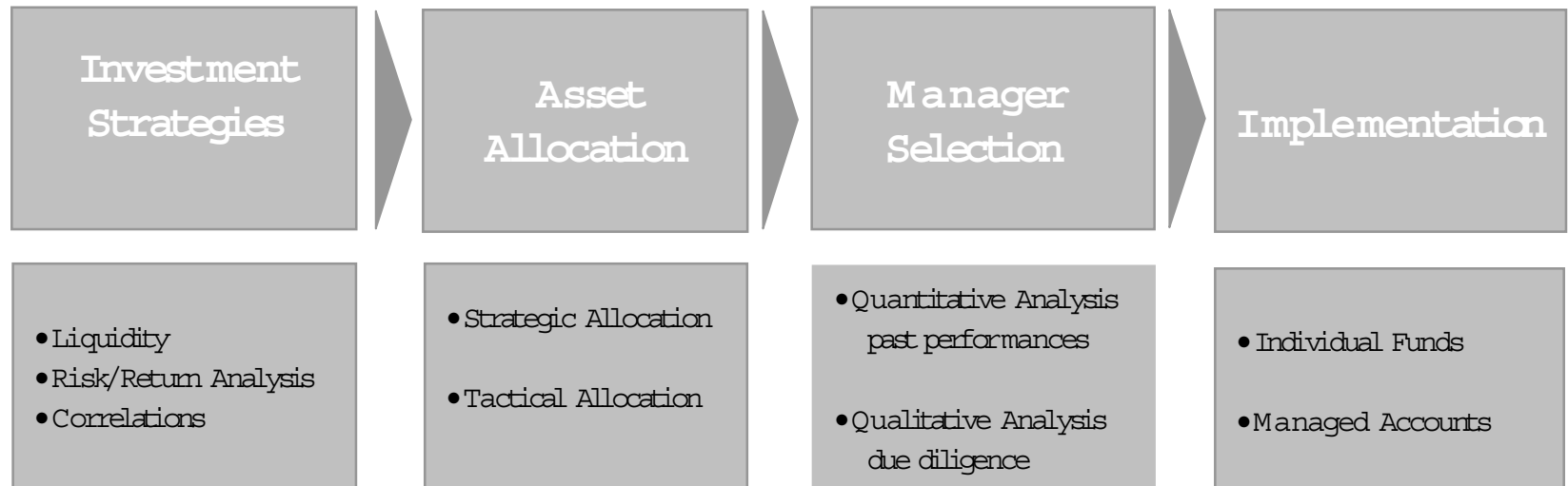
*Against MSCI Europe

The key driver of alternatives: Manager Selection

Performance
2000



Overview of alternative investment process



Risk Monitoring: Portfolio / Strategies / Managers

Overview of alternative investment process

Manager universe:
5,000 + managers using public and
proprietary databases

Eligible peer groups:
up to 150 managers for each strategy

Short lists:
up to 20
for each strategy

**Investment
proposals**

Initial screening:

Quantitative analysis: eligibility screening
Qualitative analysis: categorisation, 1st stage of due
initial diligence (manager interviews)

Short listing:

Quantitative: scoring, ranking.
Qualitative: 2nd stage of initial due
diligence (manager visits)

Detailed due diligence:

Investment recommendations to
Investment Committee

Closed-End Fund structure is well-suited for investments in alternatives

A closed-end fund invested in alternatives will provide investors with:

- Access to top managers
- Diversification by strategy and manager
- Transparency
- Monitoring provided by Fund manager
- Weekly valuation
- Liquidity



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