

Global perspectives H2 2007

2007 turns out to be a very interesting year so far, as the global investment scene has changed markedly in comparison with 12 months ago.

Because of higher interest rates all over the world, the relative attractiveness of the different asset classes (cash, bonds, equities) has become more balanced.

Three years ago, we saw a lot of value in equities and little or no value in cash or bonds, today, because of higher real rates there is again substantial value to be found in the fixed-income area.

Of course the recent liquidity crisis in the credit markets certainly has the potential to disrupt even the most resilient economic growth environment in decades.

The economy and corporate profits:

Notwithstanding the dire state of US housing, and the ensuing liquidity crisis, the world economy (including the US) continues to grow and corporate profits with it.

The 'Globalization at Work' theme, on which our investment strategy has been based for the last 3 to 4 years, is still very much in place.

With regards to the recent liquidity crisis in the credit markets, we may have an idea of where the problems come from but right now nobody has a clue about how far, how deep and how long the damage will spread.

What is evident by the current valuation of equities is that markets are slowly but surely discounting a hit to economic growth for the end of 2007 and 2008.

Inflation and interest rates:

For the first six months of the year interest rates have been going up following an almost 180° change in perception

that the US economy was more resilient than expected and that the FED wouldn't cut rates.

Since the outbreak of the liquidity crisis in July, these perceptions have again completely changed. The FED is now expected to cut rates to stabilize the financial system. We think it shouldn't and that if it does it will be limited to a small symbolic 0,25%.

Credit spreads have obviously widened which has reintroduced value in the corporate credit market.

What is remarkable is how stable inflation expectations have been, 2% for Europe and 2,5% for the US, in sharp contrast to reports of the contrary. Nominal rates were going up because real rates have been going up, which makes the inflation-linked market attractive again.

Investor sentiment and required returns:

We don't think investors had reached a level of 'irrational exuberance' during this 1H and we don't think they have reached a state of 'generalized & blind panic' yet this summer. Private investors have in fact stayed remarkably calm (being on the beach probably helps) in sharp contrast with the abysmal conditions the highly leveraged credit purveyors have had to face.

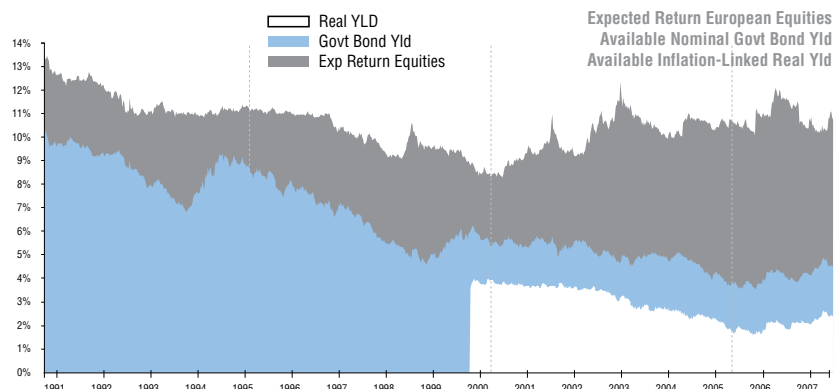
With an eye to the future, it is without a doubt very healthy to go through this reality-check. After the crisis is over, we'll probably be safe for at least five years, because of more conservative lending and borrowing.

Asset valuations and expected returns:

Have a look at the table and accompanying graph of the available and expected returns of the basic asset classes at the end of August 2007.

We think there is value in Cash, Bonds and Equities, but we recommend selectivity!!!

Cash Euro	4% to 4,5%
Real Inflation-linked Govt Yields Euro	2% to 2,5%
Nominal Govt Yields Euro	4% to 4,5%
Euro A-rated Corporate Yields	5% to 7%
Equities Euro-zone	10% to 12%



Your CapitalatWork:

So far this year, we are doing well in absolute and relative terms notwithstanding the fact that the summer storm has significantly reduced the returns which were available at the end of June.

Please note that we have been proactively protecting our portfolios and funds against further potential adverse market action as there is no doubt in our minds that the situation is very serious indeed.

We prefer to be conservative in our actions, the only cost being potential regret a year from now because markets have recovered better than expected.

If you want to know more about what we have done to protect your investments, but also why, how and when, don't hesitate to call upon your CapitalatWork contact for a meeting.


For more information: www.capitalatwork.com

**Ivan Nyssen, Chief Executive Officer,
31 August 2007 - GP number 44**

ASSET VALUATION AND EXPECTED RETURNS

Fixed Income Funds	2007 YTD 31st of August	Morningstar Peer Groups Average YTD	YTD Outperformance
Bonds at Work	1,22%	-0,10%	1,32%
Inflation at Work	1,52%	-0,10%	1,62%
Equity Funds			
American Equities at Work (in Usd !)	0,85%	3,81%	-2,96%
European Equities at Work	8,33%	3,62%	4,71%
Asian Equities at Work	6,04%	7,32%	-1,28%
Contrarian Equities at Work	2,70%	3,32%	-0,62%
Contrarian Euro Equities at Work	9,58%	3,62%	5,96%
Asset Allocation Funds			
Global Markets	4,21%	1,12%	3,09%
Global Opportunities*	4,76%	1,12%	3,64%

* The Global Opportunities Fund is only registered in Luxembourg! Therefore, for countries outside of Luxembourg, local regulations are applicable and should be respected. In Belgium a minimum investment of 250.000 Euro is required.



Ivan Nyssen, Fund Manager Contrarian Equities at Work Fund and Global Opportunities at Work Fund

22 years investment experience
Master in Economics

Between 1987 and 1994, Ivan Nyssen worked for Lehman Brothers as an Institutional Business Developer. In 1994 he joined CapitalatWork where he holds the positions of CEO and CIO. Ivan Nyssen also manages the Contrarian Equities at Work Fund and Global Opportunities at Work Fund.