



Press release

The Executive Board

20 October 2011

The third quarter 2011 was marked by a severe market crisis. Equities markets recorded a very sharp fall and interest rates on 10 year bonds eased very significantly.

At this stage, the impact of these market conditions on the value of the FRR's net assets has been limited. As at 31 December 2010, the FRR had assets worth 37 billion euros. However by 30 September it had total assets of 34.7 billion euros. Given that the FRR had paid 2.1 billion euros to CADES in April 2011, the value of its assets as of 30 September had changed little since the beginning of the year (- 200 million euros) after deduction of this payment.

The combined effect of three factors helped to contain the fall in value of its assets:

- the strong performance of its hedging assets (bonds) which represent more than 60% of the portfolio: +5.3% (direct effect of the fall in interest rates) ;
- diversification of the performance portfolio which mitigated the crisis on the equities markets: performance of – 10.4% whilst European equities lost 17.7%¹ ;
- flexible management of the performance portfolio which reduced the portfolio's volatility.

The financing ratio² decreased, mainly due to the fall in interest rates which led to an increase in the current value of its liabilities, reaching 132% by 30 September. Less comfortable than at 30 June (143%), it still provides a high degree of certainty in terms of meeting liabilities.

Given market movements, the hedging portfolio as at 30 September represented 63.2% of total assets and the performance portfolio 36.8% at the same date.

The yield on the FRR's overall net assets since 1st January was -1% and the FRR's annualised performance net of all expenses since its inception was 2.6%.

Press contact number:
01 58 50 99 12
www.fondsdereserve.fr

¹ Eurostoxx 50 Index

² The financing ratio is the ratio between the market value of the FRR's net assets and the current value of its liabilities.