



Press release

The Executive Board

29 April 2014

FONDS DE RESERVE POUR LES RETRAITES - 2013 PERFORMANCE

As at 31 December 2013, the FRR's net assets totalled 36.3 Bn€, 300 million euros lower than the 31 December 2012 amount. In so far as, like each year, the FRR paid 2.1 billion euros to CADES, its financial investments achieved a net return of 1.8 billion euros.

To properly understand the scale of the FRR's portfolio performance, it should be remembered that, since the 2010 pension reforms entered into force, the FRR no longer receives any external contributions. Indeed up until 2010, the FRR each year received contributions in an amount totalling between 1.5 and 2 billion euros. Against this background, the FRR is able to offset all or part of its annual payments solely from the returns made on its financial investments.

Accordingly, **in 3 years**, the FRR, which on 1st January 2011 held assets totalling 37 billion euros, has paid 6.3 billion euros to CADES and achieved **a net financial return of 5.6 billion euros** which has enabled it to substantially mitigate the decrease in size of its portfolio.

In 2013, the Fonds de Réserve pour les Retraites achieved a total asset performance of + 5.03%, net of management expenses. This is the result of the combination of two factors:

- **strong results by the "performance component" assets classes (+12.75%) for the second year running.**
- **almost total stagnation of the "hedging component" (+0.1%)** having varied over the course of the year between +2% and -2% : this scenario had been expected after two years of heavily falling interest rates and corresponding increase in the market value of bonds (+4.5% in 2011 and +10.1% in 2012).

The FRR's annualised performance since inception (in 2004) is now at 3.7%. **Since 1st January 2011 when its liabilities were fixed (annual payments of 2.1 billion euros to CADES), annualised performance has been 5.27%.**

The gearing ratio measuring the FRR's capacity to service its liabilities (net assets/value of liabilities) stands at 144% indicating a surplus, after payment of liabilities, of 11.15 billion euros.

Given how the markets have progressed, the hedging component represented 55.8% of total assets as at 31 December and the performance component, 44.2% on the same date.

The FRR is a public administrative establishment of the State created by law in 2001. Governed by a Supervisory Board and Executive Board, its mission is to manage the funds allocated to it until 31 December 2010 in order to build up reserves to contribute to the long-term sustainability of the old-age pension system.

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