



Press Release

The Executive Board

Paris, 1st March 2017

The FRR achieved a performance of + 4.97% in 2016

In 2016, the FRR achieved a performance of +4.97% led by equities, high yield bonds and emerging markets bonds. This performance underlined the soundness of its management model.

At 31 December 2016, the FRR's net assets totaled €36 billion, a fall of €341 million compared to the amount achieved at 31 December 2015. Given that, as in each year, the FRR paid €2.1 billion to CADES (*Caisse d'Amortissement de la Dette Sociale*), its financial investments achieved a net return of €1.759 billion in 2016, an **annual performance net of all expenses of 4.97%**.

Following the 2010 pension reforms, the FRR, which held assets amounting to €37 billion as of 1st January 2011 and has not since received any further contributions, has paid €12.6 billion to CADES. During this same period, the FRR has achieved **a cumulative net financial gain of €11.6 billion** which has enabled it to limit the decrease in value of its portfolio to €1 billion.

In 2016, the FRR's total asset performance was for the most part derived from a strong performance by the portfolio's **performance component** asset class indices (**+ 8.2%**).

The asset value of the portfolio's hedging component also increased (+3.1%): this was the result of a fall in interest rates between the beginning and the end of the year and the fall in dollar denominated corporate bond risk premiums. However, rates began to recover in the second half of the year, which is accelerating at the beginning of 2017.

Since 1st January 2011 when its liabilities were fixed (annual payments of €2.1 billion to CADES), the FRR's annualized performance has reached 5.4%.

The gearing ratio measuring the FRR's capacity to service its liabilities (net assets/value of liabilities) stands at 166% indicating **a surplus after payment of liabilities of €14.27 billion at 31 December 2016**, an increase of €1.17 billion compared to 31 December 2015.

Against this background, the FRR has pursued its strong commitment towards financing the French economy.

An amount of €204 million was contributed to the financing of the French economy in unlisted assets (debt and equity) during the 2016 financial year.

The FRR's efforts will be increased in 2017 with numerous requests for proposals, launched in 2016, resulting in investment commitments from 2017. Dedicated debt funds (€600 million) and private equity funds (€900 million) shall be formed to deploy the bulk of the €2 billion available for investment in unlisted French assets private equity, corporate loans, real estate or infrastructure).

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 retirement pension system.

Press Contact:

Telephone : 01 58 50 99 02

Website : www.fondsdereserve.fr/fr/contact

