



# Press release

The Executive Board

23 February 2015

## Performance of + 8.75% in 2014

**In 2014, the FRR achieved very satisfactory performances underlining the soundness of its management model**

**As at 31 December 2014, the FRR's net assets totalled €37.2 Billion**, an increase of €900 million compared to the amount reached at 31 December 2013. To the extent that, like each year, the FRR paid €2.1 Billion to CADES, its financial investments achieved a net gain of €3 Billion in 2014, or **an annual performance of 8.75%**.

Since the 2010 pension reform, the FRR, which as at 1 January 2011 held assets of €37 Billion, has paid €8.4 Billion to CADES and achieved **net financial gains of €8.6 Billion** which have enabled it to stabilise its portfolio outstanding.

In 2014, the total asset performance of the Fonds de Réserve pour les Retraites can be explained by the following two combined factors:

- the strong performance of the asset classes in the performance compartment (+ 9.8%) for the third consecutive year.
- the performance of the assets in the hedging compartment (+8.2%): this outcome, resulting from a renewed fall in interest rates, was not expected after the marked fall in interest rates and corresponding increase in the market value of bonds observed in 2011 and 2012 (+4.5% in 2011, +10.1% in 2012 and +0.1% only in 2013 due to the rise in interest rates in that year).

**Since 1 January 2011 when its liabilities were defined (annual payments of €2.1 Billion to CADES), the FRR's annualised performance totals 6.1%.**

The financing ratio, measuring the FRR's capacity to service its liabilities (net assets/ value of its liabilities) is equal to 149% and translates into a surplus (net assets minus value of liabilities at 31 December 2014).

## **The FRR has pursued its strong commitment towards financing the French economy.**

In 2014 the FRR pursued its strong commitment in service of the economy. After the €500 million invested at the beginning of 2013 in French medium and large-cap equities, it invested €300 million in French small and medium-cap equities and subscribed a further €120 million in loans to the economy, bringing its total commitments to €300 million.

Including these new investments, the FRR held, at 31 December 2014, more than €2.2 Billion in French equities, more than €1.3 Billion in bonds of French corporates of all sizes and €170 million in private equity and infrastructure financing, together with the additional €300 million of commitments in funds to finance the economy.

## **The FRR has also greatly contributed to the effort to move towards a low carbon economy.**

The FRR has played a major role in developing a new generation of low carbon indexes and has invested more than €1 Billion in these. It has also signed the Montreal Pledge, thereby undertaking to make a regular assessment of the carbon footprint of its equities portfolio and is in the vanguard of the Portfolio Decarbonisation Coalition (PDC) for the decarbonisation of long-term investor portfolios.

The FRR shall pursue its efforts in this domain and will thereby contribute to the success of the COP 21 conference of December 2015 in Paris.

## **The FRR shall continue to act with the utmost transparency regarding not only its results and performance, but also the composition of its portfolio and its efforts towards promoting a lower carbon economy.**

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The FRR is an administrative public establishment of the State established by law in 2001. With a Supervisory Board and an Executive Board, it is responsible for managing the funds that were allocated to it up until 31 December 2010 to build up reserves contributing to the long-term future of the pensions system.

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