



Communiqué de presse

ON THE OCCASION OF THE FRR'S FIFTH ANNIVERSARY SINCE INCEPTION, THE SUPERVISORY BOARD REAFFIRMS ITS STATUS AS A LONG-TERM INVESTOR AT THE SERVICE OF FUTURE RETIREES

The FRR's Supervisory Board met today to approve the 2007 financial statements of the Fund, which were certified without remark by the statutory auditors and, for the second time this year, undertook a detailed analysis of the financial position of the FRR and its investment portfolios, on the basis of analyses provided by the Executive Board and an opinion issued by the Manager Selection Committee for management mandates.

The Board notes by way of reminder that, as of 2003, in its first investment policy decision (a role given to the Board by the legislature), the Board opted to invest the majority of its assets (60% since 2006) in equities because they provide a better return over the long term of the risk assumed by investors, and also help to finance the economy and business. This choice, identical to that made by similar funds abroad, is the direct consequence of the very long investment horizon of the FRR, which is an accumulation fund set up to benefit France's future retirees between 2020 and 2040. In addition, its first payouts cannot legally begin before 2020.

In doing so, the Board explicitly considered and admitted that "*this concern for long term optimization does not exclude possible significant fluctuations over the short term in the value of the FRR's financial assets.*"¹ Accordingly, the measurement of the Fund's performance should not be based on short-term indicators but rather on the average annual performance, calculated since investment began in June 2004, as the Executive Board stressed in a recent press release (April 9, 2008). The aim of the Fund is to generate an average annual performance of 6.3%. The most recent data provided to the Board indicate that this long-term objective is still on track, thanks in particular to the decision to give preference to equities, which was particularly positive between 2004 and mid-2007, and which enabled the Fund to absorb the global stock market shock we are experiencing.

This context and its uncertainties naturally encourage Fund management to be even more vigilant in monitoring investment policy. However, this does not mean that an earlier reexamination of the strategic asset allocation planned for late 2008-early 2009 is required.

Finally, the Board has stated that the debate under way on the future of France's pension system should enable a clarification of the role and objectives that public policymakers have assigned to the Fund for the period after 2020. Based on the positive assessment of implementation since 2003, the Board is convinced that the FRR is an indispensable and relevant instrument for ensuring inter-generational solidarity in the face of the consequences of demographic aging, and that pursuing the effort made since the outset until 2020 will enable the fund to play a significant role in the long-term consolidation of our retirement system.

¹ Excerpt from the Board's proceedings, April 2, 2003

