Annual report 2017

FONDS DE RESERVE
POUR LES RETRAITES

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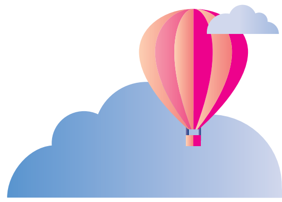
Table of contents



Financial information

Message from the Executive Board

A number of crucial elections came and went in 2017, often with no clear winner, but mainland Europe held some very pleasant economic surprises, with growth picking up to more than 2% in the Eurozone. At a microeconomic level, corporate earnings finally seemed to be back on track with a marked improvement.

The only blot on Europe's copybook was the euro gaining 14% on the dollar, ending the year at USD 1.20 and weighing on stock market performances.

However, 2017 was above all a year of financial and monetary change in the United States.

As it had announced, the US Federal Reserve raised its key interest rate by a quarter of a point on three occasions, with GDP growth sufficient to bring unemployment down to levels comparable to the lows reached during previous business cycles (2001 and 2007), but still without any significant effect on wage growth and inflationary pressures.

The Fed's rate hikes and QE tapering saw US Treasury yields rise at the short end and in the middle segment of the curve, while 10-year yields dropped a little and 30-year yields fell by around 35 basis points.

The US stock market gained more than 20%, partly due to the weaker dollar but mainly to the excellent performance of growth stocks including the mega-caps of the digital economy (GAFAM: Google [Alphabet], Apple, Facebook, Amazon and Microsoft). Once again, these posted very strong earnings growth and look ever more dominant, not just in their oligopolistic control of online advertising, but also with acquisitions of companies from the traditional economy, one example being Amazon's takeover of luxury food retailer Whole Foods.

The dominant forces in America's digital economy were not the only big winners of 2017; they shared their spoils with Alibaba, Tencent and Baidu of China, whose capitalisation doubled to play a considerable role in the excellent performances of emerging and Chinese stock markets.

ÉRIC LOMBARD
President of the Executive board

OLIVIER ROUSSEAU
Member of the Executive board

«THE FRR BENEFITED FROM ITS HIGHER AND WELL-DIVERSIFIED EXPOSURE TO RISKY ASSETS»

YVES CHEVALIER
Member of the Executive board

2017 also saw the surge of Bitcoin and other cryptocurrencies that use blockchain technology. This alone was highly reflective of a global liquidity glut, of renewed risk appetite and no doubt of unreasonable expectations in a world propitious to the formation of localised, if not generalised, bubbles.

The FRR benefited from its higher and well-diversified exposure to risky assets (55% of all assets in 2017, compared with 50% in 2016) and continued its cautious management of interest rate risks. It made considerable inroads with the deployment of its programme to invest EUR 2 billion in illiquid assets in France, with the award of private debt (EUR 600 million), private equity funds of funds (EUR 400 million) and venture capital (EUR 185 million) mandates.

All asset classes combined, the FRR has EUR 12 billion invested in the French economy, representing 33% of its total portfolio.

2017 was also a very good year for ESG considerations[1] with the activation of smart beta equity index fund mandates incorporating ESG criteria, and the exclusion of the tobacco industry – announced in December 2016 and completed in March 2018.

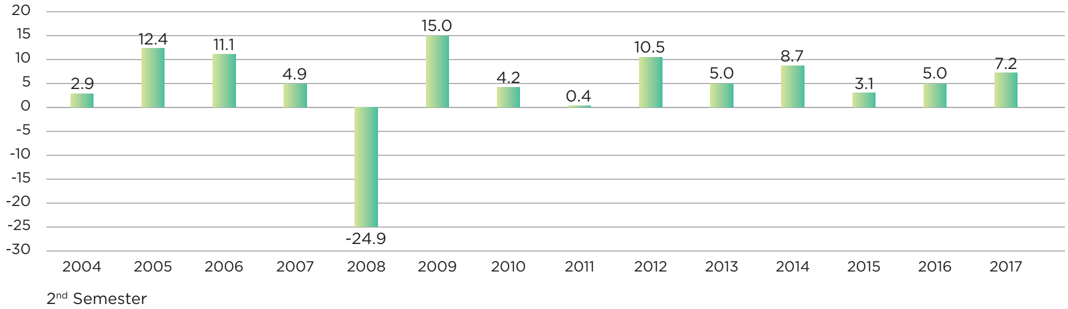
The emphasis on decarbonisation of equity portfolios was reaffirmed.

The FRR also remains focused on having exemplary internal governance, showing great transparency in the presentation of its portfolio's performances, and publishing a now quarterly itemisation of its portfolio.

1. Environmental, Social and Governance criteria

Key figures

THE FRR'S NET ANNUAL PERFORMANCE (%)



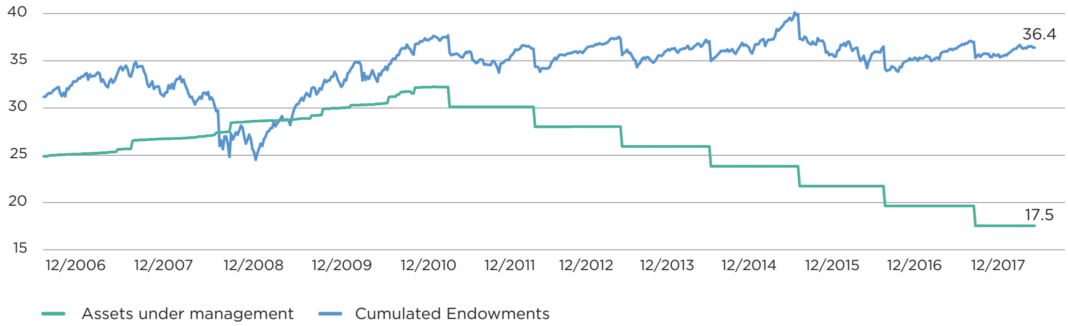
EUR 36.4 billion
The FRR's assets at 29/12/2017

+ 4.4%
Annualised performance of assets since June 2004

+ 7.16%
2017 performance net of charges

+ 5.7%
Annualised performance of assets since December 2010[2]

CHANGES IN THE VALUE OF THE FRR'S NET ASSETS AT 31 DECEMBER 2017 (EUR BILLION)



2. Since the entry into force of the 2010 pensions reform, the FRR's financial model has changed substantially:
- the FRR no longer receives new investments (EUR 1.5 to 2 billion a year up to 2010);
- the FRR pays EUR 2.1 billion every year to the CADES.

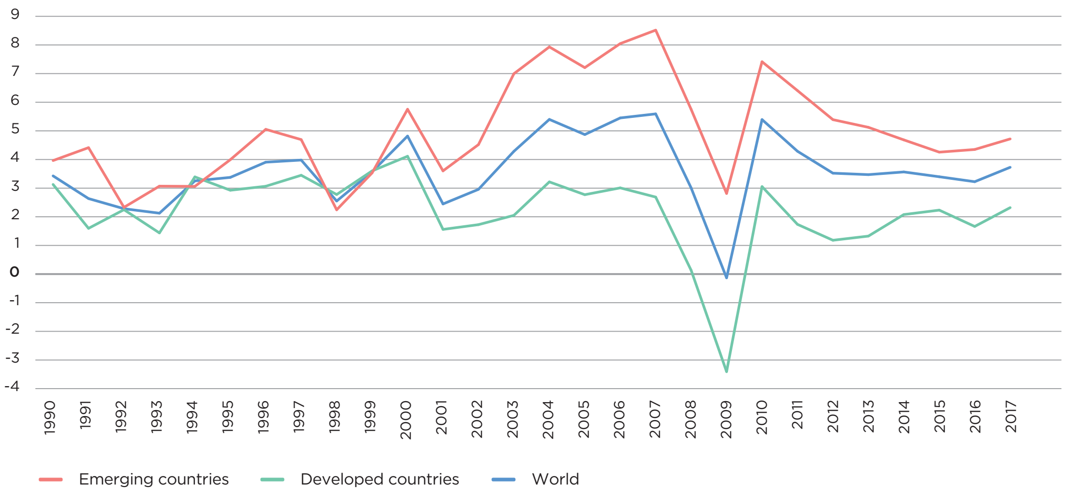
The FRR in its economic environment

SOLID, SYNCHRONISED GLOBAL GROWTH BUT WITH NO INFLATIONARY PRESSURE

2017 saw economic growth pick up around the world. By the IMF's estimates, global growth amounted to +3.7% in 2017, up from +3.2% the previous year.

Developed countries posted growth of +2.3% versus +1.7% in 2016, while emerging countries enjoyed growth of +4.7% (against +4.3% a year earlier)[3].

ANNUAL GDP GROWTH: WORLD, DEVELOPED COUNTRIES AND EMERGING COUNTRIES FROM 1990 TO 2017 (%)



Source: FMI, Datastream.

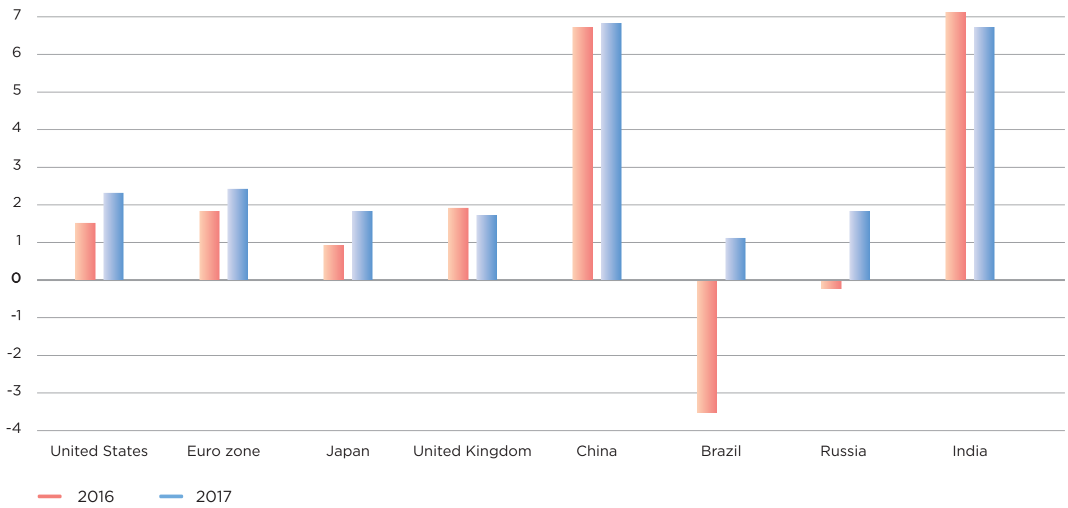
3. All growth figures mentioned in this document are those published by the IMF – January 2018 update.

The main developed countries (United States, Eurozone and Japan) saw their growth accelerate in 2017.

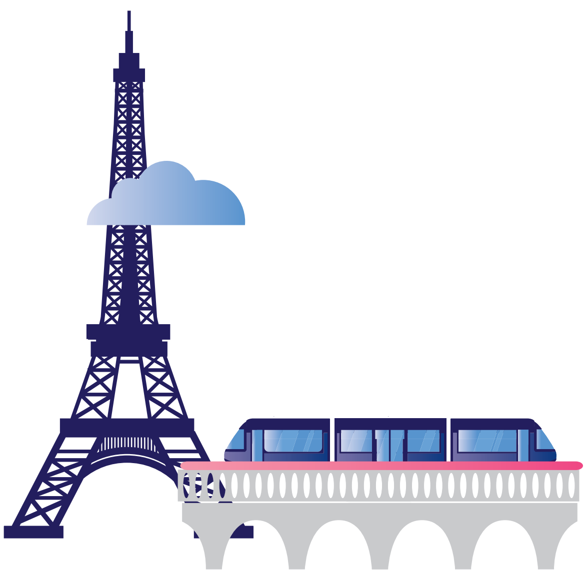
For example, activity in Japan bounced back strongly in 2017 with growth of +1.8%, compared with just +0.9% in 2016, as the country benefited from promising international conditions. The two big emerging countries to experience serious economic difficulties in 2015 and 2016, namely Brazil and Russia, came out of recession in 2017 with positive growth rates of +1.1% and +1.8% respectively.

Among the most developed nations, the United Kingdom proved an exception after its growth dipped from +1.9% to +1.7% in 2016. UK households suffered from higher inflation eroding their purchasing power, largely due to the pound's slump after the Brexit vote in 2016. However, the UK labour market improved further with another drop in the unemployment rate from 4.9% to 4.4%.

GDP ANNUAL GROWTH IN 2016 AND 2017 (%)



Source: FMI, Datastream.

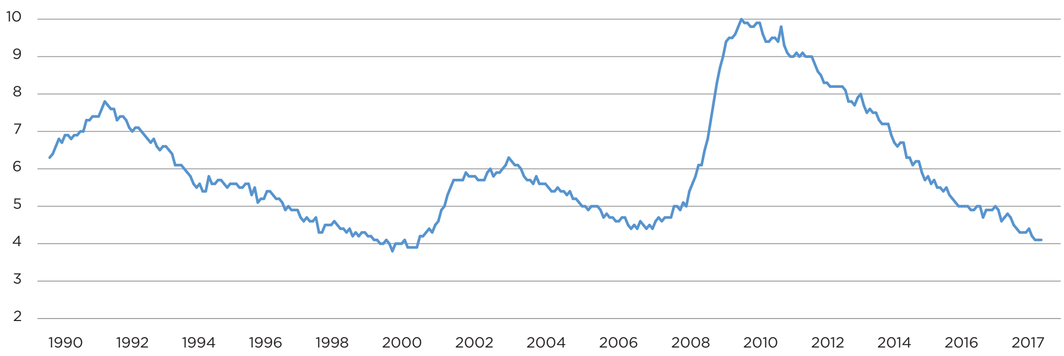


United States

US growth amounted to +2.3% (after +1.5% in 2016), largely fuelled by consumer spending but also an upturn in corporate investment. Consumer spending, which accounts for nearly 70% of the US economy, increased by 2.8% in 2017 thanks to a healthy labour market and positive wealth effects (rising house prices and equity markets).

The labour market improved further with the unemployment rate down again, falling from 4.7% to 4.1% over the year. The US economy created nearly 2.2 million jobs in 2017. The labour market is therefore starting to tighten with an unemployment rate (going by its restricted U3 definition) now beneath the low of 2007 (4.4%) and very close to the floor of 3.8% reached in 2000.

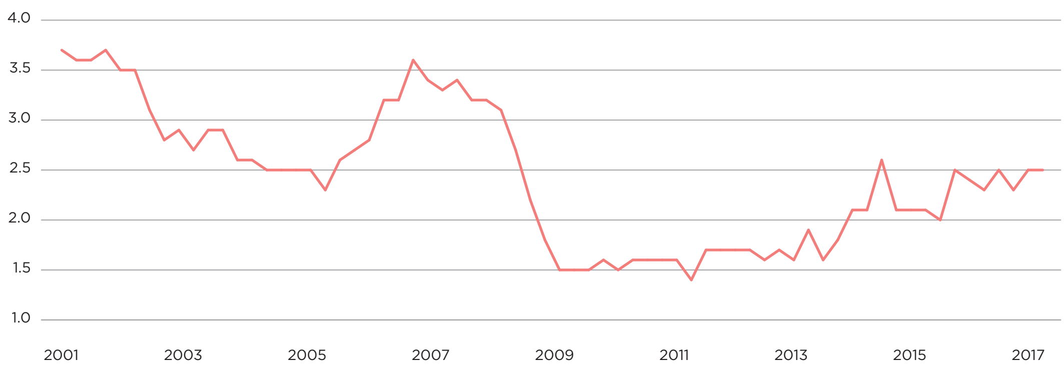
UNITES STATES: UNEMPLOYMENT RATE (%)



Source: Bloomberg.

Logically, US wages should therefore have accelerated but this was not the case in 2017. Wage growth remained modest at around 2.5% per annum, well below the levels recorded from 2000 to 2007 of between 3% and 3.5% a year.

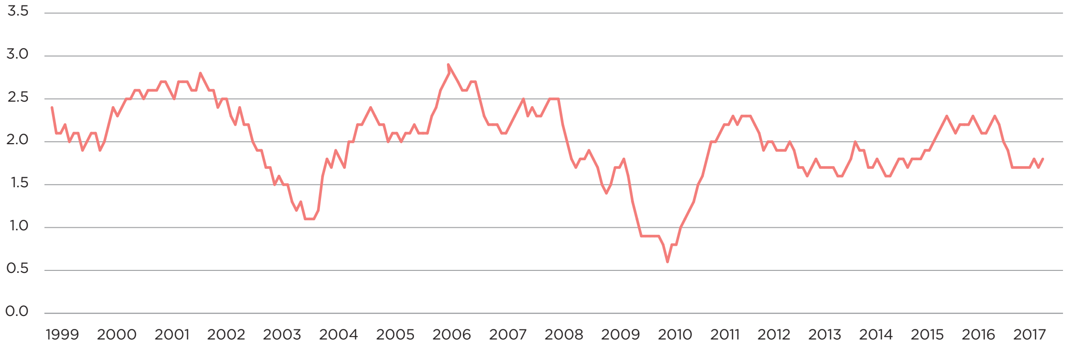
UNITED STATES: ANNUAL WAGE GROWTH (%)



Source: Bloomberg

Despite favourable economic conditions, core inflation, i.e. excluding volatile items such as food and energy, eased slightly in 2017 to 1.8% over the year (versus +2.2% in 2016).

UNITED STATES: ANNUAL RATE OF INFLATION LESS FOOD AND ENERGY (%)



Source: Bloomberg.

At a political level, after Donald Trump took office at the White House in early 2017, there were fears that protectionist measures could be passed, potentially damaging trade and therefore growth around the world. However, decisions of this nature remained very limited in 2017.

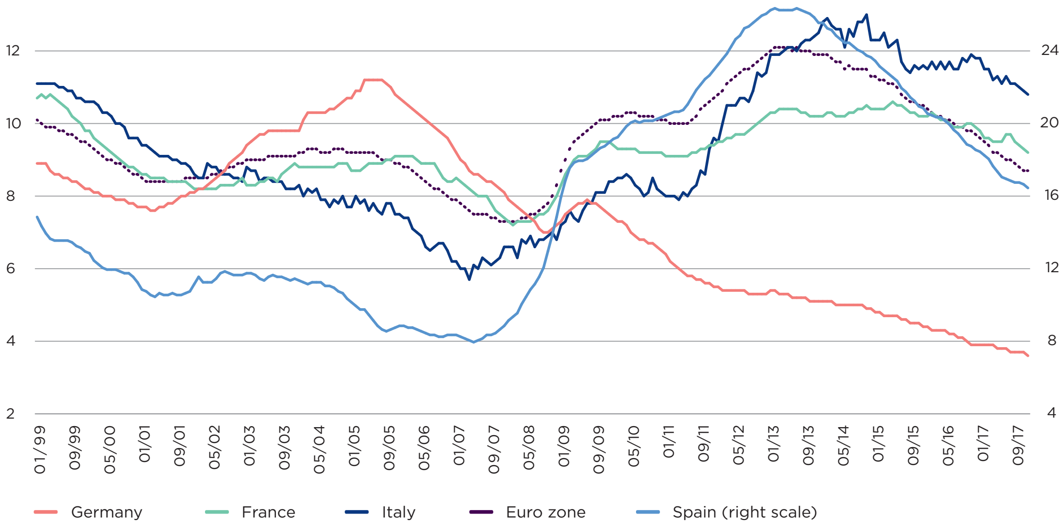
After long and difficult negotiations, a consensus on tax reform was reached between the White House, the Senate and the House of Representatives. At the end of the year, the US Congress agreed to slash corporation tax from 35% to 21%, approving smaller reductions in household taxation.

Eurozone

The Eurozone saw its growth accelerate to +2.4% in 2017 (+0.6% on 2016) due to solid domestic demand (consumer and investment) and an improvement in the international situation (exports).

Against this backdrop, its unemployment rate fell by one percentage point from 9.7% to 8.7% of the workforce. The four main countries (Germany, Spain, France, Italy) experienced a marked improvement in their labour markets (unemployment down 0.7% in France and 1% in Italy).

UNEMPLOYMENT RATE OF THE MAIN EURO AREA COUNTRIES SINCE JANUARY 1999

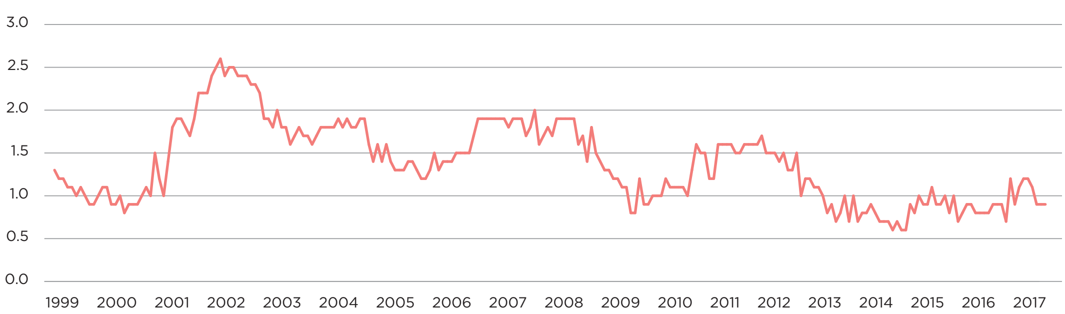


Source: Bloomberg.

However, the Eurozone unemployment rate is still above the level before the 2008 financial crisis (close to 8%), greatly limiting wage pressures.

As wage growth is an important factor in long-term price increases, core inflation – i.e. excluding volatile items such as food and energy – remained stable in 2017 at +0.9% over the year.

EUROZONE: ANNUAL RATE OF INFLATION LESS FOOD AND ENERGY (%)



Source: Bloomberg

Political risk was considered to be high at the beginning of the year when parliamentary and presidential elections were held in the Netherlands, France and Germany in particular. Investors feared a breakthrough by extremist movements potentially hostile to the European Union. Ultimately, this risk did not materialise. Emmanuel Macron's election victory in France considerably reduced the perception of European political risk, and even boosted confidence in the Eurozone among foreign investors. A hung parliament in Germany and political crisis in Catalonia were not seen as being particularly destabilising or likely to threaten the Eurozone's future.

China and emerging countries

Emerging countries enjoyed favourable conditions, with:

- international trade growth up from 1.6% in 2016 to 4.6% per annum in 2017, its highest since 2011;
- a significant rise in industrial commodity and oil prices, the latter of which increased from USD 57 to USD 67 in 2017 thanks to solid demand and production cuts by the main oil-producing countries, especially Saudi Arabia and Russia;
- a robust Chinese economy.

After fears of a hard landing for its economy in late 2015 to early 2016, China ultimately held up very well, posting growth of +6.8% in 2017, slightly above the rate of 2016 (+6.7%). Domestic demand remained firm, largely owing to fiscal stimulus by the authorities and another positive contribution from foreign trade.

CHINA: ANNUAL GDP GROWTH SINCE 2000 (%)

Source: Bloomberg.

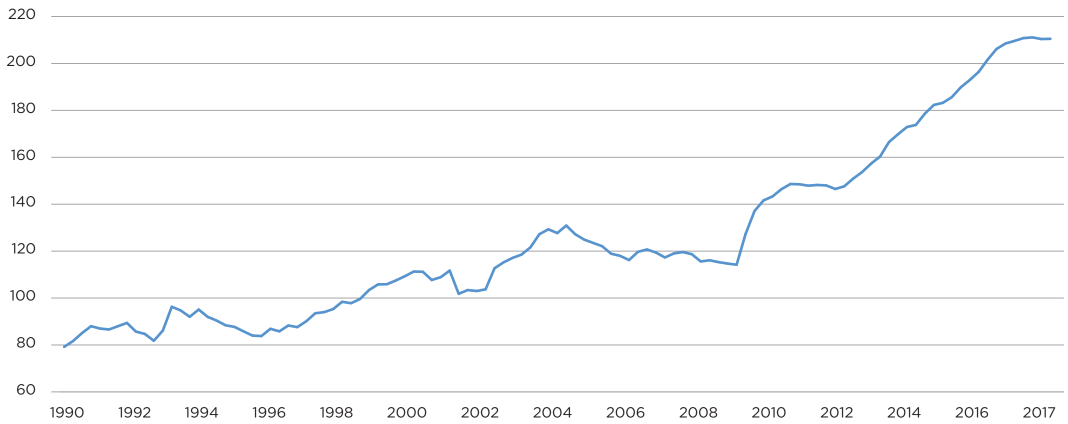
Chinese growth therefore seems to have settled at a pace of between 6.5% and 7% per annum.

For several years, China has been following a programme of reforms and economic transition, the aim being to transform its investment and export-based economic model to a consumer spending and services model (taking its industrial base up-market).

From a political perspective, 2017 was important for China with the holding of the 19th Communist Party Congress. President Xi Jinping was reappointed for another five years. Apart from strengthening the president's power, this congress set targets for the next few years, particularly regarding financial stability (measures to limit economic agents' debt) and the priority given to improving the quality of growth (environmental standards, anti-pollution measures, etc.).

As the chart below shows, private non-financial sector debt has been rising sharply since 2012, up from 150% to 210% of national wealth. However, the debt level appears to have stabilised since the end of 2016.

CHINA: DEBT OF HOUSEHOLDS AND NON-FINANCIAL CORPORATIONS (% OF GDP)



Source: Datastream, ank of International Settlements.

By way of comparison, this rate of debt for all developed countries is around 165% of GDP (i.e. nearly 45% below the rate in China). More specifically, non-financial corporate debt is particularly high in China (at around 160% of GDP versus 90% for developed countries), while consumer debt is lower (50% of GDP in China versus 75% for developed countries)[4]. The change in this situation represents the main short-term risk to the country and will have to be watched.

A very gradual normalisation of central banks' monetary policies

The improvement in economic conditions has allowed central banks to continue or start normalising their monetary policy. Also, the lack of any inflation uptick has given them time to pursue this normalisation process very gradually.

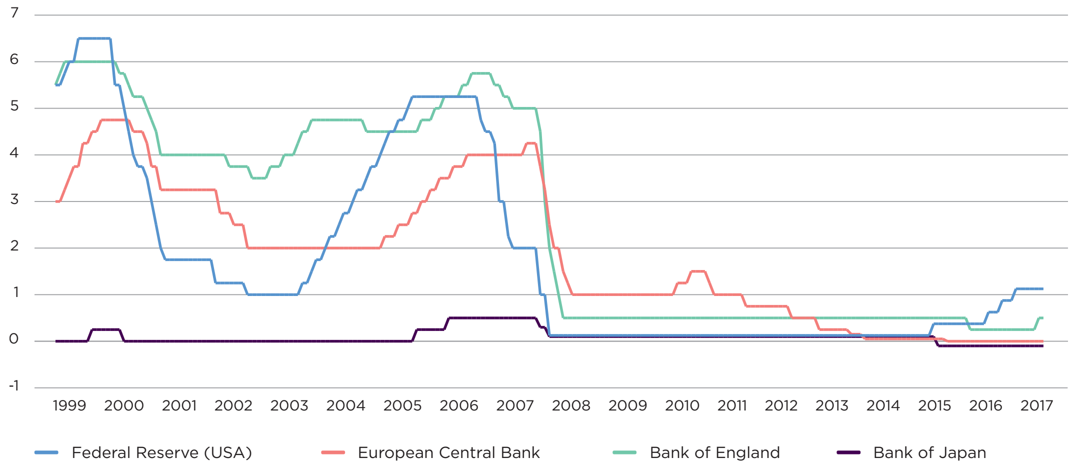
For example, the Fed opted for three 25-bp hikes in 2017, raising its key interest rate to 1.25–1.50%, as it had intended. In October 2017, the Fed also embarked on a programme to very steadily reduce its balance sheet, by not reinvesting all of the repayments of securities held as assets. The monetary institution has therefore accelerated the normalisation of its monetary policy (after one 25-bp increase at the end of 2015 and another in late 2016), although the pace of tightening remains slow in relation to previous rate-hiking cycles.

The Eurozone seems less advanced in its business cycle than the United States (higher unemployment, lower inflation). As such, the European Central Bank (ECB) is still applying a highly accommodative monetary policy with negative interest rates (deposit facility rate of -0.40%), and a major asset purchase programme launched in early 2015. Given the improving economic situation in the Eurozone, with growth of nearly +2.5% at the end of 2017, the ECB decided to reduce its monthly asset purchases from EUR 60 billion to EUR 30 billion as of January 2018. It is the-

4. Source: Datastream, Bank of International Settlements, Q3 2017.

refore at the very beginning of its normalisation process, and its monetary policy will probably remain accommodative until inflation can sustain itself close to its target (below but close to 2%).

POLICY RATES OF CENTRAL BANKS : USA, EUROZONE, ENGLAND AND JAPAN (%)



Source: Bloomberg, Datastream.

The Bank of Japan has also upheld a highly accommodative monetary policy: key interest rate of 0%, massive asset buying, and control over the 10-year interest rate to keep it near to 0%.

Rounding off, the Bank of England went ahead with an initial 25-bp rate increase in 2017, taking its key interest rate from 0.25% to 0.50% on account of high inflation (3% at the end of 2017) and very low unemployment (4.3% of the workforce). However, it remains deeply concerned about the consequences of Brexit, which could reduce the country's potential growth. Like the other main central banks, the BoE is therefore likely to normalise its monetary policy very gradually.

A MUCH STRONGER EURO IN 2017

The euro made considerable ground against the dollar in 2017, gaining nearly 14% as it rose from USD 1.05 to USD 1.20.

The trend accelerated at the end of April. This was the point at which foreign investors had their confidence restored after the first round of the French presidential election and a belief that political risks to the Eurozone had eased considerably.

The unexpected acceleration in the Eurozone's economic growth in early 2017 helped drive the single currency forward.

This favourable economic backdrop prompted the European Central Bank to very tentatively start normalising its monetary policy. During 2017, the ECB announced a reduction in its asset purchase programme from EUR 60 billion to EUR 30 billion a month from January 2018.

Despite its marked appreciation, the euro nonetheless remains a long way from its mid-2014 level of 1.39.

Euro dollar exchange rate

Source : Bloomberg

In real effective terms, i.e. weighted for trade and inflation, the euro was still around 5% from its long-term (post-1994) average* at the end of 2017. The dollar was approximately 2% above its long-term average.

* Dotted line below

Real effective exchange rate, base 100 on 31/12/1994

Source : Bloomberg

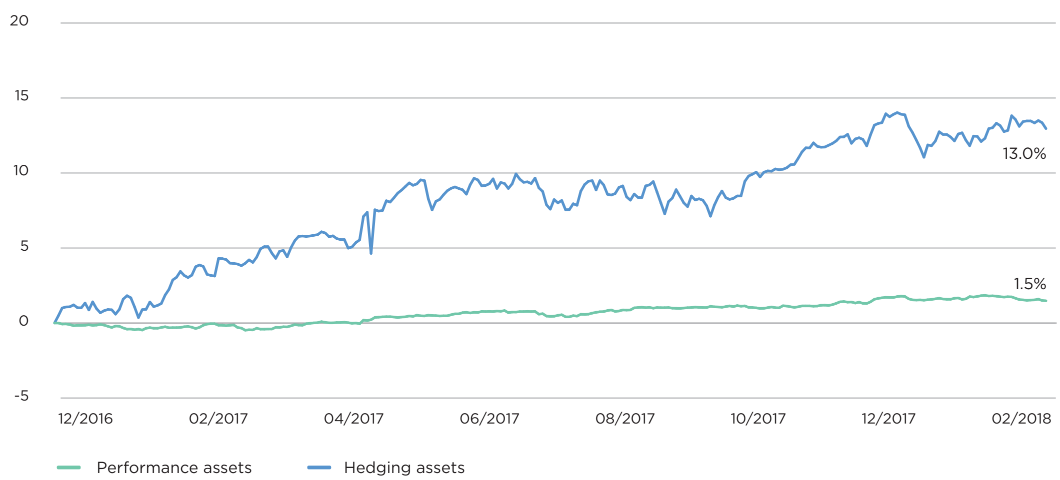
The FRR's performance in 2017

INCREASE IN THE FRR'S ASSETS

In 2017, the FRR's overall performance was 7.16% net of charges, and its assets amounted to EUR 36.4 billion at 31 December thanks to an appreciation of 13% in performance assets and 1.5% in hedging assets.

IN 2017, THE FRR'S OVERALL PERFORMANCE WAS 7.16% NET OF CHARGES.

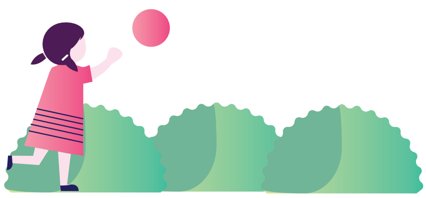
ANNUAL PERFORMANCE OF BOTH ASSET CLASSES (%)



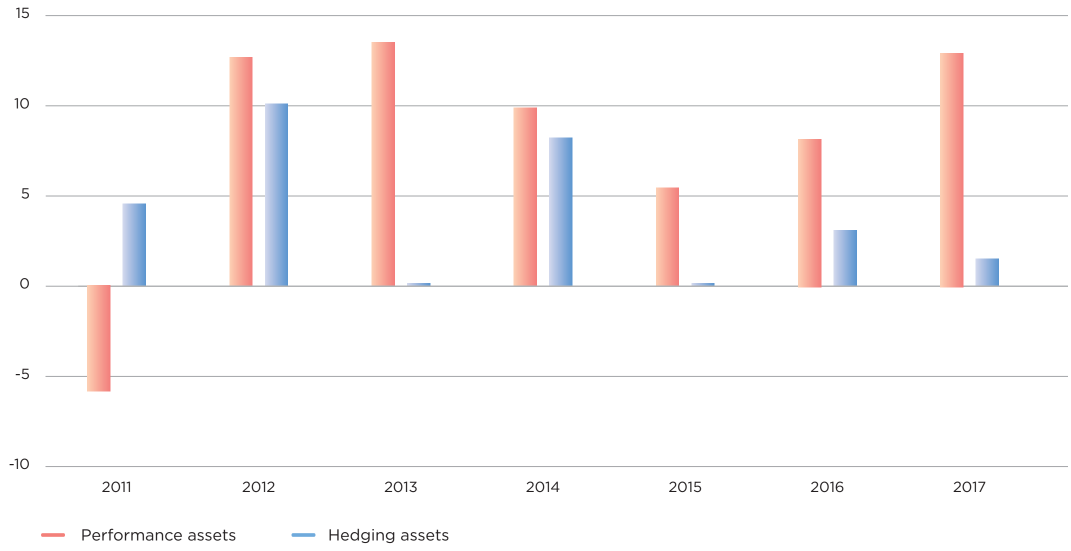
Source: Index providers (FTSE Russell, MSCI, Barclays Capital, JPMorgan) via Spirris.

Cumulatively since the end of 2010, performance assets have grown by 70.3% and hedging assets by 30.5%.

The gain for performance assets is comparable to that of 2012 or 2013 when equity markets took it above 10%. The progress of hedging assets, on the other hand, is close to the average for the past three years and will probably remain very low over the coming years.



ANNUAL PERFORMANCE OF THE TWO ASSET CLASSES SINCE 2011 (%)



The 13% increase in performance assets is essentially due to equities that benefited from the economic recovery in 2017, as corporate earnings climbed sharply. S&P 500 companies representing the US market generated earnings growth of more than 10% over the year. In the Eurozone, large firms saw their profits rise by nearly 14%. Corporate earnings in Japan and emerging countries grew by 22% and 28%, respectively[5].

Financial conditions remained very attractive for businesses, with low interest rates and an increase in liquidity due to central banks' purchases (ECB and BoJ). Against this backdrop, equity indices delivered returns of between 13% and 21%. The Eurozone index, which gained 13%, suffered from the euro's appreciation over the year.

1.5% growth in hedging assets resulted from the drop in risk premiums on investment grade corporate bonds and the general stability of interest rates, which at the end of 2017 had barely risen from their level of a year earlier. Indeed, highly cautious central banks and a lack of inflationary pressure kept long-term interest rates relatively stable in 2017 despite a clear improvement in global economic conditions.

The US 10-year Treasury yield ended the year at 2.4%, the same level as the beginning of the year, after fluctuating between 2% and 2.6% in the meantime.

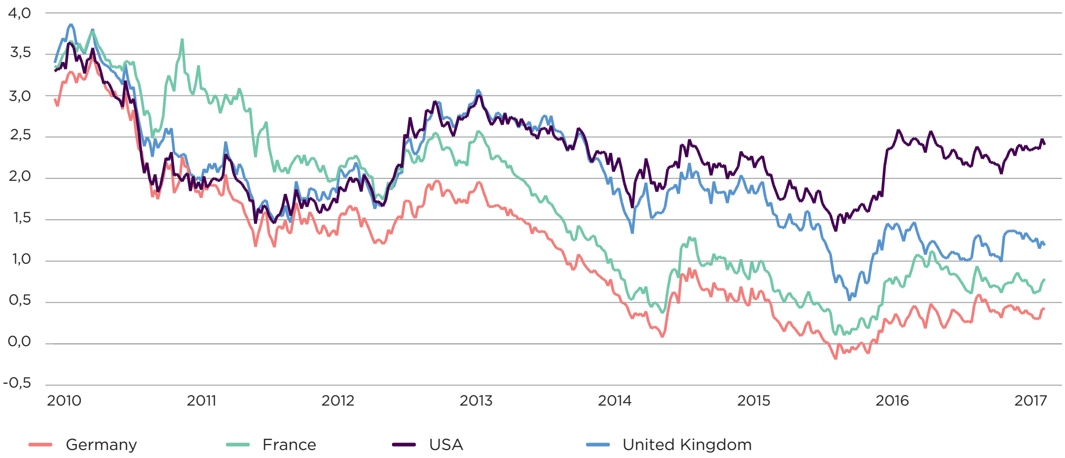
The German 10-year Bund yield oscillated between 0.2% and 0.6% throughout 2017, ending the year at 0.4% (a rise of +0.2%). France's 10-year OAT yield edged up 0.1%, from 0.7% to 0.8% in 2017.

Long-term yields reached an all-time low in mid-2016, with 10-year yields of +1.35% in the United States, -0.2% in Germany and +0.1% in France, possibly signalling the end of the long downward trend that began on fixed income markets in the early 1980s.

At the end of 2017, deflation risks seemed to have given way to a possible rise in inflation over the coming quarters, which could push up long-term interest rates, however modestly.

5. Source: Datastream, I/B/E/S.

SOVEREIGN INTEREST RATES (%)



Source: Bloomberg.

NET CONTRIBUTION TO THE GLOBAL PERFORMANCE OF THE PORTFOLIO

30/12/2016 – 29/12/2017

PERFORMANCE SEEKING ASSETS	**6.62%**
Eurozone equities	2.62%
Equities Europe + SRI Europe	0.83%
Equities North America	0.89%
Equities Asia Pacific	0.73%
Emerging Markets Equities	1.13%
Developed Market Equities	0.14%
High Yield Corporate bonds bonds	0.10%
Emerging Market Debt	0.01%
NON-LISTED ASSETS	
Private Equity in euros	0.07%
Private equity in dollars	0.03%
Infrastructures	-0.02%
Real Estate	0.01%
Private debt and equity balanced	0.05%
Private debt	0.05%
LIABILITY HEDGING ASSETS	**0.61%**
Euro-denominated Investment Grade corporate bonds	0.47%
US Dollar-denominated Investment Grade corporate bonds	0.21%
Liability Matching (French Government Bonds)	-0.04%
Cash	-0.02%
ADMINISTRATIVE AND FINANCIAL CHARGES	**-0.07%**
TOTAL	**7.16%**

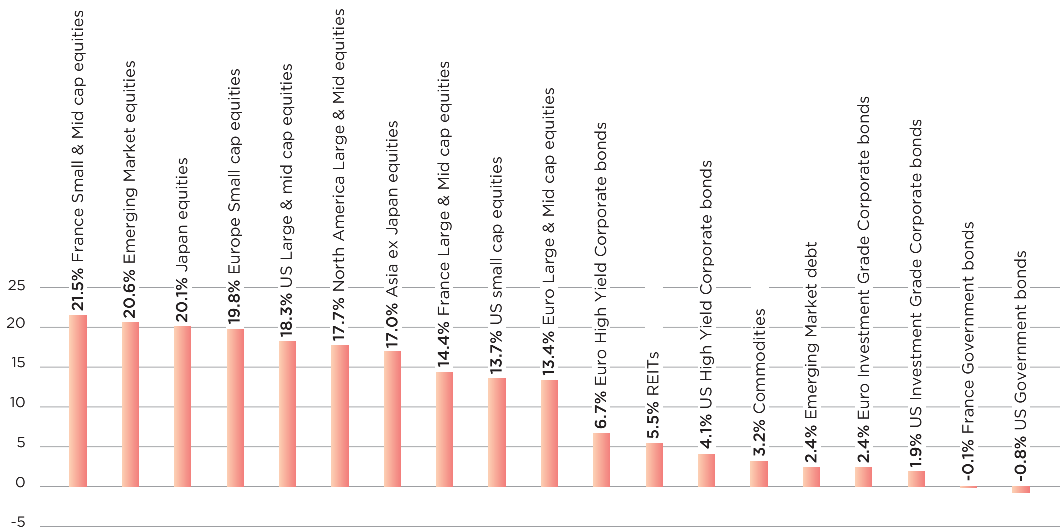
Taking a closer look at hedging assets, investment grade corporate bonds performed best: +2.4% for those denominated in EUR and +1.9% for those in USD. The performance of the matching assets – French government bonds – was virtually flat at -0.1%.

The equity portfolio's international diversification was highly beneficial in 2017 as emerging market equities appreciated the most (+20.6%), ahead of Japanese (+20.1%), US (+18.3%) and Eurozone (+13.4%) equities. Equities were the main driver of performance over the year, contributing 6.3%.

Higher yielding assets (high yield bonds, emerging market bonds) also made progress, appreciating by 5.4% and 2.4% respectively. This growth mainly stemmed from a reduction in risk premiums over the period.

CONSEQUENTLY, BOTH TYPES OF ASSETS MADE A POSITIVE, IF UNEVEN, CONTRIBUTION TO PERFORMANCE IN 2017: 0.6% FOR HEDGING ASSETS AND 6.6% FOR PERFORMANCE ASSETS.

PERFORMANCE OF STRATEGIC ASSET ALLOCATION INDEXES 2017



Source: Index providers (FTSE Russell, MSCI, Barclays Capital, JPMorgan) via Spirris.

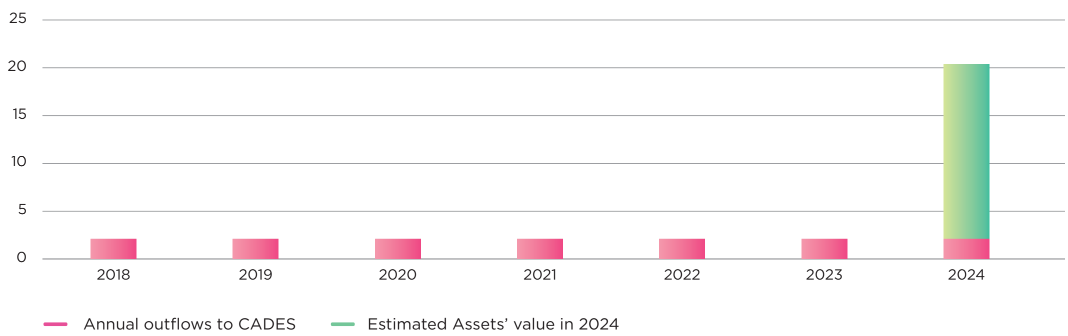
A SECURE LIABILITY-BASED APPROACH, WHILE OPTIMISING PERFORMANCE

The FRR must reconcile two investment objectives

The FRR's main objective is to be able to service its liabilities, which consist of annual payments to the CADES of EUR 2.1 billion until 2024, and any payments to the CNAV[6] in respect of the CNIEG balance[7], indexed to the FRR's performance. Under a relatively short liability-based investment model, the ability to comply with this objective can be assessed at any time on the basis of the risk to the surplus. This is defined as the difference between the FRR's net assets and present value of liabilities, and must be higher than 0. At 25 April 2024, when the FRR will no longer have any liabilities[8],the surplus will be equal to assets.

In line with this initial objective, a second aim consists in maximising the value of the surplus over time. In particular, the FRR must create value for the State, by delivering a performance in excess of the cost of the French debt.

LIABILITIES AND ESTIMATED ASSETS' VALUE (EUR BILLION)



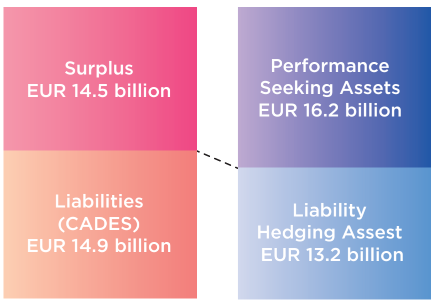
6. National pension fund (Caisse nationale d'assurance vieillesse - CNAV).
7. National electronic and gas industries fund (Caisse nationale des industries électroniques et gazières)
8. The present value is obtained using «zero coupon» interest rates of the French government bond yield curve.

Main objective: to service the FRR's liabilities

Compliance with this objective is assessed by means of several risk metrics applied to the surplus.

Interest rate risk is linked to the hedging of liabilities. The hedging assets enable the FRR to ensure that it is in a position to fully honour its annual liability payments. To that end, even in an extremely low interest rate environment, they must represent a substantial proportion of liabilities. The hedging assets include "OAT" (French Treasury Bonds)[9] delivering an income stream (from maturing issues and coupons), in proportion to the amount of the FRR's liabilities, as well as euro or dollar-denominated investment grade corporate bonds (rated at least BBB-).

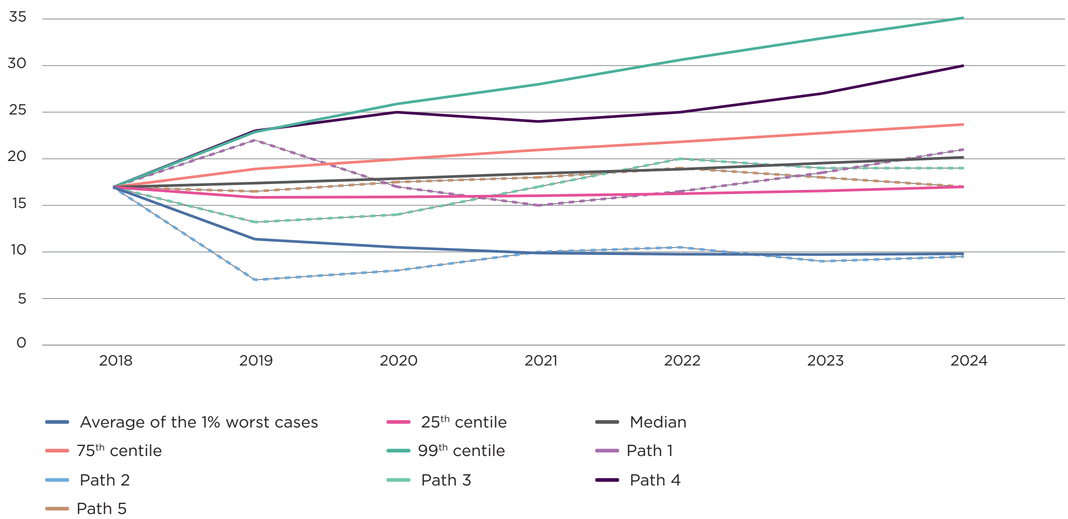
ASSETS UNDER MANAGEMENT (WITHOUT CNIEG) : EUR 29.4 BILLION AS OF 25TH OF APRIL 2017



The FRR has a surplus equal to the difference between its assets and the present value of its liabilities. The amount of the hedging assets may be slightly less than that of liabilities, without jeopardising the Fund's ability to honour its commitments. This enables the Fund to invest more in assets with higher upside potential (equities, high yield bonds and emerging countries), mainly as a result of current interest rate levels. A series of risk metrics is applied to check that the FRR is in a position to meet all its financial obligations to CADES even in a very unfavourable scenario.

The portfolio's overall risk is assessed on both a short-term and long-term basis. Over the long term, a wide range of possible outcomes for projecting the surplus have been simulated using the Monte Carlo method for the period until 2024 (see graph for simulations using Student's t-distribution), allowing us to estimate that at any given time the surplus will average 1% in the worst-case scenarios. This must be positive at all times, and should even allow us to maintain a safety margin to reflect the modelling risk inherent in this type of exercise.

EXAMPLES OF EVOLUTIONS OF THE SURPLUS UNTIL 2024 (EUR BILLION)



9. Held to maturity.

Over the short term, a "disaster" scenario is defined, based on the worst scenarios for the last 20 years for each FRR risk factor. In each case, the FRR surplus remains greater than 0.

For the FRR, the worst-case scenario is a fall in interest rates and therefore a significant increase in liabilities, because only 90% of liabilities were hedged at the end of 2017. If liabilities were to increase by 3%, the assets would increase by only 90% of the increase in liabilities. However, this "disaster" scenario would be particularly critical for interest rates, as it implies that the French yield curve will become very negative for all maturities.

Source of risk	Worst-ever historical scenario
Developed country equities	-53%
Emerging market equities	-57%
Developed country equities (hedged by introducing systematic option-based hedging strategies)	-30%
High yield corporate bonds	-35%
Emerging market bonds	-30%
Euro-denominated investment grade corporate bond credit (relative performance versus matching)	-17%
Dollar-denominated investment grade corporate bond credit (relative performance versus matching)	-20%
Liabilities	3%

Second objective: creating significant value

While ensuring that it is in a position to service its liabilities, the FRR endeavours to maximise performance. It invests in particular in equities and high yield bonds, such as emerging market bonds, high yield corporate bonds and loans to the economy. As the amount invested in hedging assets corresponds to only 90% of liabilities, the FRR can invest more in performance assets.

The FRR is thus expected to deliver a performance in excess of the cost of the CADES debt (French government bond yield plus a CADES premium), representing a substantial source of value creation. From the 2010 pensions reform to the end of 2017, the FRR created value of EUR 11.2 billion. We estimate that, in 2017, one euro invested in the FRR will create25 cents of present-day value for the State, on a like-for-like allocation basis[10] and 2024 horizon.

Furthermore, every additional contribution can create up to 38 cents of value per euro if the FRR uses the additional flexibility[11] resulting from investing more in performance assets for the same risk. Conversely, for each euro withdrawn, the State loses 38 cents of value due to the need to secure the allocation.

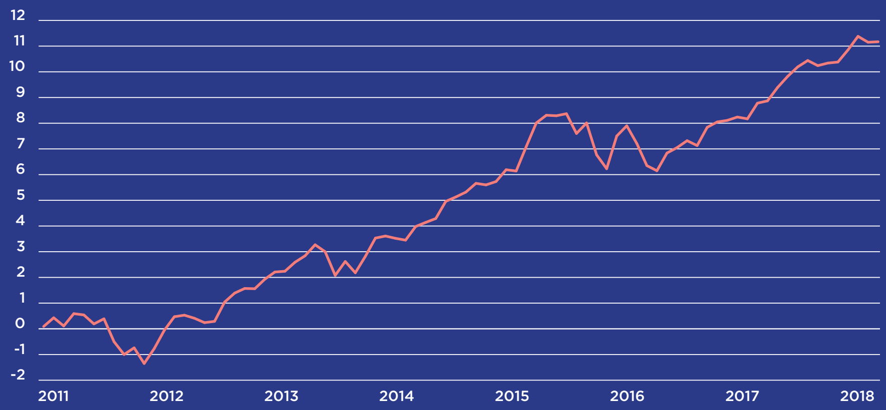
10. Calculated as the additional projected amount in 2024 thanks to the contribution of this euro, discounted at OAT rates in 2016.
11. The contribution increases the assets, while the liabilities remain unchanged. It is therefore easier for the Fund to service its liabilities.

THE FRR'S CREATION OF VALUE FOR THE STATE

Since the new liability-based investment model was introduced at the beginning of 2011, the FRR has made it possible to create additional value of EUR 11.2 billion in relation to the average cost of the French Government's debt, up EUR 2.4 billion during 2017.

This sum of EUR 11.2 billion corresponds to the difference between the increase of the FRR's assets (adjusted for contributions and withdrawals) since 2011 and the cost of what the Government had to issue (at the average interest rate) instead of using the sums paid to the FRR to finance it. In these calculations, the cost of French debt is increased by a fixed premium of 0.10% to reflect CADES issuer risk.

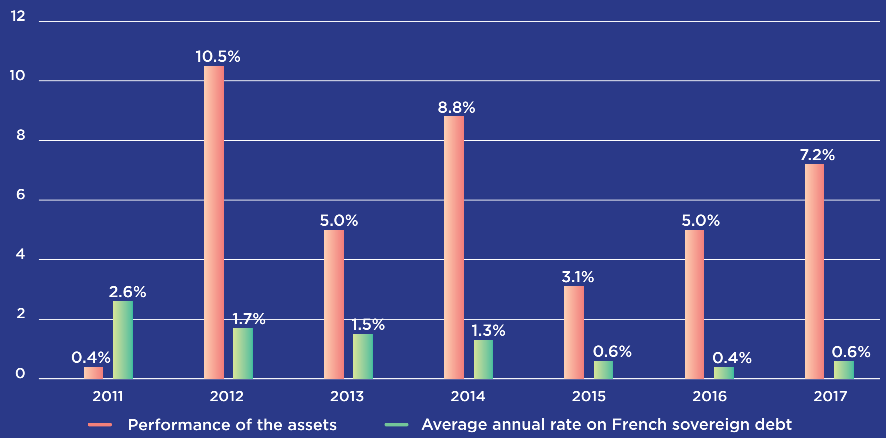
The FRR's creation of value versus an investment at the cost of French debt (in EUR billion)



Source : FRR, Agence France Trésor.

Over the last seven years, the annualised performance of the FRR's assets was 5.7% (7.2% in 2017) while the average annual yield on French sovereign debt (including the CADES premium) amounted to 1.2% (0.6% in 2017).

Annual performance of the FRR's assets and weighted average cost of French debt (%)



Source : FRR, Agence France Trésor.

THE FRR'S PORTFOLIO

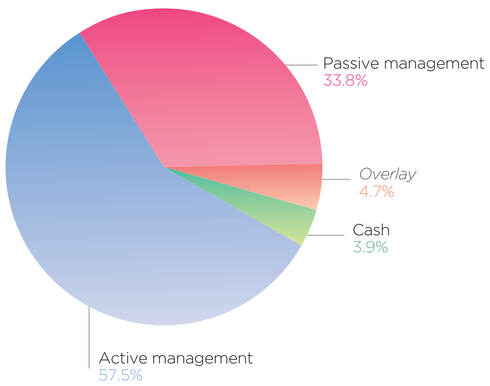
With the exception of the management of operational cash requirements, all of the FRR's investments are made through investment service providers. "Portfolio" investments consist of investment mandates awarded through requests for proposals, and investment funds subject to a rigorous selection procedure In all cases, service providers are selected after analysis and approval by the Manager Selection Committee. A particular external type of mandate known as an overlay mandate is used to hedge the FRR's exchange risk and allows for adjustments to the allocation without affecting the management of the securities portfolios, mainly by investing in plain vanilla derivatives (stock market and bond index futures traded on a regulated market).

The FRR's portfolio combines passive investment mandates of high unit value and active investment mandates that seek constant relative outperformance.

The Fund also invests in a number of asset classes (emerging debt, emerging equities, high yield corporate bonds, FPE and money markets) via UCITS, for the most part actively managed.

This "core-satellite" approach implemented for investment mandates seeks to ensure exposure to the principal markets, at the lowest possible cost, with the selection risk focused primarily on the active strategies that the FRR believes are most likely to generate a return. At 31 December 2017, around 57.5% of the FRR's total net assets and 55.9% of equity investments were managed actively.

BREAKDOWN OF THE PORTFOLIO BY MANAGEMENT TYPE (31/12/2017)



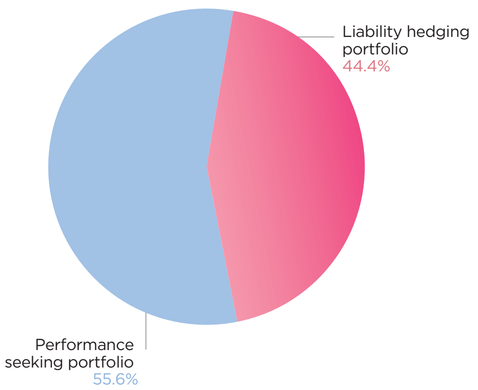
Portfolio composition

The portfolio's composition changed significantly between 2016 and 2017. The weighting of performance assets increased by 5% to 55% following the introduction of a new strategic allocation.

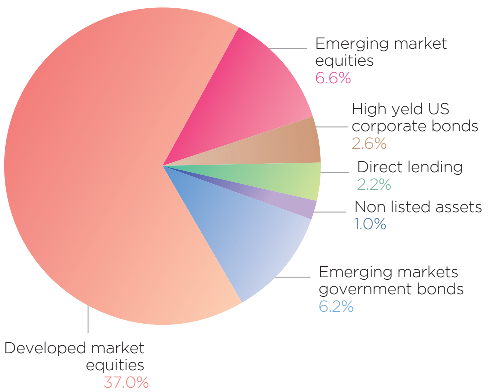
At 31 December 2017, the FRR's portfolio comprised:

- performance assets accounting for 55.6% of the FRR's net assets, versus 51.1% at the end of 2016.
- hedging assets accounting for 44.4% of the FRR's net assets, versus 48.9% at the end of 2016.

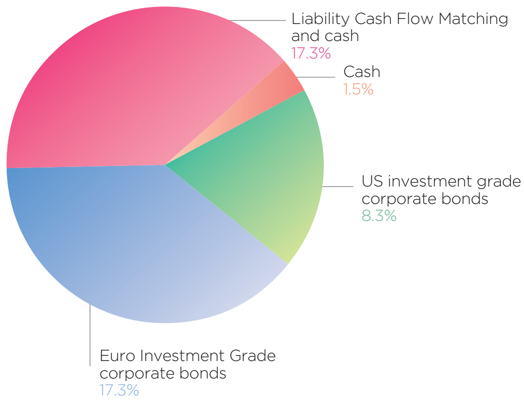
THE FRR'S PORTFOLIO AT 31 DECEMBER 2017



PERFORMANCE SEEKING PORTOFLIO



LIABILITY HEDGING PORTFOLIO



Performance seeking portfolio 55,6%	**Equities**	43.6%
	European equities	23.0%
	Non european equities	13.0%
	Option hedged equities	7.6%
	High Yield bonds	2.6%
	Emerging market debt	6.2%
	Unlisted assets	3.2%
	Private Debt	2.2%
	Private Equity	0.7%
	Infrastructure & real estate	0.3%
Liability hedging portfolio 44,4%	**Bonds**	43.0%
	Liability hedging	17.3%
	Developed Govies	0.0%
	Investment grade bonds	25.6%
	Cash	1.5%

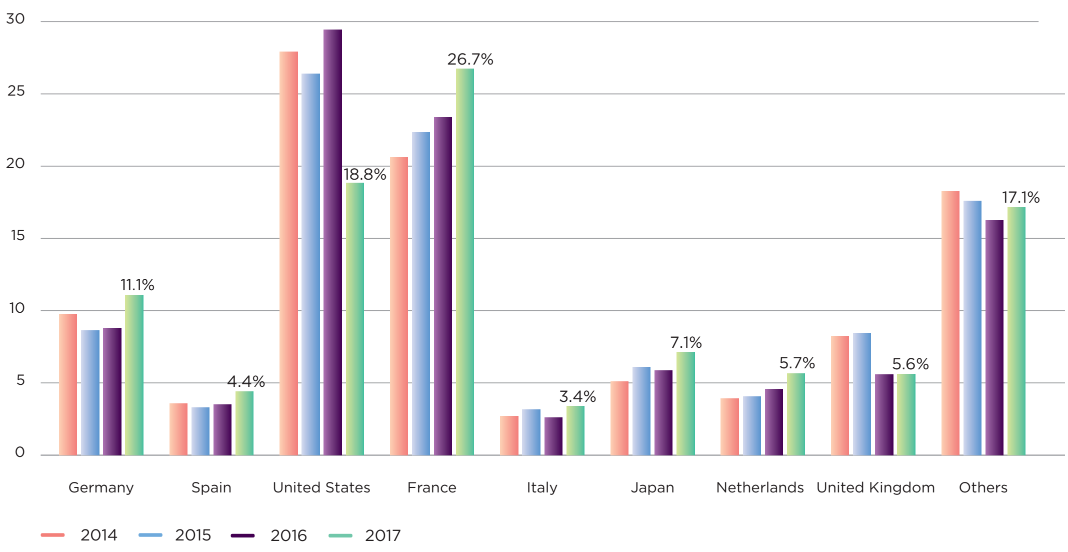
Performance assets

At 31 December 2017, the market value of the equity portfolio was EUR 13.7 billion (excluding overlay).

Diversification towards equities outside the Eurozone was highly profitable in 2017, as shares within the Eurozone significantly underperformed those in the other main regions. They still managed a performance of +13.4%. As in 2016, emerging markets were the frontrunners with a performance of 20.6%. After lagging behind in 2016, Japanese equities bounced back strongly from April, ending the year with an annual performance of 20.1%. North American equities benefited from the extraordinary performance of the US technology sector, and from the adoption of tax reforms at the end of the year, to gain 17.7%.

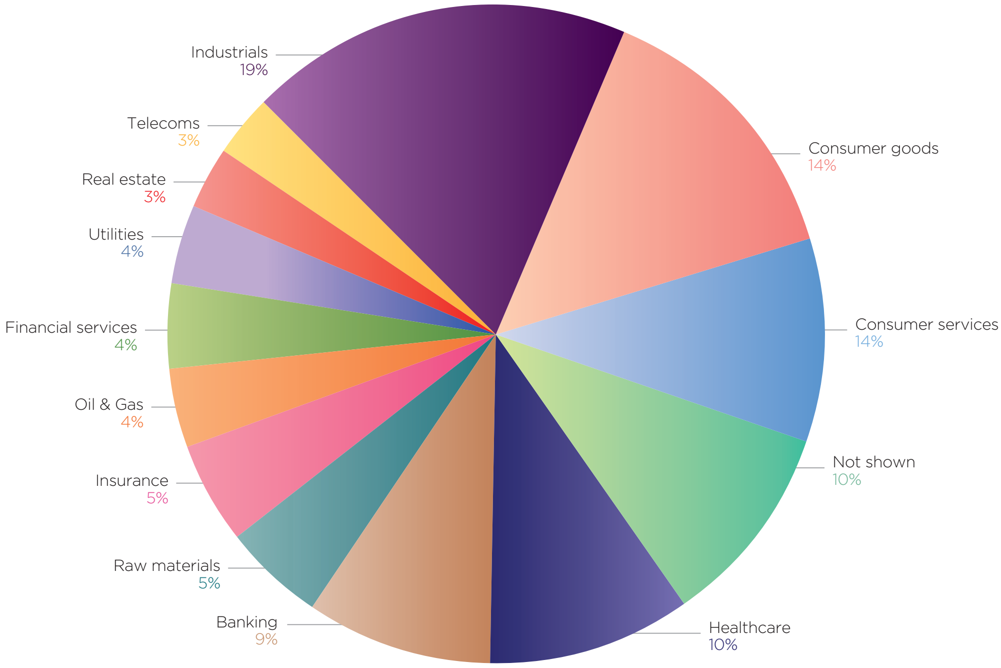
THE WEIGHTING OF PERFORMANCE ASSETS WAS INCREASED TO 55.6% IN 2017 FROM 51.1% AT THE END OF 2016

CHANGES IN THE REGIONAL BREAKDOWN OF EQUITY MANDATES



One North American active management mandate and two passive management mandates were closed in 2017 to activate mandates managed with optimised ESG low-carbon indices (Eurozone, World, Europe, Asia Pacific excluding Japan). The ongoing selection of funds dedicated to lending to the economy has further increased investments in the Eurozone since 2014, especially in France.

SECTORAL BREAKDOWN OF EQUITY MANDATES AT 31/12/2017



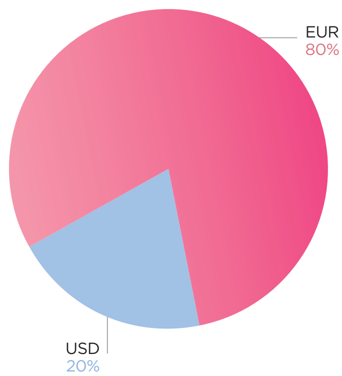
Hedging assets

This component represented 44.4% of the FRR' s net assets at 31 December 2017. It notably includes investment mandates taking a matched approach to buying and holding[12] French government bonds so as to service a substantial part of the CADES payment up to 2024, but also includes investment grade corporate bond mandates.

The steady decrease in government bond yields over recent years has led the FRR to continue diversifying the hedging assets by increasing the weighting of corporate bonds to take advantage of a higher yield, which now accounts for most of the return on bonds. The weighting of these corporate bonds in the hedging assets reached 60% in 2017.

Bonds issued in dollars are hedged against exchange risk.

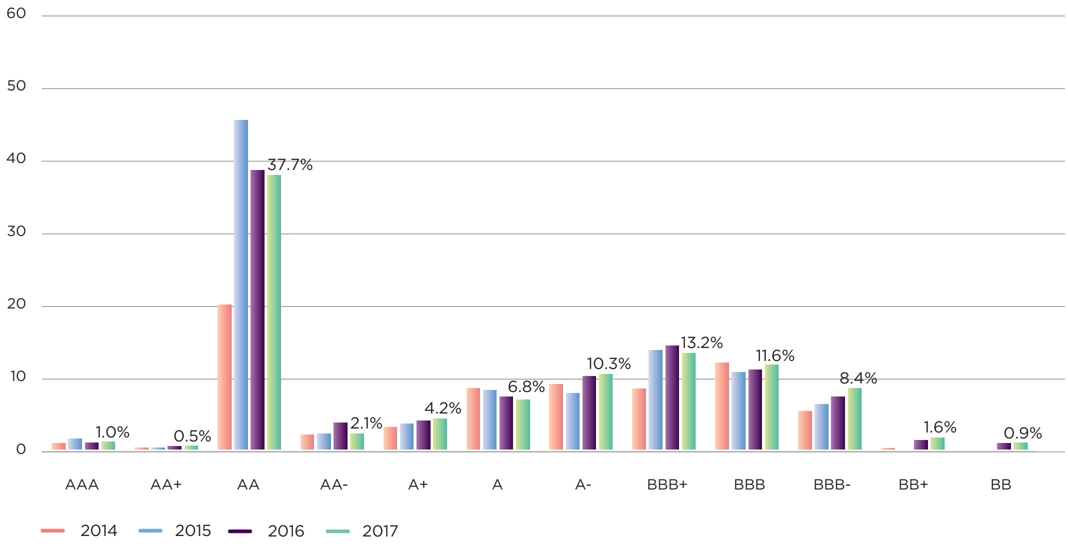
BREAKDOWN OF FIXED INCOME MANDATES BY CURRENCY AT 31/12/2017



12. Fixed income investment, whereby the securities in the portfolio are normally held to maturity.

The assets in the hedging portfolio have very good credit ratings: the lowest-rated issuers (BBB) account for no more than 35.6%, and just 2.6% are rated below BBB-.

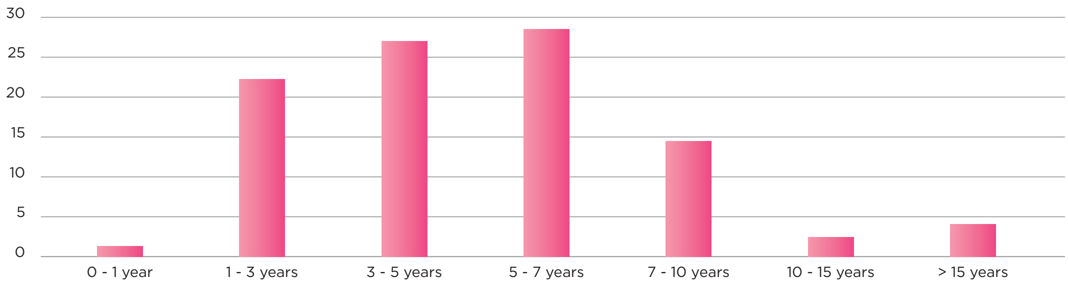
CHANGES IN BONDS HELD VIA MANDATES BY ISSUE RATING



As regards issuers in the hedging component, over 38.3% of fixed income assets are government bonds, 27.3% are issued by banks and 34.4% are corporate bonds. If we also take into account the bonds held in the performance portfolio, which account for 21% of the FRR's total bond holdings, all components taken together, these proportions would be 42% for government bonds and 58% for corporate bonds.

Matched assets account for 39% of the hedging assets. They are held to maturity.

STRUCTURE OF FIXED INCOME MANDATES BY MATURITY RANGE



Pursuit of two main strategies

Two main strategies were followed in 2017:
- The programme to invest in unlisted assets (loans to the economy, private equity, infrastructure) as part of the EUR 2 billion budget to support the French economy. More than EUR 180 million of this was invested during the year, with nearly EUR 1.6 billion of commitments still to be called.
- Reducing the hedging assets' modified duration so that the surplus appreciates when interest rates rise.

Ongoing investment in the French economy

The FRR maintained its commitment to provide loans to the economy, private equity and investment in infrastructure and real estate as part of the EUR 2 billion unlisted assets budget to support the French economy, and a EUR 1.1 billion budget for loans to the economy.

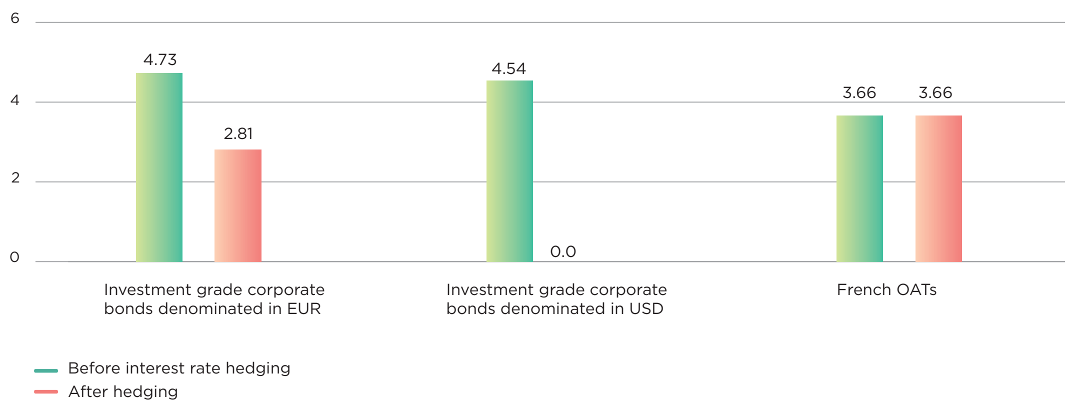
EUR 1 billion was committed in 2017:
- The FRR subscribed to two new infrastructure funds: Quaero European Infrastructure Fund and CapEnergie 3 for a commitment of EUR 90 million.
- In loans to the economy (or private debt), dedicated fund mandates involving a commitment of EUR 600 million were finalised in 2017 (Idinvest, Lyxor AM, Schelcher Prince and BNP PAM), while EUR 60 million was invested in a CMC-CIC Private Debt 2 fund.
- In private equity, the first fund of funds mandates were finalised in 2017 for a commitment of EUR 250 million (Ardian and Swen Capital).

A reduction in the portfolio's modified duration

The second strategy pursued by the FRR involves reducing the hedging assets' modified duration so that the FRR's surplus appreciates when interest rates rise.

In the strategic allocation, the FRR reduced the modified duration of its investment grade assets by selling German and US government bond futures. However, due to an imbalance between supply and demand, and a lack of arbitrage, the sale of German government bond futures proved costly. As they are highly correlated with US government bonds at present, the FRR bought German government bond futures in 2017 (for a total of EUR 2.06 billion) and sold US government bond futures (for a total of EUR 3.05 billion, reducing the modified duration of the futures sold).

MODIFIED DURATION OF FIXED INCOME MANDATES



We made the surplus's modified duration less negative in 2017.

It was around -0.8 at the end of 2017. This means that a one point rise in the yield curve would increase the surplus by 0.8%, or around EUR 140 million. In contrast, a one point fall would reduce the surplus by 0.8%.

At the end of 2016, the FRR had pushed this negative modified duration out to -2 by reducing the portfolio's sensitivity to Eurozone interest rates. However, this negativity was steadily reined in as the modified duration of the FRR's liabilities fell more quickly than that of its assets[13]. Indeed, the liabilities' maturity grew ever shorter, meaning a steady decrease in modified duration. In contrast, the assets include corporate bond indices in which new bonds are replacing those approaching maturity, keeping modified duration more or less constant.

Introduction of option-based hedging strategies

As the strategic allocation for 2017 included 8% in option-hedged equities of developed countries, option strategies were regularly introduced to the portfolio to protect against any sudden falls in share prices. However, the maximum drawdown on Eurozone equities was less than 5% in 2017. The performance of US stocks barely slowed over the year. As a result, option-based hedging strategies were unprofitable in 2017, but they did reduce the portfolio's overall volatility.

Other mandate changes

In 2017, apart from the activation of mandates for unlisted securities, as described above, the FRR renewed passive management mandates for equities with an ESG component. Along with minimising performance differences with their benchmark, the managers of the new mandates are now tasked with:

- reducing the current and potential carbon footprint (due to companies' exploitable fossil fuel reserves);
- excluding companies from the tobacco and coal industries;
- increasing the percentage of "green" companies; and
- improving the overall ESG rating.

This change had two major effects:

- automatically increasing the weighting of the FRR's low-carbon and ESG management; and
- the abandonment of Low Carbon Leaders indices, as the managers now consider decarbonisation (and the other measures mentioned above) from a more qualitative perspective.

13. The liabilities' maturity grew ever shorter, meaning a steady decrease in modified duration. However, the assets include corporate bond indices in which new bonds are replacing those approaching maturity, keeping modified duration more or less constant.

NEWS ON TENDERS

2017 was a busy year for tenders. Tenders were continued or finalised for private equity investments, but there were also new tenders for mandates expiring in 2018.

- The FRR launched an initial tender in January to select several investment managers capable of managing cash-flow matching by investing predominantly in financial securities issued by the French government such as Obligations Assimilables du Trésor (OAT) and Bons du Trésor. The rough amount allocated to this asset class is around EUR 5 billion, which may fall due to the series of withdrawals that FRR suffered as a result of Law no. 2010-1594 of 20 December 2010 on social security financing.

  At the end of the selection process, two management companies were chosen, AXA IM and Amundi.

- In June 2017, as part of the continued deployment of its programme of unlisted investments in support of the French economy, the FRR launched a tender to create and manage dedicated funds invested exclusively in the development/buyout of French SMEs and mid-tier companies for a maximum of EUR 500 million. The final selection of investment managers will take place in 2018.

- In October, the FRR renewed its tender to manage transition operations. The main task of a transition manager is to manage one or more portfolios assigned to it by the FRR for a short period, or to reconfigure portfolios according to the wishes of one or more investment managers acting on the FRR's behalf.

  For this contract, the final selection of the two managers (maximum) should be made by the end of 2018.

2017 also saw the launch of a tender to select a service provider capable of analysing, measuring and monitoring the environmental footprint of the FRR's financial asset portfolio. The environmental footprint that the FRR wishes to calculate is established by identifying the climate change risks to which it is exposed through the financial assets that it holds.

The chosen service provider is S&P Trucost Limited.

Two private equity tenders were finalised in 2017 as part of the programme to invest EUR 2 billion in the French economy through unlisted assets. An initial tender covered private equity fund of funds strategies. This involved the selection of several private equity fund managers to create and manage dedicated funds for the FRR, invested in funds whose aim is to invest at least 80% of their assets in equity or equity equivalents of unlisted French companies. The transactions covered may be in the following segments, depending on the company's development:

- venture capital (particularly innovation, excluding seed),
- development capital and
- buyout capital.

At the end of the selection process, the FRR allocated EUR 350 million to three experienced players with a long-standing presence on the French market: Ardian, LGT Capital Partners and Swen Capital Partners.

The second tender related to an innovation capital tender launched in 2016. This covered the selection of several investment managers each capable of creating and managing a dedicated fund invested solely in the venture capital/innovation of companies located in France. The investments made are earmarked for financing the initial stages of a company's development, i.e. start-up and growth. At the end of the process, the FRR allocated EUR 185 million to three companies having strong and complementary expertise in the field of innovation capital: Idinvest Partners, Omnes Capital and Truffle Capital.

THE FRR'S EXPERTISE AND WORK WON TWO IPE AWARDS IN 2017

The FRR was nominated for IPE[14] awards (one of the biggest events in the European pension fund calendar, recognising entrants' sophistication and creativity) in the following six categories in 2017: French pension fund, European reserve fund, portfolio construction, risk management, smart beta, and passive management.
The FRR took first place in the following categories:

- **Passive management, recognising the development of passive investment in optimised equity indices, as well as the FRR's original approach to ESG management, and**
- **Best French pension fund.**

14. Investor Pensions Europe

Socially responsible investment at the heart of the FRR's investment management

This section presents the FRR's commitment to socially responsible investment, described in more detail in the special report on Article 173, to be published at a later date. Although not bound by the Energy Transition for Green Growth Act no. 2015-992 of 17 August 2015, the FRR has adopted the framework set out in the new disclosure requirement for institutional investors regarding the incorporation of ESG* criteria into their investment policy and practices, and specifically their management of climate-related financial risks (Article 173, paragraph 6 of the Energy Transition for Green Growth Act, extension of Article 224 of the Grenelle II law).

Its role as a public investor, promoting solidarity between generations, prompted the FRR to declare itself a responsible investor in 2005, in line with its core mission and objective: to optimise returns on the funds entrusted to it, on behalf of the community, in as secure an environment as possible.

FRR RESPONSIBLE INVESTOR : REMINDER OF THE PRINCIPLES

COMPONENT 1
INCORPORATION OF ESG* FACTORS INTO ASSET MANAGEMENT

This consists of measuring and tracking changes with regard to specific FRR criteria. The aim is to promote the values upheld by the FRR by being as explicit as possible in the indicators collected, and to support the continuous improvement of the companies in which it invests.

COMPONENT 2
MANAGING SOCIAL RESPONSIBILITY

This component focuses on two approaches. The first deals with the activities of the companies in which the FRR invests and the way in which the said companies carry out their activities, in particular with regard to the Global Compact The second concerns the impacts inherent in tax practices.

FRR RESPONSIBLE INVESTOR

COMPONENT 3
EXERCISE OF THE FRR'S VOTING RIGHTS

The Supervisory Board has determined several principles with regard to the exercise of the FRR's voting rights. Thus, the FRR's shareholder rights at general meetings must be systematically exercised by each of the investment managers, in accordance with the guidelines established by the FRR, irrespective of the position held, the size of the company or its location.

COMPONENT 4
CONTRIBUTION TO RESPONSIBLE INVESTMENT RESEARCH AND SUPPORT FOR INTERNATIONAL INITIATIVES

The FRR's objective via this component is to improve knowledge with regard to responsible investment and to ensure that the work is shared as widely as possible. In this context, the FRR supports the Sustainable Finance and Responsible Investment Chair (FDIR). The FRR also plays an active role in numerous international initiatives: the Principles of Responsible Investment (PRI), the Carbon Disclosure Project (CDP), CDP Water, the Extractive Industries Transparency Initiative (EITI), the International Corporate Governance Network (ICGN), the Montreal Pledge and the Portfolio Decarbonization Coalition (PDC).

*Environmental, Social and Governance

RESPONSIBLE INVESTMENT STRATEGY FOR THE 2013–2018 PERIOD

The FRR Supervisory Board's Responsible Investment strategy for 2013–2018 consolidated the founding principles of its identity as a responsible investor. The strategy has four key components within a system of regular monitoring by the Responsible Investment Committee composed of members of the FRR's Supervisory Board and experts. This strategy will be revised during 2018.

THE FRR, A RESPONSIBLE INVESTOR

The FRR has therefore gradually laid the foundations for incorporating environmental, governance and social criteria, across its entire portfolio, when selecting its asset managers and the securities in which they invest.

In 2008, the FRR adopted a system to monitor and prevent non-financial risks that could have an impact not just on its investments but also its reputation. Risks to the FRR may arise from companies in which it invests failing to comply with universally recognised principles, such as the United Nations Global Compact and Responsible Investment Principles, those on good governance such as the International Corporate Governance Network, as well as international conventions ratified by France, in particular the Ottawa[15] and Oslo[16] Conventions.

Exclusions linked to prohibited weapons

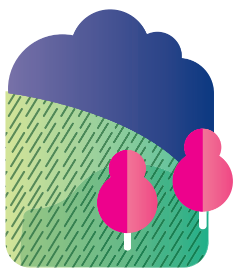
Each year, the FRR publishes an exclusion list approved by the Supervisory Board's Responsible Investment Committee. This list is updated during the first half of each year. The aim of its methodology is to identify companies involved in the development, production, maintenance, use, distribution, stockpiling, transport or trade of banned weapons or their key components. Stakeholders have traditionally characterised these weapons as:

- weapons of mass destruction;
- nuclear, biological and chemical weapons; as well as
- anti-personnel mines, cluster bombs and certain conventional weapons.

The FRR chose to exlude all these weapons excepted nuclear weapons.

The change of service provider used to identify companies involved in controversial weapons led to a significant change in the FRR's exclusion list for 2017. 37 companies involved in the production of cluster bombs, anti-personnel mines, and chemical and biological weapons were identified in the FRR's investment universe.

Two companies no longer appear on the new list: Alliant Techsystems and Hellenic Defense Systems. Alliant Techsystems is now part of Orbital ATK Inc., which was already on the list. And given the lack of evidence over its involvement with controversial weapons, a decision was taken not to put Hellenic Defense Systems on the new list.



15. Convention on the prohibition of the use, stockpiling, production and transfer of anti-personnel mines and on their destruction.
16. Convention on the prohibition of the use, stockpiling, production and transfer of cluster bombs and on their destruction.

THE FRR'S NEW EXCLUSION LIST AT 9 APRIL 2018

Company	Country	Listing
Aerojet Rocketdyne Holdings, Inc. (GenCorp)	United States	Listed
Aeroteh	Romania	Listed
Arab Organization for Industrialization	Egypt	Unlisted
Aryt Industries Ltd.	Israel	Listed
Aselsan Elektronik Sanayi Ve Ticaret	Turkey	Listed
China Aerospace Science & Technology Corporation	China	Listed
China National Precision Machinery Import and Export Corporation	China	Unlisted
China North Industries (Norinco)	China	Listed
China Poly Group Corporation	China	Unlisted
DMD Group	Slovakia	Unlisted
Doosan Corporation	South Korea	Listed
General Dynamics	United States	Listed
Hanwha Group	South Korea	Listed
Hanwha Techwin	South Korea	Listed
Heliopolis Company for Chemical Industries	Egypt	Unlisted
Honeywell	United States	Listed
IMI Systems Ltd	Israel	Unlisted
Indian Ordnance Factories	India	Unlisted
Israel Aerospace Industries	Israel	Listed
Kaman	United States	Listed
L3 Technologies Inc	United States	Listed
Larsen & Toubro	India	Listed
Lockheed Martin	United States	Listed
Makina ve Kimya Endustrisi Kurumu (MKEK)	Turkey	Unlisted
Motovilikha Plants JSC/Motovilikhinskiye Zavody	Russia	Listed
Myanmar Defence Products Industries	Burma	Unlisted
Orbital ATK	United States	Listed
Poongsan	South Korea	Listed
Raytheon	United States	Listed
Roketsan	Turkey	Unlisted
Rostec (Russian Technologies State Corporation)	Russia	Unlisted
S&T Dynamics	South Korea	Listed
S&T Holdings Co Ltd	South Korea	Listed
SPLAV State Research and Production Enterprise	Russia	Unlisted
Tata Power Company Ltd.	India	Listed
Textron	United States	Listed
Union of Military Industries	Cuba	Unlisted
Yugoimport SDPR	Serbia	Unlisted

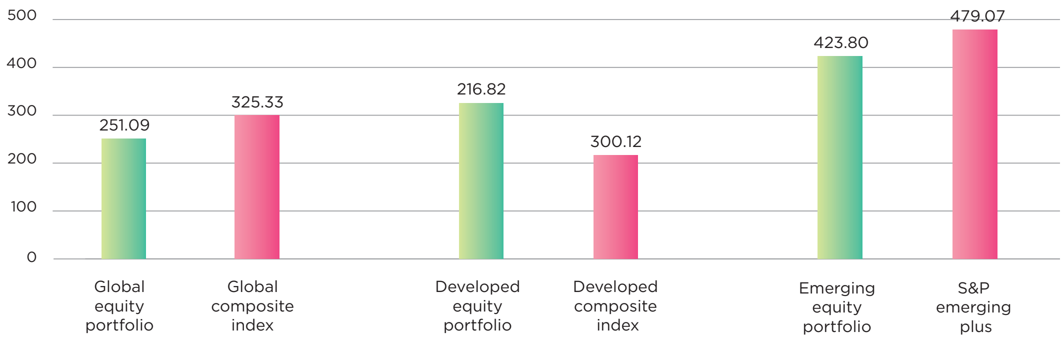
The FRR provides information on the carbon footprint of its equity and bond portfolio

The FRR calculated the environmental footprint of its portfolio for the first time in 2007, including the carbon footprint. The FRR has been evaluating its portfolio annually since 2013. The study covers emissions generated through companies' and their direct suppliers' business.

The FRR has chosen to measure its carbon footprint using three methods:

- The carbon footprint in capital terms, calculated in tonnes of CO_2 equivalent per EUR 1 million invested, represents the amount of emissions financed by the FRR's assets.
- The carbon footprint in terms of portfolio revenue, obtained by dividing companies' annual CO_2 emissions (in tonnes) by their annual revenue in millions of euros. Within the latter measure, the FRR also distinguishes between the sector effect and the asset selection effect within each sector, relative to its composite index.
- The portfolios' average footprint is calculated as the arithmetic mean of the carbon intensities[17] of companies in the portfolio weighted by their share in the portfolio[18].

RESULTS OF THE PORTFOLIO'S CARBON FOOTPRINT ANALYSIS, IN TONNES OF O2 EQUIVALENT PER MILLION EURO OF REVENUE.



At the end of 2017, the carbon footprint[19] of the FRR's equity portfolio was 251.1 tonnes of CO_2 equivalent per million euro of revenue. This is 22.8% lower than that of the FRR's benchmark index[20]. Between 2013 and 2017, the FRR's portfolio reduced its carbon footprint by 37.8%, whereas the benchmark's fell by just 19.6%. This performance essentially results from the decarbonisation process under way since 2014 on passively managed equity portfolios.

For each million euro invested in the FRR's equity portfolio in 2017, absolute emissions[21] amounted to 163.8 tonnes of CO_2 equivalent, 16.5% less than for the benchmark. By this yardstick, the FRR's portfolio reduced its carbon footprint by 45.3% between 2013 and 2017, whereas the benchmark's fell by just 39.8%.

17. This ratio is expressed in tonnes of CO_2 equivalent (tCO_2e) per million euro in revenue per company.
18. This ratio is expressed in tonnes of CO_2 equivalent (tCO_2e) per million euro in revenue for a portfolio.
19. Standardised emissions by enterprise value, not capitalisation.
20. 13.8% MSCI Emerging Markets index +43.2% FTSE Developed All Cap Excluding Eurozone index +43% FTSE Developed Eurozone All Cap index.
21. Standardised emissions by capitalisation, not enterprise value, as the FRR has a larger set of data for the former.

Whichever method is used, the FRR's portfolio emits less than its benchmark, and thanks to the FRR's determined decarbonisation policy for its equity portfolios, it has consolidated its lead.

The carbon performance of the corporate bond portfolio was 20% higher than that of its benchmark index, while the carbon performance of the sovereign bond portfolio was 4.7% lower than that of its benchmark index. This is mainly because the emerging debt funds, which have issued large amounts of bonds, overweight certain countries such as Indonesia, South Africa, Zambia and Russia.

The FRR has withdrawn from coal

The FRR has been firmly committed to the ecological and energy transition theme these past few years. It has signed up to several international initiatives aimed at reducing its portfolio's greenhouse gas emissions. It has also joined a coalition of investors demanding, in particular, greater transparency in how businesses approach energy transition (Climate Action 100+, cf the FRR's international commitment).

To reflect this commitment, the FRR has implemented an ambitious policy aimed at reducing its index and optimised portfolio's CO_2 emissions. The goal is to cut CO_2 emissions to around half of the standard indices where the investment universe allows. Going even further, at the end of 2016 the FRR decided to exclude companies whose thermal coal mining or electricity, heat or steam generation business exceeds 20% of their revenue.

This decision was implemented in 2017.

The FRR has excluded the tobacco industry

Smoking is recognised as one of the greatest and most serious threats to public health worldwide. The World Health Organization (WHO) estimates that smoking is responsible for nearly 12% of deaths among adults over the age of 30. In response, the WHO, governments and civil society are increasingly coming together to discourage tobacco consumption, and this could eventually weigh on tobacco companies' performance. The FRR believes that dialogue with these companies cannot achieve anything, as the only question that can be asked of them is to quite simply give up their business. The FRR decided to join the fight when it elected to divest from tobacco in 2017. Of the 11 tobacco producers identified, 7 were in developed countries, 10 generate more than 50% of their income from this business, and another generates between 20% and 50%. The FRR therefore decided to exclude the seven companies held through mandates, effective from the end of 2017.

THE FRR'S INTERNATIONAL COMMITMENTS

PRI | Principles for Responsible Investment

Involvement in drafting the United Nations Principles for Responsible Investment

At the beginning of 2005, the Secretary General of the United Nations invited a few of the world's biggest institutional investors, including the FRR, to come together and establish a number of principles for promoting the incorporation of socially responsible investment practices into financial management. After six working sessions, and with expert help from representatives of the various stakeholders (companies, NGOs, researchers, etc.), the "Principles for Responsible Investment" were established before being officially signed in New York and Paris during the spring of 2006.

The PRI now reflect the shared values of a group of investors having a long-term investment horizon and diversified portfolios, including insurers and reinsurers, pension funds and other private and public institutional investors. They are fully compatible with the FRR's SRI strategy.

CDP
DRIVING SUSTAINABLE ECONOMIES

Adoption of the Carbon Disclosure Project (CDP)

Supported by the United Nations Environment Programme, the CDP is one of the most important international initiatives for the environment and climate change. Wanting better information on companies' behaviour with regard to the environment, energy consumption and the effects of climate change, the FRR gave the CDP its backing in 2005, before the biggest 120 French companies were questioned.

Signatory of:

Signature of the Montreal Pledge

Signed by 35 institutional investors at the Principles for Responsible Investment conference in Montreal on 25 September 2014, it is backed up by the PRI and United Nations Environment Programme Finance Initiative (UNEP-FI). The investors who signed the Montreal Pledge have undertaken to publish the carbon footprint of their equity investments each year.

Membership of the Portfolio Decarbonization Coalition

Launched in September 2014, this collaborative initiative aims to reduce greenhouse gas emissions by mobilising a critical mass of institutional investors committed to measuring and decarbonising their portfolios. The FRR is at the forefront of this coalition.

Signature of the climate change declaration at the UN summit held on 23 September 2014

In signing this initiative, the FRR committed to:

- collaborate with the authorities to take measures that encourage financing of energy transition towards a low-carbon economy;
- identify and assess low-carbon investment opportunities;
- develop investors' ability to assess risks and opportunities linked to climate change, and incorporate this into investment methodologies;
- foster dialogue on the issue of climate change with companies included in the portfolios;
- publish the initiatives taken and progress made.

Committed staff

Olivier Rousseau, member of the Executive Board, sits on the steering committee of the Portfolio Decarbonization Coalition.

Anne-Marie Jourdan, the FRR's Senior Legal Counsel, is a member of the International Corporate Governance Network board of governors.

LIST OF COLLABORATIVE INITIATIVES SUPPORTED BY THE FRR

The FRR continued its involvement in several collaborative initiatives in 2017, and joined two new ones.

Managing risks linked to the supply chain in the textile industry – PRI

Despite the efforts made by companies within the textile industry, poor working conditions and violations of human rights are still recurring problems in the supply chain. Realising this, seven French institutional investors, including the FRR, decided to launch a joint initiative in 2014 organised by Mirova for managing risks relating to the supply chain in the textile industry.

The main aims of this were to improve transparency, map social risks, develop long-term relations with suppliers, and participate in sector initiatives. The latter aspect was reinforced in 2017.

Climate lobbying – PRI/IIGCC

In spite of their claims to support climate policies, numerous listed companies are indirectly involved in lobbying against these very policies through their professional associations. This dialogue focuses on this inconsistency and aims to improve the transparency of listed companies' lobbying activities by demanding greater transparency from energy companies in their lobbying on issues related to global warming. This initiative has been backed by 50 investors, representing EUR 4.4 trillion in assets under management (IIGCC Initiative on EU Company Climate Lobbying).

Human rights in the extractive sector – PRI

This project seeks to understand how policies relating to human rights are applied by extractive companies, especially in the context of partnerships with local companies or governments.

Extractive Industries Transparency Initiative (EITI)

This initiative seeks to increase the transparency and responsibility of companies operating in extractive industries, by checking and publishing all payments made by companies, as well as all income received by governments, as a result of mineral, oil and gas extraction. In supporting the EITI, the FRR invites all companies directly or indirectly concerned by the above, and in which it holds shares, to contribute. It also encourages those companies already committed to supporting the initiative to play an active role in its implementation.

Statement on ESG in credit ratings

Alongside six rating agencies, including S&P and Moody's, and 100 international investors representing assets of USD 16 trillion, the FRR signed a joint declaration on more systematic consideration of ESG criteria in assessing issuers. This is an important stage in the integration of ESG factors in asset management.

Statement on tobacco (PRI - 15 mai 2017)

53 investors, health systems, pension funds and insurers, representing USD 3.8 trillion in assets under management, have signed a statement to the World Health Organization (WHO) representatives and national health ministers openly supporting stronger regulation around tobacco control.

Climate Action 100+ (1 December 2017)

Climate Action 100+ is a five-year initiative led by investors to engage with the world's largest corporate greenhouse gas emitters to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures.

The initiative is designed to implement the investor commitment first set out in the Global Investor Statement on Climate Change in 2014/15, supported by 409 investors (including the FRR) and representing more than USD 24 trillion: *"As institutional investors and consistent with our fiduciary duty to our beneficiaries, we will: [...] work with the companies in which we invest to ensure that they are minimising and disclosing the risks and maximising the opportunities presented by climate change and climate policy."*

PRI-led engagement on climate change transition for oil and gas (linked to Climate Action 100+) (25 January 2018)

This new engagement coordinated by PRIs and aligned with the Climate Action 100+ objectives asks businesses to react to the risks they face from future constraints on the use of oil and gas. The initiative uses Carbon Tracker research (Report "2 degrees of separation: Transition risk for oil & gas in a low carbon world" co-written by the FRR) to determine how companies assess future production and capital expenditure, as well as governance of decision-making. This initiative is based on four objectives:

- Examine how businesses fully evaluate their exposure to climate change transition risks.
- See that the companies are planning suitable responses to future technological and political changes that could limit their ability to use their resources (i.e. in a two degrees of separation scenario under the Paris Agreement on Climate Change).
- Gain a better understanding of how businesses see future production and capital expenditure, as well as the governance underlying this decision-making.
- Encourage better disclosure in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) – especially regarding the analysis of scenarios.

Charte des investisseurs publics français en faveur du climat

L'ensemble des institutions et opérateurs financiers publics français mettent en œuvre une approche visant à assurer la cohérence de leurs activités avec les objectifs de l'Accord de Paris.

Ces institutions et opérateurs financiers publics nationaux incluent la Caisse des Dépôts (CDC), Bpifrance, l'Agence française de développement (AFD), le Fonds de réserve pour les retraites (FRR) et l'Etablissement de retraite additionnelle de la Fonction publique (ERAFP).

L'Etat actionnaire adopte, dans une démarche plus globale de prise en compte des enjeux liés aux questions environnementales, sociales et de gouvernance dans sa politique actionnariale, une démarche analogue reposant sur un engagement exigeant, exercé au sein de l'ensemble des instances de gouvernance pertinentes, afin de conduire les entreprises au sein desquelles l'Etat détient des participations à s'engager de manière claire dans une stratégie de transition vers une économie bas carbone.

A cette fin, dans le respect des spécificités de leur objet social, de leur mandat et des conditions d'exercice de leurs activités, les investisseurs publics français mettent en œuvre, dans leur politique d'investissement, les principes communs suivants, cohérents avec les principes de l'action climatique au sein des institutions financières présentés lors de la COP21.

Principe n°1 [Prise en compte des enjeux climatiques dans les décisions d'investissement]

Les investisseurs publics français mettent en œuvre des procédures internes d'évaluation et de gestion des risques liés au changement climatique propres à chaque acteur, pleinement intégrées à leur politique d'investissement ou à leurs décisions d'octroi de crédit.

Principe n°2 [Participation au financement de la transition vers une économie bas carbone]

Les investisseurs publics français participent activement au financement de la transition vers une économie bas carbone et résiliente face au changement climatique, en tenant compte de leur mandat, de leurs contraintes propres et dans le respect de la subsidiarité vis-à-vis des autres financeurs.

Principe n°3 [Dialogue structuré avec les parties prenantes]

Les investisseurs publics français conduisent un dialogue approfondi et structuré avec les entreprises dont ils sont actionnaires, les institutions financières auxquelles ils confient des mandats ou accordent des refinancements, les parties prenantes auxquelles ils octroient des financements, afin d'inciter ces entreprises, institutions financières et parties prenantes à renforcer leurs initiatives en faveur de la lutte contre le réchauffement climatique et ses effets.

Principe n°4 [Diffusion des meilleures pratiques]

Les investisseurs publics français participent à la diffusion des meilleures pratiques sur les enjeux touchant à la réduction des risques climatiques et à l'adaptation au changement climatique auprès de leurs pairs, des entreprises et parties prenantes qu'ils financent et des autres parties prenantes qu'ils identifient comme pertinentes.

Principe n°5 [Emission d'instruments financiers dédiés]

Les investisseurs publics français valorisent autant que possible leurs actifs ou activités en lien avec la transition bas carbone dans le cadre de leur politique de financement ou de refinancement, notamment, lorsque ce mode de refinancement est pertinent pour eux, en émettant des obligations vertes respectant des standards de marché exigeants.

Principe n°6 [Transparence et redevabilité]

Les investisseurs publics français s'attachent à rendre compte, par une documentation publique appropriée, des actions engagées en faveur du climat et de la mise en œuvre des présents principes, ainsi que des résultats obtenus.

Nicolas Hulot
Ministre d'État, ministre de la Transition écologique et solidaire

Bruno Le Maire
Ministre de l'Économie et des Finances

p. **Jean-Yves le Drian**
Ministre de l'Europe et des Affaires étrangères

Eric Lombard
Directeur général de la Caisse des dépôts et consignations
Président du directoire du fonds de réserve des retraites

p.i. **Rémy Rioux**
Directeur général de l'Agence française de développement

Nicolas Dufourcq
Directeur général de Bpifrance

Philippe Desfossés
Directeur de l'Etablissement de retraite additionnelle de la fonction publique

FRENCH INVESTORS CHARTER FOR LIMATE COMMITMENT

The FRR signed this charter in December 2017. All French public financial traders and institutions decided to pursue an approach aimed at ensuring that their activities comply with the objectives of the Paris Agreement.

As part of a broader attempt to factor environmental, social and governance issues into its shareholding policy, the State has adopted a similar measure based on a strict commitment by all relevant governing bodies to encourage the companies in which the State holds interests to make a clear commitment to a strategy for transitioning to a low-carbon economy.

THE FRR HAS BEEN APPLYING THESE PRINCIPLES FOR SEVERAL YEARS:

PRINCIPLE 1

Internal development procedure for managing climate change risks. The FRR implements its SRI strategy in three ways:

- monitoring and publishing the portfolio's non-financial risks since 2008;
- improving the portfolio's carbon footprint since 2013; and
- coordination by the Finance Division and Legal and Communications Division, which involves:
- calculating the environmental footprint since 2016;
- managers' obligations; and
- ESG reporting systematically required of all FRR managers.

PRINCIPLE 2

Transition to a low-carbon economy involves:

- the decarbonisation of equity portfolios since 2014;
- divestment from coal; and
- investment in infrastructure funds relating to energy transition (fibre optics, solar, wind, biogas, water management, heat networks).

PRINCIPLE 3

The FRR's objective via this component is to improve knowledge with regard to responsible investment and to ensure that its work and best practices are shared as widely as possible with the businesses concerned, especially through a list of commitments and dialogue with managers of the companies in which it invests every year. The FRR is part of joint commitments such as:

- Climate 100+
- PRI, IIGCC
- Statement on ESG in credit ratings

PRINCIPLE 4

Sharing best practices: The FRR's directors and staff frequently speak on this topic, a notable example being the presentation on Article 173 at the Paris-Tokyo-London international ICGN conference, and at the IAE in Aix-en-Provence. The FRR also has the support of the Sustainable Finance and Responsible Investment Chair.

PRINCIPLE 5

Nearly EUR 180 million of investment in green bonds through the FRR's Investment Grade euro and US mandates.

PRINCIPLE 6

The FRR often reports to the public on the progress and conclusions of its strategy, in particular through the publication of its annual report, the Article 173 report and press statements on its portfolio's environmental and carbon footprint.

NON-FINANCIAL RISKS TO THE PORTFOLIO

In 2008, the FRR adopted a system to monitor and prevent non-financial risks that could have an impact not just on its investments but also its reputation. Risks to the FRR may arise from companies in which it invests failing to comply with universally recognised principles, such as those of the United Nations Global Compact and of good governance, as well as with international conventions ratified by France, in particular the Ottawa[22] and Oslo[23] Conventions.

Analysis of the portfolio by region, all controversies combined, at the end of 2017

The 2,718 securities in the FRR's consolidated portfolio and covered by Vigeo Eiris's research are divided into two zones: developed countries and emerging markets. The former comprises three continental regions: North America, Europe and Asia Pacific. North America is the most strongly represented, and is also home to the heaviest concentration of controversial companies.

Developed countries had a higher ratio of companies involved in controversies than emerging countries (52% versus 37%), in line with the latest assessment. The 10 countries with the highest number of controversial companies are mostly in the developed world.

Highly controversial companies and changes in the FRR watch list

At the end of 2017, the FRR's portfolio contained 131 highly controversial companies, compared with 85 at the time of the previous analysis. Although they account for just 4.8% of the companies in the consolidated portfolio (+1.4 points on 2016), these 131 companies alone are responsible for 35.8% of controversies (+7.3 points).

SECTOR ANALYSIS OF THE MOST CONTROVERSIAL COMPANIES

Sectors	Number of companies on Warning List	% of companies on Warning List
Financials	36	27%
Consumer Discretionary	19	15%
Oil and Gas	19	15%
Raw materials	17	13%
Healthcare	13	10%
Industrials	10	8%
Consumer staples	5	4%
Media and Telecoms	5	4%
Utilities	3	2%
Public entities	2	2%
Technology	2	2%
Total	131	100%

The oil & gas industry, which accounts for 15% of the portfolio's companies, is still well behind financial companies, which were responsible for 27% of controversies. Putting their severity aside, these controversies were found in less than half of companies in the latter sector. This means that a minority of companies are largely to blame for the number of controversies in the sector. Some banks even clocked up more than 50 controversies!

This heavy responsibility can be explained by both sectoral challenges relating to the nature of business, as well as the fact that these companies operate on highly regulated markets.

22. Convention on the prohibition of the use, stockpiling, production and transfer of anti-personnel mines and on their destruction.
23. Convention on the prohibition of the use, stockpiling, production and transfer of cluster bombs and on their destruction.

Analysis by area of the most controversial companies

121 of the 131 companies on the watch list (92%) were subject to at least one controversy in the market behaviour segment. 79% of companies showed poor management of controversies in this area.

Conversely, the area of human resources revealed the best controversy management, with just 30% of companies managing controversies badly.

All sectors combined, the areas of market behaviour and corporate governance still account for the highest number of controversies among companies on the watch list. 42% of identified controversies related to market behaviour and 17% to corporate governance.

Research supported by the FRR: The Sustainable Finance and Responsible Investment Chair[24]

The Sustainable Finance and Responsible Investment Chair, managed jointly by Sébastien Pouget (Toulouse School of Economics, Toulouse IAE, Toulouse 1 Capitole University) and Patricia Crifo (Economics Department of the Ecole Polytechnique), was created in 2007, in particular at the instigation of the Fonds de Réserve pour les Retraites. It currently brings together investors such as Allianz Global Investors, Amundi, La Banque Postale Asset Management, Caisse des Dépôts, Candriam, Edmond de Rothschild Asset Management, Groupama Asset Management, HSBC Global Asset Management and Neuflize OBC Investissements.

For several years, the FRR has been heavily involved in the "ESG factors and performance of small and mid caps" research carried out by Jamil Jaballah at the Grenoble Ecole de Management and Sébastien Pouget at the Toulouse School of Economics, Toulouse IAE, Toulouse 1 Capitole University, which proposes an empirical study of factors that affect these companies' performance both financially (economic profitability and stock market valuation) and in terms of social responsibility (environmental, social and governance aspects).

The particular governance structure of small and mid cap companies is often notable for the presence of the founder as a partner or director, or the founder's descendants (Adams, Almeida, and Ferreira, 2005, and Fahlenbrach, 2009). The assumption is that having a family in control of, or at least involved in, the company's governance means a long-term view and strong commitment over time, which can have benefits for business.

This project, which is concentrated on France, therefore aims to understand which features of small and mid cap companies ensures the long-term vision and commitment needed to pursue effective financial and non-financial strategies.

Collecting data on non-financial performance has been the main constraint on the research. Extensive work is now being undertaken to develop a database. Multiple regressions are then executed to study how the return on assets, return on equity, market valuation (relative to the amount of the assets) and level of corporate responsibility are linked to different variables: whether the founder or his or her descendants hold a significant proportion of the shares, whether the Chairman or Chief Executive Officer or one of his or her descendants is the founder, the importance of employee shareholding, the presence of institutional investors, etc.

The analysis shows that, when still owned by their founders or their descendants, family businesses (i.e. where the founding family or a single family holds more than 20% of the equity) appear to perform better in economic terms. This holds true whether economic performance is measured by return on assets (ROA) or return on equity (ROE). Additionally, volatility in daily stock market returns appears to be lower for family businesses still run by their founders or descendants. The stock market valuation (measured by Tobin's Q) of family businesses run by descendants nevertheless appears to be lower while their financial profitability is better than that of non-family businesses.

Also, a company where employees hold a significant proportion of equity seems to

24. References

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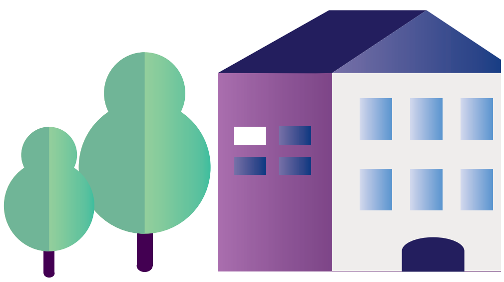
have better economic profitability and lower volatility of returns. However, these strong financial performances do not seem to be reflected in stock market valuations. Both of these points could inspire long-term investment strategies aiming to take advantage of such inefficiencies.

Lastly, family control of a company, when it is run by the founder or an outside manager, is associated with a better non-financial performance. This is also the case for companies that have a higher proportion of employee shareholders or employees on the board of directors.

To conclude, it seems that companies that have a long-term focus, because they are controlled by a family or because employees own a large share of the equity, perform better in both economic and non-financial terms.

SPREADING ESG PROCESSES TO PASSIVE MANAGEMENT

In 2015, the FRR launched a tender for optimised equity management with an ESG approach. After working with the bidders, the contract was awarded to three management companies in 2017: Amundi, Candriam and Robeco. The activation of these mandates represented the completion of a project that began several years ago, aimed at switching from index management based on market capitalisations to optimised management using portfolio construction methods built around financial risk metrics, as well as non-financial criteria including carbon emissions. With this new contract, the FRR wanted to go further, and asked to factor ESG into asset management. The FRR's smart beta equity management now includes targets to improve the portfolio's ESG rating and reduce its carbon footprint relative to the FRR's benchmark indices, while optimising portfolio construction by taking risk metrics into consideration. This approach reflects the FRR's long-term responsible investor strategy.



EXERCISE OF VOTING RIGHTS

The FRR's responsible investor policy requires shareholder approval at every general meeting. Given the wide-ranging and international nature of the FRR's investments, its voting guidelines incorporate three dimensions:

- The benefits for the FRR of working actively to improve the governance of the companies in which it invests. Governance aims to promote the balance of power within companies' management bodies and clarity about these powers, as well as the quality of the information provided to shareholders and respect for their rights and for the integrity of their votes. Accordingly, it is one of the factors that play an important role in the long-term survival of the corporate community, in the continuity of the strategy that companies pursue, and in the way they fulfil their responsibilities to all their stakeholders. All these factors contribute directly to strong future valuations.

- The fact that the FRR is a long-term investor. It has chosen to prioritise, in its portfolio structure and the management mandates that reflect the asset allocation strategy set by the Supervisory Board, an active approach based on an analysis of the fundamental valuation outlook for equity and debt securities issued by various categories of issuers. It therefore stands to reason that investment managers would take this horizon into consideration in their application, on a case-by-case basis, of the guidelines included in the voting rights principles, in particular when assessing the appropriateness of financial transactions that affect corporate capital.

- Lastly, efforts to improve corporate governance, whether made by the companies themselves, lawmakers or regulators, have intensified in recent years and must continue. The active exercise of the FRR's voting rights must, however, realistically consider the specific conditions in each market, mainly based on the issuers' capitalisation, and the significant differences that may exist in corporate law and in terms of the corporate governance practices in the relevant countries.

The FRR's guidelines on the exercise of voting rights incorporate all of these factors and must therefore be broad enough to account for particular national circumstances (in France and internationally). The FRR therefore aims to capitalise on investment managers' knowledge and their ability to understand the practices in force in various financial centres. Investment managers may also rely on these practices for subjects not covered by the FRR's guidelines.

The FRR is working on a system to score the quality of the governance of portfolio of developed market equities. This new analytical approach will improve the FRR's understanding of the key elements of this portfolio's governance.

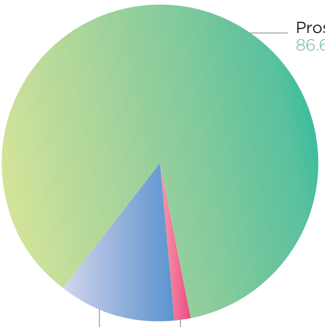
In accordance with its founding texts, the FRR's voting rights are exercised by the asset managers it has selected and they do so in the best interests of the Fund.

Voting at shareholders meetings is one of the FRR's founding principles as a socially responsible investor. Conducted through its asset managers, this allowed it to vote on 37,258 motions in 2017, spread over the 32 countries that make up its developed market equity portfolio.

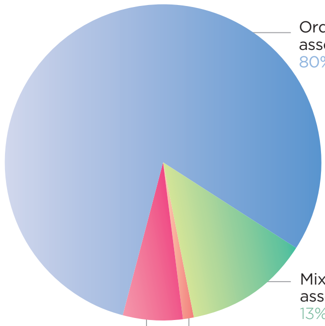
The FRR is exposed to emerging market equities through units that it holds in collective investment schemes. Unlike portfolio management mandates, these UCITS have their own voting policy, which does not necessarily tally with the FRR's guidelines.

The statistics presented below illustrate the positioning of the developed market equity portfolio in 2017.

POSITIONING OF THE DEVELOPED MARKET EQUITY PORTFOLIO ON SHAREHOLDERS MEETINGS IN 2017



BREAKDOWN BY TYPE OF GENERAL MEETINGS



All countries combined, the FRR attended 99% of shareholders meetings.

With 86.6% of votes in favour of (FOR) the motions submitted at shareholders meetings, this portfolio is acting in much the same way as the one analysed in 2016.

Most of the votes against related to motions on pay, the election and appointment of directors, and operations changing the company's capital. Areas of contention are often the same from one year to the next, and it is not so much the motion itself that is contested as the lack of transparency over its implementation.

- Mixed general assembly
- Ordinary general assembly
- Special general assembly
- Other general assembly

Regarding pay, for example, while the amount may be debatable, it is first and foremost the management's lack of transparency and communications that will be sanctioned. Indeed, the lack of information and transparency means that shareholders are unable to consider whether this (fixed or variable) pay is reasonable, proportionate and sustainable. It is therefore a protest vote. The companies want to keep a considerable degree of discretion in the way this pay is awarded, which may be understandable but can also fuel certain misunderstanding and ultimately lead to votes against. Through its investment managers, the FRR encourages the virtuous circle of transparency and communications.

Similarly, regarding capital changes, disputes often arise when the management plans to go beyond the reasonable, rational limits of such an operation. For example, regularly failing to consult shareholders on operations.

The FRR is highly alert to external motions on ESG criteria. It ensures that its investment managers are committed to their consideration, especially supporting requests to gain a better understanding of how the company's business is responding to change as well as to environmental, social and climate issues.

Risk management and control

GOVERNANCE OF RISK MANAGEMENT

Following the pensions reform of 2010, each year the Supervisory Board determines the FRR's strategic allocation, which relies on an investment model which provides for a high level of liability hedging. The FRR's investments are mainly implemented via mandates awarded to investment managers. The FRR is also authorised to invest up to 20% of its assets directly in UCIs, excluding money market UCIs. Every month, a Risk Committee examines the performance of the portfolios and the Fund, as well as changes in the main financial and operational risks. This committee also examines investments in new asset classes and defines the applicable risk frameworks. It is chaired by a member of the Executive Board and organised by the risk management teams. More broadly, it also ensures that a risk management culture is propagated within the FRR. The Risk Committee's files are then reviewed and analysed at meetings of the Executive Board.

The Performance and Financial Risk Department is also invited to the FRR's various specialised committees (Investment Strategy Committee, Manager Selection Committee) and, if so required, issues an opinion. It also sits on various internal bodies (Tactical Investment Committee, Strategic Allocation Steering Committee, etc.). Lastly, it can issue opinions on the strategic allocation review, which it presents to the Supervisory Board meeting at which this review is conducted.

FINANCIAL RISKS

Asset and liability management risk

This is the risk that the FRR's strategic allocation is not appropriate for the funding of its liabilities to the CADES and the CNAV, which are the Fund's two identified beneficiaries. The FRR has to pay EUR 2.1 billion to the CADES every year until 2024, and to repay the CNIEG balance to the CNAV from 2025. This balance amounted to EUR 5.19 billion at the end of 2017 and its amount will vary according to the FRR's performance. Over the year, the surplus increased by EUR 2.23 billion, largely due to the performance assets, and at 31 December 2017 amounted to EUR 16.51 billion (after revaluation of the CNIEG balance), i.e. a performance of 15.66% by the surplus over 2017. This is an indicator of the FRR's ability to meet its liabilities commitments and create value for the State.

The portfolio's market risks

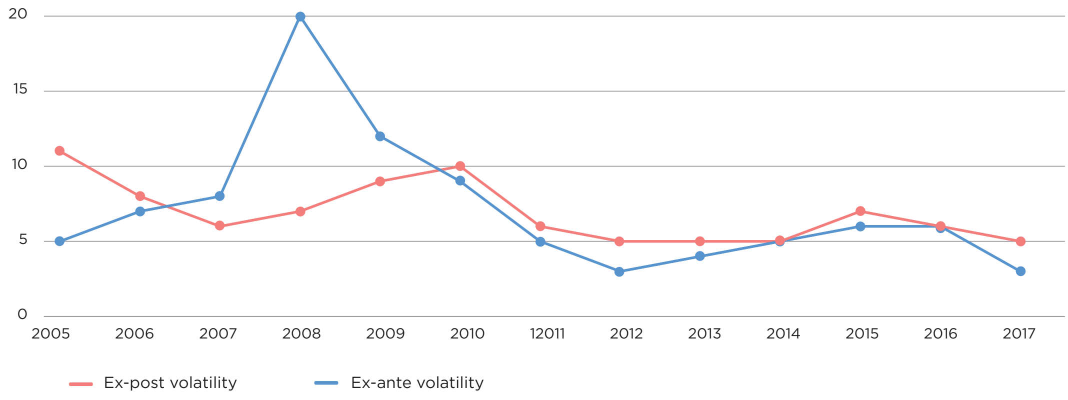
The overall portfolio's annualised volatility remains low by the FRR's past standards, whether measured ex ante (the portfolio's projected volatility) or ex post (actual volatility).

The ex-post annual volatility of the value of the FRR's assets was 3.07% in 2017 (versus 6.28% in 2016) with an annual return of 7.16% (versus 4.97% in 2016). Ex-ante volatility was 4.30% at 31 December 2017, compared with 6.46% one year earlier.

The risk of an unfavourable change in the value of the portfolio (a loss) is assessed over a short-term horizon of one year; this is the time frame of the annual strategic asset allocation review in consultation with the FRR's governance.

The average potential loss over a one-year horizon in 1% of the estimated worst-case scenarios, measured by a Conditional Value-at-Risk (CVaR) of 99% over one year, is 11.4% of the FRR's assets (versus 16.4% at end 2016), i.e. EUR 4.16 billion. This reduction can be attributed to the very low volatility seen on equity markets in 2017.

OBSERVED ANNUAL VOLATILITY



Risk on performance assets

Performance assets (mainly equities) present the most significant risk factor in CVaR. Their contribution to the average potential loss linked to changes in prices in 1% of the worst-case scenarios is 11.02% of the FRR's assets, i.e. EUR 4.02 billion (compared with 15.9% at the end of 2016).

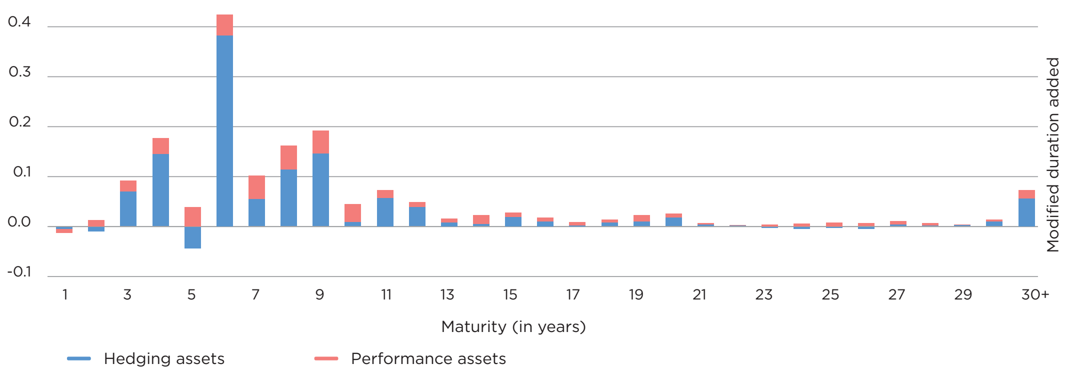
Interest rate risk

At the end of the year, the average potential loss linked to yield curve changes, measured by a one-year CVaR of 99%, was 0.4% of the FRR's hedging assets, i.e. EUR 0.1 billion on the market value of the FRR's portfolio (compared with 0.6% at the end of 2016). This risk mitigation can be explained by the reduced volatility of these asset classes, as well as the decrease in exposure to US investment grade bonds in favour of European investment grade bonds, the volatility of which is lower.

The FRR's portfolio's overall modified duration fell slightly from 1.65 at the end of 2016 to 1.60[25] at the end of 2017. As such, for a uniform change of 100 bps across all yield curves, the value of the FRR's portfolio would now decrease by 1.60%, i.e. around EUR 0.58 billion. This level of modified duration takes into account the FRR's reduced exposure to interest rate risk on credit through the introduction of tactical hedging.

Symmetrically, a 100-bp rise in interest rates would reduce the FRR's CADES balance sheet liabilities by 3.31% through a fall in the value of fixed income commitments. Modified duration had been 3.81 at the end of 2016, and will continue to drop as the number of payments due to the CADES falls.

CONTRIBUTIONS TO THE PORTFOLIO'S MODIFIED DURATION BY ASSET CLASS AND MATURITY



25. Including fixed income assets in the performance component.

The portfolio's credit risk

The table below shows a breakdown by rating of the FRR's fixed income assets at the end of 2016 and 2017. The bulk of these assets are invested in investment grade securities.

	AAA	AA	A	BBB	<BBB- and unrated
31/12/2016	1%	31%	27%	28%	13%
31/12/2017	1%	30%	25%	30%	14%

The overall quality of the FRR's credit portfolio in 2017 was very slightly lower than in 2016, as 86% of it was invested in investment grade securities, as opposed to 87% in 2016. This change on 2016 was mainly due to the deployment of investments following the award of three dedicated private debt fund mandates to help finance the French economy. Lastly, the four-point slide in assets rated A to assets rated an average of BBB resulted from a cash management switch: massive divestment from certificates of deposit (rated at least A-) to buy units of money market funds in which securities may be rated as low as BBB-.

Counterparty risk

Counterparty risk is the risk linked to trading by investment managers in over-the-counter forward financial instruments with bank counterparties (swaps and currency forwards). It has been sharply reduced as a result of the introduction of various measures: minimum rating of authorised counterparties, margin calls, use of CLS[26] Bank's clearing services for foreign exchange, limits per counterparty. At the end of 2017 the FRR's overall exposure to counterparty risk was EUR 126 million, resulting from currency hedging.

Issuer risk diversification ratios

The regulations applicable to the FRR lay down specific risk diversification ratios with regard to issuers of equities and debt securities. In addition to these ratios, the FRR has applied, since 2011, a maximum internal exposure limit for a single issuer or OTC counterparty corresponding to 3.5% of the FRR's net assets, excluding sovereign issuers for which specific limits have been set depending on the issuer's rating, and excluding investment funds which are limited to 5% of the net assets. Since a ruling on 24 May 2016, the application of regulatory limits on issuer or counterparty concentration also take into account positions held indirectly through undertakings for collective investment.

Currency risk

The FRR's portfolio is partly invested in foreign currencies. In the strategic allocation, performance assets' currency risk is theoretically 90% hedged, excluding assets denominated in emerging currencies, for which the exchange rate is an intrinsic performance factor. Nevertheless, the FRR has some flexibility in its level of hedging, provided that its total currency risk exposure remains below 20% of its total assets (regulatory limit).

Risks to the performance tracking error for the FRR and its investment managers relative to their benchmarks

The volatility of deviations between the performances of the strategic allocation and the real allocation is measured by tracking error (TE) type indicators. This concept is defined as the annualised standard deviation in performance between the real portfolio and the benchmark allocation target.

On the whole, the investment managers all respected the TE limits set in the management mandates in 2017, albeit with a few minor breaches, mainly when introducing some new processes.

At the end of 2017, the ex-ante TE between the FRR's real portfolio and the strategic allocation was 113 bps (versus 93 bps the previous years). This takes into account the

26. Continuous Linked Settlement: clearing and settlement system which reduces counterparty risk.

effects of selection (active management of fund managers, choice of indices different from the strategic allocation, etc.) and flexible management (tactical over or underexposure of asset classes, and adjustments to interest rate and currency risk hedging).

As well as allowing new investment grade credit mandate managers to diversify into lower rated issuers, the FRR established a framework for their management by setting a new limit relative to their benchmark. This is based on measuring the Duration Times Spread (DTS) of all securities in their portfolio, reflecting the level of credit risk taken through two expressions: the amount received by investors in exchange for the risk taken (the spread or risk premium); and the length of exposure to this risk (the duration). A comparison of each manager's portfolio DTS against the benchmark (limited to investment grade securities) can be used to assess and limit credit exposure relative to the benchmark.

Risk on financial contracts, in particular derivatives

To enable the FRR to invest securely in forward financial instruments, the regulatory authority decided in 2001 to subject the FRR to a legal framework similar to that applicable to coordinated UCIs.

The FRR applies the risk monitoring principles for transactions in financial instruments set out in the AMF regulation[27] of November 2011 on the method for calculating the overall risk of UCIs. These principles specify two calculation methods implemented by the FRR:

- a method of calculating the commitment under a financial contract for non-complex derivatives; and
- a method based on VaR calculations in the case of the large-scale use of complex financial contracts.

The FRR uses the commitment method to calculate the overall risk. This method consists in calculating the actual commitment of the financial contracts in relation to the Fund's total net value. The value of the commitment at the end of 2017 was 28.04% of the fund's value, as compared to 25.86% at the end of 2016. It is therefore well below the regulatory 100% limit, even including the systematic option-based hedging designed to control the volatility of some of the equities held by the FRR.

Liquidity risk of assets under management

A holding limit on UCIs was introduced in the ruling of 24 May 2016, which set this at 20% (previously an internal limit).

The FRR also manages a holding limit on companies' equity: the FRR may not hold more than 3% of the shares of a single issuer, with the exception of the unlisted real estate asset and private equity portfolios.

OPERATIONAL RISKS

This is the risk of loss resulting from inadequate or failed internal processes or external events, regardless of whether they are intentional, accidental or natural.

In fulfilling its role, it is important that the FRR should be able to carry out its main activities without disruption in the event of a serious incident such as the collapse of a supplier, flooding of the Seine, fire or epidemic. The various prevention, crisis management and business continuity (crisis management procedures and organisation, backup site, essential service provider continuity measures) were updated, and an annual test carried out on an external backup site in 2017.

All significant operational incidents affecting the FRR, whether internal or external in origin, are catalogued and analysed as and when they occur. They are analysed and monitored at Risk Committee meetings (corrective action, impact, compensation, improvement plan monitoring). In this way, the FRR also pays close attention to tracking operational incidents and regulatory sanctions affecting its management service providers, as well as its core service providers.

88% of the operational incidents analysed by the risk committee were of external origin in 2017. There were few operational incidents

27. Autorité des marchés financiers (French financial markets autority).

affecting providers of delegated management services, and the ones that did occur were fairly insignificant, as reflected in the absence of any operational compliance visits.

The FRR's operational risk management system is also based on regular self-appraisals of risks to update risk mapping and identify residual risks. The introduction of new processes or overhaul of key processes as and when necessary (precise description of roles and responsibilities, and structuring of checks) also helps to reduce operational risks upstream.

COMPLIANCE

Ethics

The FRR ensures that its employees comply with a very strict ethical framework at all levels.

The ethical framework applicable to the three members of the Executive Board is governed by the French Social Security Code. Moreover, all employees are bound by a code of conduct that lays down the rules for professional and personal conduct. Ethical, money laundering and terrorist financing risks are subject to specific due diligence checks as part of the investment manager selection process.

Investment and portfolio compliance

Compliance risk is the risk associated with non-compliance with legislative, regulatory or contractual provisions.

Ensuring compliance is an essential part of the internal control system. As such, the FRR:
- monitors managers' fulfilment of their contractual obligations each day;
- checks that the investments made through UCIs and debt funds comply with internal rules;
- ensures that its regulatory ratios are complied with (diversification between issuers, exposure to unorganised markets and markets outside the European Economic Area, holding limit on the capital of companies in the portfolio, holding limit on funds, exposure to currency risk, exposure to collective funds, various commitment ratios).
- checks that the FRR's exclusions policy is respected by its managers.

An analysis of any cases of non-compliance, impact assessments, corrective measures and possible compensation claims are presented and monitored at Risk Committee meetings.

Organisation and costs

ORGANISATION AND HUMAN RESOURCES

The FRR has 49 permanent members of staff, 41 of whom are on Caisse des Dépôts contracts.

After stabilising its headcount at 49 in 2016 with the notable recruitment of a specialist in private equity in relation to funding of the French economy, the FRR had a higher turnover rate in 2017 (15%, up from 4% in 2016). Such a high rate had not been seen since 2011 and 2012 (25% and 12% respectively). It was mainly the result of a long-term policy to support young workers, who the FRR trained, and who gradually acquired the skills needed to take the next step in their career elsewhere. To overcome this, the FRR made some internal transfers and promotions while keeping an eye on its payroll.

THE FRR'S COSTS

Costs amounted to EUR 101.8 million in 2017, compared with EUR 63.2 million in 2016, an increase of 61%. This was greatly affected by a rise of EUR 27.9 million in fees estimated for the end of the period. These additional performance-related bonuses are now recognised annually, rather than at the time of their payment when mandates expire.

Due to the disappearance of mandates that include annual performance fees, management fees paid in proportion to assets under management and UCITS fees increased by 8% in 2017 to reach EUR 41 million. In total, financial management fees (EUR 75.7 million) accounted for 74% of all costs, compared with 62% in 2016 (EUR 39.2 million out of EUR 63.2 million).

Back office and custody fees invoiced by the Caisse des Dépôts grew by 8% from EUR 10.5 million to a total of EUR 11.4 million as assets under management increased by 1% (EUR 500 million).

Other costs, which include the limited budget (payroll expenses, real estate, IT, other overheads, etc.) were stable at EUR 14.7 million and remain capped at four basis points relating to the assets under management.

Governance

SUPERVISORY BOARD

at 31 March 2018

Interim chairman
Jean-Louis Beffa

Members of the national assembly
Eric Woerth, *alternate* Charles de Courson
Belkhir Belhaddad,
alternate Laurent Pietraszewski

Members of the senate
Appointment pending,
alternate Dominique de Legge

Qualified person
Jean-Louis Beffa, Vice-Chairman of the Supervisory Board

Representatives of social security beneficiaries appointed by nationally representative trade unions
Confédération générale du travail
Pierre-Yves Chanu, Vice-Chairman of the Supervisory Board,
alternate Hélène Guerra

Confédération générale du travail – Force ouvrière
Philippe Soubirous, *alternate* Philippe Pihet

Confédération française démocratique du travail
Frédéric Sève, *alternate* Virginie Aubin

Confédération française des travailleurs chrétiens
Isabelle Sancerni,
alternate Pierre-Alexis Van Den Boomgaerde

Confédération française de l'encadrement – CGC
Pierre Roger,
alternate Marie-Christine Oberst

Representatives of self-employed and independent workers
Mouvement des entreprises de France
Arnaud Chneiweiss, *alternate* Éric Delabrière
Delphine Benda, *alternate* Émilie Martinez
Alain Leclair, *alternate* Jean-Claude Guéry

Confédération générale des PME
Alain Duffoux, *alternate* Georges Tissié

Union professionnelle artisanale
Catherine Foucher, *alternate* Michel Bressy

Representatives of the minister for social security appointed by order of the minister for social security
Mathilde Lignot-Leloup,
alternate Jonathan Bosredon
Morgan Delaye, *alternate* David Hoyrup

Representative of the minister for the economy, finance and industry appointed by order of the minister for the economy, finance and industry
Appointment pending, *alternate* Lionel Corre

Representative of the minister for the budget, appointed by order of the minister for the budget
Amélie Verdier,
alternate Jean-François Juery

EXECUTIVE BOARD
Chairman **Eric Lombard**
Members of the Executive board
Yves Chevalier
Olivier Rousseau

MANAGER SELECTION COMMITTEE
Chairman **Olivier Rousseau**

Members of the manager selection committee
Catherine Guinefort, former fund manager with an asset management company
Thierry Coste, Member of the College of the ACPR (Autorité de contrôle prudentiel et de résolution).
Jean-François Marie, former director of a finance company
Marcel Nicolaï, former managing partner of a management company

Management structure chart*

SUPERVISORY BOARD


© H. Triay

Interim Chairman:
Jean-Louis Beffa

Vice-Chairmen: Jean-Louis Beffa, Pierre-Yves Chanu

EXECUTIVE BOARD

Chairman:
Eric Lombard

Member:
Yves Chevalier

Member:
Olivier Rousseau

Assistant: Brigitte Dahan

MANAGER SELECTION COMMITTEE

Chairman: **Olivier Rousseau**

Member:
Thierry Coste

Member:
Jean-François Marie

Member:
Catherine Guinefort

Member:
Marcel Nicolaï

INTERNAL ACCOUNTING

Patrick Hédé

Thierry Tacinelli,
Marie-Christine Huguet

*At 31 May 2018

OPERATIONS AND RISK DIVISION

Yann Derrien

Assistant: Nathalie Lalande

HUMAN RESOURCES AND MANAGEMENT CONTROL DEPARTMENT

Jérôme Houdbine

Nicolas Umbach-Bascone, Natacha Pézeron, N...

INFORMATION SYSTEMS, ORGANISATION AND PROJECTS

Sabine Botras

Jean-Philippe Bellus, Catherine Sanglar

FINANCIAL RISK MANAGEMENT AND PERFORMANCE DEPARTMENT

Pierre Leygue

Financial risk unit
Armelle Ledru, Kevin Mercier, Jérôme Nedelec, Claudia Gray

Performance measurement unit
Abdelouahid Akarkoub, Frédéric Dallarmellina, Joanne Garrick

MIDDLE OFFICE DEPARTMENT

Bernard Pariset

Operational Supervision of Mandates
David Marques, Xavier Joret, Miriame Moussa

Internal Accounting Controls
Mordi Kadosch, Alain Brivet

OPERATIONAL RISKS

Yann Derrien

and another member of staff

FINANCE DIVISION

Salwa Boussoukaya-Nasr

Assistant: Karine Bocquet

DELEGATED MANAGEMENT DEPARTMENT

Cristel Haution Sarac

Manager Selection
Hervé Seignol et Duc Tien Bui Van

Responsible Investment
Mickaël Hellier

Mandate Supervision
Victoire Costa de Beauregard, David de Souza Peixoto, Antoine Dupaquis, Patricia Glon, Jeremy Willems, Maxime Sanglar

ASSET ALLOCATION DEPARTMENT

Pierre-Olivier Billard

Deputy Christophe Roger
Cyrille Henry-Bonniot, Pauline Mercier, Thérèse Quang, Johann Tourne

LEGAL AND COMMUNICATION DEPARTMENT

Anne-Marie Jourdan

Assistant : Brigitte Dahan

Marie-Catherine Duchamp, Alexa Sudici, Alexandre Van Ooteghem, Marine Jourdan

Financial information

2017 annual report

Financial and accounting summary

In 2017 the FRR recorded a profit of EUR 2.392 billion, following a profit of EUR 746 million in 2016.

The French Social Security Financing Law for 2011 provides that with effect from 1 January 2011 the FRR must pay EUR 2.1 billion to the Caisse d'Amortissement de la Dette Sociale (CADES) every year until 2024.

The fund paid this amount to the CADES on 25 April 2017, recognising an equivalent reduction in its permanent capital.

However, the 2017 financial statements reflect the FRR's financial solidity, just as they did in 2016 and 2015.

The CNIEG's contribution is valued at EUR 5.177 billion, an increase of EUR 360 million. Financial assets, transferable securities and available funds amount to EUR 35.893 billion.

The same applies to the valuation differences recognised in the balance sheet, which reflect the difference between the acquisition value of assets and their market value at 31 December. These differences, which were already positive in 2016 at EUR 3.725 billion, were EUR 3.504 billion at 31 December 2017, a slight reduction of EUR 221 million.

The 2017 financial result showed a profit of EUR 2.488 billion, following a profit of EUR 810 million in 2016.

An analysis of the financial result shows the contribution of each product or cost category to the overall result for the financial year.

Income on transferable securities amounted to EUR 681.2 million, versus EUR 700.3 million in 2016.

THE 2017 FINANCIAL RESULT SHOWED A PROFIT OF EUR 2.392 BILLION, FOLLOWING A PROFIT OF EUR 746 MILLION IN 2016.

Foreign exchange transactions generated a net profit of EUR 649 million. The loss recognised at 31 December 2016 was EUR -547.7 million.

Forward financial instruments recorded a gain of EUR 303.2 million, compared with a loss of EUR -22.6 million in 2016.

Sales of financial instruments generated a surplus of EUR 1.3659 billion, compared with EUR 749.7 million in 2016.

Income from option hedging was negative at EUR -123.9 million, compared with a profit of EUR 32.6 million in 2016.

Balance sheet at 31 December 2017

Assets – euros	2017			2016
	Gross	Depreciation and amortisation	Net	Net
FIXED ASSETS				
Intangible assets				
Other intangible assets	5,306,316.44	-4,052,329.17	1,269,111.67	1,269,111.67
Tangible fixed assets				
Plant and equipment	12,712.31	-12,712.31	–	–
TOTAL I	**5,319,028.75**	**-4,065,041.48**	**1,269,111.67**	**1,269,111.67**
CURRENT ASSETS				
Receivables from operations	2,824.04	–	2,824.04	–
Sundry receivables				
Financial instruments	32,570,907.77	–	32,570,907.77	26,350,019.02
Foreign exchange transactions	8,319,279,524.90	–	8,319,279,524.90	9,762,980,950.33
Forward financial instruments	464,959,495.82	–	464,959,495.82	477,225,437.08
Financial instruments				
Equities and similar securities	10,523,266,188.45	–	10,523,266,188.45	10,037,299,808.04
Bonds and similar securities	14,715,863,582.41	–	14,715,863,582.41	14,950,847,544.06
Transferable debt securities	363,277,329.42	–	363,277,329.42	1,523,201,834.23
Undertakings for Collective Investment	9,365,433,034.56	–	9,365,433,034.56	7,954,314,122.32
Cash	925,451,294.50	–	925,451,294.50	1,096,286,672.11
Prepaid expenses	178,244.87	–	178,244.87	142,088.05
TOTAL II	**44,710,104,181.87**	**–**	**44,710,282,426.74**	**45,828,648,475.24**
GRAND TOTAL (I +II)	**44,715,423,210.62**	**-4,065,041.48**	**44,711,536,414.01**	**45,829,917,586.91**

LIABILITIES – euros	**2017**	**2016**
EQUITY CAPITAL		
Allocations	2,870,680,121.97	2,870,680,121.97
Reserves	7,743,212,890.43	6,996,598,240.48
Valuation difference	3,504,208,870.35	3,725,577,877.32
Profit/(loss) for the financial year	2,392,033,650.10	746,614,649.95
TOTAL I	**16,510,135,532.85**	**14,339,470,889.72**
PAYABLES		
Long-term borrowings		
Extraordinary contribution to CNIEG	5,177,275,169.64	4,817,195,728.53
CADES debt - 1 year	2,100,000,000.00	2,100,000,000.00
CADES debt + 1 year	12,600,000,000.00	14,700,000,000.00
Payables from operations	75,916,985.52	46,092,098.08
Sundry payables		
Financial instruments	22,405,341.77	3,536,696.07
Foreign exchange transactions	8,193,471,573.61	9,808,627,457.95
Forward financial instruments	32,331,810.62	14,994,716.56
Prepaid income	–	–
TOTAL II	**28,201,400,881.16**	**31,490,446,697.19**
GRAND TOTAL (I +II)	**44,711,536,414.01**	**45,829,917,586.91**

Income statement at 31 December 2017

EXPENSES – euros	2017	2016
OPERATING EXPENSES		
Outside services	**100,303,906.33**	**61,605,852.48**
Remuneration – management companies	72,712,198.18	
CDC Administrative management	23,886,410.00	
Others	3,705,298.15	
Taxes, duties and similar	**82,218.00**	**85,075.91**
Tax on wages	82,218.00	
Staff expenses	**927,792.24**	**937,017.71**
Wages and salaries	676,919.06	
Social security contributions	250,873.18	
Depreciation allowance	**515,124.40**	**553,127.75**
Depreciation allowance	515,124.40	
TOTAL I	**101,829,040.97**	**63,181,073.85**
FINANCIAL COSTS		
Financial expenses	**1,532,874,704.68**	**2,635,318,318.99**
Forex losses	377,182,466.62	
Expenses on forward financial instruments	224,597,832.63	
Costs relating to sales of financial instruments	242,747,171.34	
Expenses on options	288,316,286.91	
Other financial expenses	3,229,837.22	
Allocation of share of income to CNIEG	396,801,109.96	
TOTAL II	**1,532,874,704.68**	**2,635,318,318.99**
EXTRAORDINARY EXPENSES		
On management operations	–	–
TOTAL III	–	–
Profit/(loss) for the financial year	**2,392,033,650.10**	**746,614,649.95**
GRAND TOTAL	**4,026,737,395.75**	**3,445,114,042.79**

INCOME – euros	2017	2016
OPERATING INCOME		
Outside services		
Others	5,388,103.26	0.00
TOTAL I	**5,388,103.26**	**0.00**
FINANCIAL INCOME		
Income	681,239,979.66	
Forex gains	1,026,164,526.40	
Income from forward financial instruments	527,790,057.50	
Proceeds of sales of financial instruments	1,608,648,914.61	
Income on options	164,374,036.32	
Other financial income	12,933,682.91	
TOTAL II	**4,021,151,197.40**	**3,445,090,595.38**
EXTRAORDINARY INCOME		
On management operations	198,095.09	23,447.41
TOTAL III	**198,095.09**	**23,447.41**
GRAND TOTAL	**4,026,737,395.75**	**3,445,114,042.79**

Notes to the annual financial statements at 31 December 2017

ACCOUNTING METHODS AND RULES USED

The FRR's financial statements are prepared using generally applicable principles based on the single chart of accounts for social security organisations and opinion no. 200307 of 24 June 2003 of the CNC, as amended by opinion no. 200810 of 5 June 2008.

General accounting conventions have been applied in compliance with the principles of prudence, consistency, sincerity and fairness of view in accordance with the following underlying assumptions: going concern, consistency of accounting methods and independence of financial years.

As the FRR's accounts are stated in euro, the foreign currency positions of the FRR's mandates are valued using their equivalent value calculated using WM/Reuters closing spot rates.

Transactions are recorded on the trading date. Since 30 November 2006, transactions involving transferable securities have been booked with charges included, in accordance with the CNC's opinion of 31 March 2006.

The weighted average cost price rule (WACP) is applied for realised capital gains or losses on securities, and the FIFO (first in first out) rule is applied to futures.

Asset values are calculated on the basis of positions held on Friday evening or the last TARGET business day of the week, and on the last TARGET business day of the month. The default price is the closing price on the issuer's benchmark market, on a case by case basis on the principal market of listing.

If no price is available on the valuation day, the asset is valued using the last known price, or in accordance with a predetermined procedure if using an old price.

Bonds are valued on the principle of a BID quotation based on prices obtained from various financial services providers.

Interest accrued at the time of purchase or sale, as well as end of period interest, is expressed by reference to the value date. This accounting method is linked to the recognition of transactions from the trading date.

BTF and BTAN securities are valued using the interest rate published by the Banque de France on the valuation day.

Transferable debt securities and similar securities that are not traded in large volumes are valued using an actuarial method based on a zero coupon rate of the same maturity increased, where applicable, by an issuer spread.

UCIs are valued using the last known net asset value.

Private equity funds are valued using the last valuations provided by the fund managers.

Securitisation entities are valued on the basis of the most recent valuations indicated by the managers if they are below their purchase cost, or at par if higher.

Forward financial instruments traded on regulated or similar markets and associated liabilities are valued using the settlement price.

Forward currency positions are valued both by linear discounting of the initial contango/backwardation amount and by valuing the currency position using WM/Reuters closing spot rates.

Swaps are valued using the prices provided by the counterparty, under the control of the fund manager, and are also subject to the various control levels put in place by the FRR.

Unrealised gains and losses and unrealised exchange differences are recognised in the balance sheet as valuation differences, and do not affect the Fund's result.

Withholding tax recovered is recognised as and when received.

Realised capital gains and losses and definitive exchange differences are recognised in the expenses and income accounts.

Tangible assets are depreciated on a straight-line basis over three years.

Intangible assets, linked mainly to the right of use of the SPIRRIS software and related maintenance, are amortised on a straight-line basis over five years.

The extraordinary, flat-rate, full-discharge contribution mentioned in Article 19 of Law no. 2004-803 of 9 August 2004 and paid to the CNIEG by the FRR in accordance with a decision of the Haut Conseil Interministériel de la comptabilité des organismes de sécurité sociale dated 20 April 2005, is recognised in the FRR's accounts as a debt.

In accordance with amendment no. 1 of 20 March 2009 to the agreement of 12 July 2005, entered into by the FRR and the CNAVTS, the FRR henceforth shall determine the share attributable to the balance on an annual basis.

The fees paid to management companies are based on a fee scale that assigns a number of basis points per tranche of assets under management.

Some mandates receive variable performance fees in the case of outperformance, defined as the positive mathematical difference between the performance of the portfolio and that of its benchmark. These fees are paid at the end of the investment mandate provided that the outperformance is confirmed over the relevant periods and subject to the contractually defined limits.

PRESENTATION OF THE FINANCIAL STATEMENTS

For ease of reading, the financial statements have been organised in a number of sections:

Balance sheet

The various items are presented as net values, taking into account the depreciations applied for fixed assets and valuation differences for financial assets and liabilities.

"Receivables" and "Payables on financial instruments" comprise transactions in transferable securities by investment companies for which settlement is pending (matured coupons, purchases and sales awaiting settlement).

"Receivables" and "Payables on forex transactions" comprise current foreign exchange transactions, whether spot or forward.

"Receivables" and "Payables on forward financial instruments" comprise current transactions related to futures (margins payable or receivable, security deposits), option premiums and swaps (payable or receivable flows).

"Financial instruments" comprise four categories: equities and equity equivalents, bonds and bond equivalents, negotiable debt securities, undertakings for collective investment, including venture capital funds and securitisation entities. They are shown in the balance sheet at their market value, taking into account coupons accrued on bonds, transferable debt securities and securitisation entities.

"Cash" comprises all the FRR's cash accounts in euro and foreign currencies (valued at their price on the last day of the financial year), and interest accrued on these interest-bearing current and deposit accounts.

"Equity capital" comprises:

- "Allocations" corresponding to the balance of employers' contributions received by the FRR since its inception in 1999, less the sums allocated to the CADES;
- "Reserves" representing the accumulated income generated by the Fund since its inception, less the sums allocated to the CADES debt;
- "Valuation difference" representing unrealised capital gains and losses recognised on all assets at the closing date;
- profit/(loss) for the financial year.

The "Extraordinary contribution to CNIEG" comprises:

- the contribution paid to the FRR by the Caisse Nationale des Industries Electriques et Gazières (CNIEG) as part of Article 19 of Law no. 2004-803 of 9 August 2004, whose conditions of payment to the FRR by the CNIEG were laid down by the Order of the Minister for Social Solidarity, Health and Family on 31 January 2005. This order set the sum that had been paid to the FRR by the CNIEG during the second quarter of 2005 at EUR 3,060,000,000;
- interest paid to the FRR by the CNIEG in accordance with the Order of 31 January 2005;
- the share of the income for the financial year, net of charges, corresponding to the allocation of the share of the FRR's income to the balance paid by the CNIEG;
- the share of unrealised capital gains or losses on the closing date.

The "CADES debt" is shown as "debt - 1 year" and "debt + 1 year".

ADDITIONAL INFORMATION RELATING TO THE ASSETS

FIXED ASSETS

Table of fixed assets and depreciation – euros

	Fixed assets				Depreciation and amortisation				Net book value
Headings and items	Gross book value – opening balance	Increase	Decrease	Gross book value – closing balance	Accumulated values – opening balance	Depreciation/ amortisation charges	Decrease	Accumulated values – closing balance	
Intangible assets	4,806,316.44	500,000.00	0.00	5,306,316.44	-3,537,204.77	-515,124.40	0.00	4,052,329.17	1,253,987.27
TOTAL I	**4,806,316.44**	**500,000.00**	**0.00**	**5,306,316.44**	**-3,537,204.77**	**-515,124.40**	**0.00**	**-4,052,329.17**	**1,253,987.27**
Tangible fixed assets	12,712.31	0.00	0.00	12,712.31	-12,712.31	0.00	0.00	-12,712.31	0.00
TOTAL II	**12,712.31**	**0.00**	**0.00**	**12,712.31**	**-12,712.31**	**0.00**	**0.00**	**-12,712.31**	**0.00**
GRAND TOTAL	**4,819,028.75**	**500,000.00**	**0.00**	**5,319,028.75**	**-3,549,917.08**	**-515,124.40**	**0.00**	**-4,065,41.48**	**1,253,987.27**

RECEIVABLES RELATED TO FINANCIAL MANAGEMENT

Receivables – euros	**31/12/2017**
Related to financial instruments	
Matured coupons for payment	7,203,945.65
Sales pending settlement	23,021,046.12
Fees/rebates receivable	2,345,916.00
TOTAL	**32,570,907.77**
Related to forex transactions	
Forward purchases	381,095,973.63
Forex forward receivables	7,911,062,964.16
Forex spot receivables	2,590,419.89
Backwardation	24,530,167.22
TOTAL	**8,319,279,524.90**
Related to forward financial instruments	
Security deposits	436,192,545.85
Margin receivable	453,797.79
Premiums on options	28,313,152.18
TOTAL	**464,959,495.82**

FINANCIAL INSTRUMENTS

CHANGES IN THE VALUE OF THE PORTFOLIO OF TRANSFERABLE SECURITIES

Portfolio at 31 December 2016 – euros

	Value on acquisition	Valuation differences	Accrued coupons	Balance sheet value
Equities	**8,237,847,261.37**	**1,799,452,546.67**		**10,037,299,808.04**
Bonds	**13,942,917,721.21**	**792,870,401.41**	**215,059,421.44**	**14,950,847,544.06**
Transferable debt securities	**1,522,000,000.00**	**1,201,834.23**		**1,523,201,834.23**
Undertakings for Collective Investment	**6,508,880,080.00**	**1,445,434,042.32**		**7,954,314,122.32**
UCITS	5,933,098,383.92	1,055,880,581.39		6,988,978,965.31
Other UCIs	575,781,696.08	389,553,460.93		965,335,157.01
Private equity funds	*56,977,800.00*	*358,164,457.55*		*445,142,257.55*
Securitisation Entity	*518,803,896.08*	*1,389,003.38*		*520,192,899.46*
TOTAL	**30,211,645,062.58**	**4,038,958,824.63**	**215,059,421.44**	**34,465,663,308.65**

Portfolio at 31 December 2017 – euros

	Value on acquisition	Valuation differences	Accrued coupons	Balance sheet value
Equities	**8,603,288,732.16**	**1,919,977,456.29**		**10,523,266,188.45**
Bonds	**14,278,231,536.62**	**231,268,986.83**	**206,363,058.96**	**14,715,863,582.41**
Transferable debt securities	**363,300,000.00**	**-22,670.58**		**363,277,329.42**
Undertakings for Collective Investment	**7,810,579,998.40**	**1,554,853,036.16**		**9,365,433,034.56**
UCITS	7,289,222,446.13	1,308,206,845.17		8,597,429,291.30
Other UCIs	521,357,552.27	246,646,190.99		768,003,743.26
Private equity funds	*4,066,993.07*	*248,591,398.78*		*252,658,391.85*
Securitisation Entity	*517,290,559.20*	*-1,945,207.79*		*515,345,351.41*
TOTAL	**31,055,400,267.18**	**3,706,076,808.70**	**206,363,058.96**	**34,967,840,134.84**

	31/12/2017	31/12/2016
Equities	**10,037,299,808.04**	**10,523,266,188.45**
Bonds	**14,950,847,544.06**	**14,715,863,582.41**
Transferable debt securities	**1,523,201,834.23**	**363,277,329.42**
Undertakings for Collective Investment	**7,954,314,122.32**	**9,365,433,034.56**
UCITS	6,988,978,965.31	8,597,429,291.30
Other UCIs	965,335,157.01	768,003,743.26
Private equity funds	*445,142,257.55*	*252,658,391.85*
Securitisation Entity	*520,192,899.46*	*515,345,351.41*
TOTAL GÉNÉRAL	**34,465,663,308.65**	**34,967,840,134.84**

BREAKDOWN OF PORTFOLIO BY REMAINING TERM TO MATURITY

	31/12/2017	31/12/2016
< 3 months	0.29%	2.23%
> 3 months < 1 year	9.76%	1.72%
1 to 3 years	7.99%	20.58%
3 to 5 years	29.01%	24.45%
5 to 7 years	31.17%	28.33%
7 to 10 years	16.34%	15.47%
10 to 15 years	2.81%	3.48%
> 15 years	2.62%	3.74%
	100.00%	**100.00%**

BREAKDOWN OF PORTFOLIO BY COUPON TYPE

	31/12/2017	31/12/2016
Fixed rate	3.08%	3.30%
Index-linked rate	96.08%	94.02%
Variable rate	0.84%	2.68%
	100.00%	**100.00%**

BREAKDOWN OF THE FINANCIAL INSTRUMENTS PORTFOLIO BY LISTING CURRENCY

				Undertakings for Collective Investment			
					Other UCIs		
Currency	**Equities**	**Bonds**	**Transferable debt securities**	**UCITS[1]**	**SE[2]**	**LP[3] and PEF**	**Total**
AUD	190,633,711.87						190,633,711.87
CAD	21,884,633.47						21,884,633.47
CHF	148,931,408.03						148,931,408.03
DKK	65,559,834.48						65,559,834.48
EUR	6,226,066,,627.22	11,765,858,010.11	363,455,574.29	4,521,680,734.24	515,345,351.41	182,407,683.08	23,574,813,980.35
GBP	541,339,981.10			19,404,321.52			560,744,302.62
HKD	138,770,918.48						138,770,918.48
JPY	764,017,870.42						764,017,870.42
NOK	16,479,373.99						16,479,373.99
NZD	13,532,067.43						13,532,067.43
SEK	148,582,082.83						148,582,082.83
SGD	45,675,312.63						45,675,312.63
USD	2,201,792,366.50	2,950,005,572.30		4,056,344,235.54		70,250,708.77	9,278,392,883.11
					515,345,351.41	**252,658,391.85**	
NET TOTAL OF INTEREST RECEIVED IN ADVANCE[4]	**10,523,266,188.45**	**14,715,863,,582.41**	**363,455,574.29**	**8,597,429,291.30**	**768,003,743.26**		**34,968,018,379.71**
Interest received in advance on French Treasury Bills			–				
Interest received in advance on foreign Treasury Bills			–				
Interest received in advance on certificates of deposit			-178,244.87				
Total interest received in advance:			**-178,244.87**				
TOTAL	**10,523,26,188.45**	**14,715,863,582.41**	**363,277,329.42**	**9,365,433,034.56**			**34,967,840,134.84**

1. o/w Exchange Traded Funds
2. Securitisation entities
3. Limited Partnership: Private equity funds
4. IRA: Interest received in advance

DETAILED STATEMENT OF FINANCIAL INSTRUMENTS AT 31 DECEMBER 2017 – euros

Financial instruments	Net total of interest received in advance	IRA	Total portefeuille
EQUITIES			
Eurozone European	6,225,331,179.74	–	6,225,331,179.74
Non-eurozone European	920,892,680.43	–	920,892,680.43
North America	2,224,412,447.45	–	2,224,412,447.45
Asia ex Japan	388,612,010.41	–	388,612,010.41
Japan	764,017,870.42	–	764,017,870.42
TOTAL	**10,523,266,188.45**	**–**	**10,523,266,188.45**
BONDS			
Eurozone European	11,765,858,010.11	–	11,765,858,010.11
North America	2,950,005,572.30	–	2,950,005,572.30
TOTAL	**14,715,863,582.41**	**–**	**14,715,863,582.41**
TRANSFERABLE DEBT SECURITIES			
Eurozone European	363,455,574.29	-178,244.87	363,277,329.42
North America	–	–	–
TOTAL	**363,455,574.29**	**-178,244.87**	**363,277,329.42**
UNDERTAKINGS FOR COLLECTIVE INVESTMENT			
UCITS			
Eurozone European	4,521,680,734.24	–	4,521,680,734.24
Non-eurozone European	19,404,321.52	–	19,404,321.52
North America	4,056,344,235.54	–	4,056,344,235.54
SOUS-TOTAL	**8,597,429,291.30**	**–**	**8,597,429,291.30**
OTHERS UCITS			
Private equity funds			
Europe	70,250,708.77	–	70,250,708.77
North America	182,407,683.08	–	182,407,683.08
TOTAL	**252,658,391.85**	**–**	**252,658,391.85**
Securitisation entities			
Europe	515,345,351.41	–	515,345,351.41
TOTAL	**515,345,351.41**	**–**	**515,345,351.41**
GRAND TOTAL	**9,365,433,034.56**		**9,365,433,034.56**
TOTAL GÉNÉRAL	**34,968,018,379.71**	**-178,244.87**	**34,967,840,134.84**

PRIVATE EQUITY FUNDS

		Panthéon Ventures	Access Capital Partners	Antin Infrastructures	Total
Liabilities at inception	EUR	550,000,000	300,000,000	50,000,000	900,000,000
Liabilities on closing date	EUR	257,474,250	210,000,000	50,000,000	517,474,250
Balance for previous financial year	EUR	24,265,750	32,130,000	582,050	56,977,800
Payments over the period (calls for funds)	EUR	0	0	351,196	351,196
Provisional repayment	EUR	-59,700,000	-45,150,000	-31,767,200	-136,617,200
Balance on closing date	EUR	0	0	351,196	351,196
Valuation on closing date	EUR	105,691,265	68,004,273	8,712,145	182,407,683

		NBEL[5]	Axa IM Private Equity Europe	Total		NBEL	Axa IM Private Equity Europe	Total
Liabilities at inception	USD	679,993,200	198,000,000	877,993,200	EUR[6]	566,283,445	164,890,064	731,173,509
Liabilities on closing date	USD	280,711,144	198,000,000	478,711,144	EUR[6]	233,770,093	164,890,064	398,660,157
Balance for previous financial year	USD	0	0	0	EUR[6]	–	–	–
Payments over the period (calls for funds)	USD	0	0	0	EUR[7]	–	–	–
Distribution of assets	USD	-49,976,457	-41,460,726	-91,437,183	EUR[7]	-27,416,021	-36,013,527	-63,429,548
Balance on closing date[8]	USD	0	0	0	EUR[6]	–	–	–
Valuation on closing date	USD	79,895,122	4,461,929	84,357,051	EUR[6]	66,534,912	3,715,797	70,250,709
Total initial liabilities (EUR)								**1,631,173,509**
Total net payments over the period (EUR)								**-216,352,194**
TOTAL VALUED ON CLOSING DATE (EUR)								**252,658,392.00**

5. Neuberger Berman Europe Limited ex Lehman Brother Int. Europe
6. On the basis of a USD/EUR exchange rate of 0.8327781 on the closing date
7. On the basis of an exchange rate on the transaction date
8. Dividends are attributed to the value of the fund under balance sheet assets until the amounts invested are repaid. Capital gains are recognised when the dividends paid exceed the total amount invested (see Article 2.2.2 of CNC notice no. 2008-10 of 5 June 2008)

SECURITISATION ENTITIES – euros

Funds FCT[9]	Liabilities at inception
Idinvest 1	
NOVO 1	
NOVO 2	
Idinvest 2	
Tikehau	
CM-CIC-Debt Fund 1	
Idinvest 3	
Cerea Dette	
FCT Eurocréances	
CM-CIC-Debt Fund 2	
Lyxor Dette privée	
SUB-TOTAL	**790,000,000**

Funds FCT[10]	Liabilities at inception
FPS Immo Durable	
NOVI 1	
NOVI 2	
BNP PARIBAS FPS FPE	
Meridiam	
Capenergie	
Quaero	
Schelcher Prince G	
BNPP AM Dette privée	
Idinvest Dette privée	
Swen FOF CI France	
Ardian FOF CI France	
SOUS-TOTAL	**1,280,000,000**
TOTAL	**2,070,000,000**

CASH ASSETS

Currencies – euros	**Total**
AUD	6,596,389.67
CAD	3,791,332.71
CHF	4,990,405.87
DKK	660,373.37
EUR	538,926,517.96
GBP	7,311,731.54
HKD	8,320,846.30
JPY	55,921,315.83
NOK	365,416.53
NZD	115,184.51
SEK	272,982.65
SGD	250,330.62
USD	297,928,466.94
TOTAL	**925,451,294.50**

9. Debt Securitisation Fund (Fonds Commun de Titrisation)
10. Balance on the closing date excluding issue and subscription premiums

ADDITIONAL INFORMATION RELATING TO LIABILITIES

CHANGES IN PERMANENT CAPITAL – euros

Equity capital	31/12/2016	Allocation of 2016 profit/(loss)	2017 profit/(loss)	Variation [+]	Variation [-]	31/12/2017
Allocations	2,870,680,121.97	–	–	–	–	2,870,680,121.97
Reserves	6,996,598,240.48	746,614,649.95	–	–	–	7,743,212,890.43
Valuation differences	3,725,577,877.32	–	–	–	221,369,006.97	3,504,208,870.35
Profit/(loss) for the financial year	746,614,649.95	-746,614,649.95	2,392,033,650.10	–	–	2,392,033,650.10
SUB-TOTAL	**14,339,470,889.72**	**–**	**2,392,033,650.10**	**–**	**221,369,006.97**	**16,510,135,532.85**
Long-term debts	**31/12/2016**					**31/12/2017**
CNIEG	4,817,195,728.53	–	–	360,079,441.11	–	5,177,275,169.64
CADES + 1 year	14,700,000,000.00	–	–	–	2,100,000,000.00	12,600,000,000.00
TOTAL PERMANENT CAPITAL	**33,856,666,618.25**	**–**	**–**	**360,079,441.11**	**2,100,000,000.00**	**17,777,275,169.64**
TOTAL PERMANENT CAPITAL	**33,856,666,618.25**	**–**	**2,392,033,650.10**	**360,079,441.11**	**2,321,369,006.97**	**34,287,410,702.49**

PROFIT/(LOSS) IN RECENT YEARS – euros

	2014	2015	2016	2017
Profit/(loss) for the financial year	1,439,660,130.27	1,500,464,460.48	746,614,649.95	2,392,033,650.10

Profits/losses for the financial years preceding the closing date are allocated to reserves.

PAYABLES – euros

DEBT REPAYMENT SCHEDULE

	Total	- 1 year	+ 1 year	of which 1 à 5 year	of which more than 5 year
Extraordinary contribution to CNIEG	5,177,275,169.64	–	5,177,275,169.64	–	–
CADES debt	14,700,000,000.00	2,100,000,000.00	12,600,000,000.00	8,400,000,000.00	4,200,000,000.00
Payables from operations	75,916,985.52	75,916,985.52	–	–	–
Payables on financial instruments	22,405,341.77	22,405,341.77	–	–	–
Payables on forex transactions	8,193,471,573.61	8,193,471,573.61	–	–	–
Payables on forward financial instruments	32,331,810.62	32,331,810.62	–	–	–
	28,201,400,881.16	**10,424,125,711.52**	**17,777,275,169.64**	**8,400,000,000.00**	**4,200,000,000.00**

EXTRAORDINARY CONTRIBUTION TO CNIEG – euros

Equity capital at 31 December 2016	14,339,470,889.72
CNIEG balance at 31 December 2016	4,817,195,728.53
2017 employers' contributions	–
CADES debt at 31 December 2016	14,700,000,000.00
	33,856,666,618.25
CNAV SHARE AT 31 DECEMBER 2017	**14.23%**

Employers' contributions

Allocations at 31 December 2016		2,870,680,121.97	**2017**
Allocations at 31 December 2017		2,870,680,121.97	–
Breakdown at 31 December 2017	**31/12/2016**	**31/12/2017**	**to distribute**
Operating income	–	-96,440,937.71	-96,440,937.71
Financial Income	–	2,885,077,602.68	2,885,077,602.68
Extraordinary Income	–	198,095.09	198,095.09
TOTAL INCOME	**–**	**2,788,834,760.06**	**2,788,834,760.06**
Valuation difference Financial institutions	3,649,405,363.70	3,459,430,617.71	-189,974,745.99
Valuation difference – Forex	10,972,131.74	-27,622,907.29	-38,595,039.03
Valuation difference – Forward exchange	-40,304,337.33	141,808,693.98	182,113,031.31
Valuation difference – Derivatives	55,728,470.61	-16,163,846.98	-71,892,317.59
Valuation difference – Private equity funds	388,164,457.55	252,307,195.75	-135,857,261.80
Valuation difference – Securitisation entities	1,389,003.38	-1,945,207.79	-3,334,211.17
Valuation difference – Options	-2,612,713.46	-3,162,844.80	-550,131.34
VALUATION DIFFERENCE – TOTAL	**4,062,742,376.19**	**3,804,651,700.58**	**-258,090,675.61**

Total Income	2,788,834,760.06
Breakdown percentage	**14.23%**
TO BE CREDITED TO THE CNAV	**-36,721,668.86**
Estimation gap	-258,090,675.61
Breakdown percentage	**14.23%**
TO BE DEBITED TO THE CNAV	**-36,721,668.86**

Summary

Total Income	396,801,109.96
Valuation difference	-36,721,668.86
TOTAL	**360,079,441.11**
For the record: CNIEG contribution at 31 December 2016	**4,817,195,728.53**
CNIEG CONTRIBUTION AT 31 DECEMBER 2017	**5,177,275,169.64**

PAYABLES RELATED TO FINANCIAL MANAGEMENT

Payables – euros	**31/12/2017**
Related to financial instruments	
Purchases pending settlement	22,405,341.770
TOTAL	**22,405,341.770**
Related to forex transactions	
Forward sales	7,804,267,036.090
Currencies for forward delivery	385,021,673.050
Currencies for spot delivery	2,591,111.370
Contango	1,591,753.100
TOTAL	**8,193,471,573.610**
Related to forward financial instruments	
Margin payable	15,956,419.280
Premiums on options	16,375,391.340
TOTAL	**32,331,810.620**

PREPAID INCOME

Prepaid income amounted to EUR -178,244.87. It corresponds to interest prepaid on certain transferable debt securities[11] on which rates are negative. It is presented in the “Prepaid expenses” item of the balance sheet.

11. BTF, CDN, foreign Treasury Bills, commercial paper

ADDITIONAL INFORMATION RELATING TO THE PROFIT AND LOSS ACCOUNT

OPERATING EXPENSES– euros

	Amount
Outside services	**100,303,906.33**
Administrative Management (Caisse des dépôts et consignations)	23,886,410.00
Investment company fees	72,712,198.18
Other outside services	3,705,298.15
Including trading costs on forward financial instruments	*2,947,123.75*
Taxes and duties	**82,218.00**
Payroll	**927,792.24**
Depreciation and amortisation	**515,124.40**
TOTAL	**101,829,040.97**

OPERATING INCOME – euros

	Amount
Outside services	**5,388,103.26**
Other outside services	5,388,103.26

TABLE OF STAFF REMUNERATED DIRECTLY BY THE FRR – euros

Table of staff and breakdown by category

Category	PERMANENT (CDI)	TEMPORARY (CDD)	TEMPS	OTHERS	Total
Management	1	–	–	–	1
Executives	1	–	–	–	1
EMployees	4	1	–	–	5
TOTAL	**6**	**1**	**–**	**–**	**7**
OTHER [12]	–	–	–	**1**	–

12. Chairman of the Supervisory Board and Accounting Officer.

OFF-BALANCE SHEET LIABILITIES

Forward foreign exchange contracts – euros

Currency codes	Currency receivable	%	Currency to be delivered	%
AUD	172,900,038.33	2.19%	0.00	0.00%
CAD	23,134,108.76	0.29%	249,278.72	0.06%
CHF	139,428,077.06	1.76%	1,802,138.72	0.47%
DKK	60,358,815.24	0.76%	0.00	0.00%
GBP	507,822,210.99	6.42%	238,111.68	0.06%
HKD	141,466,820.65	1.79%	0.00	0.00%
JPY	768,154,196.75	9.71%	44,859,644.01	11.65%
NOK	11,617,319.79	0.15%	0.00	0.00%
NZD	14,392,475.83	0.18%	968,906.43	0.25%
SEK	129,208,168.93	1.63%	0.00	0.00%
SGD	45,527,414.16	0.58%	478,793.73	0.12%
USD	5,897,053,317.67	74.54%	336,424,799.76	87.38%
TOTAL	**7,911,062,964.16**	**100.00%**	**385,021,673.05**	**100.00%**

Securities and cash on deposit at 31 December 2017 – euros

Stock code	Name of stock	Quantity	Cost price	Market value
XS1605365193	CA LONDON 1.375% 03/05/27 EUR	5,000,000.00	4,947,850.00	5,186,549.26
SOUS-TOTAL			**4,947,850.00**	**5,186,549.26**
Stock code	**Name of stock**	**Quantity**	**Cost price**	**Market value**
DG.AUD	DEPOSIT AUD	65,500.00	43,637.42	42,664.06
DG.AUD	DEPOSIT AUD	52,400.00	34,573.79	34,131.24
DG.EUR	DEPOSIT EUR	123,632,109.71	123,632,109.71	123,632,109.71
DG.EUR	DEPOSIT EUR	430,492.60	430,492.60	430,492.60
DG.EUR	DEPOSIT EUR	789,983.10	789,983.10	789,983.10
DG.EUR	DEPOSIT EUR	390,663.10	390,663.10	390,663.10
DG.EUR	DEPOSIT EUR	230,120.50	230,120.50	230,120.50
DG.EUR	DEPOSIT EUR	327,420.00	327,420.00	327,420.00
DG.EUR	DEPOSIT EUR	106,322.50	106,322.50	106,322.50
DG.EUR	DEPOSIT EUR	178,033.00	178,033.00	178,033.00
DG.EUR	DEPOSIT EUR	153,304.80	153,304.80	153,304.80
DG.EUR	DEPOSIT EUR	150,832.00	150,832.00	150,832.00
DG.GBP	DEPOSIT GBP	456,540.00	547,204.21	514,324.33
DG.HKD	DEPOSIT HKD	396,606.00	46,233.15	42,250.33
DG.HKD	DEPOSIT HKD	297,455.00	32,488.22	31,687.80
DG.JPY	DEPOSIT JPY	2,790,000.00	21,328.42	20,625.40
DG.JPY	DEPOSIT JPY	972,315,000.00	7,890,379.55	7,187,952.10
DG.SGD	DEPOSIT SGD	9,900.00	6,250.75	6,169.18
DG.USD	DEPOSIT USD	360,909,132.92	316,687,658.52	300,557,239.27
DG.USD	DEPOSIT USD	558,065.00	501,829.54	464,744.33
DG.USD	DEPOSIT USD	480,112.00	350,339.77	399,826.78
DG.USD	DEPOSIT USD	468,731.00	414,433.40	390,348.93
DG.USD	DEPOSIT USD	133,650.00	116,438.32	111,300.79
SOUS-TOTAL			**453,082,076.37**	**436,192,545.85**
TOTAL			**458,029,926.37**	**441,379,095.11**

OTHER LIABILITIES – EUROS

INDEX FUTURES

Long position

Stock code	Name of stock	Curr.	Quantity	Price	Commitment OBS valued
AP0318	SYD FUTURE SPI2 0318	AUD	8.00	6,020.00	784,237.09
ES0318	CHI FUTUR SPMIN 0318	USD	765.00	2,676.00	85,240,672.88
ES0318	CHI FUTUR SPMIN 0318	USD	27.00	2,676.00	3,008,494.34
FCE0118	Mar CAC40 0118	EUR	8,465.00	5,310.50	449,533,825.00
FCE0118	Mar CAC40 0118	EUR	102.00	5,310.50	5,416,710.00
FDAX0318	EUR FUTURE DAX 0318	EUR	1,367.00	12,910.00	441,199,250.00
FESX0318	EUR DJ EURO STO 0318	EUR	30,496.00	3,493.00	1,065,225,280.00
FESX0318	EUR DJ EURO STO 0318	EUR	43.00	3,493.00	1,501,990.00
FESX0318	EUR DJ EURO STO 0318	EUR	72.00	3,493.00	2,514,960.00
FESX0318	EUR DJ EURO STO 0318	EUR	62.00	3,493.00	2,165,660.00
FESX0318	EUR DJ EURO STO 0318	EUR	61.00	3,493.00	2,130,730.00
FTI0118	Mar FUTURE AEX 0118	EUR	1,063.00	544.50	115,760,700.00
HSI0118	HKF HANG SENG I 0118	HKD	3.00	29,948.00	478,552.90
IX0118	MEF IBEX 35 0118	EUR	773.00	10,020.80	77,460,784.00
SG_FQ0118	SIM MSCI SINGAP 0118	SGD	10.00	388.10	241,844.52
SPMIB0318	ITA SPMIB INDEX 0318	EUR	844.00	21,757.00	91,814,540.00
TP0318	OSA TOPIX 0318	JPY	2,091.00	1,817.00	280,871,160.81
TP0318	OSA TOPIX 0318	JPY	6.00	1,817.00	805,943.07
TOTAL					**2,626,155,334.63**

Short position

Stock code	Name of stock	Curr.	Quantity	Price	Commitment OBS valued
AP0318	SYD FUTURE SPI2 0318	AUD	10.00	6,020.00	980,296.37
HSI0118	HKF HANG SENG I 0118	HKD	4.00	29,948.00	638,070.53
Z0318	LIF FTSE100 0318	GBP	140.00	7,638.00	12,046,640.00
TOTAL					**13,665,006.91**

INTEREST RATE FUTURES

Long position

Stock code	Name of stock	Curr.	Quantity	Price	Commitment OBS valued
FGBL0318	EUR EURO BUND F 0318	EUR	223.00	161.68	36,054,640.00
FGBM0318	EUR EURO BOBL F 0318	EUR	252.00	131.61	33,165,720.00
FGBS0318	EUR EURO SCHATZ 0318	EUR	177.00	111.98	19,819,575.00
FV0318	CBO UST NOTE 5 0318	USD	181.00	116.16	17,509,504.08
TN0318	CBO ULTRA NOTE 0318	USD	300.00	133.56	33,368,379.41
TU0318	CBO 2 Y US TRES 0318	USD	405.00	107.05	72,212,717.56
TU0318	CBO 2 Y US TRES 0318	USD	267.00	107.05	47,606,902.69
TY0318	CBO T NOTE US 1 0318	USD	54.00	124.05	5,578,390.45
UBE0318	CBO ULTRA BOND 0318	USD	1.00	167.66	139,620.46
TOTAL					**265,455,449.66**

Short position

Stock code	Name of stock	Curr.	Quantity	Price	Commitment OBS valued
FGBL0318	EUR EURO BUND F 0318	EUR	1,770.00	161.68	286,173,600.00
FGBL0318	EUR EURO BUND F 0318	EUR	97.00	161.68	15,682,960.00
FGBL0318	EUR EURO BUND F 0318	EUR	8.00	161.68	1,293,440.00
FGBL0318	EUR EURO BUND F 0318	EUR	156.00	161.68	25,222,080.00
FGBL0318	EUR EURO BUND F 0318	EUR	200.00	161.68	32,336,000.00
FGBM0318	EUR EURO BOBL F 0318	EUR	4,560.00	131.61	600,141,600.00
FGBM0318	EUR EURO BOBL F 0318	EUR	637.00	131.61	83,835,570.00
FGBM0318	EUR EURO BOBL F 0318	EUR	50.00	131.61	6,580,500.00
FGBM0318	EUR EURO BOBL F 0318	EUR	106.00	131.61	13,950,660.00
FGBM0318	EUR EURO BOBL F 0318	EUR	271.00	131.61	35,666,310.00
FGBS0318	EUR EURO SCHATZ 0318	EUR	5,390.00	111.98	603,545,250.00
FGBS0318	EUR EURO SCHATZ 0318	EUR	231.00	111.98	25,866,225.00
FGBX0318	EUR FUTURE EURO 0318	EUR	70.00	163.86	11,470,200.00
FSMI0318	EUR FUTURE SMI 0318	CHF	70.00	9,269.00	5,544,844.68
FV0318	CBO UST NOTE 5 0318	USD	17,344.00	116.16	1,677,816,788.80
FV0318	CBO UST NOTE 5 0318	USD	107.00	116.16	10,350,922.30
TN0318	CBO ULTRA NOTE 0318	USD	3,012.00	133.56	335,018,529.31
TN0318	CBO ULTRA NOTE 0318	USD	49.00	133.56	5,450,168.64
TN0318	CBO ULTRA NOTE 0318	USD	317.00	133.56	35,259,254.25
TU0318	CBO 2 Y US TRES 0318	USD	11,787.00	107.05	2,101,657,535.60
TU0318	CBO 2 Y US TRES 0318	USD	70.00	107.05	12,481,210.44
TY0318	CBO T NOTE US 1 0318	USD	7,784.00	124.05	804,114,652.73
TY0318	CBO T NOTE US 1 0318	USD	434.00	124.05	44,833,730.64
TY0318	CBO T NOTE US 1 0318	USD	83.00	124.05	8,574,192.73
US0318	CBO FUTURE BOND 0318	USD	21.00	153.00	2,675,716.19
TOTAL					**6,785,541,941.31**

INDEX CALL OPTIONS – euros

Stock code	Name of stock Fininfo	Quantity	Strike price	Support price	Delta (Mid)	Commitment value (value of the underlying)
OSPX0318C-1	S&P 500 C 1803 2720.00	-4,480.00	2,720.00	2,673.61	0.327	-326,176,858.38
OSPX0318C-2	S&P 500 C 1803 2705.00	-3,586.00	2,705.00	2,673.61	0.388	-309,791,423.04
TOTAL, BY ABSOLUTE VALUE						**635,968,281.42**

INDEX PUT OPTIONS – euros

Stock code	Name of stock Fininfo	Quantity	Strike price	Support price	Delta (Mid)	Commitment value (value of the underlying)
OESX0318P-1	EURO STOXX 50 P 1803 3550.00	27,613.00	3,550.00	3,503.96	-0.581	-562,145,663.86
OESX0318P-2	EURO STOXX 50 P 1803 3350.00	-27,613.00	3,350.00	3,503.96	-0.268	259,302,991.25
OSPX0318P-1	S&P 500 P 1803 2575.00	4,480.00	2,575.00	2,673.61	-0.247	-246,378,238.60
OSPX0318P-2	S&P 500 P 1803 2425.00	-4,480.00	2,425.00	2,673.61	-0.100	99,748,274.74
OSPX0318P-3	S&P 500 P 1803 2420.00	-3,586.00	2,420.00	2,673.61	-0.097	77,447,855.76
OSPX0318P-4	S&P 500 P 1803 2570.00	3,586.00	2,570.00	2,673.61	-0.239	-190,825,129.14
TOTAL, BY ABSOLUTE VALUE						**1,435,848,153.34**

Statutory auditor's report

at 31 December 2017

I. OPINION

Following our appointment by the Supervisory Board, we audited the annual financial statements of the Fonds de Réserve pour les Retraites for the financial year ended 31 December 2017, as they are attached to this report.

In our opinion, the annual financial statements, in accordance with French accounting rules and principles, give a true and fair view of the financial position and assets and liabilities of the Fonds de Réserve pour les Retraites and of the results of its operations at the end of the financial year.

II. BASIS FOR OUR OPINION

Audit standards

We conducted our audit in accordance with the professional standards applicable in France. We believe that the evidence gathered is pertinent and sufficient to serve as a basis for our opinion.
The responsibilities that we hold in respect of these standards are shown in the "Responsibilities of the statutory auditors regarding the audit of the annual financial statements" section of this report.

Independence

We conducted our audit in accordance with applicable rules on independence, for the period from 1 January 2017 to the date on which our report was issued, and we have not provided any of the services banned by the audit industry's code of ethics.

III. JUSTIFICATION OF EVALUATIONS

In application of the provisions of Articles L823-9 and R823-7 of the French Commercial Code concerning the justification for our evaluations, we draw your attention to the following evaluations which, in our professional judgment, were the most important in auditing the annual financial statements.
The evaluations were made in the context of our audit of the annual financial statements taken as a whole, and the formation of the opinion expressed below. We offer no opinion on items of these annual financial statements taken in isolation.
As indicated in note I to the financial statements, "Accounting rules and methods used", the financial statements were prepared in accordance with the accounting principles and methods of the accounting scheme specific to social security organisations, as well as CNC notice 2003-07 of 24 June 2003, amended by notice no. 2008-10 of 5 June 2008, on the recognition of financial instruments by the Fonds de Réserve pour les Retraites.
As part of our evaluation of the accounting rules and methods used by your company, especially for evaluating the financial instruments in the portfolio, we have verified the appropriateness of these rules and methods and of the information provided in the notes to the financial statements. We also verified the correct application of these rules and methods.

Verification of the management report and other documents addressed to members of the Supervisory Board.

We have also carried out the specific verifications required by law in accordance with the professional auditing standards applicable in France.

We have no comment as to the fair presentation and conformity with the annual financial statements of the information given in the Board's management report and other documents addressed to members of the Supervisory Board with respect to the financial position and annual financial statements.

Responsibilities of the directors and corporate officers regarding the annual financial statements

The directors must prepare annual financial statements that present a true and fair image, in accordance with French accounting standards and principles, and must establish the internal controls that they consider necessary for preparing annual financial statements free of material misstatement, whether due to error or fraud.

When the annual financial statements are prepared, the directors must assess the ability of the Fonds de Réserve pour les Retraites to continue as a going concern, present any necessary information regarding business continuity in these financial statements, and apply the going concern accounting policy unless there are plans for the FRR to enter into liquidation or cease trading.

The annual financial statements were prepared by the Executive Board.

Responsibilities of the statutory auditors regarding the audit of the annual financial statements

It is our duty to prepare a report on the annual financial statements. Our aim is to gain reasonable assurance that the annual financial statements as a whole are free of material misstatement. Reasonable assurance means a high level of assurance, albeit with no guarantee that an audit conducted according to industry standards will systematically detect every material misstatement. Misstatements may result from error or fraud and are considered material if, taken individually or together, they could be reasonably expected to influence the financial decisions that readers of the financial statements make on the basis thereof.

As stipulated in Article L823-10-1 of the French Commercial Code, our task of certifying the financial statements does not guarantee the viability or quality of the company's management.

As part of an audit conducted in accordance with industry standards in France, the statutory auditor exercises its professional judgment throughout the audit. Furthermore:

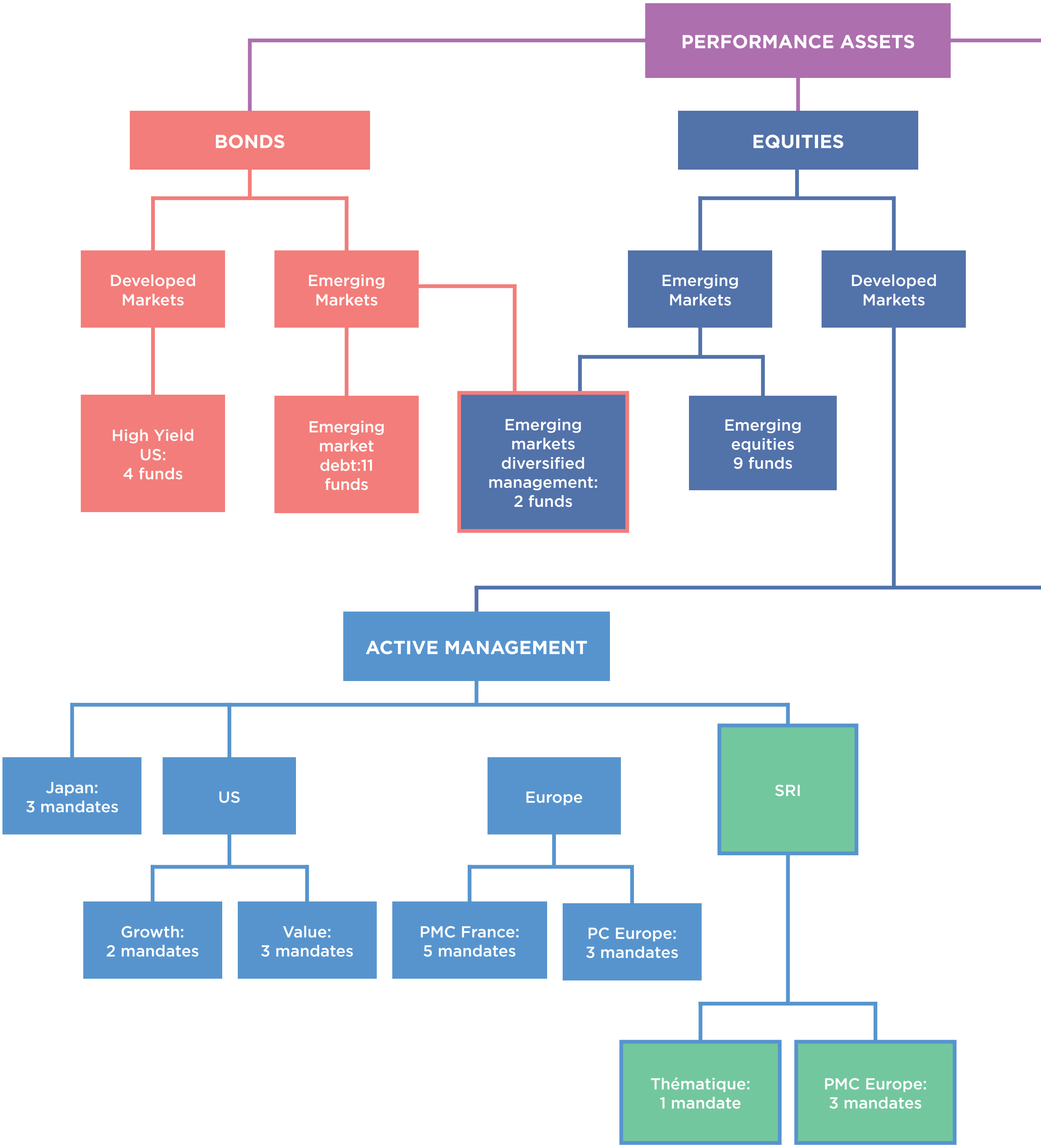
- it identifies and evaluates risks of the annual financial statements containing material misstatements (whether these result from error or fraud), establishes and follows audit procedures to counter these risks, and collects the information that it deems sufficient and appropriate to form an opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that of material misstatement resulting from an error, as fraud may involve collusion, falsification, voluntary omission, false declaration or avoidance of internal controls;
- it takes note of the internal controls relevant to the audit to establish which audit procedures are appropriate for the circumstances, not to express an opinion on the effectiveness of the internal controls;
- it assesses the appropriateness of the accounting methods used and reasonableness of the accounting estimates made by the directors, as well as the related information provided in the annual financial statements;

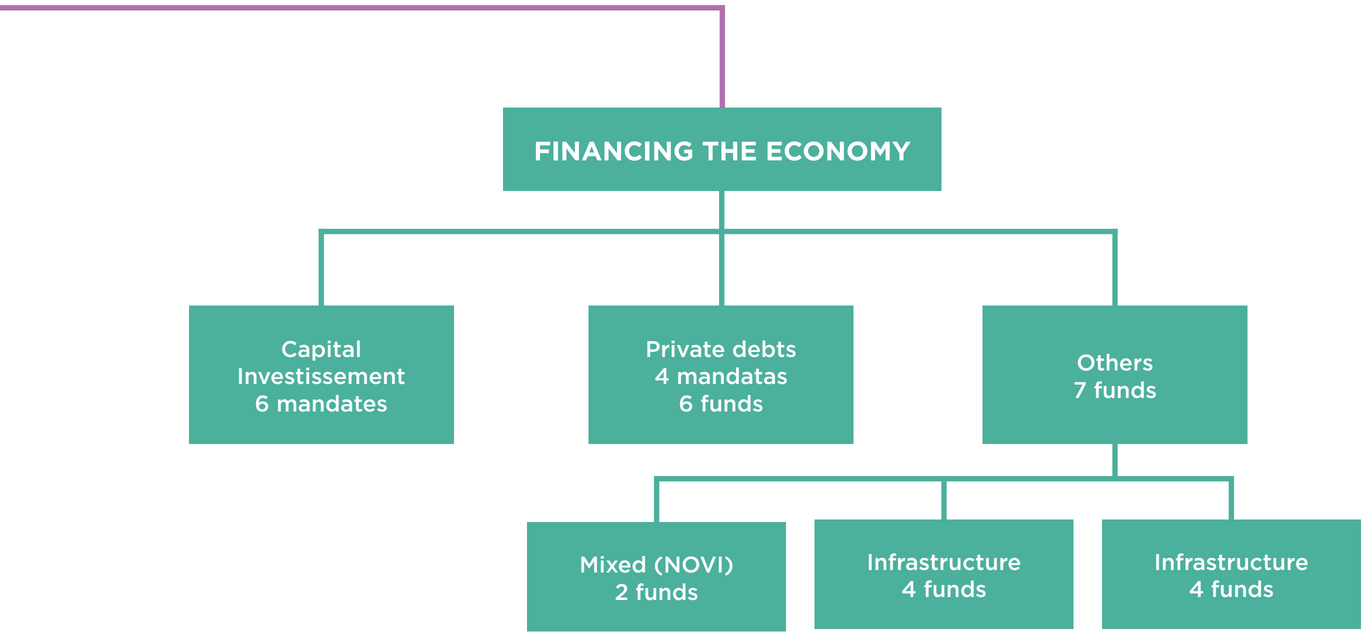
- it assesses the appropriateness of the directors' application of the going concern accounting policy and, depending on the information gathered, considers whether or not there is any significant uncertainty linked to events or circumstances that could threaten the company's ability to continue as a going concern. This evaluation is based on information gathered up to the date of its report, though it should be borne in mind that subsequent events or circumstances could threaten the company's ability to continue as a going concern. If it concludes that there is a significant uncertainty, it draws readers' attention to the information provided in the annual financial statements about this uncertainty or, if this information has not been provided or is not relevant, it signs off with reservations, or refuses to sign off;
- it assesses the presentation of all annual financial statements and considers whether the annual financial statements reflect the underlying operations and events in a way that gives a true and fair image.

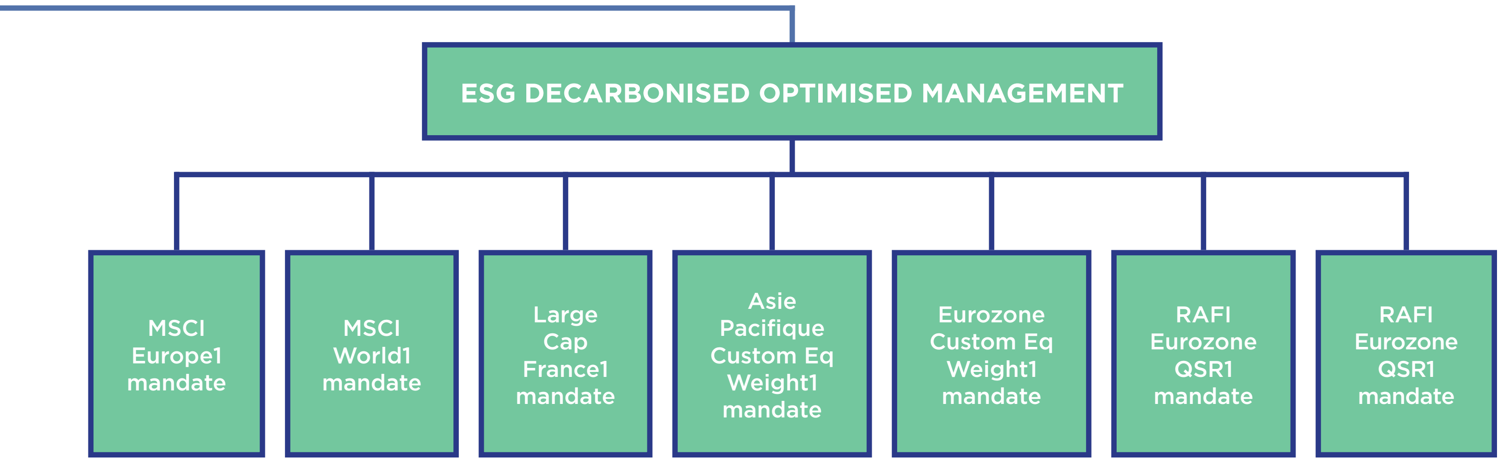
Neuilly-sur-Seine and Courbevoie, 9 March 2018
Statutory Auditors

Grant Thornton		Mazars	
Hervé Grondin Partner	Brigitte Vaira-Bettencourt Partner	Gilles Dunand-Roux Partner	Pierre Masiéri Partner

Mapping of the FRR's portfolio at 31 December 2017
(Physical investments)



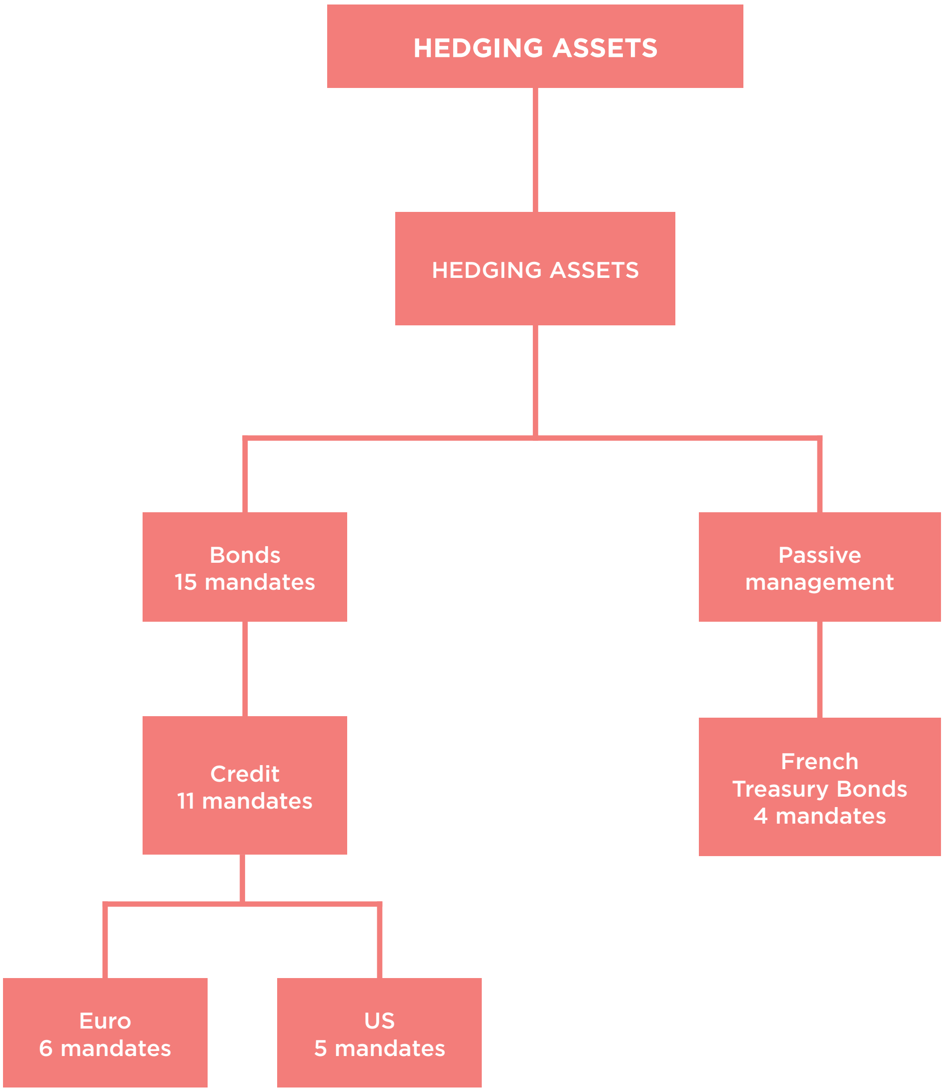


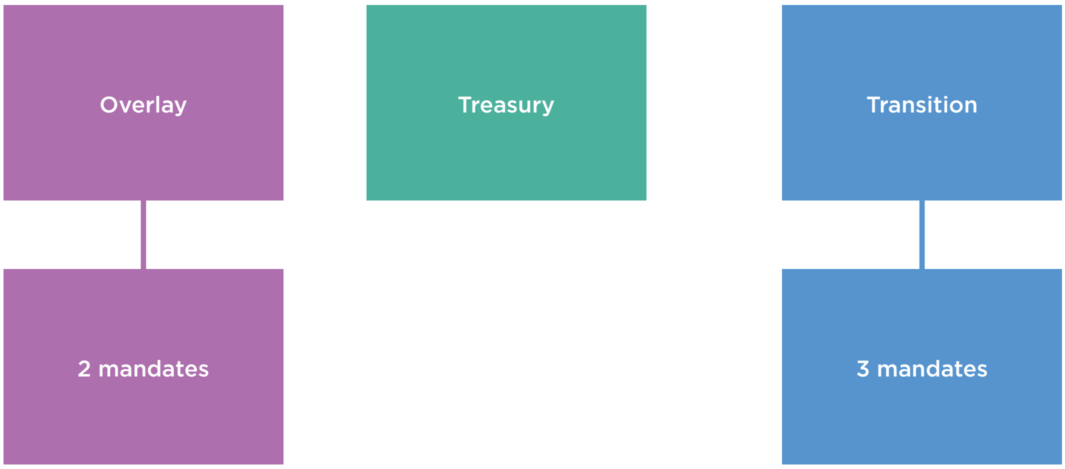


INVESTMENTS ESG

Mapping hedge assets, overlay, transition management and cash

at 31/12/17




Overlay
2 mandates
Treasury
Transition
3 mandates

The FRR's investment management companies

at 31 December 2017

2005FRR05
PRIVATE EQUITY PROGRAMME
- Access Capital Partners (European small and mid-caps fund)
- Ardian Investment (AXA Private Equity Europe), (Secondary LBO fund) Neuberger Berman Europe Limited (North
- American diversified fund)
- Pantheon Ventures (UK) LLP (European diversified fund)

2010FRR05
PASSIVE MANAGEMENT MANDATES – LOT 1 – MATCHED BOOK MANAGEMENT
- Allianz Global Investors
- Amundi Asset Management
- AXA Investment Managers
- BNP Paribas Asset Management
- Natixis Asset Management

2011FRR07
ACTIVE MANAGEMENT MANDATES – LOT 1 – SRI EQUITIES-THEME-BASED COLLECTIVE FUND MANDATES
- BNP Paribas Asset Management

2011FRR07
ACTIVE MANAGEMENT MANDATES – LOT 2 – SRI EQUITIES-EUROPE EQUITIES: NEW SUSTAINABLE GROWTH
- AAXA Investment Managers
- Kempen Capital Management (UK) Limited
- La Financière de l'Échiquier

2012FRR03
TRANSITION OPERATIONS MANAGEMENT
- BlackRock Advisors (UK) Limited
- Goldman Sachs International
- Russell Implementation Services Limited

2013FRR01
ACTIVE MANAGEMENT MANDATES – LOT 1 – EUROPEAN SMALL-CAPS
- Fidelity Gestion SAS (Fil Gestion)
- Montanaro Asset Management
- Threadneedle Asset Management Limited
- Standard Life Investment Limited

2013FRR01
ACTIVE MANAGEMENT MANDATES – LOT 2 – FRENCH SMALL AND MID-CAPS
- CCM-CIC Asset Management
- CPR Asset Management
- Generali Investments Europe
- Oddo Asset Management
- Sycomore Asset Management

2013FRR02
ACTIVE MANAGEMENT MANDATES – LOT 1 – US LARGE AND MID-CAPS – VALUE
- Brightsphere Investment Group
- Robeco Institutional Asset Management B.V.
- Wells Fargo Securities International Limited

2013FRR02
ACTIVE MANAGEMENT MANDATES – LOT 2 – US LARGE AND MID-CAPS – GROWTH
- JP Morgan Asset Management (UK) Limited
- T.Rowe Price International Limited
- Wells Fargo Securities International Limited

2013FRR05
ACTIVE MANAGEMENT MANDATES – JAPANESE EQUITIES
- Capital International Limited
- JP Morgan Asset Management (UK) Limited
- Schroder Asset Management Limited

2014FRR03
OVERLAY MANAGEMENT MANDATES
- Russell Implementation Services (UK) Limited
- State Street Global (France) Advisors

2015FRR01
ACTIVE MANAGEMENT MANDATES – CORPORATE BONDS – LOT 1 – EURODENOMINATED CORPORATE BONDS
- Allianz Global Investors GmbH
- AXA Investment Managers
- HSBC Global Asset Management
- Insight Investment Management (Global) Limited
- Kempen Capital Management N.V.
- La Banque Postale Asset Management

2015FRR01
ACTIVE MANAGEMENT MANDATES – CORPORATE BONDS – LOT 2 – US DOLLARDENOMINATED CORPORATE BOND
- AAXA Investment Managers (AXA Investment Managers Inc. – USA)
- BFT Investment Managers (MacKayShields LLC, USA)
- BlackRock Investment Management (UK)
- Limited (BlackRock Financial Management Limited – USA)
- Morgan Stanley Investment Management
- Limited (Morgan Stanley Investment Management Inc. – USA)
- Wells Fargo Securities International Limited (Wells Capital Management, Inc. – USA)

2016FRR01
BEST EXECUTION ANALYSIS SERVICE
- Trade Analytics (UK) Limited

2016FRR04
ANALYSIS SERVICE FOR NON-FINANCIAL RISKS TO THE FRR'S PORTFOLIO
- Vigeo SAS

2015FRR02
OPTIMISED MANAGMENT MANDATES - EQUITIES - WITH AN ESG APPROACH
- Amundi Asset Management
- Robeco Institutional Asset Management B.V.
- Candriam Luxembourg

2016FRR02
DEDICATED FUND MANDATES – FRENCH COMPANIES' PRIVATE DEBT – LOT 1 – PRIVATE INVESTMENTS
- BNP Paribas Asset Management
- Schelcher Prince Gestion

2016FRR02
DEDICATED FUND MANDATES – FRENCH COMPANIES' PRIVATE DEBT – LOT 2 – ACQUISITION DEBT
- Idinvest Partners
- Lyxor International Asset Management

2017FRR01
SERVICE ANALYSING AND MEASURING THE FRR PORTFOLIO'S ENVIRONMENTAL FOOTPRINT
- S&P Trucost (UK) Limited

The FRR's investment management companies

at 31 May 2018

2005FRR05

PRIVATE EQUITY PROGRAMME

- Access Capital Partners (European small and mid-caps fund)
- Ardian Investment (AXA Private Equity Europe), (Secondary LBO fund)
- Neuberger Berman Europe Limited (North American diversified fund)
- Pantheon Ventures (UK) LLP (European diversified fund)

2011FRR07

ACTIVE MANAGEMENT MANDATES – LOT 1 – SRI EQUITIES-THEME-BASED COLLECTIVE FUND MANDATES

- BNP Paribas Asset Management

2013FRR01

ACTIVE MANAGEMENT MANDATES - LOT 1 - EUROPEAN SMALL-CAPS

- Fidelity Gestion SAS (Fil Gestion)
- Montanaro Asset Management
- Threadneedle Asset Management Limited
- Standard Life investment Limited

2013FRR01

ACTIVE MANAGEMENT MANDATES – LOT 2 – FRENCH SMALL AND MID-CAPS

- CM-CIC Asset Management
- CPR Asset Management
- Generali Investments Europe
- Oddo Asset Management
- Sycomore Asset Management

2013FRR02

ACTIVE MANAGEMENT MANDATES - LOT 1 - US LARGE AND MID-CAPS - VALUE

- Old Mutual Asset Management
- Robeco Institutional Asset Management B.V.
- Wells Fargo Securities International Limited

2013FRR02

ACTIVE MANAGEMENT MANDATES - LOT 2 - US LARGE AND MID-CAPS - GROWTH DES ÉTATS-UNIS – GROWTH

- JP Morgan Asset Management (UK) Limited
- T.Rowe Price International Limited
- Wells Fargo Securities International Limited

2013FRR05

ACTIVE MANAGEMENT MANDATES - JAPANESE EQUITIES

- Capital International Limited
- JP Morgan Asset Management (UK) Limited
- Schroder Asset Management Limited

2014FRR03

OVERLAY MANAGEMENT MANDATES

- Russell Implementation Services (UK) Limited
- State Street Global (France) Advisors

2015FRR01

ACTIVE MANAGEMENT MANDATES - CORPORATE BONDS - LOT 1 - EURO-DENOMINATED CORPORATE BONDS

- Allianz Global Investors GmbH
- AXA Investment Managers
- HSBC Global Asset Managament
- Insight Investment Management (Global) Limited
- Kempen Capital Management N.V.
- La Banque Postale Asset Management

2015FRR01

ACTIVE MANAGEMENT MANDATES - CORPORATE BONDS - LOT 2 - US DOLLAR-DENOMINATED CORPORATE BONDS

- AXA Investment Managers (AXA Investment Managers Inc. – USA)
- BFT Investment Managers (MacKayShields LLC, USA)
- BlackRock Investment Management (UK) Limited (BlackRock Financial Management Limited – USA)
- Morgan Stanley Investment Management Limited (Morgan Stanley Investment Management Inc. – USA)
- Wells Fargo Securities International Limited (Wells Capital Management, Inc. – USA)

2016FRR01

BEST EXECUTION ANALYSIS SERVICE

- Trade Analytics (UK) Limited

2016FRR04

ANALYSIS SERVICE FOR NON-FINANCIAL RISKS TO THE FRR'S PORTFOLIO

- Vigeo SAS

2015FRR02
OPTIMISED MANAGMENT MANDATES - EQUITIES - WITH AN ESG APPROACH
- Amundi Asset Management
- Robeco Institutional Asset Management B.V.
- Candriam Luxembourg

2016FRR02
DEDICATED FUND MANDATES - FRENCH COMPANIES' PRIVATE DEBT - LOT 1 - PRIVATE INVESTMENTS
- BNP Paribas Asset Management
- Schelcher Prince Gestion

2016FRR02
DEDICATED FUND MANDATES - FRENCH COMPANIES' PRIVATE DEBT - LOT 2 - ACQUISITION DEBT
- Idinvest Partners
- Lyxor International Asset Management

2016FRR03
DEDICATED FUND MANDATES - SELECTION OF PRIVATE EQUITY FUNDS
- Ardian
- Swen Capital Partners
- LGT Capital Partners

2016FRR05
DEDICATED FUND MANDATES - INNOVATION CAPITAL FRANCE
- Idinvest
- Truffle Capital
- Omnes Capital

2017FRR01
SERVICE ANALYSING AND MEASURING THE FRR PORTFOLIO'S ENVIRONMENTAL FOOTPRINT
- S&P Trucost (UK) Limited

2017FRR02
MANAGEMENT MANDATES - OAT MATCHING
- AXA Investment Managers
- Amundi

2017FRR05
TRANSITION OPERATIONS MANAGEMENT
- Blackrock Advisors (UK) Ltd
- Russell Implementation Services Ltd

Requests for proposals in progress at 31 May 2018

2018FRR01
SELECTION OF LEGAL SERVICE PROVIDERS

2018FRR02
RESPONSIBLE ACTIVE MANAGEMENT MANDATES: EUROPEAN AND FRENCH SMALL AND MID CAPS

2018FRR03
DEDICATED FUND MANDATES - DEVELOPMENT CAPITAL FRANCE

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