



THE EXECUTIVE BOARD

PRESS RELEASE

NET PERFORMANCE OF 1% IN 2020

Paris, 15 March 2021

In 2020, the FRR achieved a net-of-costs performance of 1%.

The annualised performance of the portfolio, since 1 January 2011 is +4.5% net of all expenses, a level much higher than the cost of the public debt borne by CADES. Since the end of 2010, the quality performance and bond assets have increased respectively by 89.1% and 33.7%.

The year 2020 was entirely dominated by the Covid-19 pandemic and the extraordinary reaction of governments and central banks.

Enormous fiscal and monetary stimulus plans halted the collapse of the markets, after global stock markets dived by one third in a period of only four weeks up to 23rd March 2020. These public authority support measures triggered a rebound of an equally unprecedented vigour and speed.

The Covid health crisis and its immense economic, financial, social and human consequences obviously affected the FRR.

The year ended with 26.3 billion euro total assets representing a fall of 7.3 billion euros. This fall is attributable to the exceptional scale of withdrawals made during the course of the year. These withdrawals, representing a total of 7.1 billion euros, were also made at very unfavourable moments during the market recovery cycle. This explains why the decrease in assets reached 7.3 billion euros. Indeed the recovery of the markets continued, after payment of the annual coupon to CADES of 2.1 billion on 25 April and after payment to CNAV of the CNIEG contribution of 5 billion on 31 July, against a background of sharply decreasing assets.

Management performance, precisely calculated to correct the impact of the withdrawal timetable, is positive (+1.01%). However, it was also affected by the prudent bias with which the FRR's assets were managed faced with the prospect of extraordinary withdrawals and the resulting operational constraints.

Against this disruptive background, the positive annual performance illustrates the resilience of its portfolio the majority of which is invested in performance assets. At the worst point of stress on the financial markets at the end of March 2020, its decline was limited to 17%. Since 1st January 2011, performance assets have recorded a cumulative performance of + 89.1% with hedging assets achieving + 33.7%.

In 2020, the FRR remained highly engaged in contributing towards the financing of the French economy.

This contribution to the financing of the French economy will be all the more useful in helping to overcome the consequences of the Covid-19 crisis in that it is essentially provided through equity and quasi-equity investments.

The FRR therefore mightily increased its contribution towards financing the French economy as a result of two governmental decisions. Firstly, it was decided to allocate an additional budget of 750 million euros to unlisted assets, mainly in private equity but also in energy transition infrastructure. As part of the development of the technology sector (Tibi initiative), the FRR also committed to investing 250 million euros in growth capital.

By the end of the year 2020, from the 750 million budget, 530 million had been committed including 330 million in 8 closed mutual funds and 200 million to top-up innovation capital and growth capital mandates.

Regarding the Tibi initiative, the FRR has also invested an amount of 175 million euros in 4 closed growth capital funds. In 2021 it will also invest 250 million in global tech listed equities.

Finally, in 2020 the FRR strengthened its ESG requirements in all newly awarded mandates.

With this in mind, the FRR has resolutely pursued its policy to decarbonise its portfolio and adapt to energy and climate transition with new investments in sustainable infrastructure funds. In terms of CO2 equivalent per million of revenue, the equities portfolio emits 33% less than its benchmark peers. Overall the portfolio is progressing towards aligning on a 2° trajectory.

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

Press contact : 01 58 50 99 02

