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## MESSAGE FROM THE CHAIRMAN OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

02



**Alain Vasselle**  
Chairman of the Supervisory Board



**Antoine Gosset-Grainville**  
Chairman of the Management Board

2011 was marked by the sudden, renewed intensification of the financial crisis, starting in August.

The Fund's new strategic allocation demonstrated its resilience in a difficult environment for asset managers: the gearing ratio, which expresses the ratio between the market value of the assets and the current value of liabilities, did not fall below 130% at the height of the crisis and was 137% at the end of 2011.

Our experience in 2011 also bore testament to renewed interest in broader diversification of performance-generating assets: equities, which are highly diversified in terms of region, company size and business sector, accounted for between 50% and 60% of these assets. Emerging economy sovereign bonds, listed real estate vehicles, commodities and certain corporate bonds were used to diversify the content of this portfolio considerably, thereby cushioning the shock that would have resulted from, for example, an excessive concentration of investments solely in eurozone and emerging economy equities.

Furthermore, the FRR managed its risks dynamically throughout the year in order to increase the profits generated by the strategic allocation. The portfolio's lower volatility at the height of the crisis reinforced the inherently cautious positioning of a strategic allocation adapted to a fund that is no longer accepting new investments.

The FRR managed its risks dynamically throughout the year in order to increase the profits generated by the strategic allocation.

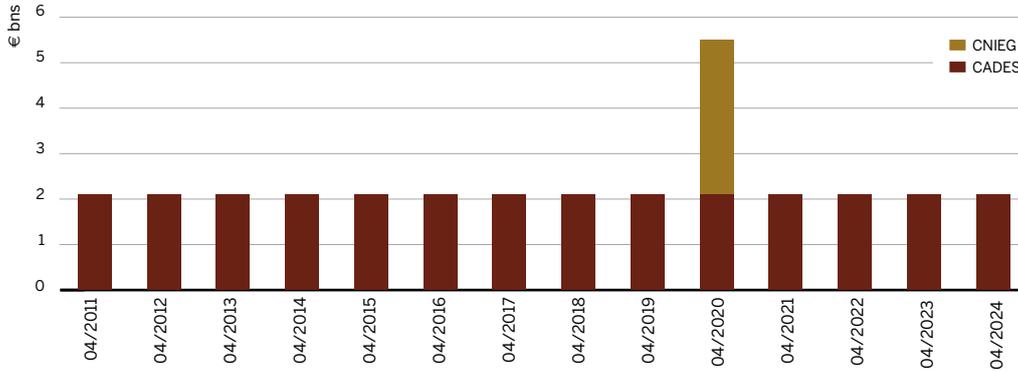
The FRR's ability to honour its liabilities can therefore be reliably guaranteed.

As part of its new mission and in line with its commitment, the FRR also continued to develop innovative investment methods by setting up a panel of diversified collective funds and launching a request for proposals to invest in companies in developed countries that are exposed to the potential growth of emerging economies.

More than ever, the FRR is a responsible investor. In 2011 the first wave of SRI mandates launched in 2006 came to an end, and new requests for proposals were organised, the results of which will be known during the first half of 2012.

As an investor, the FRR, whose ambitions are tempered by prudence, is increasingly committed to developing sustainable finance.

## KEY FIGURES



As a result of the 2010 pension reform, the FRR will pay the CADES EUR 2.1 billion<sup>1</sup> every year from 2011 until 2024 (inclusive), and a single payment to the CNAV<sup>2</sup> in connection with the CNIIEG<sup>3</sup> balance in 2020.

04

EUR 31.4 billion +2.65%

Amount of capital entrusted to the FRR by the nation, as at 31 December 2011

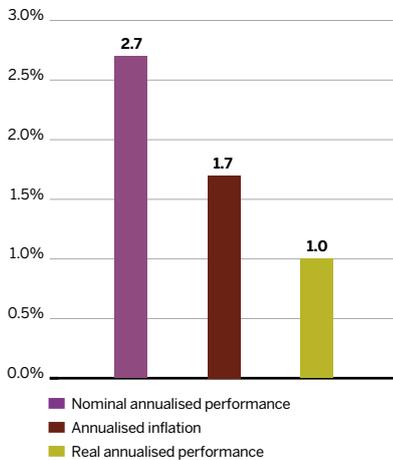
Annualised performance of the assets since inception

EUR 35.1 billion +0.37%

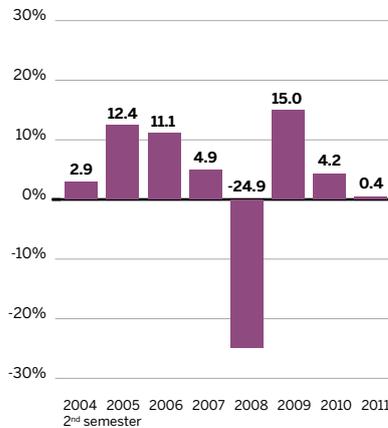
FRR's assets as at 31 December 2011

2011 Performance

### > Performance since the FRR's inception as of 31/12/2011



### > Annual performance of the FRR



1. Social security debt repayment fund (Caisse d'amortissement de la dette sociale – CADES).  
2. National pension fund (Caisse nationale d'assurance vieillesse – CNAV).  
3. National electronic and gas industries fund (Caisse nationale des industries électroniques et gazières- CNIIEG).

## 2011, A MAJOR CRISIS AGAINST A BACKDROP OF A GLOBAL ECONOMIC SLOWDOWN

**The economic and financial dynamism at the beginning of the year was undermined by inflationary pressures and the earthquake in Japan.**

Continuing the momentum established at the end of 2010, the economic environment and returns on assets looked promising at the start of the year.

US growth continued to make steady progress, albeit slightly weaker than its spectacular rebound of 2010, but in excess of 2%. Corporate confidence indices recorded high levels.

In Europe, Germany and France posted strong economic performance, with annualised growth between 4% and 5% in the first quarter of 2011.

At the end of the first quarter, inflation indicators forewarned of rising pressure on prices: oil rose almost 20% during the first quarter, driven by healthy economic growth and concerns relating to political developments in Arab countries. Food inflation indices rose 15% in the first two months of the year. Inflation in the eurozone passed the 2% mark at the beginning of 2011, reaching 2.8% in June. At that time it reached 3.6% in the United States, 4.2% in the United Kingdom and 6.4% in China.

Some central banks, particularly in emerging countries but also in Europe, embarked upon monetary tightening measures. China thus increased its reserves requirement ratio in stages, from 18.5% to 21.5% between December and June. The European Central Bank intervened twice by raising its key interest rates by 25 basis points, once in April and again in June.

In March, Japan was hit by an earthquake causing a terrible tsunami and an unprecedented catastrophe at the Fukushima nuclear power station. In addition to the terrible loss of life, the disaster struck a mortal blow to the Japanese economy and destroyed substantial production capacity. The repercussions were felt in all the world's economies, hamstrung by a wait-and-see approach to the threat of nuclear disaster, or as supplies sourced from Japan ran dry.

Combined with rising inflation which systematically weakened household purchasing power, by the end of spring the incident resulted in statistics confirming a rapid deterioration of the economic climate on both sides of the Atlantic, as employment figures and confidence flagged.

### THE EUROZONE'S FINANCIAL CRISIS

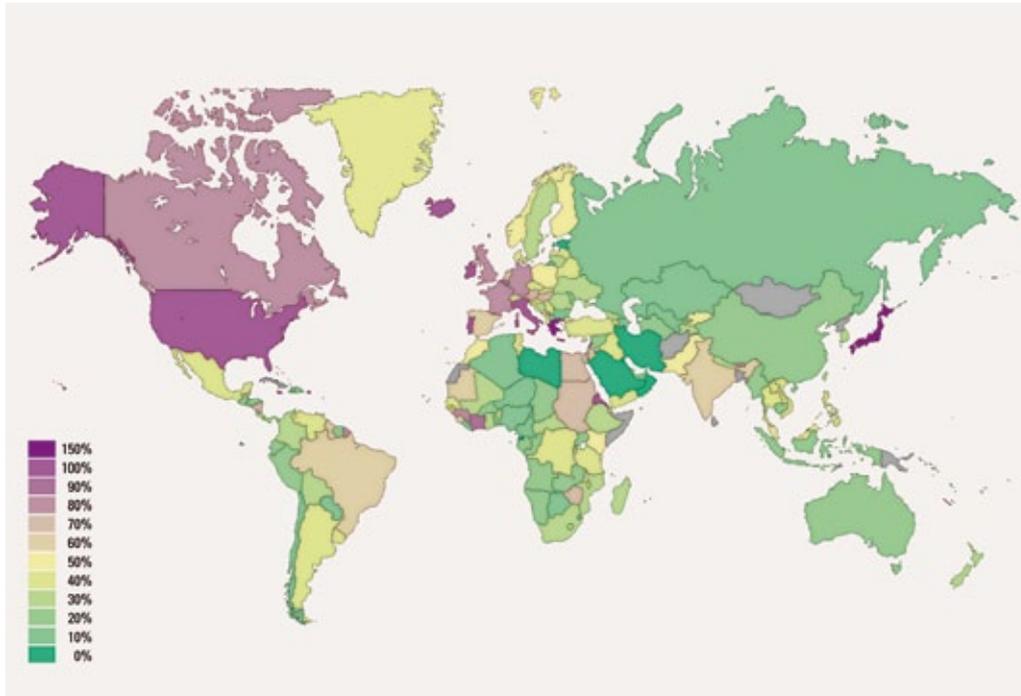
**In the eurozone, the crisis of confidence worsened as a number of countries were put under surveillance and their credit ratings downgraded.**

At the end of spring and in early summer, there were new developments in the eurozone's financial crisis: the contagion spread from Greece to Ireland, Italy and Portugal, and to a lesser extent Spain. Several countries, including Italy, have had their credit ratings put under surveillance. In June, Greece set out a new austerity plan in an attempt to stem its spiralling deficit, while Italy announced a further set of budgetary measures.

Budgetary restraints also weighed on the US economy. The USA's public debt continued to rise throughout 2011. The debt ceiling authorised by Congress has almost been reached. Over the summer, democrats and republicans clashed over the adoption of measures to raise this ceiling in exchange for future cuts. An agreement was finally reached on raising the debt ceiling by USD 2.1 trillion linked to spending cuts and the creation of a bipartite committee tasked with identifying, before the end of 2011, a further 1.5 trillion in savings to be made over ten years. In response to this political foot-dragging, and further to assigning it a negative outlook in April, Standard & Poor's downgraded the United States a notch, from AAA to AA+.

This event marked a watershed in the manner in which the risks of large countries' sovereign debts are evaluated. A series of credit downgrades of the most fragile countries ensued. Ireland and Portugal joined Greece in the speculative category, and in midsummer, attention turned to France's credit rat-

> **Public debt** as a percentage of GDP(2011)



Source: IMF 2011.

ing. This country's debt was eventually placed under surveillance at the start of December.

In this context, Europe's banks were put to the test and found it increasingly difficult to finance their operations. A new stress test carried out by the European regulator, designed to reflect the impact of sovereign debt downgrades more accurately, resulted in more critical findings than in previous years, revealing recapitalisation requirements of EUR 107 billion. At the same time, the European Financial Stability Fund (Fonds Européen de Stabilité Financière - FESF) strengthened its position by adopting a wider scope of intervention.

In response to the worsening financial crisis, governments and the Central Bank took positive action to contain the systemic risk.

**In response to the worsening financial crisis, governments and the Central Bank had to take positive action to contain the systemic risk that would result from the potential break-up of the eurozone.**

In the autumn the situation worsened on several fronts. Faced with popular unrest, the Greek government was reluctant to agree to further sacrifices. The question of Greece leaving the eurozone reared its head after the Greek government announced plans for a referendum intended to obtain approval for the new austerity plan. The plan was abandoned a few days later, however.

It was only after a "technocratic" government of national unity was set up in Athens in early November, headed by the former governor of the Greek central bank and vice-chairman of the ECB, and the subsequent ousting of the Chairman of the Italian Council, also replaced by a technocrat, a former European commissioner, that calm was restored. In this context, the newly-elected Spanish government set itself the task of scaling back the country's budget deficit.

During this period, leading economic indicators warned that the eurozone was sliding into a poten-

tially deep, long recession, a consequence of the simultaneous implementation of the large developed countries' consolidation plans and the post-monetary tightening slowdown in emerging countries.

No sooner had Mario Draghi been appointed governor of the European Central Bank on 1 November, than he embarked on a cycle of interest rate cuts, with two cuts in November and December, taking the key interest rate back to 1%, its level at the start of the year.

On 9 December, a crisis summit attended by European leaders led to a draft restrictive agreement on budgetary discipline and the prospect of the IMF's emergency fund increasing to EUR 200 billion.

This paved the way for a return to stability during the last two months of 2011. On 21 December the ECB went further by arranging almost EUR 500 billion in 3-year loans for the banks, and the announcement of a second tranche for the end of February 2012. At the same time, published statistics showed that the US economy was bearing up, given the global economic slowdown (GDP annualised in the 4th

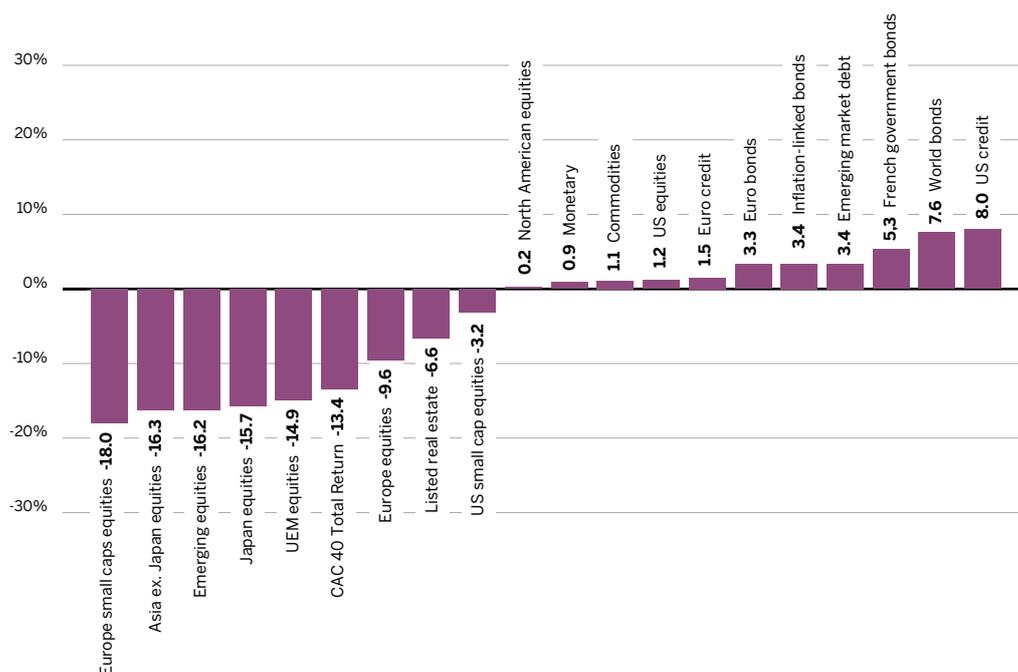
quarter up +2.8%, subsequently revised to 3%), as the central bank actively continued to pump cash into the economy and keep interest rates as low as possible. Similarly, the dual economic slowdown of the emerging countries and world trade, significant as it may be, did not lead to the collapse of these local economies, and paved the way for stability in early 2012.

## RETURNS VARYING FROM ONE MARKET TO THE NEXT

The economic and political turbulence encountered during the year led to significant differences in performance, depending on asset type (equities, bonds, commodities or real estate) and region.

**Eurozone equities suffered particularly badly** in a context of extreme risk aversion linked to the public debt crisis, threats of a eurozone break-up and the prospect of sliding into recession. After starting the year positively, borne by the momentum of 2010 (around 10% on the Eurostoxx on the first two months of the year), the market ran out of steam mid-February as the first European countries were placed under surveillance and had their ratings

### > Gross performance of the FRR's indices from 31/12/2010 to 31/12/2011



Note: The above performance was calculated with the currency risk of assets in the performance portfolio hedged at 90%, with the exception of emerging country assets, which were not hedged, and with assets in the hedging portfolio hedged at 90% until end March 2011, and 100% thereafter.

downgraded, and the economic environment deteriorated. Between its February peak and its September low, the Eurostoxx lost 35% of its value. Thanks to a 15% rebound in the latter part of the year following the announcement of the summit on 9 December, the intervention of the ECB (LTRO<sup>4</sup>) and better US economic data, the index ended 2011 down 15%, taking into account the dividend for the full year. The CAC40 index of major French stocks ended the year down 13.4% (dividends included).

**Japan also suffered, as did Asia in general.** As a consequence of the March earthquake, these countries posted similar negative performance (Japan down 16%).

Unsurprisingly, it was the most sensitive assets that were found at the lower end of the scale: **emerging equities and European small caps** fell 16.2% and 18% respectively.

Conversely, the **US markets** managed to post modest gains for the year, with large caps rising 1.2% on the back of the Federal Reserve's injections of cash. Shares in US small caps managed to limit their decline to 3.2%.

Another positive performance for bond indices.

**In spite of the crisis of confidence affecting most European issuers, bond indices performed positively for another year, due to a massive “flight to safety” that benefited US and German debt.**

As a consequence of fears that the recession would spread, starting mid-year, and a capital flight to safety, interest rates hit record lows in the countries normally regarded as the safest: Germany and the United States. However, in the early part of the year, until the spring, German 10-year rates rose from 2.96% to 3.5% and US 10-year rates rose from 3.3% to 3.75%, reflecting the health of the economy and the rise in inflation. Rates tumbled by 200 basis points during the rest of the year, reaching record lows of 1.67% in the United States and 1.63% in Germany by the autumn, with both countries ending the year close to 2%.

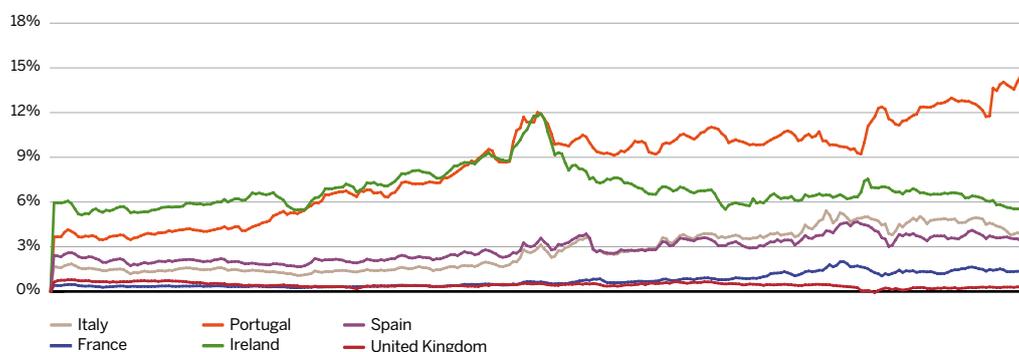
In the case of Japan, whose 10-year rates were already low, rates rose above 1% on several occasions and ended the year slightly below this level.

Taken in combination with Canadian and UK bond rates (down 115 and 90 basis points in 2011 respectively), these movements explain the excellent performance of the “sovereign world” bond index, up 7.6%. Only the US credit index performed better (up 8%), due in particular to its duration, longer than that of the “sovereign world” index.

Global bond indices performed well, principally as a result of their limited exposure to the debt of the worst-hit European countries in 2011.

These countries' spreads (differences between each country's bond rates and those of a reference country) widened significantly against Germany. In addition to the Greek spread, hit by the particular problem of private sector participation in the recovery plan, Portugal's spread rose 9 percentage points on 10-year yields, Ireland's reverted to the level at which it started the year after peaking at 6%, Spain's rose 1% and Italy's 2% over the year.

### > Sovereign spreads vs German 10 year Government Bond



The spread between French and German rates increased by around 100 basis points. However, the negative impact of the higher French spread was offset by the general fall in reference yields. The 10-year rate was thus 3.15% at the end of December, as compared to 3.35% at the beginning of the year, which explains the strong performance of the OAT segment held by the FRR, up 5.3%. Inflation-indexed bonds, mainly French, were hit by a 0.2% rise in the real interest rate, posting a performance of only 3.4%.

Lastly, although the euro credit component for the most part comprises bonds issued by banks and European financial institutions, it managed to deliver a modest positive performance, thanks in particular to its relatively short duration in comparison with that of the other bond indices in which the FRR is invested.

**Our diversification of asset classes was quite effective, in spite of the systemic nature of the risks incurred in 2011.**

Emerging debt, like other fixed income assets, held up well, delivering a 3.4% return. Commodities scraped into positive territory with a 1.1% rise, as sluggish demand tempered the effect of geopolitical tensions. Listed real estate fared less well, due to its equity component, falling 6.6%.

Global bond indices performed well, mainly as a result of their limited exposure to the debt of the worst-hit European countries.

## A NEW LIABILITY-DRIVEN INVESTMENT MODEL THAT DEMONSTRATED ITS RESILIENCE IN 2011

### THE RISE OF THE LIABILITY-DRIVEN INVESTMENT MODEL

Following the pension reform and the changing of the definition of the FRR's liabilities in 2010, the FRR's review of its strategic allocation at the end of 2010 led the FRR to opt for a new investment model known as "liability-driven investment". This model aims to safeguard liabilities payments and to seek additional returns through flexible management of part of the portfolio<sup>5</sup>.

To implement this model, two principal changes had to be made in 2011: a move, within the hedging component, towards an asset structure that permits effective hedging of liabilities, and the creation of a more diversified portfolio within the performance component.

**With regard to the hedging component,** the FRR ensured at the start of the year that the hedging of interest rate risk was in accordance with the strategic allocation objectives that aim to hedge 85% of liability interest rate risk. These operations were carried out through reallocation between investment mandates, and financial exposure to various asset classes through futures.

The weighting of the OAT-matched component was increased to the maximum investment capacity of the vehicles available to the FRR. Furthermore, a request for proposals for the selection of matched-book managers was launched during 2011 and resulted in a contract being awarded at the end of the year.

Two changes were made in 2011: a move, within the hedging component, towards an asset structure that permits effective hedging of liabilities, and the creation of a more diversified portfolio.

**With regard to the performance component,** the new allocation adopted in December 2010, following the reworking of the FRR's financial management model in response to the pension reform, provided for a smaller equities component than the previous allocation. The first two months of the year were thus dedicated, in a favourable market, to achieving the target weighting of 28%, as opposed to the previous 33%. This involved European equities in the main, as they were significantly over-represented vis-à-vis the desired diversification.

The performance component was also reorganised: the weighting of emerging equities was increased to reflect the larger share of the allocation assigned to this region. Similarly, emerging debt investments, virtually non-existent at the beginning of the year, were gradually increased to 5.5% of the FRR's net assets. Furthermore, additional investments were made in other diversifying assets: we built up our position on commodities, and investment grade US

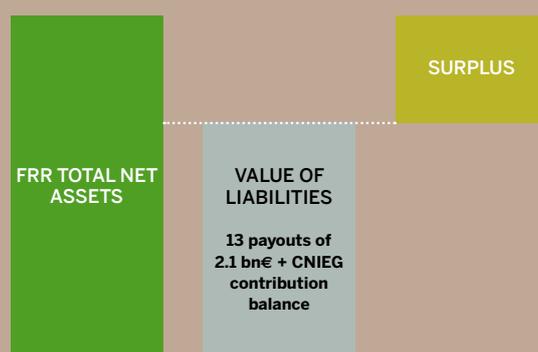
5. See insert.

## Liability-Driven Investment

Liability Driven Investment (LDI) refers to an investment method that meets the requirement to secure liabilities. The main objectives of this type of asset management are:

- securing payments of liabilities cash flow;
- seeking to generate additional financial performance within a framework of managed risk.

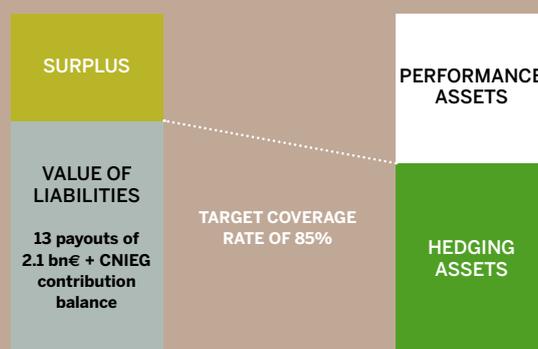
This asset management approach involves the calculation, in real time, of a defined surplus representing the difference between the net assets and the current value of the liabilities.



The surplus therefore constitutes the amount by which the assets exceed the sums required to fully cover liabilities payments.

The pursuit of the best possible return on this surplus results in the functional separation of the assets into two parts:

- hedging assets, intended to deliver programmed outflows (in the case of the FRR between 2011 and 2024);
- performance assets, intended to deliver an absolute return.



Due to a protective model, the overall performance by the FRR's net assets was positive in 2011.

debt exposure (including part awaiting investment in high-yield debt) was raised to almost 5% of the FRR's assets.

**The FRR delivered positive performance in 2011, up 0.37%.**

The overall performance by the FRR's net assets was positive over 2011, in what was a very difficult year for the financial markets, thanks to a protective model that combined a substantial hedging component with a highly diversified performance component and flexible management, which limited the negative impact during the biggest declines.

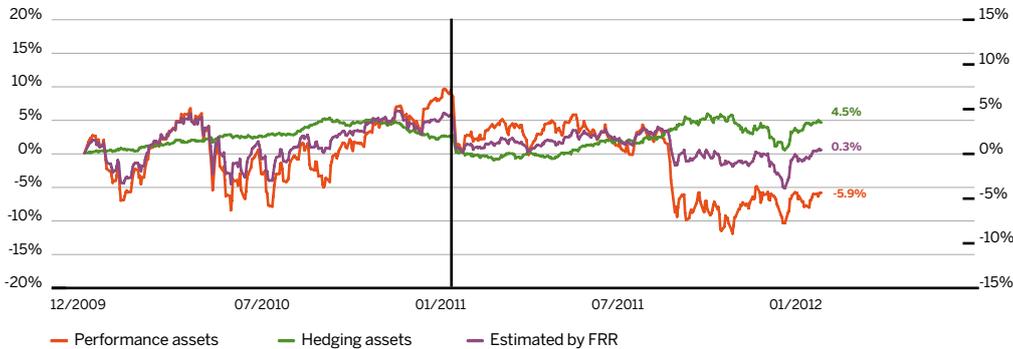
**CONTRASTED PERFORMANCE BETWEEN THE HEDGING AND PERFORMANCE ASSETS**

**The hedging and performance components performed in opposite directions.**

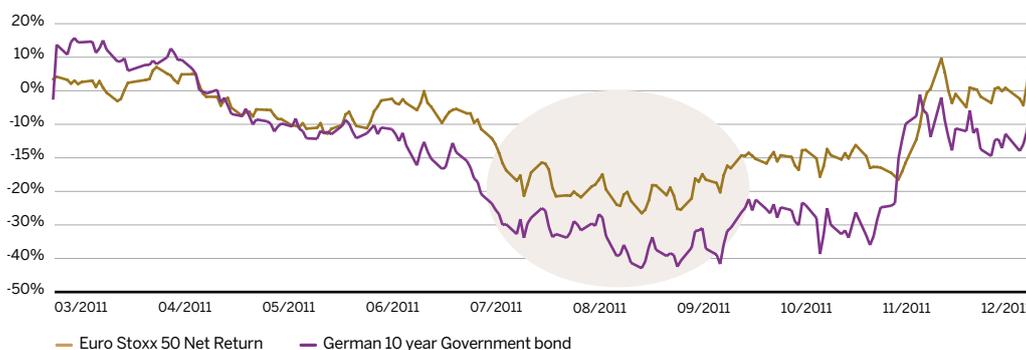
The hedging component delivered 4.5%, while the performance component fell 5.9%. The hedging component, of which 75% consists of government debt rated AA or better, saw its component indices benefiting from the climate of risk aversion that drove investors to turn en masse towards these quality investments for most of the year.

The pursuit of safety, i.e. investors' flight to government securities, drove up their value and reduced their yield. The following graph shows the link between variations in German interest rates over three months (as a % of the initial interest rate level) and that of the euro equity markets (over three

> Annual performance of the two asset classes at 31/12/2011



> Variation in German interest rates and euro equity markets since 01/03 as of 31/12/2011



months, as a %): between 30 June and 30 September 2011, the markets fell 30% and 10-year Bund rates fell 40% (from 3% to 1.8%), the German bond thus appreciating by around 10%.

**The performance component benefited from the effects of diversification.**

The performance component's 5.9% decline actually bears testament to an appropriate level of diversification. While equity markets posted falls of around 15% in the eurozone and emerging countries, the performance component was cushioned from its diversification across regions and asset classes. First,

US equities, which made up almost 16% of the performance component, remained virtually stable during 2011. Second, it gained from the healthy performance of the diversifying assets, which accounted for around 30% of the assets: commodities in particular rose 1.1%, emerging debt 3.4% and US debt 8%.

In terms of contributions to performance, equities had a negative impact of almost 2% while the diversifying assets posted a modest positive performance, at 0.1%. The hedging component made a 2.4% contribution to the net assets' overall performance of 0.37%.

31/12/2011 in %	Contribution of the asset class to net overall performance of the FRR	Contribution by asset class currency hedged
<b>PERFORMANCE ASSETS</b>	<b>-1.32</b>	<b>-1.87</b>
<b>Of which equities</b>	<b>-1.69</b>	<b>-1.97</b>
Eurozone equities	-0.91	-0.91
Europe equities ex-eurozone	-0.02	-0.07
North America equities	0.43	0.25
Asia Ex. Japan equities	-0.41	-0.46
Emerging equities	-0.78	-0.78
<b>Of which other performance assets</b>	<b>0.36</b>	<b>0.10</b>
Commodities	-0.26	-0.26
Real Estate	-0.18	-0.22
High yield bonds	0.18	0.15
US corporate bonds	0.31	0.26
Emerging market bonds	0.24	0.13
Cash	0.08	0.04
<b>HEDGING ASSETS</b>	<b>2.87</b>	<b>2.43</b>
<b>Of which hedging asset ex-cash</b>	<b>2.76</b>	<b>2.38</b>
Eurozone bonds	0.45	0.45
Global government bonds	0.90	0.62
Euro Corporate bonds	0.01	0.01
US corporate bonds	0.66	0.55
French government bonds	0.49	0.49
Inflation linked bonds	0.24	0.24
<b>Of which cash</b>	<b>0.11</b>	<b>0.06</b>
<b>CURRENCY HEDGE</b>	<b>-0.99</b>	<b>-</b>
<b>ADMINISTRATIVE AND FINANCIAL FEES</b>	<b>-0.18</b>	<b>-0.18</b>
<b>TOTAL</b>	<b>0.37</b>	<b>0.37</b>

**Flexible management of the performance component helped to limit risk during periods of stress without affecting performance.**

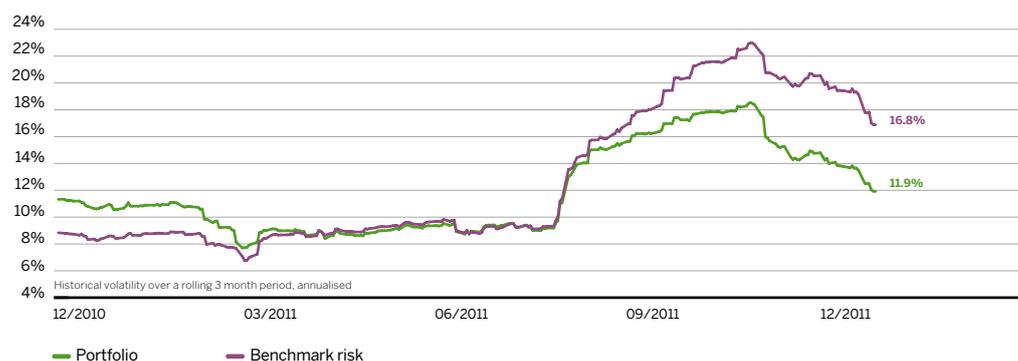
The goal of flexible investment management is to manage short-term risk, especially during peak stress periods, and also to generate additional performance, where possible.

With regard to risk management, the following chart shows the lower volatility of the portfolio implemented in relation to the strategic allocation, due to the underweighting of risky assets from summer 2011 onwards.

Once it had fallen into line with the target risk level of the new strategic allocation, by selling equities, the FRR initially eliminated its sensitivity above this level by reducing the equity component from 28% to 17% in March, to protect itself partially against the volatility that resulted from events in Japan. Exposure reverted to neutral shortly afterwards, once the situation had returned to normal.

During the summer, the FRR again sought to reduce the overall level of risk incurred by the performance component by cutting its weighting in equities, commodities and listed real estate in exchange for bond purchases and increasing its cash position.

**> Volatility of the performance assets**  
since 10/12/2010 as of 31/12/2011



**Discretionary active management performed negatively in 2011.**

The principal source of destruction of relative value can be attributed to the fixed income mandates. These suffered from overexposure to financial stocks in most cases, and for some, overexposure to the sov-

ereign debt of vulnerable countries in the eurozone. The relative performance of bonds was -23 basis points (net of fees). The modestly positive relative performance of equities (up 3 basis points) was unable to compensate for that of bonds. In total, relative performance was therefore negative, by 19 basis points.

Flexible management of the performance component helped to limit risk during periods of stress without affecting performance.

Selection effect	Year 2011
Net of fixed and variable fees	Basis points
North America equities	-2
Pacific basin equities	-2
European equities	10
Eurozone equities	-3
Commodities	1
Bonds	-23
<b>TOTAL</b>	<b>-19</b>

## A HEALTHY ASSET POSITION AND A HIGHLY SECURED ABILITY TO PAY ITS LIABILITIES

The gearing ratio at the end of the financial year was 136.5%.

The stress scenario used by the FRR is calibrated with the worst-ever historical cases observed in the financial markets.

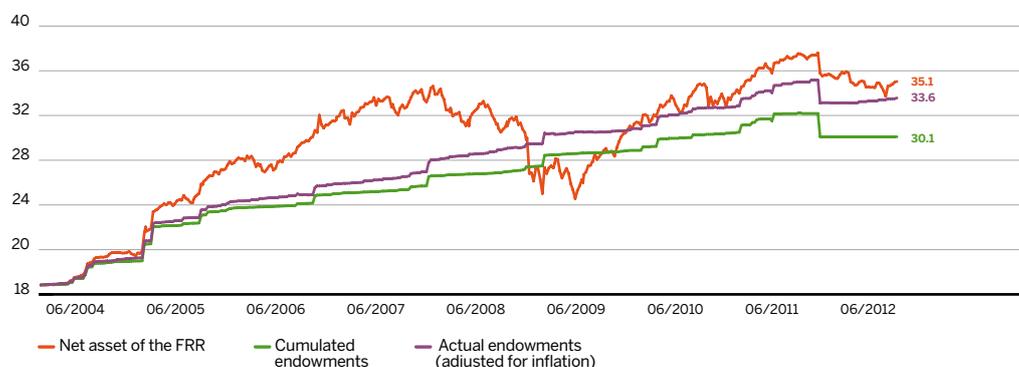
The gearing ratio is calculated as the ratio between the assets' market value and the current value of the liabilities<sup>6</sup>. It is an indicator of the FRR's ability to pay these liabilities. It means that the net assets cover the liabilities 1.36 times.

### The stress scenario approach

Banking and insurance regulations have called for the development of models that measure how risks change in the event of highly unfavourable scenarios (known as 'stress scenarios') affecting their activities (Basel II, Solvency II). The FRR also drew on this approach, for more accurate assessment of its risks, as part of its asset/liability management. To this end, the FRR measured changes affecting its surplus (see inset "Liability-Driven Investment management" on page 11) in the event of stress scenarios.

Stress scenarios are used as indicators of the ability to withstand risk. In the case of the FRR, strategic allocation withstands risk, resulting in a 66% fall in the value of the performance assets. In the event of such a loss, the FRR's surplus would still be positive and the liabilities would still be covered. Stress is not an ex-ante constraint that must always be complied with, but is a way of alerting the FRR's managing bodies.

### > Change in value of the FRR's net assets (in €bns) as of 31/12/2011



This gearing ratio means the FRR can withstand scenarios of extreme stress.

The stress scenario used by the FRR, calibrated to the worst-ever historical cases observed in the financial markets, is based on the assumption that the FRR could incur losses equivalent to 66% of the performance component. After applying this scenario, the post-stress gearing ratio would be 102%, which means that the FRR would still be able to pay its liabilities.

6. On the basis of French government bond prices.

## COMPOSITION OF THE FRR'S PORTFOLIO

### General structure of the Portfolio

With the exception of the management of operational cash requirements, all the FRR's investments are made through external fund managers. "Portfolio" investments consist of investment mandates awarded through requests for proposals, or collective funds subject to a selection procedure. In all cases, service providers are selected after analysis and approval by the Manager Selection Committee. A specific type of mandate known as an overlay man-

date allows for adjustments to the allocation, without affecting the management of the securities portfolios, mainly by investing in derivatives.

For the majority of broad asset categories, the FRR's portfolio juxtaposes index-tracking mandates of high unit value with active investment mandates that seek constant relative outperformance.

A number of asset classes (emerging debt, emerging equities, and money market investments) were also invested in collective investment vehicles, for the most part actively managed.

The "core-satellite" approach implemented for investment mandates seeks to ensure exposure to the principal markets, at little cost, with the selection risk focused primarily on the active strategies that the FRR believes most likely to generate a return

**Breakdown of components and major asset classes**

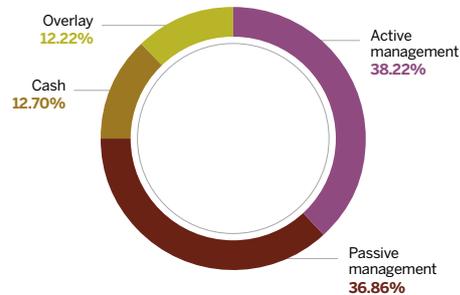
At the end of 2011, hedging assets accounted for 62.3% of the portfolio and performance assets 37.7%.

The hedging assets' share, which was 61.3% at the end of 2010, therefore increased slightly under the influence of the relative performance of the two components in 2011.

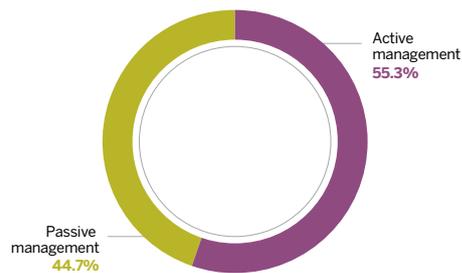
In terms of breakdown by major asset class, we should note the lower exposure to equities associated with the implementation of the FRR's new model. The full hedging of liabilities resulted in an increase in hedging assets and, by implication, a reduction in the share of risky assets, including equities.

By the same token, the share of government bonds increased sharply, reflecting the matched-book management put in place during 2011.

**> Breakdown by management styles<sup>7</sup>**  
Breakdown by active/passive management style



**> Breakdown by management style of the equity compartment<sup>8</sup>**  
Breakdown by active/passive management style of the equity component



7. Corresponding, as at 31 December 2011, to EUR 4.3 billion under overlay management, EUR 4.5 billion in cash, EUR 13 billion under passive management and EUR 13.4 billion under active management.

8. Corresponding, as at 31 December 2011, to EUR 3 billion under passive management and EUR 3.7 billion under active management.

**> Variation of the two asset classes as of 31/12/2011**



### Structure of the hedging and performance components

At 31 December 2011, the FRR's portfolio comprised the following components:

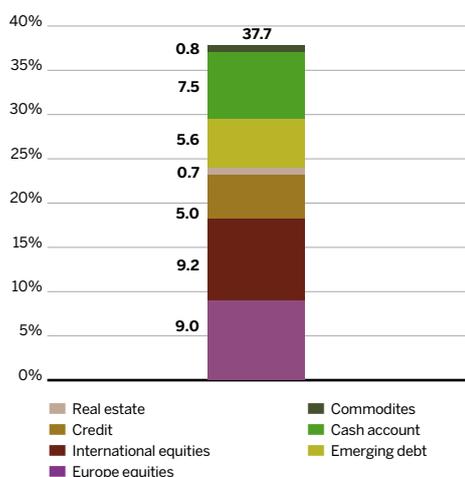
- The so-called performance component, comprising equities, venture capital and so-called diversifying assets (commodities, listed real estate and

emerging debt), accounted for EUR 13.4 billion.

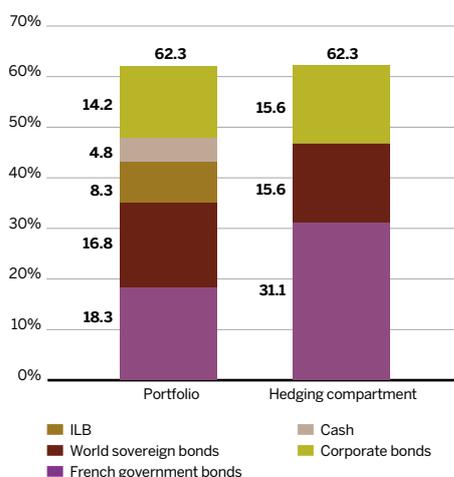
- The hedging component, comprising fixed income products and the FRR's cash holdings, accounted for EUR 21.9 billion.

These two components comprised the following assets:

#### > Performance assets as of 31/12/2011



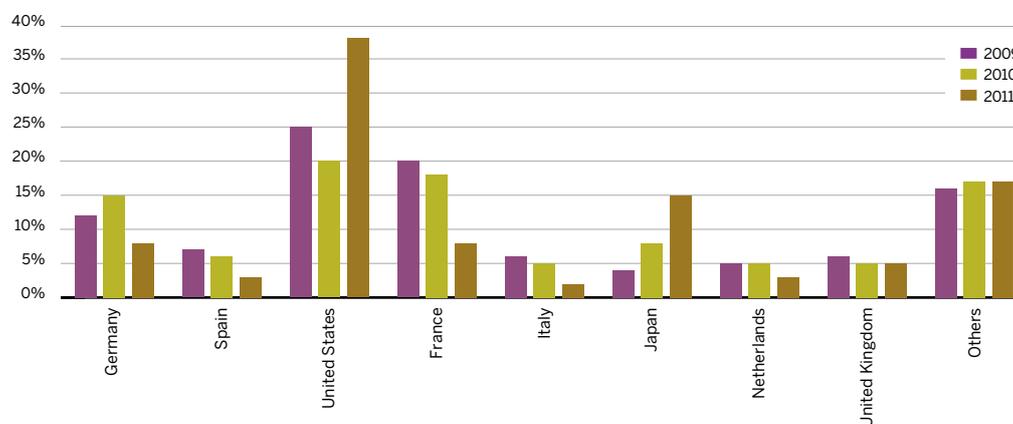
#### > Hedging assets as of 31/12/2011



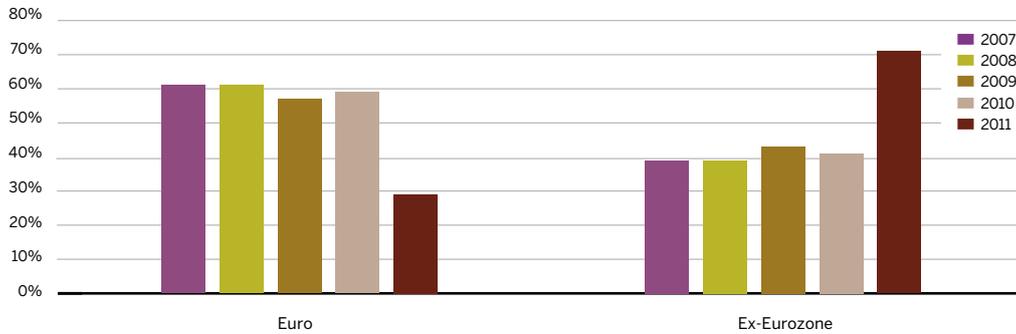
### Performance assets

At 31 December 2011, the market value of the equities portfolio was EUR 6.5 billion (excluding overlay).

#### > Evolution of the geographical breakdown of the equity compartment



> Evolution of the geographical distribution of the equity mandates



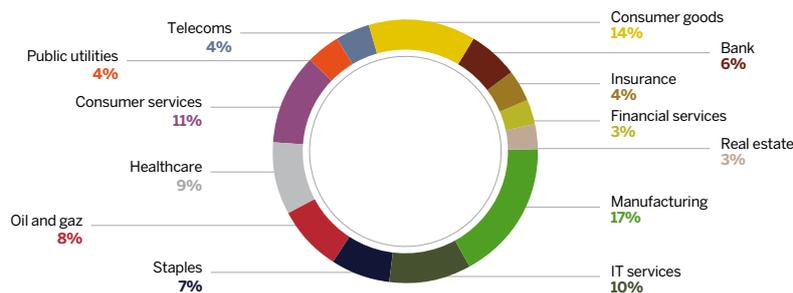
**In geographic terms**, the breakdown of the portfolio and its development over the last four years illustrate the lower relative weighting accorded to the eurozone in 2011. This change reflects the strategic allocation's new diversification target, which seeks to spread the assets across the three main zones<sup>9</sup>, namely eurozone, non-euro developed countries and peripheral emerging countries, of the performance component, excluding physical assets (commodities and real estate). Moreover, this target is not always strictly respected due to the dynamic manner in which the performance component is managed. At the end of 2011, in accordance with the strategic allocation target, eurozone equities accounted for

approximately a third of the total portfolio, whereas corporate securities of developed non-eurozone countries were largely underrepresented, to the detriment of emerging country equities (14%).

**In sectoral terms**, the equities portfolio is mainly invested in industrial and financial stocks and in the securities of companies operating in the consumer goods sector.

This breakdown is close to that of the benchmarks the FRR uses to measure the performance of the managers of each investment mandate. The difference resides in the tactical bets that the managers make.

> Sectorial breakdown of the equity portfolio as of 31/12/2011



9. Eurozone, non euro developed countries and emerging market.

## Hedging assets

At 31 December 2011 this component accounted for approximately 62% of the FRR's net assets. It consisted in the main (50% of the component targeted) of investment mandates implementing a buy-and-hold<sup>10</sup> matched book in order to honour a substantial share of payments to the CADES between 2011 and 2024, without being exposed to the negative consequences of a rise in interest rates.

As a target structure, this component will be made up 50% of "matched" securities, i.e. securities that replicate the interest rate and liquidity characteristics of the liabilities via French government securities, 25% international government securities and 25% international debt securities.

As it has not reached this target, the portfolio's current structure consists of mandates that replicate an inflation-linked bond index, weighted according to the GDP of countries in a Developed World universe. Lastly, it comprises investment mandates that actively manage a universe of eurozone and US corporate bonds.

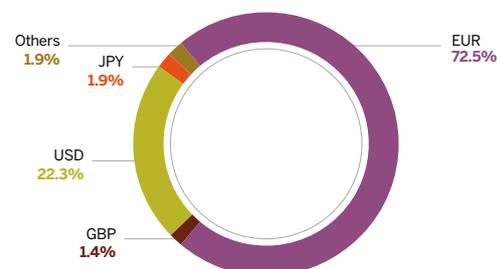
This portfolio, made up primarily of euro-denominated bonds, features a breakdown by currency very close to that of the benchmark for the various fixed-income product mandates:

Inflation-indexed bonds accounted for a 15% share of the fixed-income portfolio, with the balance invested almost entirely in nominal fixed rate bonds. The share of variable rate bonds (included in the managers' investment universe but not represented in their benchmark index) remains marginal, at 0.3%.

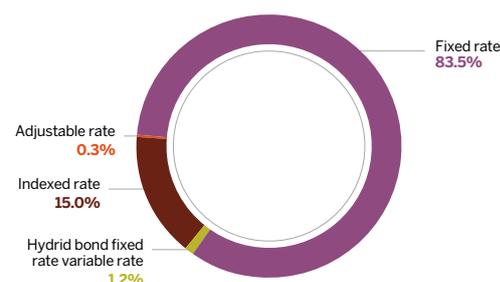
The fixed-income portfolio includes a significant proportion (almost 16%) of bonds with maturities exceeding 15 years, in line with the long-term duration of the FRR's liabilities.

International sovereign debt indices and US corporate bond indices demonstrated greater sensitivity to interest rates than that of the FRR's liabilities. Conversely, the sensitivity of the eurozone corporate bond index to interest rates was lower.

### > Breakdown of fixed income mandates by currency as of 31/12/2011

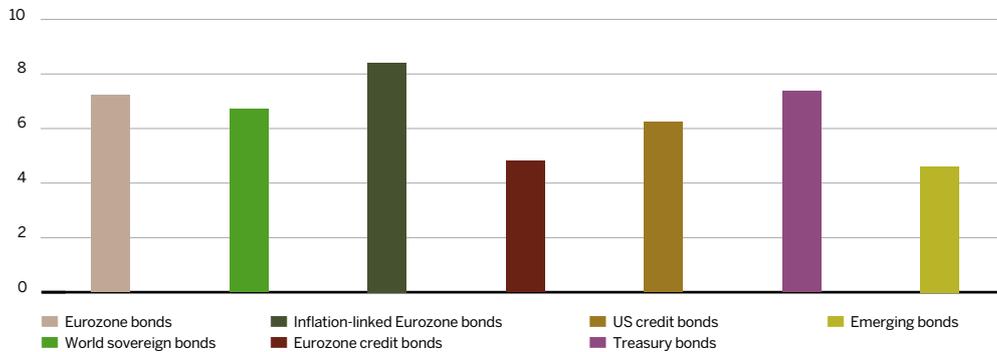


### > Breakdown between fixed rate, indexed rate and variable rate bonds as of 31/12/2011

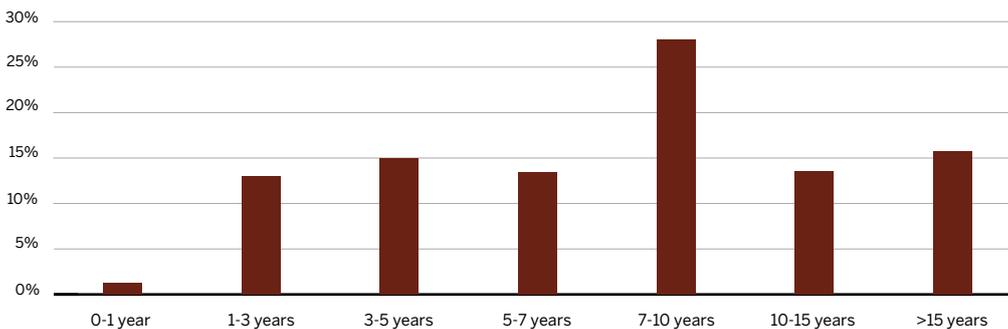


<sup>10</sup> Buy and Hold: fixed income investment, whereby the securities in the portfolio are held until maturity in most cases.

> Sensitivity of the bond lots as of 31/12/2011



> Breakdown of the fixed income mandates by maturity as of 31/12/2011



**Investments in high yield debt funds**

In line with the strategic allocation used by the FRR at 13 December 2010, the high yield Debt asset class may account for up to 10% of the performance component.

In the second half of 2011, the FRR began to select collective investment funds exposed to high yield debt in two principal regions: the United States and Europe.

High yield debt is an asset class in which the FRR will have to significantly diversify the assets it manages in order to obtain better liquidity: some speculative securities in the high yield universe are traded on markets whose operating methods may differ at times, in terms of transparency and liquidity, from the standards prevailing on the European stock markets. A section of the market (corporate debt, issues with low or non-existent ratings) may freeze up rapidly, as happened during the 2008 financial crisis or during the summer of 2011. A situation of this type could compromise the execution of possible redemptions or make them more costly for unitholders.

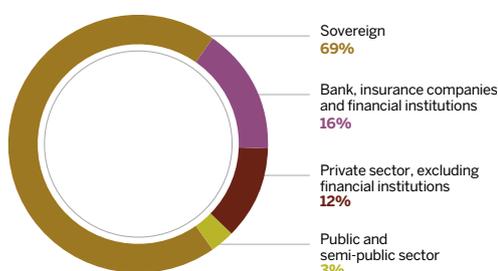
To take the specific nature of this asset class into account (specific risks and inadequate depth of the market in Europe in particular, cost of liquidity, significant weighting of financial stocks and subordinated debt), the FRR used a specific risk framework applicable to the vehicles targeted.

This seeks to reconcile the pursuit of increased return with informed management of the risks that potential default rates and low liquidity in certain segments represent. This internal framework applies to the FRR's exposure to the whole asset class and includes, inter alia, alert thresholds for exposure to securities rated below BB- or unrated securities, monitoring of sectoral exposure and detailed analysis of the assets and liabilities of the vehicles in which the FRR is likely to invest.

The hedging portfolio's overall sensitivity was 6.45%, slightly higher than that of the FRR's liabilities, which was 5.9% at 31 December 2011.

Lastly, more than two thirds of the hedging portfolio is made up of securities of sovereign issuers, a significantly larger proportion than in the mandates' benchmark indices. However, at 31 December 2011 this weighting was lower than the target strategic allocation level, which is 75%.

> **Breakdown by issuer of fixed income products** as of 31/12/2011



The weighting of government securities is reflected by a very high proportion of bonds rated AAA or AA in the portfolio (72%). Mandates that actively manage eurozone and US corporate bonds have a 28% concentration in issues rated A or BBB (the investment universe of these mandates is restricted to the investment grade category).

**Investments in Developed Country Equities exposed to Emerging Country Growth**

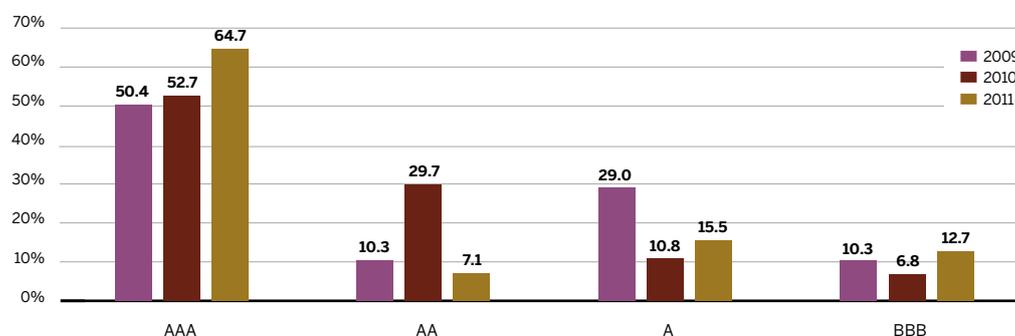
In the strategic allocation it proposed at the end of 2010, the FRR's Supervisory Board maintained exposure of around 15% of the performance component to emerging market equities, a part of which is derived from investments in companies in developed countries that are exposed to the growth of emerging countries.

On 23 November 2011 the FRR launched a request for proposals with a view to selecting active management mandates for the equities asset class, which should generate exposure to emerging economy growth via investments in the securities from companies that stand to gain from the growth of emerging countries.

The procedure will extend until the end of the first quarter of 2012 and will cover two distinct regions: Europe, and developed countries worldwide. The objective assigned to these investments is to outperform a benchmark corresponding to the defined universes over a full market cycle, while building significant exposure to the growth of emerging economies.

> **Table showing base of external fixed-income investment mandates**

Evolution of fixed income products by issue rating



# THE FRR, A RESPONSIBLE INVESTOR

## AMBITION MAINTAINED IN THE NEW INVESTMENT FRAMEWORK

The pension reform resulted in changes to the Fund's portfolio. However, while the financial environment has changed, the responsible investment strategy adopted by the Supervisory Board in 2008, for a period of 5 years, remains unaffected. The Supervisory Board reaffirmed the importance of the FRR's identity as a responsible investor, as well as the relevance of the components of its strategy.

## INTEGRATION OF EXTRA-FINANCIAL FACTORS

ESG (environmental, social and governance) factors remained a feature of the investment policy during 2011. Extra-financial measures (research and analysis, incentives for integration, extra-financial reporting and support for dialogue with companies) are thus key factors in the renewal of mandates. During 2012, a project will be developed with the aim of providing concrete, monitored measurement in real

### Renewal of mandates Measures to implement an ESG approach

On the basis of the information drawn from managing the SRI Equities component for the last five years, the FRR wished to pursue the development of responsible investment by launching a new Request For Proposals in this area in 2011, in order to meet a dual objective:

- diversifying the investment processes and investment universes by planning two distinct lots for this procedure: a "themed collective funds mandates" lot and a "small and medium sustainable growth stocks mandates" lot,
- measuring and more closely following the sustainability of the investment mandates invested in real securities, by clearly defining ex-ante ESG indicators that are monitored over the long term.

With regard to collective funds mandates, which will be a novelty for the FRR, the approach will allow for explicit exposure to clearly identified sustainable development themes.

The FRR has defined six themes: water, environmental technologies, waste treatment and management, renewable energies, climate change and sustainable development.

The choice of multi-management for a themed approach was motivated by the need to be able to modify the allocation between these various themes, and by the preference for a global investment universe rather than a local one (a deliberately transversal approach).

The decision to launch a selection procedure with the aim of setting up small and medium-cap growth stock mandates was motivated by the following observation: most major multinationals have now introduced sustainable development policies. By deliberately excluding the largest European companies, these mandates must constitute a lever for encouraging more modest companies to gradually build the ESG dimension into their development plans.

The principal objective assigned to the managers will be to generate performance in line with or superior to that of the European equity markets by selecting medium-sized companies that have implemented an ESG programme or are planning to do so. The managers will not be assigned a benchmark index to work to, to avoid the temptation of mechanically replicating the components of such an index. However, the FRR will perform ex-post measurements of the mandate by comparison with a number of European equity market benchmarks.

Clear indicators measuring the portfolio companies' respective contributions to a sustainable economic development approach will be defined in the investment mandate for each of the three ESG themes. Candidates will have to commit to measuring these indicators for each company held in the portfolio. The FRR will not set minimum levels for each of these indicators, but wants to encourage steady progress.

time of company actions by the FRR's managers in this area.

2011 was also of note as mandates applying a Socially Responsible Investment approach, launched in 2006, reached their scheduled terms.

Much was learnt from these mandates, information which the FRR drew on when structuring a new request for proposals at the end of 2011. This information is as follows: the relative performance of these mandates was positive overall, demonstrating that the pursuit of extra-financial performance is compatible with financial performance. However, it is still difficult to measure the extra-financial quality of the portfolios managed with any degree of precision. The results from assessments of this type are certainly highly dependent on the frame of reference chosen. For example, ratings awarded by the various extra-financial ratings agencies may differ for any given theme. Lastly, the major companies are awarded fairly similarly ratings.

The performance of the SRI mandates was positive, demonstrating that the pursuit of extra-financial performance is compatible with financial performance.

Finally, the increasing use of collective investment vehicles encouraged teams to define an investment framework that features responsible investment criteria for each investment component concerned, taking the specifics of each asset class and the specific constraints presented by this type of vehicle into account.

This framework seeks to evaluate the risks the FRR takes, in connection with its global responsible investment strategy, by selecting a particular manager or a particular fund. It is based on a limited number of analytical criteria that are not in themselves determining factors. They help to build an overview of the general assessment and risk incurred by the FRR in order to determine whether it is acceptable or not, given the particular characteristics of each asset class and the values that the FRR promotes.

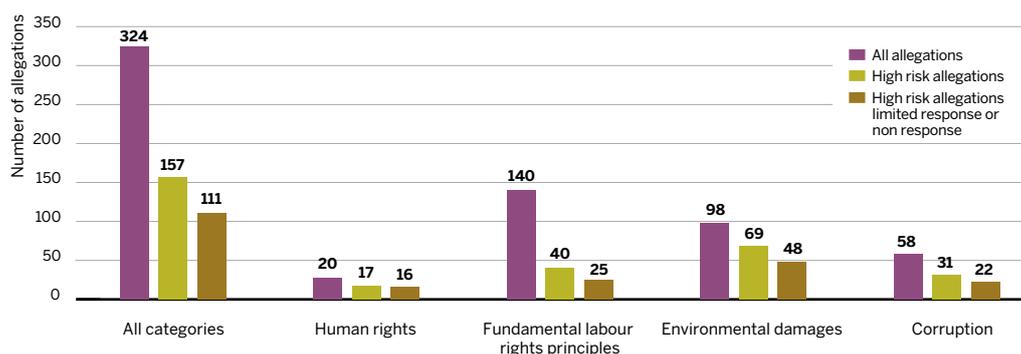
## PREVENTING REPUTATIONAL RISK

The analysis performed by the EIRIS (Experts in Responsible Investment Solutions) extra-financial research service provider for FRR covers all the corporate issuers in the portfolio, regardless of their operating location (developed or emerging markets).

On the basis of the portfolio at the end of 2011, it appears that approximately 4.6% of the companies analysed (i.e. 227 companies out approximately 4,986 that EIRIS analyses in the portfolio) may be affected by one or more allegations – irrespective of their size. 40 companies (i.e. 0.9%) were implicated by allegations regarded as serious, meaning those that single out companies that have taken no measures or only limited measures.

Of the 324 allegations identified (one company can be the object of several allegations), almost half relate to the failure to comply with fundamental principles of employment law (140), with 40 allegations categorised as high risk. Breaches relating to the environment (98) or corruption (58) were less numerous, but generally represent a high risk. In the case of human rights violations (28 allegations in

### > Breakdown of the allegations by type and level of risks (direct and indirect holdings)



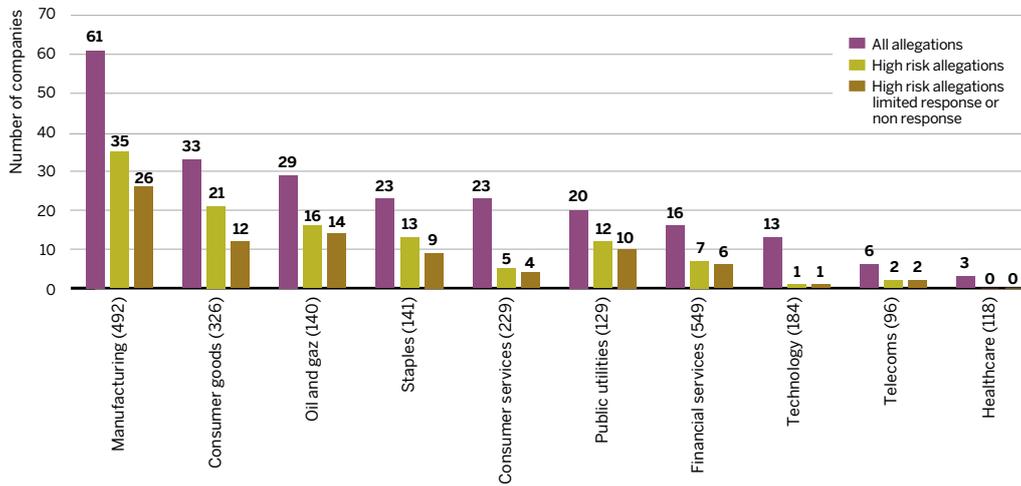
total), the allegations that represented high risk (17 out of 28) were not resolved satisfactorily (16 out of 17).

The business sectors most affected were industry (61 companies), consumer goods (33) and oil and gas (29).

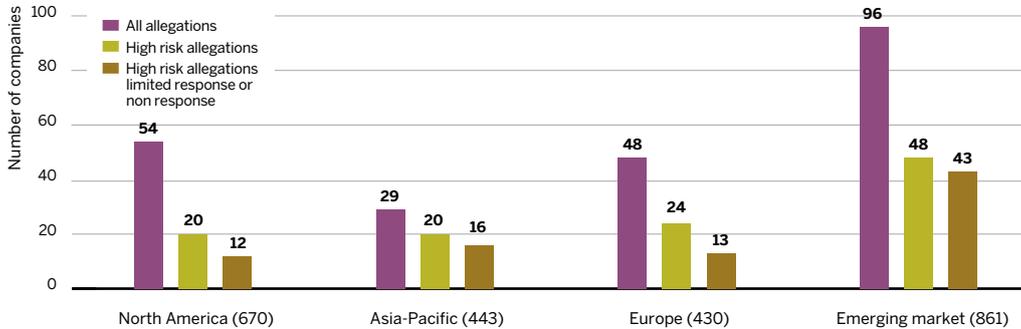
Lastly, emerging markets feature the largest number of companies linked to allegations (96 companies), followed by North America (54) and Europe (48).

The FRR supports initiatives that encourage greater transparency by companies in the non-financial domain.

> Breakdown by sectors by allegations and number of companies (direct and indirect holdings)



> Breakdown of the allegations by region and number of companies (direct and indirect holdings)



The list of companies with which the FRR should engage in dialogue in 2012 will be drawn up on the basis of these results. It should be noted that at the end of 2011, Northrop Grumman Corp. was added to the list of companies excluded on account of their possible involvement in the manufacture of anti-personnel mines or cluster bombs.

**List of companies excluded from the FRR's portfolio on account of their possible involvement in the manufacture of anti-personnel mines or cluster bombs (at 31 December 2011)**

Company	Country
Alliant Techsystems ATK	United States
General Dynamics	United States
Goodrich	United States
Lockheed Martin	United States
L3 Communications	United States
Raytheon	United States
Singapore Technologies Engineering	Singapore
Northrop Grumman Corp	United States
Textron	United States

At present, in addition to its active adoption since the launch of the Principles of Responsible Investment, the FRR also supports the Carbon Disclosure Project, the Water Disclosure Project and also the EITI (Extractive Industries Transparency Initiative) – initiatives that encourage greater transparency by companies in the non-financial domain

**ACTIVE EXERCISE OF VOTING RIGHTS**

Since 2005, the FRR has voted regularly on all of its equities portfolio, attending more than 90% of scheduled general meetings of shareholders in 2011. The level of the FRR's opposition to motions remains high, with 12.8% of votes "against", an approval rate of 87% and 0.2% abstentions. These rates bear comparison with the average rates observed at the general meetings of CAC40 shareholders, with a 5.9% opposition rate and a 94.1% approval rate.

The FRR focuses mainly on the following themes:

- The appointment of female directors to boards, especially in France with the implementation of the law of 27 February 2011 on the equal representation of women and men on boards of directors. The FRR had first made this recommendation in its Guidelines in 2010.

- Operations affecting capital (increases in capital through the issuance of shares without preferential subscription rights, increases in capital as part of a surplus allocation option, etc.).
- Motions concerning remuneration: analysis of motions relating to reports on remuneration, support for external motions on "Say on pay", especially in Switzerland, examination of regulated agreements in France, especially on deferred remuneration (severance pay and supplementary pension schemes), free share allocations and the awarding of stock options. As regards remuneration, the FRR voted against motions that did not present objective, qualitative award criteria or were contrary to the principles set out in its Guidelines.

The FRR closely monitors market projects concerning governance, in particular the Poupard-Lafarge report on general meetings of shareholders, as well as the European Commission's Green Paper on governance and the implementation of "Say on pay" in the USA.

**SUPPORT FOR RESEARCH**

The FRR has renewed its support until 2013 for the Sustainable Finance and Responsible Investment chair developed by the Paris stock exchange, which since 2008 has brought together researchers (*École Polytechnique, Institut d'Economie Industrielle de l'Université de Toulouse*) and finance professionals (investors and managers). The research carried out by this organisation in 2011 covered, inter alia, the impact of responsible investment on the social responsibility policies of companies and on their financial valuation, and also on the definition of pertinent ESG indicators and changes in the nature of the demand for practices implementing an ESG approach from institutional investors.

As regards remuneration, the FRR voted against motions that will not be supported by objective and qualitative awarding criteria.

# RISK MANAGEMENT AND CONTROL

During 2011 the FRR completed its introduction of its new financial risk assessment application (MSCI's RiskMetrics) and the introduction of risk indicators adapted for the new strategic asset allocation deployed in 2011.

In view of the fixing of the FRR's new liabilities, the Fund also reviewed the mapping of its risks.

## The principal risk management objectives are:

- Analysing and managing all risks (financial, human, information system, strategic, etc.) in order to avoid "silo" effects and all the potential impacts of these risks (financial and non-financial risks such as risks to reputation, know-how etc.). The scope of analysis is the FRR and its stakeholders, its custodian (*the Caisse des Dépôts*), the external managers, index providers and other service providers. One of the benefits of this approach consists in aggregating all major risks and ensuring the coherence of all risk analysis and action plans at the organisational level.
- Alerting the Management Board to the potential occurrence of major risks and risks deemed unacceptable.
- Proposing and coordinating the introduction of action plans to reduce or change the profile of these risks.
- Helping to disseminate best practice and the risk management culture within the FRR.
- Giving the Management Board an independent opinion on the investment indices chosen by the FRR's financial department for its own investment management.
- Proposing or approving risk limits by broad family of risk or business sector.
- Analysing, prior to launch, new investment products and processes in terms of financial and operational risks. Setting limits for these new investment products and processes.

## THE FRR'S PRINCIPAL RISKS

**Asset and liability management risk:** the principal risk for the FRR is that of a mismatch between its strategic allocation and its long-term financial objectives. To ensure that it can finance its commitments to the CADES, the Fund's strategic allocation must allow for its assets to be in sufficiently liquid and safe investments while seeking optimum performance.

**Short-term financial risks ;** these risks occur on two levels:

- **Absolute risks:** these are absolute losses that the FRR may incur in the short term. The Fund's staff produce regular estimates of the levels of these short-term risks.
- **Relative risk:** this is the risk of a manager underperforming his benchmark. This relative loss is controlled by defining a maximum ex-ante tracking error that must be respected.

**Currency risk:** the FRR's portfolio is partly invested in foreign currencies. In the case of the performance portfolio, the Fund has hedged 90% of its currency exposure through forward currency contracts, which are renewed regularly, with the exception of positions in emerging currencies, whose upward trend constitutes a contributing factor to overall medium and long-term growth. As regards liability hedging assets, the risk hedging rate represented by currency exposure increased to 100% in 2011.

This hedging statistically improves the risk/return ratio for developed country currencies because it reduces the portfolio's volatility without having a significant impact on net performance.

**Counterparty risk:** for hedging purposes, the FRR is required to negotiate, through its managers, OTC derivatives with banking counterparties. Minimum ratings (Moody's, Standard & Poor's and Fitch) and minimum equity capital requirements apply to its choice of counterparties. The FRR also requires margin calls to be put in place for certain derivatives, in addition to compliance with maximum levels of

exposure per counterparty. A monitoring system comprising alerts, risk indicators and regular reports on these active counterparties has been implemented. Furthermore, settlement risk relating to all these forward currency transactions with banking counterparties is significantly reduced because the FRR uses the services of CLS Bank. CLS acts as a trusted third party and makes payments between two counterparties only after it has carried out all checks and has cleared transactions. The risk of delivering currencies to an insolvent company that is unable to honour its payment is therefore significantly reduced.

**Credit risk:** for fixed income mandates, minimum ratings are imposed on managers. In the case of short-term investments in securities for cash management purposes, the FRR must comply with both rating and equity capital constraints vis-à-vis the issuer (or level of GDP in the case of a country).

**Compliance risks:** the FRR constantly monitors the prudential rules to which it is subject (rules derived from the decree to implement the law of 2001). This regulatory provision is supplemented by numerous internal rules that have significantly reinforced the risk control system.

**Risks of fraud and money laundering:** the FRR pays close attention to its choice of investment vehicles to ensure that it does not support fraudulent practices or money laundering.

**Risk of disruption to business:** to safeguard the assets entrusted to it by the nation as effectively as possible, the FRR monitors developments in the financial markets and their volatility on a daily basis so that it can act swiftly if necessary. In performing its mission, it is therefore of paramount importance that the FRR should be able to carry out its principal activities without disruption in the event of a serious incident (epidemic, flooding, fire, etc.). Backup and fallback plans have been defined and are tested regularly to deal with such incidents.

**Supplier risk:** the FRR selects a large number of external managers to manage its asset portfolio. A rigorous selection procedure as part of public requests for proposals, extensive due diligence carried out at managers' premises and regular monitoring (and supervision, if necessary) all help to reduce this risk. Back-up solutions are also available in the event of problems, especially those concerning managers.

**Data-related risk:** performance and risk calculations, and therefore investment choices, depend on the quality of the data fed into the FRR's information system.

## HIGHLIGHTS OF 2011

A number of actions relating to global risk management were carried out during the year:

- Measures to improve the quality of the financial data (economic sector, etc.) of the FRR's portfolio were finalised, for performance calculation and more accurate assessment of financial risks.
- Definition and adaptation of the new asset allocation process for reporting performance monitoring.
- Adaptation of the limits system within the context of the sovereign debt crisis.
- Introduction of the new short-term financial risk assessment application (RiskMetrics).
- Integration and management of the impacts of the new strategic allocation in risk assessment and monitoring (monitoring of risks inherent in each hedging and performance portfolio and their impact on the surplus).
- Development of the risk committee's reporting on financial risk, with a focus on better identification of sources of risk and their changes (analysis of factors contributing to risk).
- The Financial Risk Department's contribution to the implementation of the FRR's new strategic allocation within the context of pension reform (definition of the risk policy for new asset classes and participation in the selection of managers and funds with regard to risk).
- Upstream reduction of financial and operational risks by systematic implementation of tests prior to the launch of new assets or investment processes.
- Recasting of key processes (improvement of operational performance of processes, clear descriptions of roles and responsibilities and structuring of monitoring of processes' key risks).

Risk mapping has been updated in line with the new investment model.

The FRR began risk mapping in 2007, and updated it in 2011.

This risk mapping is carried out with three principal objectives in mind:

- Identification of operational risks;
- the analysis and valuation of these risks with a view to classifying them;
- defining, approving and structuring action plans intended to improve the risk profile.

The Risk Division is managing these measures (introduction of a methodology and analysis frame of reference; organisation of working groups; monitoring of action plans).

Risk mapping was presented and discussed at an Executive Committee meeting and at a meeting of the Management Board.

# ORGANISATION AND COSTS

## ORGANISATION AND HUMAN RESOURCES

During 2011, the FRR continued to cut staff numbers in response to the need to control costs, as required by the implementation of the Fund's new financial model.

As such, the organisation had 53 employees (as compared to 56 in 2010), as a number of functions were redeployed. In the coming years, the FRR will gradually adapt its resources to meet the challenges presented by its new financial management model, while striving to maintain both strict cost control and a demanding level of process security.

The FRR strove to maintain both strict cost control and a demanding level of process security.

Note that in 2011, which was a transition year following pension reform, the FRR had a high rate of staff turnover (25%). It was necessary to recruit according to specific profiles, either to replace departing staff or to redeploy certain positions.

### The FRR's costs

Total costs in 2011 were EUR 51.8 million, 12.5% lower than in 2010.

The item comprising financial management fees relating to the outsourced management of assets remains the largest expense. It amounted to EUR 30.3 million in 2011 (i.e. 58.5% of total expenses), as compared to EUR 32.5 million in 2010.

The implementation of the strategic allocation defined at the end of 2010 by the Supervisory Board resulted in numerous requests for proposals. Moreover, 12 investment mandates were terminated during the financial year, while an equivalent number of new mandates began during the same period.

With a view to aligning interests, a larger share of the management fees was linked to performance under the managers' terms of remuneration. As a reflection of this structural change, the increase in average assets under management (up EUR 1 billion in comparison with 2010, in spite of the EUR 2.1 billion payout to the CADES in April 2011) was matched by a fall in fixed management fees, which came to EUR 24.1 million. In 2011, 84% of the Fund's fixed financial management fees were concentrated in active management (as compared to 73% in 2010).

Developments in the financial markets in the second half of 2011 meant that the FRR paid no performance fees, whereas in 2010 they amounted to EUR 1.6 million. The absence of performance fees in 2011 is explained by the fact that none of the mandates concerned achieved their performance objectives.

On average, the discretionary investment management fee<sup>11</sup> rate for 2011 was 6.7 basis points, down from the 7.6 basis points recorded in 2010.

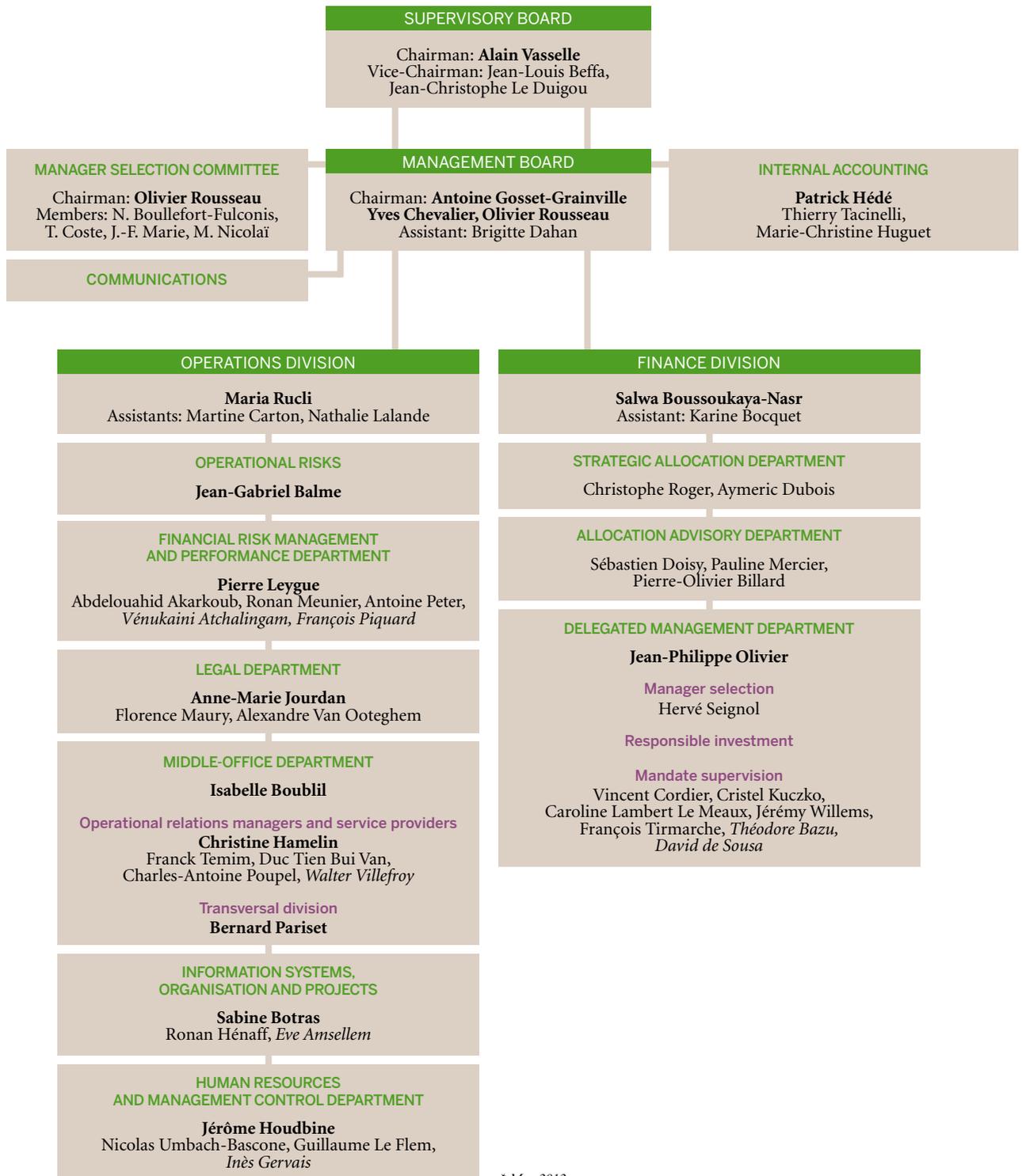
Administration fees came to EUR 21.5 million, down from the previous financial year (EUR 26.7 million in 2010). Payroll costs fell 7% on 2010, as a result of the redeployment policy applied by the Management Board since 2010, and a number of posts remaining unfilled during part of the year.

The costs of fund custody and administration, services provided by the back-office department of the Caisse des Dépôts, continued to fall in comparison with 2010 due to the combined effect of lower fund flows (down 22%), a reduction of the costs of the custodian CACEIS, and a growing share of the assets held in the form of collective funds.

At EUR 40 million, inherently variable expenses (management fees and fund custody and administration charges) accounted for more than 75% of expenses, with the cost of the FRR's own organisation accounting for only 0.03% of assets under management.

<sup>11</sup> Excluding overlay management.

# MANAGEMENT STRUCTURE CHART\*



\* May 2012.

# GOVERNANCE

## SUPERVISORY BOARD

at 31 December 2011

### CHAIRMAN

**Alain Vasselle**

### MEMBERS OF THE NATIONAL ASSEMBLY

Yves Bur

*alternate*

Valérie Boyer

Bérangère Poletti

### MEMBERS OF THE SENATE

Francis Delattre

*alternate*

Bertrand Auban

Muguette Dini

*alternate*

René Teulade

### 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**

Jean-Christophe Le Duigou

Vice-Chairman of the Supervisory Board

*alternate*

Pierre-Yves Chanu

#### **Confédération générale du travail –**

##### **Force ouvrière**

Jean-Jacques Poujade

*alternate*

Philippe Pihet

#### **Confédération française démocratique**

##### **du travail**

Philippe Le Clezio

*alternate*

Yves Canevet

#### **Confédération Française des travailleurs chrétiens**

Isabelle Sancerni

*alternate*

Michel Moise-Mijon

#### **Confédération française de l'encadrement – CGC**

Danièle Karniewicz

*alternate*

Alain Dematons

### REPRESENTATIVES OF SELF-EMPLOYED AND INDEPENDENT WORKERS

#### **Mouvement des entreprises de France**

Agnès Canarelli

*alternate*

Catherine Thibier

Valérie Corman

*alternate*

Emilie Martinez

Alain Leclair

*alternate*

Jean-Claude Guéry

French Asset Management Association (*Association  
Française de la Gestion Financière*)

#### **Confédération générale des PME**

Geneviève Roy

*alternate*

Georges Tissié

#### **Union professionnelle artisanale**

Albert Quenet

*alternate*

Berthe Duguey

### REPRESENTATIVES OF THE MINISTER FOR SOCIAL SECURITY APPOINTED BY ORDER OF THE MINISTER FOR SOCIAL SECURITY

Dominique Libault

*alternate*

Jonathan Bosredon

Jean-Louis Rey

*alternate*

Damien Vergé

REPRESENTATIVE OF THE MINISTER  
FOR THE ECONOMY, FINANCE AND INDUSTRY  
APPOINTED BY ORDER OF THE MINISTER  
FOR THE ECONOMY, FINANCE AND INDUSTRY

Hervé de Villeroché  
*alternate*  
Emmanuel Bretin

REPRESENTATIVE OF THE MINISTER  
FOR THE BUDGET, APPOINTED BY ORDER  
OF THE MINISTER FOR THE BUDGET

Julien Dubertret  
*alternate*  
Rodolphe Gintz

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MANAGEMENT BOARD

May 2012

CHAIRMAN

**Antoine Gosset-Grainville**

OTHER MEMBERS

Yves Chevalier  
Olivier Rousseau

MANAGER SELECTION  
COMMITTEE

CHAIRMAN

**Olivier Rousseau**

OTHER MEMBERS

Nathalie Boullefort-Fulconis  
Former deputy CEO of an asset management  
company

Thierry Coste  
Member of the ACP  
(*Autorité de contrôle prudentiel*) panel

Jean-François Marie  
Former director of a finance company

Marcel Nicolai  
Former managing partner of an asset management  
company



## FINANCIAL AND ACCOUNTING SUMMARY

The social security financing law for 2011 provides that the FRR must pay EUR 2.1 billion to the CADES each year until 2024. Similarly, the law transferred the employers' contributions hitherto paid to the FRR to the CADES and the FSV.

These measures had a significant impact on the institution's 2011 financial statements.

The Fund paid the CADES the sum of EUR 2.1 billion on 25 April 2011, recognising an equivalent reduction in its permanent capital.

However, the 2011 financial statements reflect the FRR's financial solidity, just as they did in 2010.

The CNIEG's contribution is valued at EUR 3.49 billion, an increase of EUR 17.5 million.

Financial assets, transferable securities and available funds came to EUR 35.9 billion.

The 2011 result was a surplus of EUR 321 million, following on to a similarly positive result of EUR 603 million in 2010.

The 2011 result was a surplus of EUR 321 million, following a similarly positive result of EUR 603 million in 2010.

The same applies to the valuation differentials recognised on the balance sheet, which track the difference between the acquisition value and the market value at 31 December. These differences, which were already positive in 2010 at EUR 686.96 million, were EUR 525 million at 31 December 2011.

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

Income from transferable securities rose to EUR 938 million, as compared to EUR 842 million in 2010.

Foreign exchange transactions generated a net loss of EUR 229 million. Taking the currency hedging policy into account, this loss was offset on the balance sheet by an equivalent increase in the value of the assets.

Sales of transferable securities generated a loss of EUR 380 million, as compared to a surplus of EUR 774 million in 2010.

Lastly, forward financial instruments (futures) contributed EUR 71 million to the financial result.

# BALANCE SHEET

## AT 31 DECEMBER 2011

<b>Assets</b> – in euros	<b>31/12/2011</b>	<b>31/12/2010</b>
<b>Current assets</b>	<b>859,671.06</b>	<b>589,783.78</b>
<b>Receivables</b>	<b>9,540,298,572.54</b>	<b>8,685,005,695.51</b>
Provisions allocated to the FRR receivable	0.00	123,968,881.98
Receivables from operations	0.00	0.00
Receivables on financial instruments	63,566,533.21	68,271,400.01
Receivables on forex transactions	9,302,110,609.37	8,375,665,075.35
Receivables on forward financial instruments	174,621,429.96	117,100,338.17
<b>Transferable securities:</b>	<b>32,877,976,256.33</b>	<b>33,901,276,412.87</b>
Equities	5,852,055,618.39	10,843,593,916.42
Bonds	19,193,474,676.51	14,430,583,967.66
Transferable debt securities	2,846,700,287.54	3,069,330,297.85
UCITS	4,422,608,272.49	5,157,499,877.21
Investment funds	563,137,401.40	400,268,353.73
<b>Cash</b>	<b>2,317,143,552.16</b>	<b>3,215,758,726.80</b>
<b>Prepaid expenses</b>	<b>123,342.22</b>	<b>9,900.88</b>
<b>TOTAL</b>	<b>44,736,401,394.31</b>	<b>45,802,640,519.84</b>
<b>LIABILITIES</b> – in euros	<b>31/12/2011</b>	<b>31/12/2010</b>
<b>Equity capital</b>	<b>4,316,669,444.16</b>	<b>4,176,081,980.77</b>
Provisions	2,867,264,562.06	2,886,048,778.22
Reserves	603,069,148.26	0.00
Difference in estimates	525,175,590.12	686,964,054.29
Profit/(loss) for the period	321,160,143.72	603,069,148.26
<b>Payables</b>	<b>40,418,726,498.02</b>	<b>41,623,645,865.26</b>
Prepaid provisions allocated to the FRR		78,651,774.50
Extraordinary contribution to CNIEG	3,490,766,561.44	3,473,170,485.09
CADES debt -1 year	2,100,000,000.00	2,100,000,000.00
CADES debt +1 year	25,200,000,000.00	27,300,000,000.00
Payables from operations	20,074,192.40	29,304,088.08
Payables on financial instruments	48,586,031.72	59,014,668.81
Payables on forex transactions	9,541,598,720.17	8,499,727,564.73
Payables on forex transactions	17,700,992.29	83,777,284.05
<b>Prepaid income</b>	<b>1,005,452.13</b>	<b>2,912,673.81</b>
<b>TOTAL</b>	<b>44,736,401,394.31</b>	<b>45,802,640,519.84</b>

# INCOME STATEMENT

## AT 31 DECEMBER 2011

<b>EXPENSES</b> – in euros	<b>31/12/2011</b>	<b>31/12/2010</b>
Outside services	50,862,766.86	57,876,568.90
Outside services	61,014.22	87,225.74
Payroll	665,181.82	1,091,152.11
Amortisation	228,090.14	165,268.60
<b>Operating expenses</b>	<b>51,817,053.04</b>	<b>59,220,215.35</b>
Forex losses	1,122,157,582.59	1,654,735,181.40
Expenses on forward financial instruments	524,099,808.04	586,493,278.03
Expenses on sale of securities	1,738,739,789.02	1,219,527,629.29
Other financial expenses	413,085,638.56	463,301,709.98
Allocation of share of income to CNIEG	35,458,987.62	62,382,560.52
<b>Financial expenses</b>	<b>3,833,541,805.83</b>	<b>3,986,440,359.22</b>
<b>Extraordinary expenses</b>	<b>0.00</b>	<b>0.00</b>
<b>Total expenses</b>	<b>3,885,358,858.87</b>	<b>4,045,660,574.57</b>
<b>Profit/(loss) for the period</b>	<b>321,160,143.72</b>	<b>603,069,148.26</b>
<b>TOTAL</b>	<b>4,206,519,002.59</b>	<b>4,648,729,722.83</b>

<b>INCOME</b> – in euros	<b>31/12/2011</b>	<b>31/12/2010</b>
Income from securities	937,628,275.69	841,842,270.64
Forex gains	892,824,165.03	901,760,110.33
Income from forward financial instruments	594,626,630.83	511,948,669.86
Income from sale of securities	1,359,749,797.03	1,994,015,929.25
Other financial income	417,676,193.95	399,162,742.75
<b>Financial income</b>	<b>4,202,505,062.53</b>	<b>4,648,729,722.83</b>
<b>Extraordinary income</b>	<b>4,013,940.06</b>	<b>0.00</b>
<b>Total income</b>	<b>4,206,519,002.59</b>	<b>4,648,729,722.83</b>
<b>TOTAL</b>	<b>4,206,519,002.59</b>	<b>4,648,729,722.83</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2011

## 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 were 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 accrual accounting.

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 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 on the trading date.

BTF and BTAN 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, plus the issuer spread where applicable.

UCITS are valued using the last known net asset value. ETFs are valued using the last price quoted.

Venture capital funds are valued using the last valuations provided by the fund managers.

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 prices provided by the counterparty, under the control of the fund manager and covered by the various control levels put in place by the FRR.

Unrealised gains and losses and unrealised exchange differences are recognised on the balance sheet under Difference in estimates, and do not affect the Fund's result.

Withholding tax rebates are recognised at the time of receipt.

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

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

Intangible assets, linked mainly to the SPIRRIS application's user rights and associated maintenance, are amortised on a straight-line basis over 5 years.

The extraordinary, flat-rate, full-discharge contribution mentioned in Article 19 of law no. 2004803 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 on 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 fees for outperforming their benchmark index by a given margin. Out-performance is defined as the positive mathematical difference between the performance of the portfolio and that of the benchmark. Depending on the mandate, these fees are paid annually and/or at the end of the mandate provided the outperformance is sustained 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 columns are presented as net values, taking into account the amortisations applied to current assets or differences in estimates for financial assets and liabilities.

“Provisions allocated to the FRR receivable” represent the total provisions allocated to the FRR outstanding at 31 December 2010, the amount of which was known when the previous financial statements were prepared. “Prepaid provisions allocated to the FRR” represent the amount of income received by the FRR at 31 December 2010, relating to a trigger event in 2011.

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

“Receivables” and “Payables on forex transactions” include current foreign exchange transactions, whether spot or forward.

“Receivables” and “Payables on forward financial instruments” include pending transactions related to futures (margin payable or receivable, security deposit) and swap (payable or receivable flows) transactions.

“Transferable securities” are classified in five categories: equities, bonds, transferable debt securities, UCITS and investment funds. They appear on the balance sheet at their market value, taking into account coupons accrued on bonds and transferable debt securities.

“Cash” includes all the FRR’s cash accounts in euro and in 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” INCLUDES:

- Provisions corresponding to the balance of employers’ contributions received by the FRR since its inception in 1999, less the sums allocated to the CADES.
- “Reserves” represent the accumulated income generated by the Fund since its inception, less the sums allocated to the CADES debt.
- “Differences in estimates” represent unrealised gains and losses recognised on all the assets at the closing date.
- Profit/(loss) for the financial year.

### THE “EXTRAORDINARY CONTRIBUTION TO CNIEG” INCLUDES:

- The contribution paid to the FRR by the Caisse Nationale des Industries Electriques et Gazieres (CNIEG) as part of Article 19 of law no. 2004803 of 9 August 2004, whose conditions of payment to the FRR by the CNIEG were laid down by 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 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

### CURRENT ASSETS

**Table of current assets and amortisation** – in euros

Columns and entries	Current assets			Amortisation					Net book value
	Gross book value – opening balance	Increase	Decrease	Gross book value – closing balance	Accumulated values – opening balance	Provisions	Decrease	Accumulated values – closing balance	
Intangible assets	1,647,139.42	495,764.02	–	2,142,903.44	-1,057,484.26	-227,469.65	–	-1,284,953.91	857,949.53
<b>TOTAL I</b>	<b>1,647,139.42</b>	<b>495,764.02</b>	<b>–</b>	<b>2,142,903.44</b>	<b>-1,057,484.26</b>	<b>-227,469.65</b>	<b>–</b>	<b>-1,284,953.91</b>	<b>857,949.53</b>
Tangible assets	10,498.91	2,213.40	–	12,712.31	-10,370.29	-620.49	–	-10,990.78	1,721.53
<b>TOTAL II</b>	<b>10,498.91</b>	<b>2,213.40</b>	<b>–</b>	<b>12,712.31</b>	<b>-10,370.29</b>	<b>-620.49</b>	<b>–</b>	<b>-10,990.78</b>	<b>1,721.53</b>
<b>GRAND TOTAL</b>	<b>1,657,638.33</b>	<b>497,977.42</b>	<b>–</b>	<b>2,155,615.75</b>	<b>-1,067,854.55</b>	<b>-228,090.14</b>	<b>–</b>	<b>-1,295,944.69</b>	<b>859,671.06</b>

### RECEIVABLES LINKED TO FINANCIAL MANAGEMENT

**Receivables** – in euros

	31/12/2011
<b>related to financial instruments</b>	
Matured coupons for payment	15,817,588.55
Sales pending settlement	47,476,118.86
Fees/rebates receivable	272,825.80
<b>TOTAL</b>	<b>63,566,533.21</b>
<b>related to forex transactions</b>	
Forward purchases	81,707,496.88
Forex forward receivables	9,153,659,705.15
Forex Spot receivables	52,946,051.92
Backwardation	13,797,355.42
<b>TOTAL</b>	<b>9,302,110,609.37</b>
<b>related to forward financial instruments</b>	
Security deposits	167,804,283.05
Margin receivable	6,817,146.91
<b>TOTAL</b>	<b>174,621,429.96</b>

**TRANSFERABLE SECURITIES**

## CHANGES IN THE VALUE OF THE PORTFOLIO OF TRANSFERABLE SECURITIES

**Portfolio as at 31 December 2010** – in euros

	<b>Value on acquisition</b>	<b>Differences in estimates<sup>1</sup></b>	<b>Accrued coupons</b>	<b>Balance sheet value</b>
Equities	10,234,059,336.47	609,534,579.95	–	10,843,593,916.42
Bonds	14,250,570,926.90	-72,405,746.60	252,418,787.36	14,430,583,967.66
Transferable debt securities	3,072,783,053.49	-4,392,055.68	939,300.04	3,069,330,297.85
UCITS	4,978,496,186.34	179,003,690.87	–	5,157,499,877.21
Venture capital	412,821,309.86	-12,552,956.13	–	400,268,353.73
<b>TOTAL</b>	<b>32,948,730,813.06</b>	<b>699,187,512.41</b>	<b>253,358,087.40</b>	<b>33,901,276,412.87</b>

**Portfolio as at 31 December 2011** – in euros

	<b>Value on acquisition</b>	<b>Differences in estimates<sup>2</sup></b>	<b>Accrued coupons</b>	<b>Balance sheet value</b>
Equities	5,684,070,924.80	167,984,693.59	–	5,852,055,618.39
Bonds	18,456,508,213.06	390,080,736.64	346,885,726.81	19,193,474,676.51
Transferable debt securities	2,844,476,582.14	352,196.06	1,871,508.34	2,846,700,287.54
OPCVM	4,424,766,776.84	-2,158,504.35	–	4,422,608,272.49
Venture capital	508,479,290.86	54,658,110.54	–	563,137,401.40
<b>TOTAL</b>	<b>31,918,301,787.70</b>	<b>610,917,233.48</b>	<b>348,757,235.15</b>	<b>32,877,976,256.33</b>

	<b>31/12/2010</b>	<b>31/12/2011</b>
Equities	10,843,593,916.42	5,852,055,618.39
Bonds	14,430,583,967.66	19,193,474,676.51
Transferable debt securities	3,069,330,297.85	2,846,700,287.54
OPCVM	5,157,499,877.21	4,422,608,272.49
Venture capital	400,268,353.73	563,137,401.40
<b>TOTAL</b>	<b>33,901,276,412.87</b>	<b>32,877,976,256.33</b>

1. Differences in estimates before allocation of the CNIEG's share.

2. Differences in estimates before allocation of the CNIEG's share.

BREAKDOWN OF PORTFOLIO BY REMAINING TERM TO MATURITY

	31/12/2010	31/12/2011
<3 months	17.75%	11.77%
>3 months<1 year	0.87%	1.10%
1 to 3 years	11.29%	9.84%
3 to 5 years	12.57%	11.85%
5 to 7 years	10.09%	11.13%
7 to 10 years	18.98%	27.88%
10 to 15 years	16.46%	14.72%
>15 years	11.99%	11.71%
	<b>100.00%</b>	<b>100.00%</b>

BREAKDOWN OF PORTFOLIO BY COUPON TYPE

	31/12/2010	31/12/2011
Fixed rate	78.74%	86.55%
Index-linked rate	20.90%	12.98%
Variable rate	0.36%	0.47%
	<b>100.00%</b>	<b>100.00%</b>

BREAKDOWN OF TRANSFERABLE SECURITIES PORTFOLIO BY CURRENCY OF LISTING  
in euros

Currency	Equities	Bonds	Transferable debt securities	UCITS <sup>3</sup>	Limited Partnership <sup>4</sup> and Venture Capital funds	Total
AUD	169,658,203.01	108,334,021.46	–	–	–	277,992,224.47
CAD	117,223,923.97	153,627,441.33	–	–	–	270,851,365.30
CHF	218,803,280.64	–	–	–	–	218,803,280.64
DKK	70,933,021.68	34,380,783.87	–	–	–	105,313,805.55
EUR	1,789,718,668.52	13,919,793,492.49	2,807,180,460.12	2,318,424,008.36	284,593,926.85	21,119,710,556.34
GBP	540,845,207.36	268,578,964.33	–	60,685,528.55	–	870,109,700.24
HKD	100,130,166.54	–	–	–	–	100,130,166.54
JPY	710,484,587.69	375,425,644.14	–	–	–	1,085,910,231.83
NOK	43,014,753.30	–	–	–	–	43,014,753.30
NZD	3,266,026.35	–	–	–	–	3,266,026.35
SEK	59,179,465.81	47,344,239.42	–	–	–	106,523,705.23
SGD	38,558,438.59	–	–	–	–	38,558,438.59
USD	1,990,239,874.93	4,285,990,089.47	38,514,375.29	2,043,498,735.58	278,543,474.55	8,636,786,549.82
<b>NET TOTAL OF INTEREST RECEIVED IN ADVANCE<sup>5</sup></b>	<b>5,852,055,618.39</b>	<b>19,193,474,676.51</b>	<b>2,845,694,835.41</b>	<b>4,422,608,272.49</b>	<b>563,137,401.40</b>	<b>32,876,970,804.20</b>

Interest received in advance on French Treasury Bills (BTF)	262,649.65
Interest received in advance on Foreign Treasury Bills	20,985.31
Interest received in advance on certificates of deposit	721,817.17
<b>Total interest received in advance</b>	<b>1,005,452.13</b>

PORTE-FOLIO	TOTAL	5,852,055,618.39	19,193,474,676.51	2,846,700,287.54	4,422,608,272.49	563,137,401.40	32,877,976,256.33

3. Incl. Exchange Traded Funds.

4. Limited Partnership: Investment funds.

5. IRA: Interest received in advance.

DETAILED STATEMENT OF TRANSFERABLE SECURITIES AT 31 DECEMBER 2011  
in euros

Transferable securities	Net Total of Interest received in advance	IPA	Portfolio total
<b>Equities</b>			
Eurozone European	1,787,033,743.07	–	1,787,033,743.07
Non-eurozone European	935,245,322.63	–	935,245,322.63
USA	2,107,679,130.51	–	2,107,679,130.51
Asia ex Japan	311,612,834.49	–	311,612,834.49
Japan	710,484,587.69	–	710,484,587.69
<b>SUB-TOTAL</b>	<b>5,852,055,618.39</b>	<b>–</b>	<b>5,852,055,618.39</b>
<b>Bonds</b>			
Eurozone European	13,919,793,492.49	–	13,919,793,492.49
Non-eurozone European	350,303,987.62	–	350,303,987.62
USA	4,439,617,530.80	–	4,439,617,530.80
Asia ex Japan	108,334,021.46	–	108,334,021.46
Japan	375,425,644.14	–	375,425,644.14
<b>SUB-TOTAL</b>	<b>19,193,474,676.51</b>	<b>–</b>	<b>19,193,474,676.51</b>
<b>Transferable debt securities</b>			
Eurozone European	2,807,180,460.12	984,466.82	2,808,164,926.94
USA	38,514,375.29	20,985.31	38,535,360.60
<b>SUB-TOTAL</b>	<b>2,845,694,835.41</b>	<b>1,005,452.13</b>	<b>2,846,700,287.54</b>
<b>UCITS</b>			
Eurozone European	2,318,424,008.36	–	2,318,424,008.36
Non-eurozone European	60,685,528.55	–	60,685,528.55
USA	2,043,498,735.58	–	2,043,498,735.58
<b>SUB-TOTAL</b>	<b>4,422,608,272.49</b>	<b>–</b>	<b>4,422,608,272.49</b>
<b>Investment funds</b>			
Europe	284,593,926.85	–	284,593,926.85
USA	278,543,474.55	–	278,543,474.55
<b>SUB-TOTAL</b>	<b>563,137,401.40</b>	<b>–</b>	<b>563,137,401.40</b>
<b>GRAND TOTAL</b>	<b>32,876,970,804.20</b>	<b>1,005,452.13</b>	<b>32,877,976,256.33</b>



## ADDITIONAL INFORMATION RELATING TO LIABILITIES

### CHANGES TO PERMANENT CAPITAL – in euros

Equity capital	31/12/2010	Balance on closing date	2011 profit/(loss)	Change		31/12/2011
				+	-	
Provisions	2,886,048,778.22	–	–	–	18,784,216.16	2,867,264,562.06
Reserves	–	603,069,148.26	–	–	–	603,069,148.26
Differences in estimates	686,964,054.29	–	–	–	161,788,464.17	525,175,590.12
Profit/(loss) for the financial year	603,069,148.26	-603,069,148.26	321,160,143.72	–	–	321,160,143.72
<b>SUB-TOTAL</b>	<b>4,176,081,980.77</b>	<b>–</b>	<b>321,160,143.72</b>	<b>–</b>	<b>180,572,680.33</b>	<b>4,316,669,444.16</b>
<b>Long-term debts</b>	<b>31/12/2010</b>					<b>31/12/2011</b>
CNIEG	3,473,170,485.09	–	–	17,596,076.35	–	3,490,766,561.44
CADES +1 year	27,300,000,000.00	–	–	–	2,100,000,000.00	25,200,000,000.00
<b>SUB-TOTAL</b>	<b>30,773,170,485.09</b>	<b>–</b>	<b>–</b>	<b>17,596,076.35</b>	<b>2,100,000,000.00</b>	<b>28,690,766,561.44</b>
<b>TOTAL PERMANENT CAPITAL</b>	<b>34,949,252,465.86</b>	<b>–</b>	<b>321,160,143.72</b>	<b>17,596,076.35</b>	<b>2,280,572,680.33</b>	<b>33,007,436,005.60</b>

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### PROFIT/LOSS FOR RECENT FINANCIAL YEARS – in euros

	2008	2009	2010	31/12/2011
Profit/(loss) for the financial year	-2,559,487,942.20	-133,555,062.47	603,069,148.26	321,160,143.72

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

### DEBTS – in euros

#### DEBT REPAYMENT SCHEDULE

Payables	Total	-1 year	+1 year	of which 1-5 years	of which more than 5 years
Extraordinary contribution to CNIEG	3,490,766,561.44	–	3,490,766,561.44	–	3,490,766,561.44
CADES debt	27,300,000,000.00	2,100,000,000.00	25,200,000,000.00	8,400,000,000.00	16,800,000,000.00
Payables from operations	20,074,192.40	20,074,192.40	–	–	–
Payables on financial instruments	48,586,031.72	48,586,031.72	–	–	–
Payables on forex transactions	9,541,598,720.17	9,541,598,720.17	–	–	–
Payables on forward financial instruments	17,700,992.29	17,700,992.29	–	–	–
<b>TOTAL</b>	<b>40,418,726,498.02</b>	<b>11,727,959,936.58</b>	<b>28,690,766,561.44</b>	<b>8,400,000,000.00</b>	<b>20,290,766,561.44</b>

EXTRAORDINARY CONTRIBUTION TO CNIEG –in euros

Equity capital at 31 December 2010	4,176,081,980.77
CNIEG balance at 31 December 2010	3,473,170,485.09
Employers' contributions 2011 (adjustment of previous employers' contributions)	-18,784,216.16
CADES debt at 31 December 2011	27,300,000,000.00
	34,930,468,249.70

**CNAV SHARE AT 31 DECEMBER 2011** **9.94%**

**Employers' contributions**

Provisions at 31 December 2010	2,886,048,778.22	<b>2011</b>
Provisions at 31 December 2011	2,867,264,562.06	-18,784,216.16

<b>Breakdown at 31 December 2011</b>	<b>31/12/2010</b>	<b>31/12/2011</b>	<b>to be allocated</b>
Operating expenses		51,817,053.04	-51,817,053.04
Financial Income		404,422,244.32	404,422,244.32
Extraordinary Income		4,013,940.06	4,013,940.06

**TOTAL INCOME** **356,619,131.34** **356,619,131.34**

Difference in estimates, Transferable securities	711,740,468.54	556,259,122.94	-155,481,345.60
Difference in estimates, Forex	-2,395,876.38	23,394,315.12	25,790,191.50
Difference in estimates, Forward exchange	-134,084,905.87	-228,935,646.19	-94,850,740.32
Difference in estimates, Derivatives	-22,397,489.63	52,004,715.31	74,402,204.94
Difference in estimates, Venture Capital	-12,552,956.13	54,658,110.54	67,211,066.67
Difference in estimates, Swaps	87,647,137.74	-9,075,614.89	-96,722,752.63

**DIFFERENCE IN ESTIMATES, TOTAL** **627,956,378.27** **448,305,002.83** **-179,651,375.44**

Financial and extraordinary profit/loss less operating expenses	356,619,131.34
Breakdown percentage	9.94%

**TO BE CREDITED TO THE CNAV** **35,458,987.62**

Difference in estimates	-179,651,375.44
Breakdown percentage	9.94%

**TO BE DEBITED TO THE CNAV** **-17,862,911.26**

**Summary**

Financial and extraordinary profit/loss less operating expenses	35,458,987.62
Difference in estimates	-17,862,911.26

**TOTAL** **17,596,076.36**

**As a reminder: CNIEG contribution at 31 December 2010** **3,473,170,485.09**

**CNIEG CONTRIBUTION AT 31 DECEMBER 2011** **3,490,766,561.45**

## PAYABLES RELATED TO FINANCIAL MANAGEMENT

<b>Payables</b> – in euros	<b>31/12/2011</b>
<b>related to financial instruments</b>	
Purchases pending settlement	48,586,031.72
<b>TOTAL</b>	<b>48,586,031.72</b>
<b>related to forex transactions</b>	
Forward sales	9,406,207,368.23
Currencies to be delivered forward	80,376,927.58
Currencies to be delivered spot	52,973,041.62
Contango	2,041,382.74
<b>TOTAL</b>	<b>9,541,598,720.17</b>
<b>related to forward financial instruments</b>	
Margin payable	8,625,377.40
Difference in estimates on swaps	9,075,614.89
<b>TOTAL</b>	<b>17,700,992.29</b>

**PREPAID INCOME**

Prepaid income came to EUR 1,005,452.13. It corresponds to interest prepaid on certain transferable debt securities (BTE, CDN, foreign Treasury Bills).

## ADDITIONAL INFORMATION RELATING TO THE PROFIT AND LOSS ACCOUNT

### OPERATING EXPENSES – in euros

	<b>Amount</b>
<b>Outside services</b>	<b>50,862,766.86</b>
Administrative Management ( <i>Caisse des dépôts et consignations</i> )	19,877,358.51
Investment company fees	26,141,906.98
Other outside services <i>including trading costs on financial instruments of EUR 4,153,100.21</i>	4,843,501.37
<b>Taxes and duties</b>	<b>61,014.22</b>
<b>Payroll</b>	<b>665,181.82</b>
<b>Amortisation</b>	<b>228,090.14</b>
<b>TOTAL</b>	<b>51,817,053.04</b>

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### TABLE OF STAFF REMUNERATED DIRECTLY BY THE FRR

#### Table of staff and breakdown by category

Category	Permanent (CDI)	Temporary (CDD)	Temps	Others	Total
Management	2	–	–	–	2
Executives	1	–	–	–	1
Employees	5	–	–	–	5
<b>TOTAL</b>	<b>8</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>8</b>
<b>OTHERS<sup>11</sup></b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1</b>	<b>–</b>

11. Chairman of the Supervisory Board. Payment of an indemnity.

## OFF-BALANCE SHEET LIABILITIES

## Forward foreign exchange contracts – in euros

Currency codes	Currency receivable	%	Currency to be delivered	%
AUD	296,594,630.75	3.24	3,576,097.49	4.45
CAD	286,280,427.51	3.13	18,620,122.48	23.17
CHF	202,825,774.60	2.22	791,121.14	0.98
DKK	101,324,054.37	1.11	–	–
GBP	859,698,712.57	9.39	16,518,597.47	20.55
HKD	141,258,439.06	1.54	1,631,872.66	2.03
JPY	1,243,961,625.68	13.59	13,011,250.48	16.19
NOK	38,816,233.50	0.42	–	–
NZD	3,127,225.50	0.03	–	–
SEK	99,403,513.62	1.09	4,344,900.58	5.41
SGD	38,064,497.16	0.42	589,579.93	0.73
USD	5,842,304,570.83	63.82	21,293,385.35	26.49
<b>TOTAL</b>	<b>9,153,659,705.15</b>	<b>100.00</b>	<b>80,376,927.58</b>	<b>100.00</b>

## Securities and cash on deposit at 31 December 2011

Stock code	Name of stock	Quantity	Cost price	Market value
FR0010235176	OATi 1 % 25/07/17	20,000,000.00	21,203,489.22	22,430,107.22
XS0294547285	ST GOB. 4.75 % 11/04/17 EUR	1,250.00	1,217,958.83	1,345,476.78
<b>SUB-TOTAL</b>			<b>22,421,448.05</b>	<b>23,775,584.00</b>

Stock code	Name of stock	Quantity	Cost price	Market value
DG.AUD	DEPOSIT AUD	12,085,700.00	8,828,110.50	9,544,858.63
DG.AUD	DEPOSIT AUD	15,000.00	11,072.56	11,846.46
DG.CAD	DEPOSIT CAD	1,392,100.00	991,840.79	1,053,145.21
DG.CHF	DEPOSIT CHF	1,943,920.00	1,610,719.39	1,601,383.96
DG.EUR	DEPOSIT EUR	1,292,307.00	1,292,307.00	1,292,307.00
DG.EUR	DEPOSIT EUR	61,345,985.00	61,345,985.00	61,345,985.00
DG.EUR	DEPOSIT EUR	183,895.00	183,895.00	183,895.00
DG.EUR	DEPOSIT EUR	353,100.00	353,100.00	353,100.00
DG.EUR	DEPOSIT EUR	24,234.00	24,234.00	24,234.00
DG.EUR	DEPOSIT EUR	1,333,490.00	1,333,490.00	1,333,490.00
DG.EUR	DEPOSIT EUR	403,710.00	403,710.00	403,710.00
DG.EUR	DEPOSIT EUR	267,628.80	267,628.80	267,628.80
DG.GBP	DEPOSIT GBP	6,223,200.00	7,125,209.69	7,450,257.39
DG.HKD	DEPOSIT HKD	146,667,600.00	13,185,545.62	14,547,182.16
DG.HKD	DEPOSIT HKD	373,200.00	35,443.69	37,015.73
DG.JPY	DEPOSIT JPY	2,080,530,000.00	18,946,284.46	20,830,296.35
DG.JPY	DEPOSIT JPY	630,000.00	5,760.41	6,307.56
DG.USD	DEPOSIT USD	59,468,800.00	42,763,097.03	45,808,658.14
DG.USD	DEPOSIT USD	60,000.00	43,935.99	46,217.84
DG.USD	DEPOSIT USD	2,158,600.00	1,559,995.05	1,662,763.82
<b>SUB-TOTAL</b>			<b>160,311,364.98</b>	<b>167,804,283.05</b>
<b>TOTAL</b>			<b>182,732,813.03</b>	<b>191,579,867.05</b>

OTHER LIABILITIES – in euros

**Off-balance sheet liabilities valued on derivatives**

**CURRENCY FUTURES**

**Long position**

Stock code	Name of stock	Currency	Price	Liability OBS valued
EC0312	CHI FUTUR EUR/U 0312	USD	1.34	1,248,901,710.11
<b>TOTAL</b>				<b>1,248,901,710.11</b>

**INDEX FUTURES**

**Long position**

Stock code	Name of stock	Currency	Price	Liability OBS valued
AP0312	SYD FUTURE SPI2 0312	AUD	4,019.00	158,703.21
BXF0112	BEL FUTURE BEL2 0112	EUR	2,085.00	4,983,150.00
EMD0312	CHI FUTURE SPI4 0312	USD	877.30	64,266,854.11
ES0312	CHI FUTUR SPMIN 0312	USD	1,252.60	40,428,239.10
FCE0112	MAR CAC 40 0112	EUR	3,165.50	16,523,910.00
FDAX0312	EUR FUTURE DAX 0312	EUR	5,900.00	10,325,000.00
FESX0312	EUR DJ EURO STO 0312	EUR	2,308.00	59,315,600.00
FESX0312	EUR DJ EURO STO 0312	EUR	2,308.00	323,120.00
FSMI0312	EUR FUTURE SMI 0312	CHF	5,890.00	21,349,369.80
FTI0112	AEX FUTURE AEX 0112	EUR	313.25	5,137,300.00
HSI0112	HKF HANG SENG I 0112	HKD	18,456.00	366,110.57
NQ0312	CHI NASDAQ 100 0312	USD	2,274.50	2,417,816.98
RTA0312	NY RUSSELL 200 0312	USD	738.80	45,641,472.81
SP0312	CHI SP500 0312	USD	1,252.60	723,655.83
TP0312	TOK TOPIX 0312	JPY	728.00	218,662.39
YM0312	CBO FUTURE DJ M 0312	USD	12,150.00	1,918,618.09
Z0312	LIF FTSE100 0312	GBP	5,536.00	73,764,731.24
<b>TOTAL</b>				<b>347,862,314.12</b>

**Short position**

Stock code	Name of stock	Currency	Price	Liability OBS valued
AP0312	SYD FUTURE SPI2 0312	AUD	4,019.00	125,613,587.90
HSI0112	HKF HANG SENG I 0112	HKD	18,456.00	143,881,454.51
TP0312	TOK TOPIX 312	JPY	728.00	709,195,032.82
<b>TOTAL</b>				<b>978,690,075.23</b>

**INTEREST RATE FUTURES****Long position**

Stock code	Name of stock	Currency	Price	Liability OBS valued
CG0312	MON FUTURE CAN 0312	CAD	133.84	30,375,609.94
FBTP0312	EUR EURO BTP FU 0312	EUR	91.61	100,404,560.00
FGBL0312	EUR EURO BUND F 0312	EUR	139.04	45,466,080.00
FGBL0312	EUR EURO BUND F 0312	EUR	139.04	1,133,732,160.00
FGBL0312	EUR EURO BUND F 0312	EUR	139.04	1,668,480.00
FGBL0312	EUR EURO BUND F 0312	EUR	139.04	139,040.00
FGBM0312	EUR EURO BOBL F 0312	EUR	125.11	473,791,570.00
FGBM0312	EUR EURO BOBL F 0312	EUR	125.11	6,630,830.00
FGBM0312	EUR EURO BOBL F 0312	EUR	125.11	4,378,850.00
FGBS0312	EUR EURO SCHATZ 0312	EUR	110.34	124,904,880.00
FGBS0312	EUR EURO SCHATZ 0312	EUR	110.34	39,722,400.00
FGBS0312	EUR EURO SCHATZ 0312	EUR	110.34	50,315,040.00
FGBS0312	EUR EURO SCHATZ 0312	EUR	110.34	17,433,720.00
FGBX0312	EUR FUTURE EURO 0312	EUR	127.94	108,237,240.00
FV0312	CBO UST NOTE 5 0312	USD	123.26	44,623,661.61
I0312	LIF 3MO EURO EU 0312	EUR	98.92	3,709,500.00
I0612	LIF 3MO EURO EU 0612	EUR	99.06	4,705,350.00
I1213	LIF 3MO EURO EU 1213	EUR	98.83	8,400,550.00
JGB0312	TOK JPN 10Y BON 0312	JPY	142.41	104,084,200.86
R0312	LIF GILT FUTURE 0312	GBP	116.95	61,884,233.21
SXF600312	MON FUTURE TSE6 0312	CAD	678.90	2,978,870.52
TU0312	CBO 2 Y US TRES 0312	USD	110.27	49,436,320.48
TU0312	CBO 2 Y US TRES 0312	USD	110.27	83,752,941.58
TY0312	CBO T NOTE US 1 0312	USD	131.13	51,310,660.92
US0312	CBO FUTURE BOND 0312	USD	144.81	27,552,524.65
XT0312	SYD FUTURE AUST 0312	AUD	96.28	49,681,757.45

**TOTAL****2,629,321,031.22****Short position**

Stock code	Name of stock	Currency	Price	Liability OBS valued
FGBL0312	EUR EURO BUND F 0312	EUR	289.00	40,182,560.00
FGBL0312	EUR EURO BUND F 0312	EUR	91.00	12,652,640.00
FGBL0312	EUR EURO BUND F 0312	EUR	46.00	6,395,840.00
FGBL0312	EUR EURO BUND F 0312	EUR	30.00	4,171,200.00
FGBM0312	EUR EURO BOBL F 0312	EUR	58.00	7,256,380.00
FGBM0312	EUR EURO BOBL F 0312	EUR	90.00	11,259,900.00
FGBM0312	EUR EURO BOBL F 0312	EUR	20.00	2,502,200.00
FGBM0312	EUR EURO BOBL F 0312	EUR	150.00	18,766,500.00
FGBM0312	EUR EURO BOBL F 0312	EUR	120.00	15,013,200.00
FGBS0312	EUR EURO SCHATZ 0312	EUR	943.00	104,050,620.00
FV0312	CBO UST NOTE 5 0312	USD	56.00	5,316,861.81
I0313	LIF 3MO EURO EU 0313	EUR	37.00	9,162,587.50
I0613	LIF 3MO EURO EU 0613	EUR	29.00	7,177,137.50
I0912	LIF 3MO EURO EU 0912	EUR	7.00	1,734,337.50
I0913	LIF 3MO EURO EU 0913	EUR	12.00	2,967,750.00
I1212	LIF 3MO EURO EU 1212	EUR	17.00	4,211,112.50
TY0312	CBO T NOTE US 1 0312	USD	685.00	69,188,588.05

**TOTAL****322,009,414.86**

## OBS liabilities on swaps

### COMMODITIES SWAPS

Stock code	Name of stock	Currency	Nominal liability in EUR
SWAP618293	SWAP SOCGEN5	USD	188,722,847.02
SWAP618324	SWAP CREDIT SUISSE 6	USD	123,247,573.56
<b>TOTAL</b>			<b>311,970,420.58</b>

## ADDITIONAL INFORMATION

### PERFORMANCE FEE VARIABLE FEES

On the closing date, the performance fees payable at the end of the investment mandates concerned were EUR 22,839,528.61.

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### EXTRAORDINARY INCOME

The sum of EUR 4,013,940.06 recognised under extraordinary income relates to compensation paid to the FRR by AXA IM. This compensation was the result of a programming error identified by AXA Rosenberg in its investment process.

# STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2011

*This is a free translation into English of the statutory auditors' report issued in French and is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the financial statements.*

*This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

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In compliance with the assignment entrusted to us by the Supervisory Board, we hereby report to you, for the year ended December 31, 2011, on:

- the audit of the accompanying annual financial statements of *Fonds de Réserve pour les Retraites* (hereinafter the "Fund");
- the justification of our assessments;
- the specific verifications and information required by law.

These annual financial statements have been approved by the Executive Board. Our role is to express an opinion on these financial statements based on our audit.

## I. OPINION ON THE FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, on a test basis or by selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the Fund's financial position and its assets and liabilities, as of December 31, 2011 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

## II. JUSTIFICATION OF OUR ASSESSMENTS

Accounting estimates used in preparing the financial statements for the year ended December 31, 2011 have been drawn in an uncertain environment. Mainly due to the public finance crisis incurred by certain countries in the Eurozone which is also associated with an economic and liquidity crisis, the assessment of economic prospects is extremely difficult. Within this context, in accordance with the requirements of article L. 823-9 of the Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

Our assessments concerned, in particular, the correct application of the accounting policies used by the Fund as set out in Notice n°2003-07 dated 24 June 2003 of the CNC, the French National Accounting Council and revised by Notice n°2008-10 dated 5 June 2008 of the CNC.

As part of our assessment of the rules and accounting methods applied in relation to the financial instruments in the portfolio, we verified the appro-

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priateness of these rules and methods and the disclosures provided in the note to the financial statements. We also verified the correct application of these rules and methods.

These assessments were made in the context of our audit of the financial statements, taken as a whole, and therefore contributed to the formation of our audit opinion expressed in the first part of this report.

### III. SPECIFIC VERIFICATIONS AND INFORMATION

In accordance with professional standards applicable in France, we have also performed the specific verifications required by law.

We have no matters to report regarding the fair presentation and the consistency with the financial statements of the information given in the management report with respect to the financial position and the financial statements.

Neuilly-sur-Seine, Courbevoie, April 12, 2012.

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#### The statutory auditors

CONSTANTIN ASSOCIÉS

Pascal Pincemin  
*Partner*

MAZARS

Pierre Masieri  
*Partner*

Gilles Dunand-Roux  
*Partner*

# MANAGEMENT COMPANIES SELECTED BY THE FRR<sup>1</sup> AT 31 DECEMBER 2011

## 2005FRR05

### VENTURE CAPITAL PROGRAMME

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

## 2008FRR03

### ACTIVE MANAGEMENT MANDATES, EUROPEAN EQUITIES – EUROPEAN SMALL CAP EQUITIES

- Allianz Global Investors (France), (RCM Europe)
- Kempen Capital Management Limited
- Montanaro Asset Management Limited
- Scottish Widows Investment Partnership Limited
- Threadneedle Asset Management Limited

## 2008FRR05

### MANAGEMENT MANDATES – JAPANESE EQUITIES, ASIA-PACIFIC EQUITIES – JAPANESE EQUITIES

- DAIWA SB Investments (UK) Limited
- DIAM International Limited
- FIL Gestion (France), (Fidelity Investments Japan Limited)

## 2008FRR05

### MANAGEMENT MANDATES – JAPANESE EQUITIES, ASIA-PACIFIC EQUITIES – ASIA-PACIFIC EQUITIES

- Blackrock Investment Management (UK) Limited

## 2008FRR06

### US LARGE AND MEDIUM-CAP MANAGEMENT MANDATES – «GROWTH» INVESTMENT

- Allianz Global Investors (France) SA, (RCM Capital Management, US)
- ING Investment Management (Belgium) SA, (ING Investment Management Co., US)

## 2008FRR06

### US LARGE AND MEDIUM-CAP MANAGEMENT MANDATES – «VALUE» INVESTMENT

- Robeco Institutional Asset Management (Netherlands), (Robeco Investment Management, Inc., US)

## 2009FRR01

### GLOBAL EXPOSURE MANDATE

- Amundi Asset Management

## 2009FRR02

### BOND MANAGEMENT MANDATES – BONDS AND OTHER INFLATION – INDEXED DEBT SECURITIES, ACTIVE LOW-RISK MANAGEMENT

- Amundi Asset Management
- BNP Paribas Asset Management
- HSBC Global Asset Management
- Natixis Asset Management

## 2009FRR02

### BOND MANAGEMENT MANDATES – BONDS AND OTHER DEBT SECURITIES ISSUED IN EURO – CREDIT INVESTMENT GRADE CATEGORY – ACTIVE MANAGEMENT

- AXA Investment Managers (France)
- BNP Paribas Asset Management
- HSBC global Asset Management
- La Banque Postale Asset Management
- Quoniam Asset Management GmbH
- Standard Life Investment

## 2009FRR02

### BOND MANAGEMENT MANDATES – BONDS AND OTHER DEBT SECURITIES ISSUED IN US DOLLAR – CREDIT INVESTMENT GRADE CATEGORY – ACTIVE MANAGEMENT

- AXA investment managers (France), (AXA Investment Managers, Inc., US)
- Blackrock international (UK) Limited, (BlackRock Financial Management, LLC)
- Conning Asset Management Limited, (Conning & Company)
- Deutsche Asset Management International GmbH (DIMA)
- Schroders Investment Management (UK) Limited, (Schroder Investment Management North America)

## 2009FRR04

### TRANSITION OPERATIONS MANAGEMENT MANDATE

- Russell Implementation Services Limited
- Goldman Sachs International

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2010FRR04

OVERLAY MANAGER

- State Street Global Advisors (France)

2010FRR05

PASSIVE MANAGEMENT MANDATES

– DEVELOPED COUNTRY BONDS

– INVESTMENT CATEGORY

- Blackrock Investment Management (UK) Limited
- State Street Global Advisors France, (State Street Global Advisors Limited, UK)
- CCR Asset Management (UBS AG Zurich)

2010FRR05

PASSIVE MANAGEMENT MANDATES

– MATCHED-BOOK MANAGEMENT

- Amundi Asset Management
- Allianz Global Investors (France)
- BNP Paribas Asset Management
- Natixis Asset Management
- AXA Investment Managers

2011FRR01

PASSIVE MANAGEMENT MANDATES

– DEVELOPED COUNTRY EQUITIES

– STANDARD INDICES

- Vanguard Asset Management (UK) Limited,  
(The Vanguard Group, Inc. US)
- AllianceBernstein (UK) Limited,  
(AllianceBernstein L.P., US)

2011FRR01

PASSIVE MANAGEMENT MANDATES

– DEVELOPED COUNTRY EQUITIES

– OPTIMISED INDICES

- BNP Paribas Asset Management
- Amundi Asset Management

2011FRR02

PASSIVE MANAGEMENT INDICES

– COMMODITIES INDEX

- BNP Paribas Asset Management

1. In accordance with the consultation regulations, note that the awarding of the contract, which alone is binding upon the FRR, shall take place after the contract has been concluded with each management company whose proposal has been accepted. The name of the entity that will manage the mandate on behalf of the contracting entity is indicated in brackets.



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