

09:45-11:00 - Panel 6 - Etoile

# **“The Emergence of Pan European Pension Funds”**



**SOCIETE GENERALE**  
Asset Management

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# ***Le Fonds de Réserve pour les Retraites***

## ***The French Pensions Reserve Fund***

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les Retraites (FRR)**

# **The FRR : an overview**

## **Objective :**

- ▶ **To accumulate reserves in order to smooth the expected rise in the financing gap of the French pay as you go pension scheme, from 2020 and beyond.**

## **Funding :**

- ▶ **Tax receipts/Privatization receipts/Pensions scheme surpluses/Lump sum transfers**
- ▶ **An average of 3.7 Bn euros per year over 2000-2005**

## **Main outputs :**

- ▶ **Define Strategic asset allocation and portfolio structure**
- ▶ **Select and Monitor External asset managers**
- ▶ **Manage tactical asset allocation within the business cycle**

## ***The FRR : an overview***

- ▶ **Late 2002 – early 2003** : Members of the Supervisory and Executive Boards appointed
- ▶ **April 2003** : Initial strategic asset allocation defined as 55% equities, 45% fixed income (including credit and ILBs)
- ▶ **July 2003 – July 2004** : Biggest tender launched ever in third-party asset management. 410 applications received, 35 mandates awarded.
- ▶ **July 2004** : Initial investments – Selection of a transition manager and an overlay manager for currency and tactical overlay programs
- ▶ **June 2006** : approx. 85% of the Fund invested. Annualized net return of 9,7% over the last 22 months. Total assets under management close to 28 Bn euros.

## *The FRR : recent developments*

- ▶ **December 2005** : The FRR has launched a private equity program of 1.5 Bn Euros.
- ▶ **July 2005 – Spring 2006** : The FRR co-writes with 20 other major financial institutions the Principles for responsible investment (PRI) under the auspices of the United Nations
- ▶ **May 2006** : The FRR awarded five mandates dedicated to SRI processes on European equities for a total amount of 600 Mn Euros.
- ▶ **June 2006** : FRR's supervisory Board changed the strategic asset allocation to 60% equity, 30% bonds and 10% alternative, including real estate, commodities and infrastructure in addition to private equity.

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