

OVERVIEW 2011

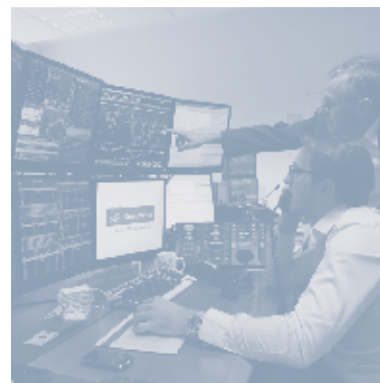
first semester



PERSPECTIVES ■■■

MANAGEMENT SIGMA

- TOTAL RETURN
- ABSOLUTE RETURN
- FLEXIBLE ALLOCATION



Marketing material

ACTIVELY RESPONSIBLE ASSET MANAGEMENT



OVERVIEW 1st semester 2011: SIGMA management team

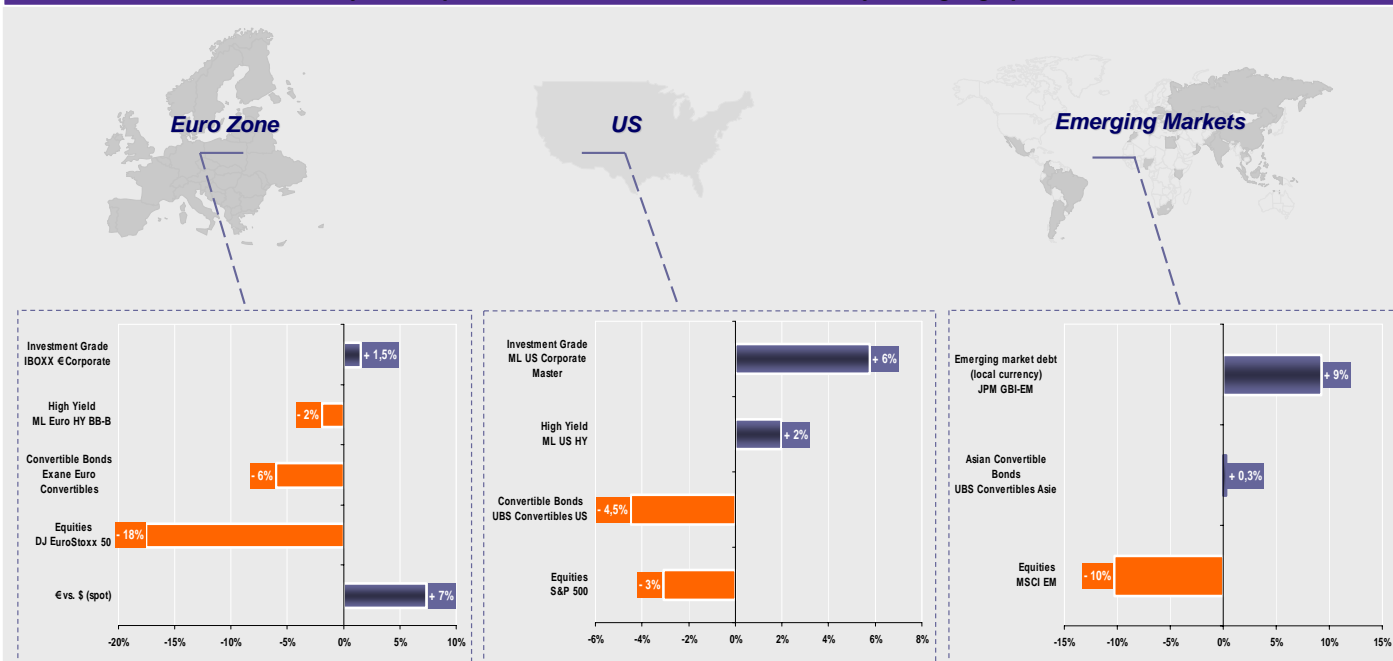
Although our **central scenario was positive at the beginning of the year with respect to risky assets in 2011** we nevertheless anticipated that they **would remain volatile**. A triptych of risks was identified, broken down by major geographical area:

- **US** : the uncertainty surrounding the effectiveness of the mechanism for transmitting the FED's very accommodative monetary policy;
- **Chine** : risk of a "hard landing", if the rise in interest rates curbs activity levels too sharply;
- **Euro Zone**: the possibility that things might spiral out of control in the eurozone, accentuating the sovereign debt crisis.

Among these, the risk of a "hard landing" in China seems to be the most controlled (the peak in inflation is behind us). The two other risks have been blowing hot and cold. Apart from exogenous crises (the tsunami in Japan and the impact of geopolitical tensions in the Middle East on some commodities prices), the markets have also experienced a number of considerable jolts in volatility linked to the increase and even the intensification of these two risks (the peripheral sovereign debt crisis in the Euro zone and fears over economic growth in the United States).

Over the first half of the year, risky assets in general were not profitable for investors. Nevertheless, they did show a degree of resilience to shocks in the market which could have been more significant, as well as rapid recoveries (particularly following the earthquake in Japan). This is not true for August, during which the consolidation spread to all risky assets (only sovereign bonds and corporate bonds from the best issuers in terms of rating stood up to this).

Risky assets performance from 31/12/10 to 31/08/11 by main geographic area



Source : Groupama AM

The strong consolidation that began at the end of April and which intensified considerably from July onwards made allowed integrating the flow of bad news into the risk premiums of the majority of the risky asset classes. This automatic regulation of valuations does not guarantee a better performance of risky assets during the second half of 2011. Nevertheless, the recent deterioration in expectations has come about without any radical change in fundamentals (microeconomic fundamentals are still sound and there is a slowdown in global growth rather than a return to recession), which represents an investment opportunity with respect to some risky asset classes, with credit at the top of the list and equities on high cash companies benefiting from emerging market's demand.

This exposure to risk must be realised for long term investors who are aware that recent tensions, including some that are more persistent than expected (the peripheral countries in the Euro zone and fears of a slowdown in global growth), could still lead to volatility on the markets during the second half-year. To that end, we propose a selection of Absolute and Total Return funds managed within our Sigma management team, on asset classes with attractive outlooks (small & mid cap Euro zone equities) and investment strategies with convex profiles (flexible allocation funds and futures fund of funds).

OUTLOOK : SIGMA management team

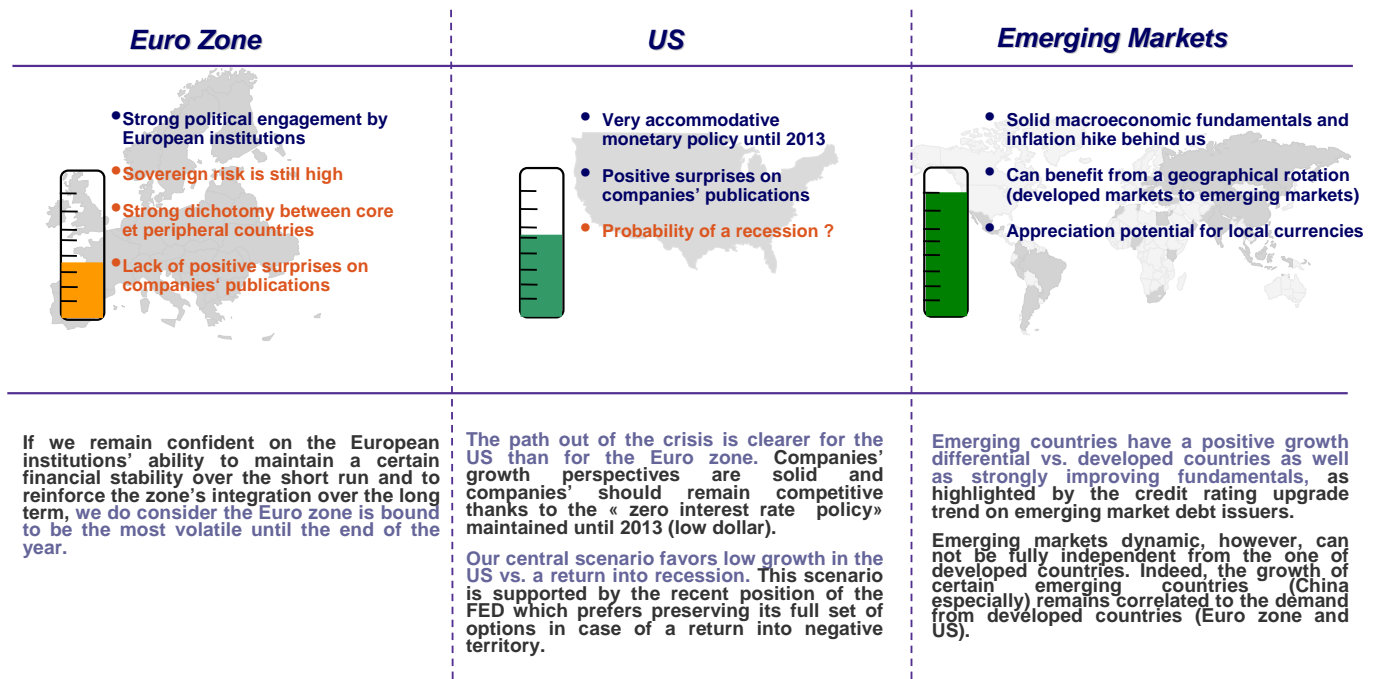
Spikes in risk aversion among investors are usually a symptom of fear in the face of the appearance of exogenous risks (climate risk, emergence of a geopolitical risk, etc.) and/or endogenous risks, the extent of which has been wrongly assessed (subprime, technology bubble at the beginning of the 2000s, etc.).

The sudden consolidation seen on the markets since the end of July assumes a different aspect. This consolidation reveals rather a feeling of powerlessness among investors, who have had to put aside their traditional analysis tools and accept market pressures that are very strongly correlated to political decisions.

Quarterly results indicate that companies' balance sheets in the developed countries are solid, that profits are meeting expectations (particularly in the United States) and that growth is still sustained in the emerging markets. But how much value can be accorded to this data (although it is certainly reassuring), while the conditions for implementation of recent political decisions (2nd aid plan for Greece) and the nature of those to come will dictate the Euro zone's ability to stabilise itself and to return a degree of confidence to investors with respect to responsible management of public deficits in the long term.

The big question for investors is currently: What is the scenario for an exit from the crisis?

Fundamental view of the SIGMA management team by geographical area



Source : Groupama AM

Generally, the current market climate leads us to favour the most "convex" strategies (ability to absorb shocks at the same time as profiting from the markets' peaks).

Our flexible allocation funds have been reduced in terms of risk and remain exposed to fixed income asset classes that offer higher carry with solid fundamentals (high yield and emerging market debt) and volatility that is significantly lower than that of equities. We are maintaining our flexible management philosophy by reserving the possibility of adding risk, if the exit from the crisis comes from the top, or conserving a significant cash allocation coupled with a substantial insurance allocation (particularly volatility) otherwise.

For entry into or strengthening in equities, we recommend investments that have little exposure to the financial sector (low correlation to sovereign risk) on stocks that offer an exposure to the emerging markets as well as growth at reasonable prices. Our small & mid cap Euro zone fund, Groupama Avenir Euro, corresponds perfectly to these criteria.

Finally, our futures fund of funds, Groupama Alternatif Futures, offers exposure to a diversifying strategy that has demonstrated its ability to deliver returns that are decorrelated from traditional risky asset classes.

SIGMA SELECTION OF FUNDS : performances

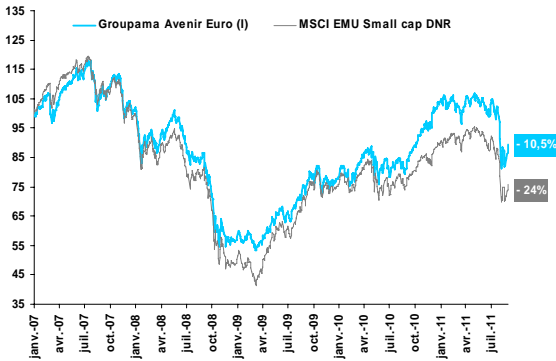
GROUPAMA AVENIR EURO

Euro zone small & mid cap fund

ISIN share I: FR0000990038

AUM (all shares) as at 31/08/11: €109 Mn

Performance* from 31/12/2006 to 31/08/2011



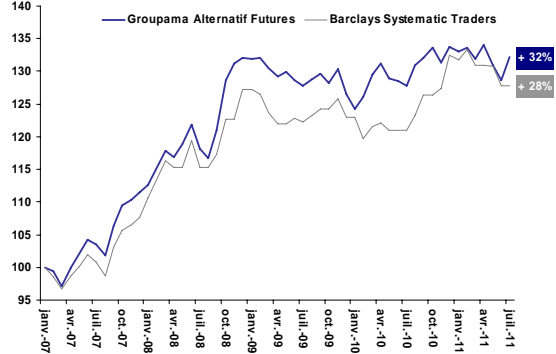
GROUPAMA ALTERNATIF FUTURES

Fund of future funds

ISIN share I: FR0010955922

AUM (all shares) as at 31/08/11: €80 Mn

Performance* from 31/01/2007 to 29/07/2011



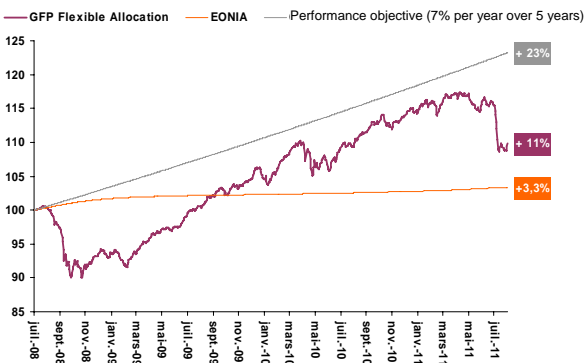
GROUPAMA FP FLEXIBLE ALLOCATION

Flexible Allocation

ISIN share I: FR0010646299

AUM (all shares) as at 31/08/11: €202 Mn

Performance* from 31/07/2008 to 31/08/2011



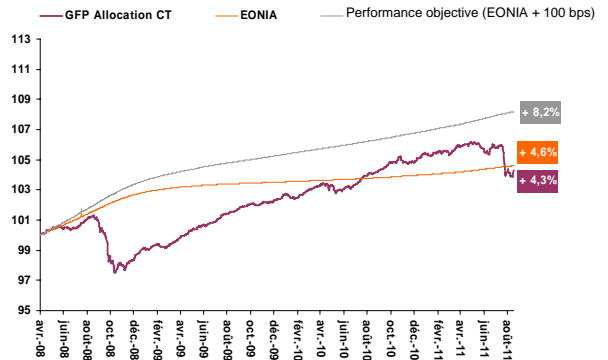
GROUPAMA FP ALLOCATION CT

Flexible Allocation (50% money markets minimum)

ISIN share I: FR0010738930

AUM (all shares) as at 31/08/11: €243 Mn

Performance* from 15/07/2008 to 31/08/2011



Source : Groupama AM

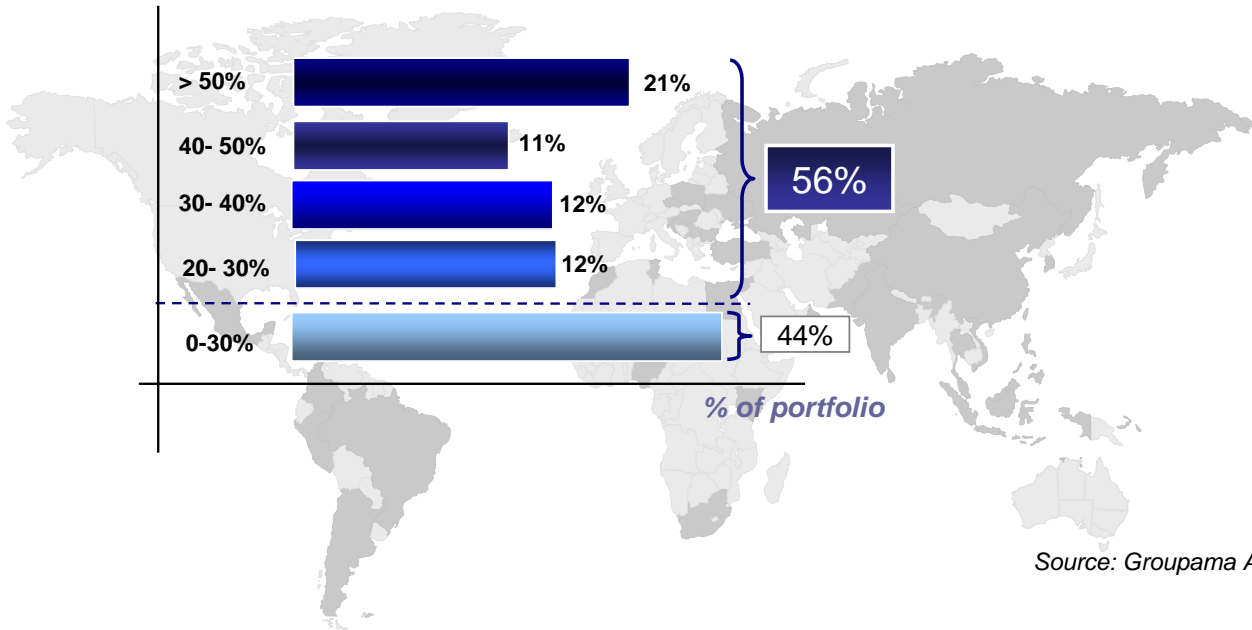
GROUPAMA AVENIR EURO

Groupama Avenir Euro, our Equity Euro zone small & mid cap fund, presents a **twofold benefit in the current market environment and macroeconomic context:**

- Exposure to the increasing demand from the middle classes in the emerging markets and to niche sectors with high growth potential;
- Less exposure to turbulence in the financial sector.

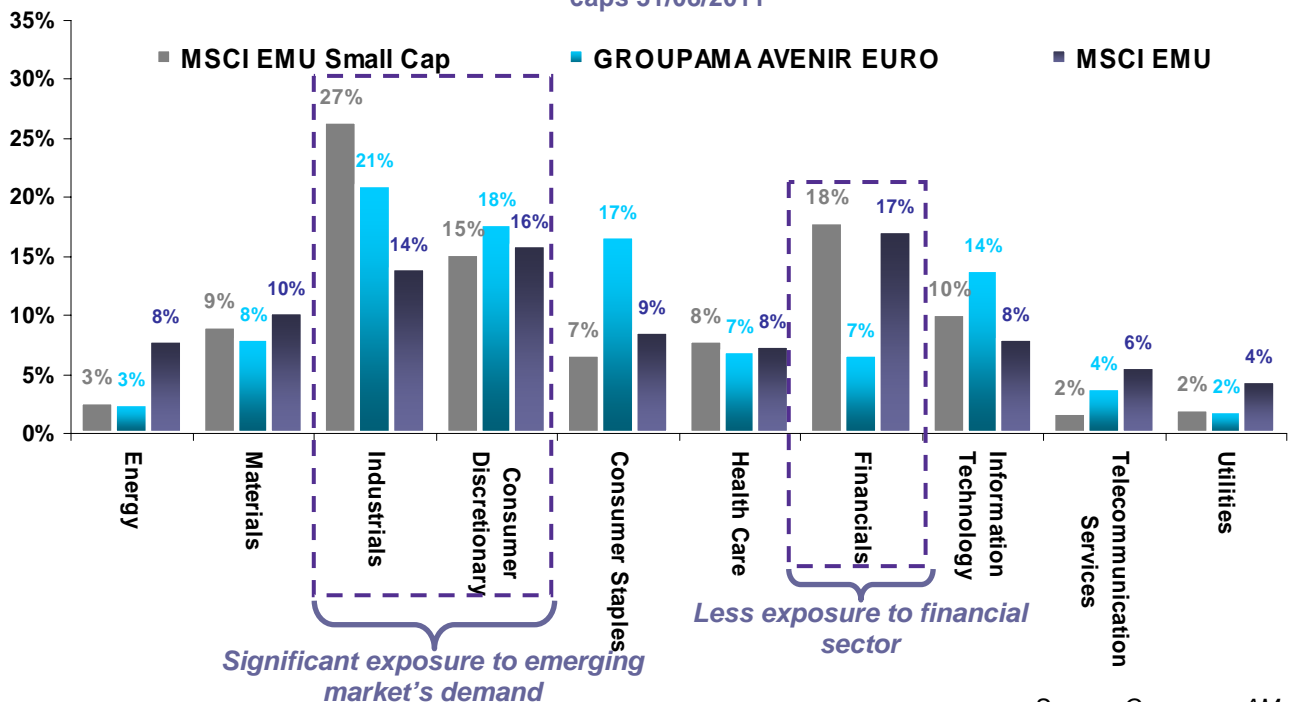
SIGNIFICANT EXPOSURE TO EMERGING COUNTRIES

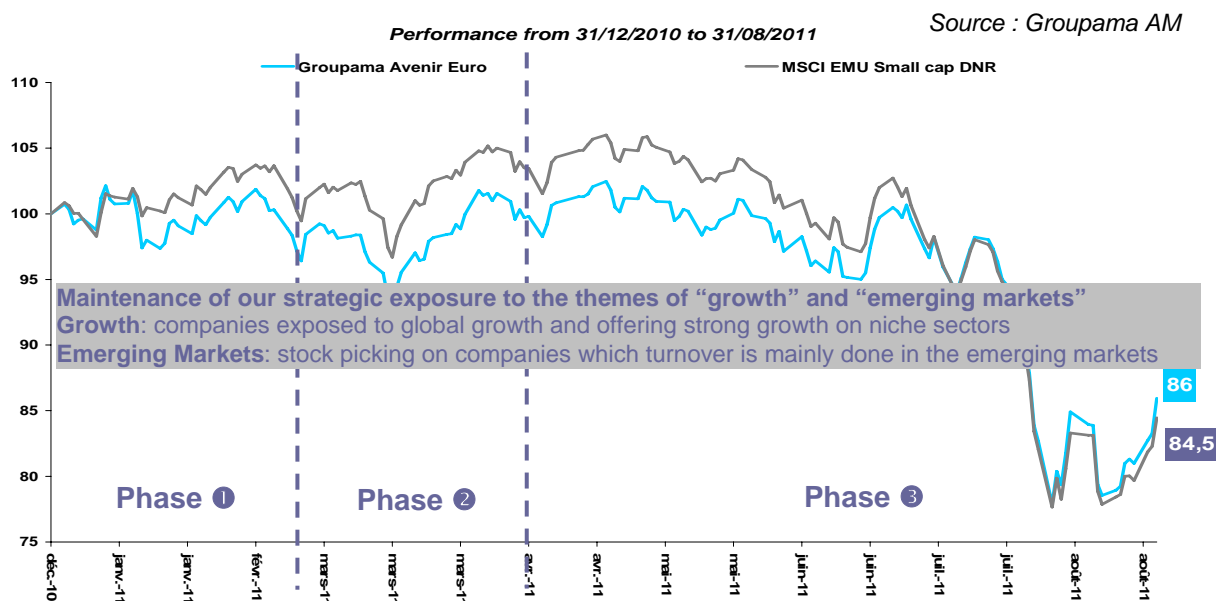
% of turnover done in emerging market countries



LESS EXPOSED TO THE FINANCIAL SECTOR

Sector Allocation of Groupama Avenir Euro vs. benchmark and Euro zone large caps 31/08/2011





Phase ① : rotation in favour of sectors and geographical areas neglected in 2010

This rotation corresponded more to a significant reduction in risk aversion and to a correction on securities and areas that were too heavily penalised in 2010 than to a real fundamental shift. We have therefore structured the portfolio as follows:

Tactical investments: in undervalued stocks (CA Immobilien and Smurfit Kappa in particular); increase in exposure to financial stocks, particularly Italian (e.g. Banca Mediolanum, Banca Generali) and to non-cyclical stocks.

Maintenance of our strategic exposure to the themes of “growth” and “the emerging markets”.

Phase ② : resurgence of marked risk aversion for large caps

The recovery in investors’ appetite for large capitalisation stocks compared to small and medium caps, which was very pronounced until February, saw a gradual turnaround during this second phase. Small and mid cap stocks were less exposed to the financial sector and to the spike in risk aversion with the earthquake in Japan. They also benefited from their exposure to mergers and acquisitions (e.g. Rhodia) and to the positive momentum in the industrial sector (positive sentiment among investors with regard to a “soft landing” in China), which featured more strongly in the small and mid cap indices.

Phase ③ : significant outperformance for Groupama Avenir Euro

This 3rd phase, corresponding to a phase of consolidation on risky assets, which has intensified since the end of July, also represents a phase of **significant outperformance for Groupama Avenir Euro**. This outperformance intensified in July thanks to the considerable overweighting (+9%) in the consumer staples sector and the underweighting (-8%) in the industrial sector, which has been greatly affected by fears of a slowdown in the global economy. Our significant underweighting in the financial sector and the absence of Italian banks (except during the tactical adjustment at the beginning of the year) and Greek banks since the beginning of the year also contributed to the outperformance.

Stock-picking, carried out in the 3 following categories, **remains the principal driver for outperformance:**

- **Stocks realising a significant part of their turnover in the emerging markets:**
 - **SEB** (4% in the fund)
 - **REMY COINTREAU** (2% in the fund)
- **Stocks in the consumer staples sector:**
 - **NUTRECO** (2,5% dans le fonds)
 - **DAVIDE CAMPARI Group** (1,5% in the fund)
- **Stocks with resilient profiles during the consolidation phase:**
 - **NEOPOST SA** (2 % in the fund)
 - **GEMALTO** (4% in the fund)

For the second half of the year, **the fund’s strategic exposure to the investment themes of growth and emerging markets will be maintained** whilst conserving a significant tactical margin for manoeuvre that can be used according to the changes in the market.

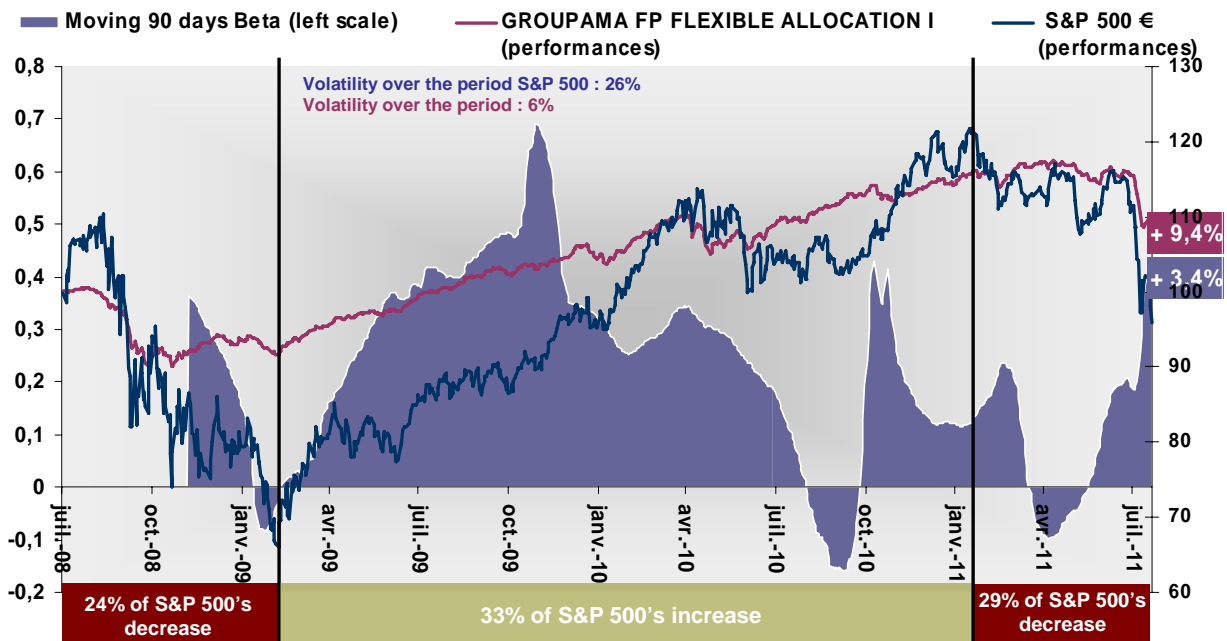
FLEXIBLE ALLOCATION EXPERTISE

- Groupama FP Flexible Allocation
- All asset class
- All geographic area
- Performance target : 7% annualized over the recommended investment period (5 years)**
- Groupama FP Allocation CT
- All asset class
- All geographic area
- Minimum 50% in money market funds
- Performance target : EONIA + 1%

**This performance objective has been calibrated according to the realization of market conditions determined by the asset manager and does not constitute a guarantee on future return and/or performance.

CAPACITY TO ABSORB CHOCS AND DECORRELATION

Period from 31/07/2008 to 30/08/2011



Source: Groupama AM

In a market context that is marked by an environment of low rates, a QE2 programme that was maintained until June and a gradual return to global growth, **we were still significantly exposed to risky asset classes at the beginning of 2011**, particularly corporate bonds, with a hierarchy that favoured **high-yield and emerging markets debt**. While we maintained an overall positive bias on risky assets, we also remained prudent, given the potential volatility integrated into our central scenario (sovereign debt in the Euro zone and inflationary pressures in the emerging markets). This prudence resulted in the implementation of a **significant allocation in diversifying assets from the beginning of the year**.

The principal adjustments focused on the tactical management of the following events:

- **The earthquake in Japan:** tactical reduction in exposure to equities in the first instance and subsequent re-exposure of the portfolio to equities in order to profit from the recovery;
- **Spike in risk aversion beginning in July:** pronounced reduction in risk in the two portfolios.

For the last 4 months of the year we will continue to keep a close eye on the dynamics of the global economy as well as the developments in the political solutions proposed for the management of the sovereign debt crisis on both sides of the Atlantic. Although we favour an economic slowdown over a return to recession, **a potential increase in risk in our portfolios can only come about in the event of positive progress on these two fronts**.

FLEXIBLE ALLOCATION: CENTRAL SCENARIO BY ASSET CLASS

Beginning 2011

CREDIT

Positive for all components. Default rates at their lowest and good appetite from investors in an environment of low interest rates.

- ① High Yield
- ② Emerging Markets debt
- ③ Investment Grade

EQUITIES

Positive with focus on the potential for volatility and European equities in particular (peripheral crisis).

- ① US equities
- ② Euro zone equities
- ③ Emerging Markets equities

OTHER ASSET CLASSES

Commodities: positive for industrial commodities

Currencies: positive for currencies from commodity-exporting countries and the emerging markets

Convertibles: fair valuation level and attractive mix (credit, equities and volatility)

Volatility: central scenario of a rise in volatility for the 1st half-year

September 2011

CREDIT

Still positive for all components. Default rates at their lowest and good appetite from investors in an environment of low interest rates.

- ① High Yield
- ② Emerging Markets debt
- ③ Investment Grade

EQUITIES

Cautious global view and prudent tactical positioning with a hardly supportable volatility.

- ① US equities
- ② Emerging Markets equities
- ③ Euro zone equities: political risk on sovereign crisis is very high

OTHER ASSET CLASSES

Commodities: shift to neutral, the positive impact of low real interest rates is offset by the slowing global growth.

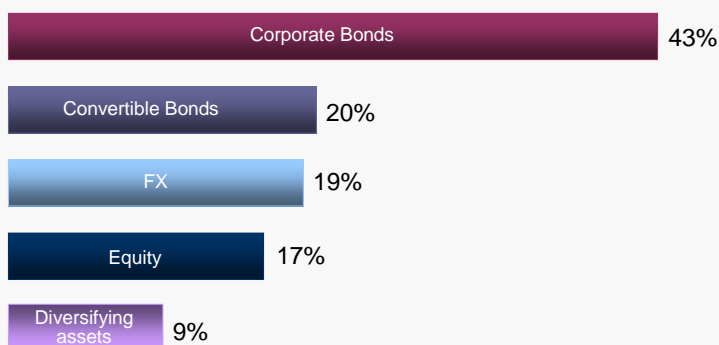
Currencies: positive on emerging market debts.

Convertibles: less confident in the asset class which has not demonstrated its convex profile in recent market downturn.

Volatility: volatility has fulfilled its insurance role during the consolidation. We favor this strategy in case of renewed stress.

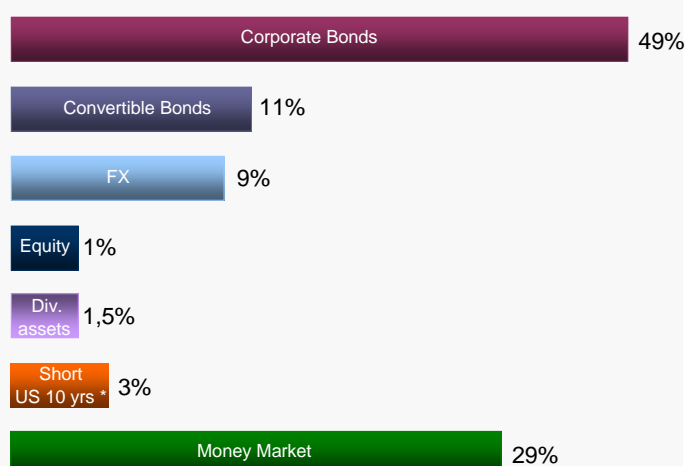
GROUPAMA FP FLEXIBLE ALLOCATION : EVOLUTION OF THE ALLOCATION

Beginning 2011 (Allocation as at 31/12/10)



We began 2011 on a positive note for risky assets, with a preference for corporate bonds (high yield and emerging markets debt in local currencies at the top of the list). Given the potential for a rise in volatility, we maintained a significant allocation in diversifying assets.

September 2011 (Allocation as at 09/09/11)

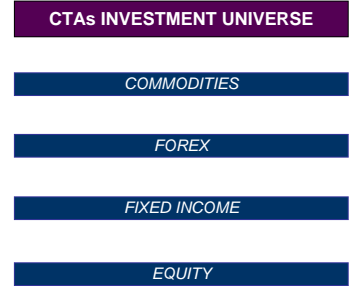


*Short TNotes futures

- Very strong reduction in equities exposure (- Significant money market allocation)
- Reduction in exposure to currencies, convertibles and diversifying assets that are too correlated with risky asset classes
- Maintenance of volatility strategies at the peak of the crisis

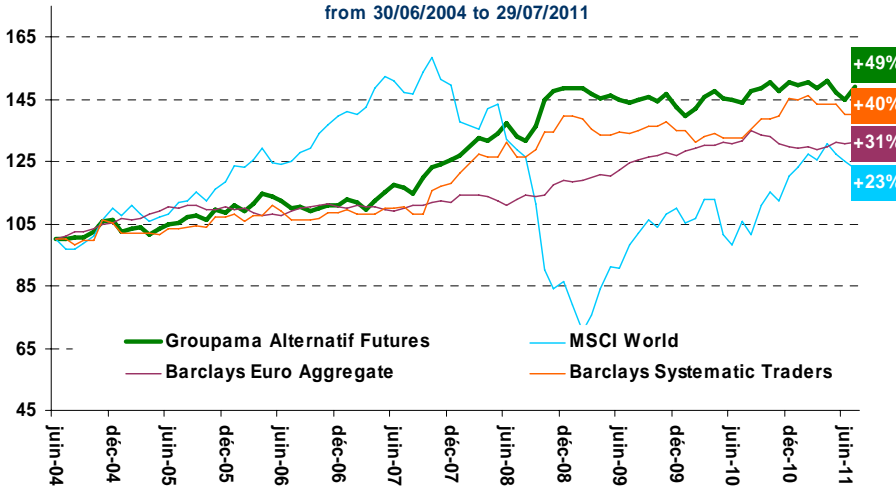
GROUPAMA ALTERNATIF FUTURES

The managers we select are commonly known as “Commodity Trading Advisors” (CTAs). These specialists in futures management use the global futures contracts market as their investment universe, following different approaches. Groupama Alternatif Futures investment universe includes all the traditional asset classes as well as commodities. In addition, the managers may operate in nearly all the geographical areas. To that end, Groupama Alternatif Futures provides access to a wide range of investment and diversification opportunities.



OUTPERFORMANCE AND DECORRELATION

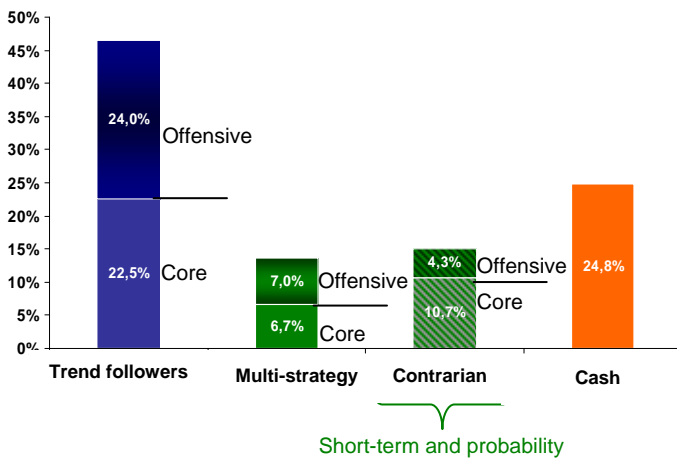
Groupama Alternatif Futures vs. benchmark (Barclays Systematic Traders) & main risky assets from 30/06/2004 to 29/07/2011



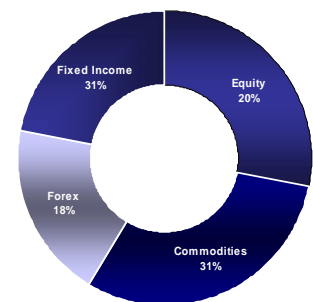
Invest in Groupama Alternatif Futures and benefit from:

- An alternative management strategy whose performance profile is sharply decorrelated from traditional asset classes;
- Access to the research capacities of CTAs;
- Diversified allocation in terms of strategies and asset classes;
- A robust management process confirmed during market stress periods.

STRUCTURE OF THE PORTFOLIO ON 29/07/2011



Source: Groupama AM



Allocation excluding cash (rebalanced 100%).

Source: Groupama AM

Since the beginning of the year, Groupama Alternatif Futures has realised a net absolute performance of -1.1% for the I share. Although the fund's performance YTD has been slightly negative in a very turbulent market environment, **the performances posted at the peak of the crisis are positive (+1.84% from 30/06/11 to 31/08/11)**. This can be explained particularly by the clear reduction in long exposures to equities and the positioning on the decreasing interest rates implemented by the selected managers.

For the end of the year, we will continue to **optimise our allocation between CTAs with diversified strategies (in their management approach and investment horizon) and are confident in the ability of this strategy to succeed in markets that are potentially volatile.**

Contacts

Director of Development

Jean-Marie Catala 01 44 56 79 18 jmcatala@groupama-am.fr

Sales Department - France

Jacques Bontet	01 44 56 57 76	jbontet@groupama-am.fr
Bruno de Solms	01 44 56 75 43	bdesolms@groupama-am.fr
Jérôme Guittet	01 44 56 57 22	jguittet@groupama-am.fr
Barbara Flogny	01 44 56 75 62	bflogny@groupama-am.fr
Valérie Rapoport	01 44 56 56 45	vrapoport@groupama-am.fr
Gaspard Theysset	01 44 56 66 65	gtheysset@groupama-am.fr
Shirley Philippon	01 44 56 77 23	sphilippon@groupama-am.fr
Maria Ibanez de la Cruz	01 44 56 56 40	mibanez@groupama-am.fr

Director of International Sales Department

Arnaud Ganet +33 1 44 56 56 61 aganet@groupama-am.com

Sales Department – Western and Northern Europe

Alexandre Jaeglé	+33 1 44 56 89 17	ajaegle@groupama-am.com
Anne-Laure Mugnier	+33 1 44 56 56 21	almugnier@groupama-am.com
Matthieu Painturaud	+33 1 44 56 77 72	mpainturaud@groupama-am.com
Jon Dubarbier	+33 1 44 56 71 45	jdubarbier@groupama-am.com

Sales Department - Italy

Alberico Potenza	+39 06 80 66 02 61	apotenza@groupama-am.it
Fabrizio Salvi	+39 06 80 80 361	fsalvi@groupama-am.it

Sales Department - Spain

Ivan Diez Sainz	+34 91 598 28 22	idiezsainz@groupama-am.es
Jorge Diaz	+34 91 598 28 28	jdiaz@groupama-am.es

Group Distribution

Luc de Corainville	01 44 56 77 65	ldecorainville@groupama-am.fr
Sabine Peter	01 44 56 77 09	speter@groupama-am.fr
Didier Oms	01 44 46 66 74	doms@groupama-am.fr
Jérôme Larssonneur	01 44 56 56 20	jlarssonneur@groupama-am.fr

Group Relations

Corinne Foucain	01 44 56 79 07	cfoucain@groupama-am.fr
Eric Mathieu	01 44 56 57 64	emathieu@groupama-am.fr

SRI Development

Michel Lemonnier 01 44 56 66 36 mlemonnier@groupama-am.fr

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