



# OUR VIEW

## › How do you explain the strong performance of Groupama Etat Euro ISR in 2011?

This outperformance is the result of directional strategic choices: the flattening of the euro curve and overexposure to long rates in the summer, but especially our country allocation which underweighted Italy and Spain, whose SRI ratings are very low. The SRI ratings of these countries caused us to increase our aversion to sovereign risk in our portfolio. The most virtuous countries in terms of governance, environmental and social criteria, such as Finland and the Netherlands, were strongly overweighted. Finally, diversifying the portfolio with countries absent from our index but with AAA ratings and high SRI ratings, such as Sweden and Denmark, denominated in euros, also contributed to the Fund's outperformance.

## › What is the outlook for 2012?

The outlook for 2012 (negative growth, sovereign crisis, major government bond issue in Q1) lead us to maintain our cautious position in country allocation and to therefore remain very underweight on the most sensitive countries, which have the weakest SRI ratings: Italy and Spain, as well as France, which has an average SRI rating and finds itself in a political and economic environment subject to high volatility in the short term. In the second half of the year, global growth should improve with a conviction towards greater federalism in the eurozone, which will reduce our aversion to sovereign risk. Based on the States' SRI rating, we will reduce more or less their underweight or overweight in the portfolio.

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