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Exclusive survey France/EMEA/Americas 88% of French institutional investors expect difficulty in the next three years in funding long- term liabilities.

Natixis Global Asset Management is publishing the results of a survey of global institutional investors. This survey of 500 leading investors, collectively managing over USD11.5 trillion in assets for public and private pension funds, sovereign funds, insurance companies, endowment funds, foundations, funds of funds and consultants, reflects a clear determination to change investment strategies. 87% of French investors believe that traditional approaches are no longer the best way to pursue returns and manage investment risk.

The survey was carried out from January to March 2013 in 19 countries spanning four continents: America, Europe, Asia and Middle East. In France, 40 institutional investors responded.

The first finding is that 88% of French institutional investors and 68% of European institutional investors expect difficulty in the next three years in funding long-term liabilities. The vast majority (more than 90%) agree that low yields and weaker returns pose the biggest portfolio risks. 88% are concerned about the impact of volatility on their portfolios and 61% believe that inflation will present challenges during the next three years. 70% believe the average citizen in France will not have enough assets to meet their financial obligations when they retire.

Five years after the financial crisis upended beliefs about the markets, 87% of French investors and 70% of European investors recognise that traditional approaches to portfolio construction are no longer the best way to pursue returns and manage investment risk.

In an increasingly volatile environment, the vast majority of investors say it is essential to invest in alternative strategies to diversify portfolio risk (68%) and are changing their allocations accordingly.

84% predict alternative asset classes will perform better this year than in 2012. 90% say they will add to their alternative holdings, or other assets that don't correlate to the broader market, in the next year.

In 2013, 41% of France's institutional investors plan to increase their holdings in alternative mutual funds, 31% will increase their investment in hedge funds and 26% expect to add to their infrastructure-related investments.

European institutional investors are also turning to hedge funds, with 64% saying it is essential to invest in alternative strategies to diversify portfolio risk.

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French institutional investors believe global equities will be the top-performing asset class in 2013. Their love affair with emerging markets continues.

They plan to change their allocation and are more bearish when it comes to fixed income and cash. 75% will decrease their domestic bond exposure and 70% plan to increase their allocations to global equities. 65% will add to emerging market debt.

60% of European investors plan to invest in global equities and, as is the case in the United Kingdom, 50% plan to add to emerging market equities.

Ethical and social factors are increasingly playing a bigger role in many investors' investment decisions.

85% of institutional investors expect the influence of environmental, social and governance (ESG) issues to grow in investment decisions in the next three years and 58% expect to increase their allocations to socially responsible funds.

Investors are still struggling with asset allocation and portfolio construction techniques.

75% say setting strategic asset allocation is a challenge. Almost all (93%) say generating stable returns is a challenge.

This survey highlights investors' expectations. Institutional investors are notably seeking more efficient asset allocation tools so as to optimise their long-term investments while minimising volatility-related losses. They are also aware that given the situation in France's pension savings, they must do everything possible to enable households to invest and save more.

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About Natixis Global Asset Management

Natixis Global Asset Management is one of the 15 largest asset managers in the world based on assets under management. Its affiliated asset management companies provide investment products that seek to enhance and protect the wealth and retirement assets of both institutional and individual investor clients.

Its proprietary distribution network helps package and deliver its affiliates' products around the world. Natixis Global Asset Management brings together the expertise of multiple specialised investment managers based in Europe, the United States and Asia to offer a wide spectrum of equity, fixed-income and alternative investment strategies.

Headquartered in Paris and Boston, Natixis Global Asset Management has assets under management totalling \$613 billion as of March 31, 2013. Natixis Global Asset Management is part of Natixis.