



# OUR VIEW

## › What role does the reference index play (50% MSCI Europe - 50% JPM EMU Government bond)? Is it a benchmark?

This balanced reference indicator is not an investment constraint, but it provides an indication of the performances and risk profile that investors may expect over time when they invest in the fund. However, since the fund adjusts to valuation cycles, risk-taking is reduced relative to this reference indicator when the markets offer few medium-term opportunities—as was the case in 2007—and is conversely increased at times when the risk premiums justify it.

## › What is your current asset allocation?

The financial crisis in the eurozone has profoundly altered risk premiums. Valuations of risk assets have collapsed while safe haven assets have become exceptionally costly. Risk-taking in the medium term is thus highly compensated when one considers that while the circumstances could certainly remain very tense in the short term, in the medium term fiscal consolidation efforts will stabilise the countries now affected by the Greek crisis contagion. Groupama Risk Premium has thus significantly increased its overall risk-taking, but it has the flexibility necessary to optimise this risk-taking. In this context, U.S. equities are favoured over European equities. And short positions taken on highly overvalued safe haven assets (bund, yen, etc.) appear an attractive way to position ourselves to profit from current market volatility (these positions are managed very dynamically) and a gradual exit from the crisis.

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