

COUNTRY REPORT FRANCE 2008

1. Economic and Financial Background

Table 1: Key Economic and Financial Indicators

	2006	2007
Population (million)	63.2	63.6
GDP (EUR billion)	1,792	1,868
Real GDP growth (%)	2.1	2.1
Inflation rate (%)	1.9	2.6
Unemployment rate (%)	9.2	8.3
Stock market capitalisation (EUR billion)	1,842	1,917 (3Q 2007)
Stock market capitalisation (% of GDP)	103	103
Bond market capitalisation (EUR billion)	1,185	1,179 (3Q 2007)
Bond market capitalisation (% of GDP)	66	63
Household gross savings ratio (%)	15.4	16.3
Household financial wealth (EUR billion)	3,428	3,635 (3Q 2007)
Average per capita financial wealth (thousand EUR)	54.2	57.2

Source: National accounts, INSEE

2. Data on Funds and Key Trends in Flows and Asset under Management

a) Key Trends in the Global Market

The French asset management industry has risen at a much slower pace in 2007 (+2.4%, against 13.0% the previous year). It reached at the end of the year EUR 2663 billion in assets under management, of which EUR 1,673 billion were handled through investment funds. With a market share of 21.1%, after adjusting the figures for Luxembourg and Irish funds assets, France is the European leader in financial management of investment funds and ranks second worldwide. Net assets of French domiciled investment funds grew by EUR 18.9 billion in 2007, and reached EUR 1,508 billion. With regard to the domiciliation of UCITS, France is number two in Europe. If we take a relative view in terms of the per capita net asset value of investment funds, whether or not we adjust for Luxembourg and Irish funds, France remains at the top for the major European financial management markets. Regarding the global asset management industry (investment funds + discretionary portfolio management), France ranks fourth in the world.

Table 2: Net Assets by the Fund Industry in France (EUR billion)					
	2004	2005	2006	2007	June 2008
Home-domiciled UCITS	1,006.5	1,155.1	1,343.4	1,351.6	1,256.0
Home-domiciled non-UCITS	100.2	121.3	146.0	156.7	149.6
Funds domiciled abroad and promoted by national providers	79.5	125.3	151.5	165.0	155.0
Total AuM	1,186.2	1,401.7	1,640.9	1,673.3	1,560.6

Source: AMF

b) Key Trends in the UCITS Market

Net assets grew by EUR 8.2 billion in 2007, compared with €188 billion in 2006. Positive market valuation accounted for growth of EUR 36.9 billion, of which EUR 28.8 billion were offset by net outflows. All categories of equity-oriented funds – equity, funds of alternative funds and balanced – increased their AUM to differing degrees. Whereas equity funds' market gains (estimated at EUR 7.8 billion) were barely enough to offset the outflow of EUR 7.2 billion, funds of alternative funds experienced substantial positive net subscriptions equal to nearly one-third of their AuM, which rose 42.6% from EUR 26 billion to EUR 38 billion. Balanced funds generated weak inflows, and their AuM growth was due entirely to a market effect (EUR 5.6 billion). Bond funds' AuM contracted by EUR 15.8 billion, an 8.3% drop, including net outflows of EUR 18.6 billion concentrated in the third quarter of 2007. "Short-Term dynamic funds" and "Short-Term dynamic funds plus", which are classified with balanced and bond portfolios, have seen their outflows amounting to EUR 14.2 billion and EUR 7.5 billion respectively in 2007 (Europerformance data), which seriously undermined the net asset trends for these fund categories. The EUR 15.9 billion outflow from money market funds in full-year 2007 was offset by the reinvestment of fund income, and AuM finished the year up slightly relative to 2006. Under these conditions, 2007 saw renewed interest in formula-based funds, which attracted EUR 4 billion of new money, equivalent to 6% of AuM. The probable reason for the comeback is that retail and institutional investors were seeking to protect themselves against market volatility and uncertainty.

In the first semester 2008, total AuM of UCITS have decreased by 7%, mainly reflecting the tensions observed in the equity markets. Market depreciation explains around 75% of this decrease. As opposed to this trend, one can note renew of interest for money-market funds, with 25 billion euros of net inflows since the beginning of the year. In the following of precedents years, formula-based funds continue also to attract new money.

Table 3: UCITS* Assets by Fund Type (EUR billion)					
	2004	2005	2006	2007	June 2008
Equity	240.9	317.5	401.8	408.2	337.9
Bond	187.3	181.0	190.6	174.8	162.1
Balanced	215.8	250.9	295.2	300.8	258.6
Money market	351.7	389.5	429.2	429.9	463.0
Fund-of-hedge funds	10.9	16.2	26.5	37.8	34.4
Total	1,006.5	1,155.1	1,343.4	1,351.6	1,256.0
of which					
➤ Guaranteed	67.1	61.1	69.5	75.2	72.4
➤ ETFs	14.0	25.3	48.0	62.0	-
➤ Absolut return	53.8	73.1	100.4	71.0	51.2
➤ SRI	5.0	10.0	12.5	20.3	-

* The following statistics do not distinguish between funds compliant with the UCITS directive and other funds such as feeder funds, ARIA funds (including funds of hedge funds) and "contractual" funds
Source: AMF; Euronext (ETF); Europerformance (AR); Novethic (SRI)

Table 4: Net Sales of UCITS* by Fund Type (EUR million)					
	2004	2005	2006	2007	June 2008
Equity	20,800	28,300	37,900	-3,200	-5,400
Bond	17,300	-14,500**	7,700	-18,600	-10,900
Balanced	0,100	10,700	22,600	200	-25,300
Money market	16,700	29,700	29,800	-15,900	25,000
Fund-of-hedge funds	n.a.	4,600	7,500	8,700	-3,000
Total	54,900	58,800	105,500	-28,800	-19,600
of which					
➤ Guaranteed	4,500	600	5,100	4,000	1,300
➤ ETFs	na	na	na	na	na
➤ Absolut return	14,400	17,500	25,100	-32,500	-24,000
➤ SRI	na	na	na	Na	na

* Idem supra

** Actually plus EUR 17 billion without taking into account the withdrawal, as part of the launch of the Banque Postale, of a fund worth EUR 32 billion.

Source: National accounts and AFG estimates

c) Key Trends in Other Nationally Regulated Funds

The net asset value of this category, mainly composed of employee savings (FCPEs), private equity and venture capital (FCPRs), property (SCPI), securitization (FCC) and derivative (FCIMT) funds, is EUR 150 billion at end June 2008. Over the full year 2007, FCPE employee saving funds saw AuM growth of 6.3%, from EUR 82.4 billion to EUR 87.6 billion, including EUR 1.4 billion invested in DC corporate pension schemes (PERCOs). Venture capital products (FCPR, FCPI, FIP) continued to grow, and their AuM were close to EUR 27 billion.

	2004	2005	2006	2007	June 2008
SCPI ¹	11.5	13.2	14.9	16.6	17.8
FCC ²	18.7	20.5	23.0	25.5	27.2
FCIMT ³	0.7	0.5	0.7	0.5	0.5
FCPR, FCPI & FIP ⁴	12.5	18.0	25.0	26.5	24.5
FCPE ⁵	56.8	69.1	82.4	87.6	79.6
Total	100.2	121.3	146.0	156.7	149.6

1 Real estate investment companies (OPCI are not computed yet as the first were launched at the end of the year)

2 Securitisation funds

3 Specific hedge funds invested in derivatives

4 Private Equity and Venture capital funds

5 Employee savings funds

Source: AMF

d) Trends in the Number of Funds

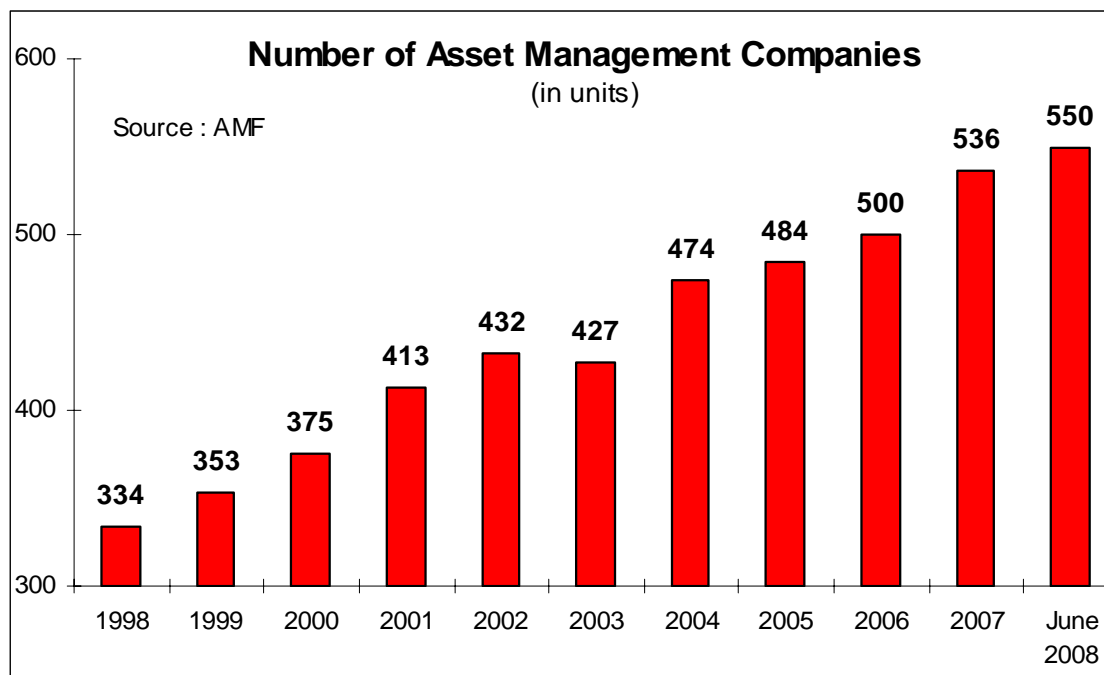
	2004	2005	2006	2007	June 2008
Home-domiciled UCITS					
➤ Fund units	7,908	7,758	8,092	8,243	8,384
➤ Classes	8,751	8,779	9,431	9,829	10,137
Home-domiciled non-UCITS	3,661	3,525	3,625	3,685	3,671
Foreign funds registered for sales	3,139	3,180	3,916	na	na
Fund launches (UCITS)	702	816	960	831	-
Fund liquidations (UCITS)	833	854	883	645	-
Fund mergers (UCITS)	170	150	135	na	Na
Average fund size* (EUR million)					
➤ Equity	102.5	137.0	159.8	154.5	115.0
➤ Bond	149.2	126.1	166.1	153.3	135.4
➤ Balanced	71.3	87.2	98.8	99.4	82.7
➤ Money market	669.0	778.2	940.7	962.7	782.1
➤ Guaranteed	72.0	79.4	88.8	95.9	92.7
➤ Fund_of_hedge funds	79.4	89.7	96.3	111.2	91.7

*Excluding feeders

Source: AMF and AFG estimates

At the end of June 2008, more than 550 asset management companies and investment companies – either subsidiaries of banking, insurance or asset management groups (around 220 companies) or entrepreneurial

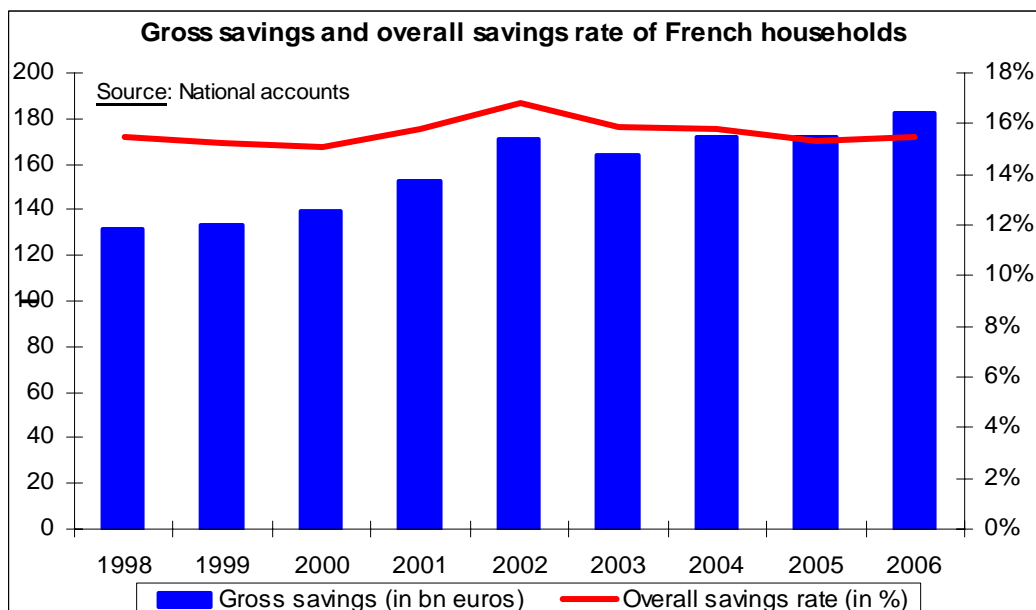
"boutiques" (in excess of 330 companies) - represent more than EUR 2,600 billion of assets under management, both for collective and discretionary individual portfolio managements. Five French firms rank among the world's top 25 asset management companies. Together they manage close to EUR 2.7 trillion, around half of which through their foreign subsidiaries, chiefly in the USA and the UK. These firms are highly dynamic outside Europe, especially in Asia. The French market also has a huge network of entrepreneurial asset management firms specialising in private wealth management, alternative investing, funds of funds and private equity, to name just a few fields. In recent years, the most dynamic of these firms have generated substantial AuM and revenue growth. Evidence of this proactive drive can be seen in the fact that nearly 50 new asset managers, around two-thirds of them being entrepreneurial firms, were formed in France in 2007 – and, despite inhospitable market conditions, the trend looks set to continue.



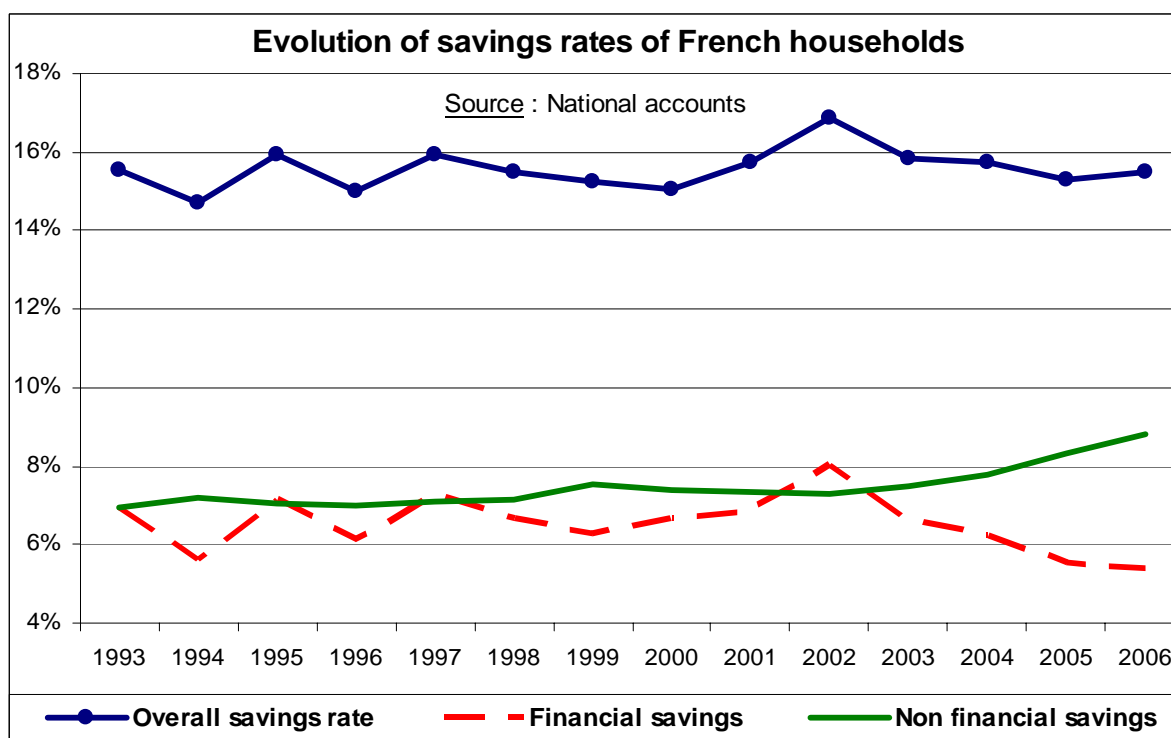
3. French Household Savings, Asset Allocation and Investment Ownership

a) Abundant Inflows of Savings and Financial Resources

Savings - the potential 'raw material' of the asset management industry – are readily available and have been maintained at high levels during the last decades in France.



The breakdown of overall households' savings rate shows, however, a relative decline of financial savings rate since 2002, whereas non-financial savings rate is soaring. This switch is however to be interpreted cautiously if one observes, beyond the financial savings rate, the pace of households' real financial inflows in France.



Indeed, a relatively new analysis tool issued from a mixture of national and financial accounts, the households' financial table, is now available at the European level to get a more in depth picture of the households financing resources and their use. Around 12%, the rate of financial inflows, including not only gross savings but also the impact of credit and other factors contributing to complete the resources of households, reflects more faithfully the acquisition of financial assets.

France: Households financing tables

In % of gross disposable income	1999	2000	2001	2002	2003	2004	2005	2006
Ressources								
Gross Saving	15,1	14,9	15,6	16,7	15,6	15,6	15,0	15,3
Net flows of loans	3,5	3,1	3,4	3,2	3,4	4,2	6,4	7,1
Transfers and Adjustments	2,8	-1,8	1,2	1,6	-0,7	1,3	1,7	-0,9
Total ressources	21,3	16,2	20,2	21,5	18,3	21,0	23,1	21,4
Uses								
Gross Capital Formation*	8,9	8,4	8,6	8,4	8,6	9,0	9,2	9,7
Flow of financial assets	12,4	7,8	11,6	13,1	9,7	12,0	13,9	11,7
Total uses	21,3	16,2	20,2	21,5	18,3	21,0	23,1	21,4
Gross disposable income (EUR bn)	893	944	993	1 039	1 066	1 113	1 151	1 200

*Physical investments (i.e real estate...)

Source: National accounts

b) Investment Funds (IF) make up one-fifth of Household Financial Assets

The relatively high level of financial assets ownership had become even more important as it was combined with a steady securitization in the financing of the economy, reflected by a progressive re-allocation of assets in households' portfolios towards more long term and risky assets, such as share-oriented vehicles. Thus, household investment in banking deposits and cash products was declining slowly, down from 45% of total household wealth in the beginning of the nineties to less than one third at the end of 2006. This trend has, however, reversed since the summer of 2007, as a cash-hungry banking system has been pushing interest bearing accounts for all clients and the direct sale of CD's to institutional investors.

French households financial assets

	1998	2000	2002	2004	2006
Currency and deposits	39%	34%	36%	33%	30%
- Currencies and deposits (of which current accounts)	11%	10%	10%	9%	9%
- Sight deposits	14%	12%	14%	14%	13%
- of which "Livret A" *	6%	4%	5%	4%	4%
- Term deposits	2%	2%	1%	1%	1%
- Contractual savings accounts:	13%	11%	11%	10%	7%
- of which home savings accounts (PEL)	9%	9%	9%	9%	7%
Securities	32%	35%	30%	31%	34%
- Fixed income securities (bonds and similar paper)	4%	3%	3%	2%	2%
- Shares and other equity (excluded PEA**)	15%	18%	15%	17%	21%
- of which listed shares	4%	4%	2%	3%	3%
- of which unlisted shares	9%	12%	9%	11%	14%
- of which other equity	2%	3%	3%	3%	4%
- UCITS's shares (excluded PEA**)	10%	9%	9%	8%	8%
- of which short term UCITS	2%	1%	2%	1%	1%
- of which long term UCITS	9%	8%	7%	7%	7%
- PEA**	3%	4%	3%	4%	4%
- directly held in shares	1%	2%	1%	1%	2%
- via UCITS (equity, balanced, guaranteed)	2%	3%	2%	2%	2%
Life insurance reserves	29%	31%	34%	36%	37%
Overall financial assets	100%	100%	100%	100%	100%
Overall financial assets (EUR billion)	1,877	2,235	2,217	2,553	3,073

* Tax free deposit account

** Equity Savings Plan (Plan d'Epargne en Actions)

Source: National accounts

Investment funds' shares, directly and indirectly owned, represent at the end of 2006 one-fifth of the financial assets of households (included unlisted shares), whereas directly held listed securities (shares, bonds, etc.) accounted for less than 10%, confirming the trend observed in other developed market countries.

Relative weight of investment funds and directly held securities in French households financial assets

	1998	2000	2002	2004	2006
1. Investment funds shares	18,8%	21,5%	20,5%	19,8%	20,8%
- Short term UCITS	1,6%	1,2%	1,6%	1,2%	1,0%
- Long term UCITS	8,7%	8,1%	7,4%	6,8%	6,6%
- UCITS via PEA* (equity, balanced, guaranteed)	1,7%	2,5%	2,1%	2,2%	2,2%
- Investment funds via life insurance policies	6,8%	9,6%	9,4%	9,6%	11,0%
2. Directly held securities	20,0%	23,6%	18,7%	20,4%	24,0%
- Fixed income securities (bonds and similar paper)	3,5%	3,2%	2,9%	1,9%	1,5%
- Shares and other equity (excluded PEA*)	15,1%	18,5%	14,7%	17,2%	20,9%
- Shares via PEA*	1,4%	1,9%	1,2%	1,4%	1,6%
3. Total securities (1+2)	38,8%	45,0%	39,2%	40,2%	44,9%
4. Other	61,2%	55,0%	60,8%	59,8%	55,1%
- Euro-denominated life insurance	22,3%	21,1%	25,1%	26,3%	25,6%
- Currency and all kinds of deposits	38,9%	33,9%	35,7%	33,5%	29,5%
Overall financial assets	100%	100%	100%	100%	100%
Overall financial assets (EUR billion)	1,877	2,235	2,217	2,553	3,073
Non financial assets (EUR billion)	2,526	3,074	3,788	5,084	6,548
Total net wealth (EUR billion)	4,030	4,882	5,560	7,101	8,985

* Equity Savings Plan (Plan d'Épargne en Actions)

Source: National accounts and AFG estimates.

c) "Instividuals" are the Principal Holders of Investment Funds on the French Market

French households own, either directly or indirectly, close to two third of the net assets of investment funds (IF) in France. Ownership of shares in IF, irrespective of the type of owner, was relatively stable the last seven years. "Instividual" -- a term that encompasses households and a significant proportion of assets held on its behalf by institutional investors -- are becoming increasingly important. Actually, institutional investors, which in France comprise for the most part insurance companies and investment funds, hold assets that are ultimately owned by individuals, hence the neologism "instividual".

Who holds investment funds in France

(Sample representative of 86,6%, with total net asset of EUR 1,484 billion at the end June 2007)

	French domiciled investment funds (IF)						Sub-total France	Foreign IF	Total
	Money-Market	Bond	Equity	Balanced	Guaranteed	Other			
Households	7,0%	13,4%	24,2%	9,9%	44,6%	5,9%	12,9%	5,7%	12,2%
Corporations	29,6%	9,0%	3,4%	6,3%	1,7%	6,3%	13,1%	4,1%	12,3%
Gov. and local Adm.	4,3%	6,6%	2,9%	3,8%	0,2%	4,9%	4,1%	0,9%	3,8%
Associations	6,8%	2,6%	2,8%	3,5%	3,1%	1,4%	4,0%	0,6%	3,7%
Credit institutions	4,7%	5,8%	2,5%	9,7%	0,7%	4,3%	5,3%	10,6%	5,8%
Insurance companies	13,5%	24,5%	40,6%	47,7%	48,3%	38,7%	32,1%	17,1%	30,8%
Investment funds	29,2%	21,8%	20,7%	12,4%	0,3%	16,1%	20,0%	50,6%	22,7%
Non résidents	5,0%	16,2%	2,9%	6,7%	1,2%	22,4%	8,5%	10,5%	8,7%
All catégories	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

4. Regulatory and Self Regulatory Developments (including Tax)

a) Eligible assets for UCITS

In August 2007, the Commission Directive implemented the UCITS Directive regarding the clarification of certain definitions of eligible assets (2007/16/EC).

The provisions of the French Decree were amended to take into account the clarification of definitions of eligible assets.

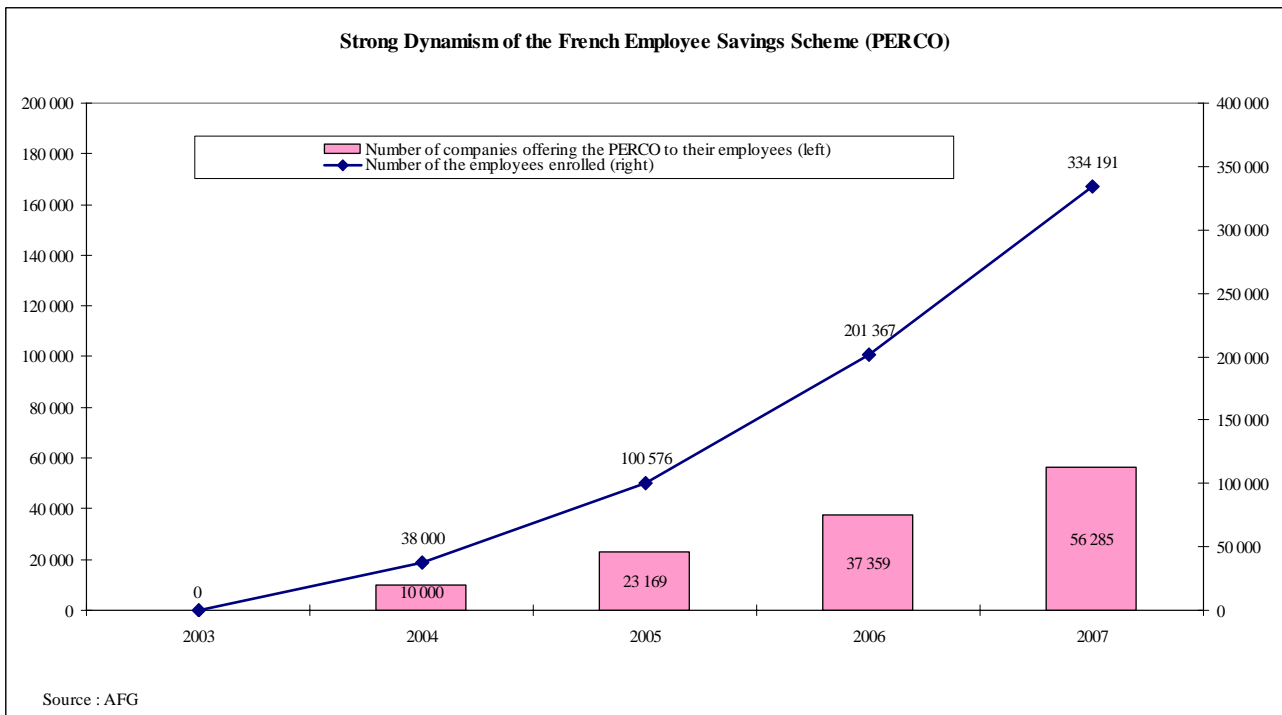
At this stage, it is too early to have a clear vision on the changes linked to the clarification of eligible assets, but the French asset management industry is satisfied with the amended definitions.

b) Pensions

The Ordinance 2006-344 of 23 March 2006 on additional professional pension benefits, implementing Directive 2003/41/EC of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision, has been ratified by law 2006-1770 of 30 December 2006 for developing financial participation and employee stock ownership plans and completed by two decrees (2006-344 of 23 March 2006 and 2006-740 of 27 June 2006).

To comply with the Directive, the Ordinance has “institutionalized” the PERCOs meant to be offered in the other Members States. Then, the PERCO becomes a collective occupational retirement institution (IRPROCO, standing for Institution de retraite professionnelle collective), administered by an administrator of institutions for occupational retirement provision (AIRP, standing for “Administrateur d’Institutions de Retraite Professionnelle”). This administrator is an account keeper specifically dedicated to crossborder plans. According to the Ordinance, the administration of IRPROCO is its exclusive object. Therefore, other occupational retirement institutions which are not IRPROCO, are excluded from the activity of the AIRP, even if they present similar characteristics.

Administrator is then limited to PERCOs signed in France and offered in other European countries and it is not allowed to keep accounts of schemes signed in other Members States. However, any European asset manager complying with the Directive has the possibility to keep accounts of a French retirement scheme.



c) Other regulatory developments:

The MiFID entered in force in France on 1st November 2007. This implementation has a strong impact on the French regulation on fund management, even if some provisions have not been finalised yet such as, for example, the interpretation of inducements provision and the application of the best execution principles to OTC operations. In addition, the MiFID principles have been recently extended to the distribution of collective funds, which is not the case in a certain number of other European countries.

In addition, France has recently updated its regulation in the area of open-ended real estate funds, allowing the launch, at the end of 2007, of the first French "OPCI" (*Organismes de Placement Collectif Immobilier*).

d) Tax rules and Taxation of Savings Directive:

The taxation of savings has been slightly increased, which is of course not good news. However French authorities made no changes/adaptations of guidelines regarding the Taxation of Savings Directive in 2007-2008.

5. & 6. Investment management governance

a) Fund governance issues (Code of conduct, 'Best Practice', shareholder activism by managers, etc)

AFG still strongly encourages its members to exercise their voting rights.

In order to help them to elaborate their voting policy on the exercise of the voting rights as shareholders of listed companies, AFG regularly updates its "Recommendations on Corporate Governance" ("Hellebuyck Code"), since their first publication in 1998. The latest version was launched in February 2008 is available on its website. AFG also continues its "monitoring" of the French SBF 120 companies.

b) Governance of management company

AFG is currently reviewing its code of conduct.

7. Product Developments

a) Socially Responsible Investing (SRI) Funds

At the end of 2007, 175 Socially Responsible Investing funds, representing globally assets over 20 billion euros, were offered in France by 48 asset management companies. The "best in class" management style is the predominant approach, followed by those of exclusion, thematic, engagement and solidarity funds. The development of this product is mainly due to a dynamic offer and now growing to demand coming from mid- and long-term investors, such as retirement institutions (FRR, ERAFP, AGIRC...), insurance companies and employee savings schemes (FCPE). Since 2005, AFG alongside with French Eurosif (FIR) have built up a Transparency Guidelines to promote SRI.

b) Alternative Investments

We are currently thinking on the implementation of mechanisms such as "gates" and "side pockets". Gates are design for our "on shore hedge funds" (as known as ARIA funds). It aims to improve asset liabilities matching of these funds may provides more security for investors. Side-pocketing, that we would like to use for ARIA and UCITS funds, is reaching two main achievements:

1. Assures investors that, even in case of illiquid assets (which are therefore moved into the side-pockets), valuation of the portfolio will be fair.
2. Allows, especially for ARIA, a "private equity like" style of management for a small amount of assets.

c) Contractual Funds

Other discussions are still in progress with our regulators concerning: our "contractual funds" should be allowed to invest in any type of assets and not only financial instruments and their lock-up period will be negotiated between managers and investors prior to the fund creation, but without regulatory constraints.

8. Other Major Issues and Developments

a) Fund Standards and Distribution

* Standards (fund classification, fund processing, risk disclosure, etc.)

AFG has been actively participating in the EFAMA's working group on the Fund Processing Passport. AFG's members worked intensively in 2007-2008 to be able to implement the first FPPs in their management companies.

AFG will propose a portal service for the FPPs to redirect requests from investors to the FPP webpages of the asset management companies. For the small entities that do not have the infrastructures for Internet webpages, one of the solutions envisaged is a 'self-service' platform that will provide them with the necessary tools to draft and update their FPPs.

No new classification has been set up. The only existing one was established by AMF in the 90's. AFG is currently discussing with the regulator on some adaptations of its classification to take into account lessons learnt through the liquidity crisis.

Nothing new has been adopted in that field. The main relevant document on risk disclosure is the prospectus. To take into account lessons learnt since the outburst of the liquidity crisis, AFG is currently discussing with the representatives of Institutional Investors possible adaptations of the voluntary reporting format that was set up in the mid nineties.

* Distribution (distribution of foreign funds, financial advice, disclosure of fees, etc.)

As a general comment, it should be noted that the French regulator has decided to extend the MiFID' rules of conduct to every type of funds' distribution, whether the activity is in the scope of MiFID or not. However, the comprehensive regulatory framework of this extension has not yet been implemented (we're still waiting for the implementing terms on best execution/selection, on requirements for information to the clients...).

Concerning the inducements regime, the article 26 of MiFID level 2 has been strictly transposed in the French General Regulation. There is no additional guidance at this stage, but, in accordance with the AMF, the professional associations are currently working on implementation terms in order to precise the general framework of the disclosure duty of the inducements to the client by the distributor (which level of precision of the retrocessions received by the distributor ? on which documents ? etc.).

We have not identified crucial points concerning the other elements of MiFID implementation on funds distribution, except the fact that many asset managers consider the general framework remains unclear on many items (for instance the scope of the investment advice or the feasibility of MiFID provisions concerning marketing communications...).

We have more comments on the impacts of the MiFID on the marketing of funds than on the distribution of funds itself.

According to the AMF's interpretation of the activity of marketing of funds:

- When a collective asset management company is selling third-party funds' units, the activity falls within the scope of RTO.
- When a discretionary portfolio management company is selling third-party funds' units or home funds' units, the activity falls within the scope of RTO.

b) Other activities of the association

* Lobbying activities

The Financial Observatory, which aims at improving its relations with the Parliament, invites regularly MPs on specific issues. AFG organised several press conferences of which some on the results and perspectives of the French asset management Industry covering the presentation of investment fund performance and rankings, the new statistics of the French industry, and on the update on the corporate governance, etc... The association regularly met with journalists for articles and interviews on the current topics. AFG has striven to promote all year long the image of Asset Management through the main financial events.

* Educational seminars & training courses

For the 8th consecutive year, AFG is running its one year long training programme for asset managers, the PRAM (Programme Asset Management). Figures confirm its success : 173 modules attended (158 in 2006), more than 600 students in 7 existing years, 300 teaching hours per year, 50 teachers (mainly professionals). PRAM, is now well recognised and settled in the training environment. The two main objectives are: giving a general high level professional training and a practical and up to date teaching on certain technical points of the regulation. For PRAM, AFG has chosen as partner HEC, which is a leading French business school. The AFG-Training Division is also developing training seminars on specific topics such as money laundering, private equity or asset allocation. In year 2007 a specific training on MIFID was organised. AFG is also a partner of teaching programs in France and abroad, in Morocco for example).

* Promotion of the French asset management

AFG actively represents the asset management industry whenever an opportunity occurs in Paris and internationally.

AFG was very active in the preparation of the 33th conference of IOSCO which took place in Paris in May 2008.

AFG also organised seminars to Chinese, Vietnamese and Japanese professionals in Paris and abroad.

AFG is also actively promoting long term savings.

Indeed, the meetings of the HCP – ('le Haut Comité de Place') the high-level commission set up by the ministry of finance to promote the Paris marketplace – and the round-table discussions organised by President Nicolas Sarkozy, in which our industry plays a prominent role, rightly launched a debate about savings patterns in France, which are insufficiently focused on long-term investments.

The "long-term savings" working group created by the HCP and co-chaired by Alain Leclair (AFG) and Gérard de La Martinière (FFSA, the French Insurance Association) will submit in June 2008 policy proposals to the government, pursuant to the review clause in the Fillon Act on pensions, President Sarkozy's announcement on the development of profit sharing, and the work of the "Finance and Innovation" Paris competitiveness cluster.

* Information of our members

This year our training and communication activity took into account financial and regulatory changes of our industry: subprime crisis, implementation of MiFID, new products, long term savings, better regulation. All those subjects were developed and explained to our members through our information meetings.

The 2008 annual membership meeting (called 'les enjeux' – "The Challenges") was focused on "Long term savings". AFG also took part in numerous events involving the asset management industry.

For several years, AFG has been organising information meetings (called 'Point Sur') on hot topics in asset management. They gather professionals (AFG members and non-members) and French authorities sharing their views on the topical issues. In 2007/8, information meetings were, for example, organised on the MiFID, PERCO, new regulation related to investment funds, better regulation, private equity funds. Beginning of January, we have celebrated the tenth anniversary of those meetings.

* Publications

Several publications are updated on a regular basis: the annual report, the members directory, the electronic newsletter – Gestion e info - which is put on line every two months and which presents current events about the profession and the association in a synthetic way, "Actualité réglementaire" a two-monthly document .

At the attention of its members, the association has elaborated a new collection "the professional guides" concerning different topics such as the VAT, property funds accounting methods of UCITS, Fund processing Passport.

The association has also a collection of essays ('Recueil d'opinions'). This collection gathers contributions from professionals and academics on topics of main interest for the French and the European asset management industry: a new edition on IFRS norms has been published.

An electronic directory is on line on the AFG's website and regularly updated.

Most of our publications, such as the corporate governance guidelines, our press releases are available in English.

* Launch of an academic chair on sustainable finance

Early 2008, an academic chair on SRI was inaugurated. Thanks to increasing involvement in sustainable finance, AFG expects to make a major contribution to the success of the “Finance and Innovation” competitiveness cluster.

With the support of our Association, a dozen fund managers and six other institutions including the *Fonds de Réserve pour les Retraites (FRR)*, Euronext Paris SA, and the *Institut Europlace de Finance* have created the “Sustainable Finance and Responsible Investment” Chair. Its work is expected to contribute to, among other things, the development of new pricing models that incorporate the long-term environmental and social consequences of business activities. This Chair is co-directed by Christian GOLLIER (University of Toulouse) and Jean-Pierre PONSSARD (Ecole Polytechnique), and will top on the skills of teams of highly qualified and internationally recognised researchers. The main objectives of the Chair are: to manifest the argument that the development of sustainable finance and responsible investment is now not only necessary, but also possible; to create research methodologies in the area to better identify non-financial value creation factors and integrate them in analyses; to build a global SRI scientific team. The Chair research programme will focus on two major themes: “Financial markets, investment strategies and sustainable growth” and “Corporate governance and sustainable finance”. The chair has a Steering Committee to oversee its work, chaired by Claude Jouven (former chairman of the HEC foundation), which includes internationally recognised researchers including Marcel Boyer (University of Montreal) and Henri Tulkens (Catholic University of Louvain).