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## Fitch Affirms Sycomore AM's Asset Manager Rating at 'M2-'

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Fitch Ratings-London/Paris-09 July 2010: Fitch Ratings has today affirmed Sycomore Asset Management's (Sycomore AM) Asset Manager Rating at 'M2-'. The rating covers all of Sycomore AM's Paris-based asset management activities.

The rating affirmation reflects the experience and stability of Sycomore AM's teams, the discipline of its seasoned eurozone equity investment process based on a thorough fundamental stock selection approach, and the continuous improvements of its long/short equity strategies. The rating action also factors in Sycomore AM's sound risk management framework, especially with respect to its investment risk monitoring and the efficiency of the IT platform, which provides good support to portfolio managers and operations in managing current volumes and assets. The rating takes into account the entrepreneurial nature of the company and its focus on eurozone equities. The company's main challenge remains to pursue its development in the absolute return and multi-asset space while strengthening its top down process (macro-economic research and allocation).

Sycomore AM has a good track record in managing eurozone equities, which represent 90% of total assets under management (AUM), and benefits from a good financial standing. The company has engaged in various initiatives to reduce the dependence of its revenue stream on eurozone equity markets and diversify its business model. These strategies include the development of long/short equity strategies since 2004, and more recently, the launch of a multi-asset product.

The risk monitoring and control environment provides good coverage of the various risk areas, with appropriate documentation and committee set-up. Investment risk monitoring draws on Barra One software functionalities (VaR, multifactor analysis), which, combined with proprietary tools, provide a thorough portfolio analytics.

The long-only investment process follows a thorough fundamental approach, focused on the eurozone, and benefits from the stock-picking expertise of the four senior portfolio managers. It relies on comprehensive bottom-up research and valuation methods using a regularly-updated proprietary database. The company has recently incorporated macroeconomic inputs and environmental, social and governance criteria which are gradually being applied to the investment universe. Fitch believes that Sycomore AM's main challenge regarding its portfolio management will be to pursue the refining of long/short equity strategies and to strengthen coordination between top down inputs and investment decision-making.

Fitch also notes the high level of integration of the internally developed technology platform, with the completion of a central data facility in 2010. Consequently, investment administration is efficient and offers an appropriate level of security provided the scope of instruments invested to that day.

Sycomore AM's 'M2-' rating is based on the following category scores, which represent a scale from 1 to 5, with 1 as the highest possible score:

Company & Staffing: 3.00  
Risk Management & Controls: 2.25  
Portfolio Management: 2.50  
Investment Administration: 2.50  
Technology: 2.50

Established in 2001, Sycomore AM is an independent asset management company that is 90%-owned by the five founding partners and employees. Its historical and main area of focus is fundamental stock-selection of eurozone equities. AUM amounted to EUR2bn at end-June 2010. The client base, which is almost exclusively French, comprises private clients, institutional clients and multi-managers. Partnerships have been formed with other European asset managers to offer a fund

combining respective local stock-picking expertise. At end-June 2010, Sycomore AM had a staff of 38, including nine investment professionals.

Applicable criteria, 'Reviewing and Rating Asset Managers', dated 18 June 2009 are available at [www.fitchratings.com](http://www.fitchratings.com).

Sycomore AM's updated rating report will soon be available on the agency's website at [www.fitchratings.com](http://www.fitchratings.com).

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Additional information is available at [www.fitchratings.com](http://www.fitchratings.com).

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