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## Fitch Affirms Sycomore AM's Asset Manager Rating at 'High Standards'

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Fitch Ratings-Paris/London-21 August 2013: Fitch Ratings has affirmed Sycomore Asset Management's (Sycomore AM) Asset Manager Rating at 'High Standards'. The Outlook is Stable.

### KEY RATING DRIVERS

The rating reflects the organisation's institutional set-up, a longstanding and disciplined stock picking process, managed by an experienced and stable team of 12 portfolio managers/analysts, as well as the sound risk management framework and efficient operational platform, adapted to current volumes and assets.

The main challenges facing Sycomore AM remain its pursuit of development abroad and the growth of assets on products outside long-only equities, through its asset allocation, absolute return, credit and emerging markets funds, to further reduce the company's exposure to eurozone equity. The company has successfully launched a credit fund in 2012, and will need to accompany the growth of Assets under Management (AuM) in this asset class with the adding of resources (e.g. risk analytics, new portfolio manager/analyst).

Sycomore AM's 'High Standards' rating is based on the following category scores:

Company: High

Controls: High

Investments: Highest

Operations: High

Technology: High

Asset manager operations in the 'High Standards' category have an investment platform and operational framework that Fitch considers strong relative to the standards applied by institutional investors in international markets.

### Company

Regulated by French AMF, Sycomore is an entrepreneurial asset management company, with a 12-year track record in managing eurozone equities. Also managing long/short equity, multi-asset, socially-responsible investments (SRI) and emerging equity funds, the firm has completed its fund offering with the successful launch of a credit, SRI-focused fund in 2012. The company's strategic priority indeed remains to diversify its product base and increase AuM, to reduce its historic business sensitivity to European equities. The teams have been extremely stable historically, a large part of the staff being shareholders of the company.

### Controls

The risk management and control framework adequately covers the main risk areas. Investment risk management, performed by a three-member team, provides solid support and data accessibility to the front-office. Risk analytic tools have mostly been developed in-house with the exception of the risk analysis tool, Northfield, of which the risk model was recently extended to bonds to cover the newly launched credit management.

### Investments

Sycomore AM's investment processes are disciplined and transparent, supported by comprehensive bottom-up research and proprietary valuation methods using a regularly-updated in-house database since 2001. The 12 analysts/portfolio managers have clearly defined responsibilities and interact efficiently. Top down and quantitative inputs have been developed more recently.

## Operations

Investment administration, performed by a stable and experienced team, is efficient and offers an appropriate level of security with regards to reasonable volumes and investments mainly in listed equities. Investor reports are produced within very short delay and provide comprehensive and relevant portfolio information.

## Technology

Sycomore AM's technological platform is built around proprietary applications - with the exception of Northfield for risk analytics - offering a high level of integration and having so far proven their ability to adequately support the company's needs. The business continuity plan is effective and regularly tested.

Established in 2001, Sycomore AM is an independent asset management company that is 90%-owned by the four founding partners and employees. Its historical and main area of focus is the eurozone equity management, although it has developed other investment areas over the years. AuM amounted to EUR1.7bn at end-June 2013. The client base comprises private clients, institutional clients and multi-managers. At end-June 2013, Sycomore AM had a staff of 32, including 12 investment professionals.

## RATING SENSITIVITIES

The rating may be sensitive to material adverse changes to any of the aforementioned rating drivers, notably through weakened financial conditions, heightened staff turnover or deterioration of processes and policies. A material deviation from Fitch guidelines for any key rating driver could cause Fitch to downgrade the rating.

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

Applicable criteria, 'Asset Manager Rating Criteria, dated 22 April 2013, are available at [www.fitchratings.com](http://www.fitchratings.com).

**Applicable Criteria and Related Research:**

[Asset Manager Rating Criteria](#)

**Additional Disclosure**

[Solicitation Status](#)

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