



# RCP & Partners GmbH

Risk rating of asset managers: the investor's measure of trust

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## Press Release

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Wiesbaden, 13 October 2005

### **SG AM AI improves Rating of its Fund of Hedge Funds Unit**

**Société Generale Asset Management Alternative Investments (SG AM AI) has been upgraded after the first maintenance rating of its Fund of Hedge Funds Unit from “very good” 2- up to 2. The overall rating “very good” dating from 2004 was confirmed by the rating agency RCP.**

After its initial rating in 2004, SG AM AI now was the first Asset Manager undergoing a maintenance rating of its Fund of Hedge Funds unit by RCP. The overall result of “very good” corresponds to the second best out of six possible grades. The company was able to improve or maintain the very good result of last year. Improvements were especially shown in the field of investment process, but also at management and sales.

SG AM AI is one of the leading provider of Alternative Investments in Europe and part of Société Générale Asset Management, itself one of the biggest Asset Manager in Europe. Beside France, Germany is among the companies major targeted markets in Europe.

The manager rating values the ability of the asset manager, to manage clients assets in a professional way while not running the risk of financial losses due to a breach of duty. Therefore the manager rating process not only focuses on the investment process but also on the stability of the organisation itself, as deficits within organisation are very likely to have a material impact on performance.

In order to acquire all potential sources of risk, four main services are analysed: “Management” (among others: management and staff), “Clients” (among others: marketing and products), “Production” (among others: investment process and quality management) as well as “Infrastructure” (among others: IT and operations).

#### **Rating result:**

**Experienced Management Team:** Société Générale Asset Management started its Fund of Hedge Funds business back in 2000. The highly skilled and experienced team has steadily increased since then. Corporate Culture is key for the company, and that is expressed, among others, by high investments in staff trainings. SG AM AI can count on the strong support of its parent company, in the areas of IT, Marketing and Reporting.

**Focusing on Clients and further development of sales services:** The Alternative Investments Department gained further importance within the Group. The highly skilled and dedicated “Alternative Marketing Team” now coordinates between production, marketing and distribution channels. Following a well structured and sound process, new products are developed and included within the existing range. Therefore, clients have access to a competitive range of products. Reporting could be tailored to client needs and is on a high quality standard.



**Clearly structured Production process:** The investment process is very well structured and documented. It is subject to an ongoing validation process, which ensures its highest quality. Starting point of every investment decision is the dedicated quantitative research combined with a comprehensive Due Diligence process, that provides qualitative analyses on potential hedge fund investments. The investment process and the execution of investment decisions are supported by tailored, proprietary software and systems. Performance results, market risks and operational risks are monitored and measured continuously.

**Infrastructure with high significance:** Based on a clear understanding of risk management, SG AM AI has developed a system to decrease operational risk. Including intensive audits, extensive validation of new products as well as backup systems and installations. The risk control is performed by an further enforced and dedicated Team, which has gained its own responsibility for the Fund of Hedge Funds Business.

### The Rating Scale:

Manager Rating	
+ 1 -	Excellent
+ 2 -	Very good
+ 3 -	Good
+ 4 -	Satisfactory
+ 5 -	Inadequate
+ 6 -	Weak

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