



# RCP & Partners GmbH

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

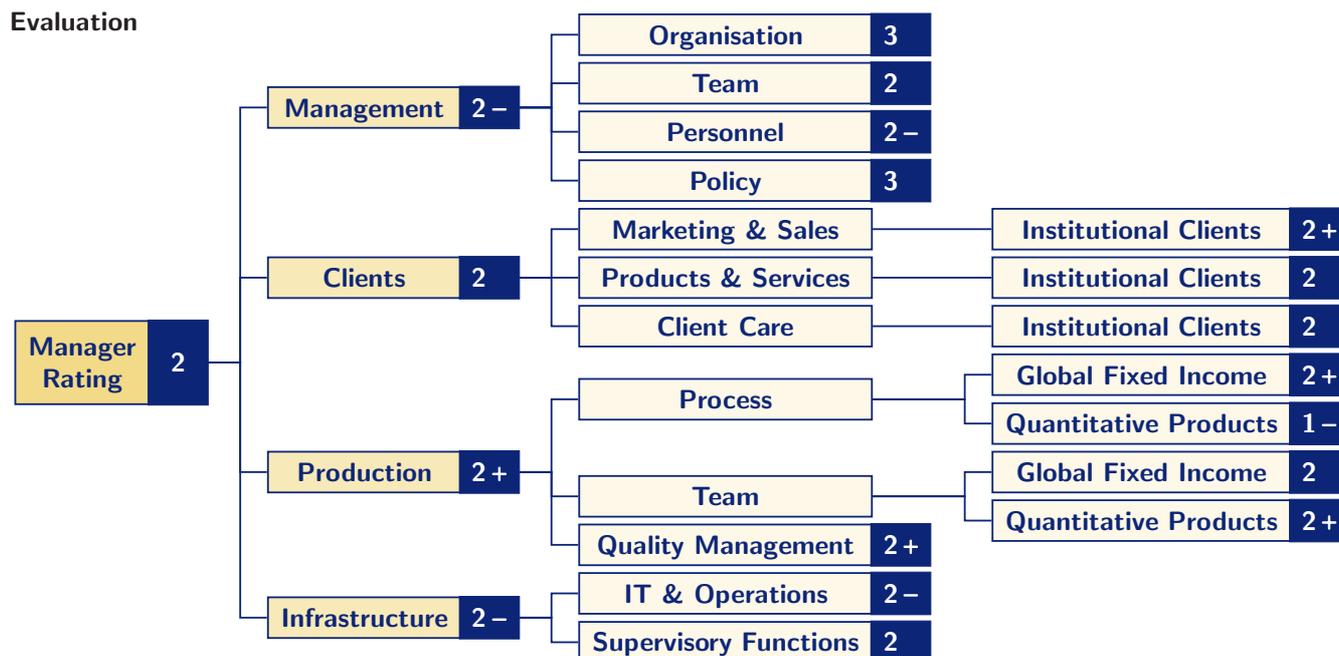
**dbi | Allianz Dresdner Asset Management****dbi** Allianz Dresdner Asset Management  
**Allianz** Dresdner Asset Management**2**  
**Very good****Manager Rating – Parameters**

<b>Date</b>	2003–09–30
<b>Units</b>	dresdnerbank investment management Kapitalanlagegesellschaft mbH (dbi), Allianz Dresdner Asset Management International GmbH (ADAM-I)
<b>Client Groups</b>	Institutional Clients
<b>Asset Classes</b>	Global Fixed Income, Quantitative Products

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Manager Rating	
+1–	Excellent
<b>2–</b>	<b>Very good</b>
+3–	Good
+4–	Satisfactory
+5–	Inadequate
+6–	Insufficient

**Manager Rating – Results****Evaluation**

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## Introduction

*dbi* and *ADAM-I*, hereafter referred to as the *Rated Party* (RP), could altogether improve slightly the result from the previous rating in 2001 – according to the new scale 2- (very good) – to **2 (very good)**, however, the asset classes *European Equities* and *Balanced* were not included in the current evaluation, in contrast to the previous rating. The investment universes *European Equities* and *Balanced* are, however, represented in the current rating via *Method-Based Strategies*.

The integration of the asset management units of both groups following the Allianz/Dresdner merger gives a sound and stable impression.

## Management

*dbi* and *ADAM-I* are incorporated in one of the largest financial groups world-wide and in their production process can take advantage of an international network. In the course of the merger between *Dresdner Bank* and *Allianz* in 2001 the German asset management entities of both groups were blended into *Allianz Dresdner Asset Management Deutschland GmbH* (ADAM-D) which meets together with other entities *Allianz Dresdner Asset Management AG* (ADAM AG) on a higher level. Under the umbrella of *ADAM-D*, *dbi* manages well over 500 *spezialfonds* and has today – not least due to the inclusion of mandates formerly managed within *Allianz* group – assumed the leading position in the German *spezialfonds* market with assets under management of EUR 61bn and a market share of around 13%. *ADAM-I* manages EUR 12bn in segregated accounts and advisory mandates.

After changes and adaptations following the merger, the RP has arrived at a clear management structure. The transfer of a number of functions (e.g. the portfolio management and large parts of the infrastructure) to its mutual funds sister company *dit* – already in progress for several years – has assumed greater emphasis.

The Management Team (board and senior management) have many years of experience in the investment business while having a balanced distribution of ages.

The remuneration system for employees with German contracts is uniform, which in the portfolio management area includes a variable component at least partly depending on investment performance.

With respect to Corporate Governance there is backlog demand: The supervisory boards of both *dbi* and *ADAM AG* have recruited their members completely from within the *Allianz* group, whereas nearly half of *ADAM-I*'s supervisory board consists of members from outside the group.

The “letter of comfort” previously issued by *Dresdner Bank* was not continued by *Allianz*. However, *dbi* and the next shareholder levels up to *ADAM AG* are each linked via profit and loss transfer agreements, thus *dbi* profits from the group's financial strength.

## Clients

The *dbi* sales-force is due to its focus on *spezialfonds* mainly active in Germany and includes a capable, technically well-supported *Customer Relationship Management*. The strategy is clearly defined, both in respect of market exploitation as a whole and the profit margin of individual mandates. The RP has taken into account the growing importance of consultants in the institutional business by expanding the corresponding support facilities. In addition to international corporate business, *ADAM-I* also services *advisory* and *pensions* mandates, including consulting and administration services for funded corporate pension schemes.

Due to the different asset management entities within the group, the RP in principle has access to a global range of products and strategies from which a client's personal product can be tailor-made. Apart from classic asset management the RP increasingly offers a *Master-KAG* service, taking advantage of heavy investment in its administrative infrastructure.

Both *dbi* and *ADAM-I* show a high degree of client focus. Each client is handled by a *Client Portfolio Manager* (CPM). A member of the board or one of its representatives is also available as a point of contact. The CPM serves as interface to the portfolio management teams.

Client reporting is provided by *IDS (Investment Data Services GmbH)* – a group-owned firm for the maintenance and analysis of internal and external data which also provides several control functions for risk management and quality control. The extent and frequency of reporting is adjusted to clients' individual requirements. Due to this outsourcing to a separate firm – which could also offer its services outside the group – the separation of functions is also formally underpinned.

## Production

The RP's asset management is partially organised in global investment and research platforms. However, the aim is to centralise all product responsibilities. Meanwhile, European equities mandates are exclusively managed from Frankfurt, and fixed income management for Europe/Euroland takes place in Munich.

The *fixed income* management of *dbi* has experienced the most extensive changes from the merger. The previous investment process was replaced completely by PIMCO's approach. The latter stands out for its well-proven system with an extensive risk management process in use for more than 10 years. The organisational structure is clear and stringent. Noteworthy is the globally uniform portfolio strategy which defines margins for a variety of factors within which client portfolios can be actively managed. Fixed income trading is performed by the portfolio managers themselves, the RP participates in their market knowledge by obtaining good prices. The integration of posterior controls, e.g. of investment restrictions, is comprehensive but the manual element is too large. Better systems compatibility would provide for greater transparency.

*Quantitative-based Products* play an important part within

the RP with a volume under management of EUR 11bn. Behind names like *Methodenbasierte Anlagestrategien (Method-Based Investment Strategies)* and *Wertsicherungskonzepte (Protection Strategies)* stand highly specialised methods which provide a basis for an impressive variety of investment products (especially for the asset classes equities and balanced), developed and managed by 18 specialists. This area benefits visibly from the blending of two teams of similar orientation in the course of the merger.

The control of investment restrictions and the corresponding reporting is handled by the Investment Controlling unit. To monitor the large number of restrictions reliably, the unit makes use of rule-based technical systems.

To assure the quality of investment processes, comprehensive reviews in respect of style accuracy, etc., take place. These activities, as well as performance measurement, are conducted by IDS.

Performance numbers are certified according to GIPS. However, the track record is rather short for some areas.

## Infrastructure

The IT infrastructure is mainly supported by *dit* staff but relies on group standards and policies.

Risk Management, Compliance and Internal Audit are organised inter-entity and satisfy international standards. Noteworthy is the compliance manual which is exemplary in its preparation and completeness. In contrast with our previous rating, the members of the board are now subject to direct controls by the RP's compliance officer (previously *Dresdner Bank* was responsible).

With regard to *soft-dollar agreements* with brokers the RP takes a disapproving position.