

Fitch Affirms Schroders Investment Management at 'M2'

Fitch Ratings-London/Paris/Frankfurt-02 October 2007: Fitch Ratings has today affirmed Schroders Investment Management's (Schroders) Asset Manager rating at 'M2'. The rating is assigned to Schroders for its asset management activities based in London. The rating does not take into account the management of alternative assets, namely the real estate activities and the hedge fund business handled by New Finance Capital, which the company acquired in 2006.

The rating is based on the Schroders' independence, long track record and robust financial standing. The rating also benefits from Schroders' high quality of staff across the board, its solid and well established risk management framework and recognises the company's sound investment processes supported by high quality research resources. The rating is further based on the manager's continuing efforts to upgrade investment technology and infrastructure, and realise efficiency gains in the administrative services it provides. However, it also takes into account ongoing challenges in the institutional traditional UK balanced fund business.

Schroders' 'M2' rating is based on the following category scores:

Company & Staffing: 2.00
Risk Management & Controls: 1.75
Portfolio Management: 2.25
Investment Administration: 2.25
Technology: 2.50

Asset managers under the 'M2' group have high scores in most areas of assessment. Such organizations are generally stable, well-capitalized investment management companies with a track record of profitability. Organizations at this rating level are run by highly experienced, tenured management teams supported by experienced front-, middle- and back-office staff. The organizational infrastructure includes strong risk management and internal control functions, which are integrated in the day-to-day portfolio management processes. Portfolio management processes are consistently applied and supported with frequent investment analysis and monitoring, forming a disciplined approach for making buy, sell or hold decisions. At this rating level, organizations will have strong investment administration capabilities, as reflected in the level of investor services and the quality of investor reporting. All core processes are supported with integrated technology resources, complemented with good analytical and decision-support tools.

Schroders is a global investment house with GBP 137.6bn in assets under management and 2,500 of staff as at 30 June 2007, of which 1,284 staff, including 162 portfolio manager, are located in London. It offers a wide range of products across all asset classes and investment areas, an increasing share of which are in specialised investments.

The rating report is available on the agency's website, www.fitchratings.com.

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