



RCP & Partners GmbH

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

Press Release

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DWS Investment GmbH, the largest German asset manager, is rated by RCP **DWS gets RCP top rating with an "excellent" in business risk**

DWS Investment GmbH, part of the Deutsche Bank Group, is the first pure mutual fund company in Germany to undergo Fiduciary Rating by RCP & Partners in Wiesbaden. Two elements, among others, led to DWS' receiving the "excellent" (AA1) score on a scale of ten in terms of Business Risk, namely its compliance with international standards regarding the company's internal structure, and the image the DWS brand enjoys in the capital markets. With respect to Investment Risk, the company's clearly structured investment processes, coupled with its global research network, secured it a "very good" (3) score on a scale of ten. Now that the qualitative Fiduciary Rating of the entire company has been concluded, DWS has passed another milestone, in addition to the many other awards it has to its credit, so that it can genuinely promote itself as one of the leading lights in Asset Management on the international stage.

DWS is the largest German investment company and manages assets of approximately 90 billion euros in Germany – a market share of 26 % in the mutual fund business. Since its inception back in 1956, DWS has built up **outstanding expertise** in both equities and bonds in all the world's main capital markets. It is the leading mutual fund company in Europe. It is notable that throughout this entire period it has adhered to its policy of introducing new and innovative mutual fund concepts justifying its reputation as a forerunner in the German and European markets. The company's outstanding "DWS" brand is underpinned by corporate policies that closely reflect international standards. The outstanding result in Business terms is a product of a number of discrete elements: the company is committed to its exemplary corporate culture, it consistently promotes staff advancement and loyalty, positions on the Supervisory Board are not reserved exclusively for Deutsche Bank Group personnel, and indeed the degree to which the company produces product innovations and has become a trend-setter.

In Investment terms, the largest and most important asset classes were covered by the evaluation. These account for the majority of DWS' assets. They included Global Equities, European Equities, European Bonds, Euroland Bonds, Balanced Portfolio and Money Market products. In the field of **Bond fund management** clearly structured investment processes dominate, coupled with the organisational separation of Credit Risk Management from Management of Forex and Duration Risks. The core competencies of **Equity fund management** are professional sector weighting and their selection of companies. In keeping with the wide product range and a high degree of product specialisation, DWS draws upon excellent research resources, some of which are in-house and others external cooperations. The noteworthy GERP system instituted by "Deutsche Asset Management" is a global research platform and information source. DWS fund management is characterised by proactive investment processes.

The overall positive picture of DWS is enhanced with their extremely professional approach to the issue of "Risk Management". Every single DWS process reinforces the company's organisa-



tional stability, from investment processes through to operational procedures such as performance measurement or reporting.

The structural risk (*Business Rating*) at DWS was rated "**AA1**" (**Excellent**) and Investment risk (*Investment Rating*) was rated "**3**" (**Very good**). The 12-Month Outlook is "**Neutral**".

Business Risk	RCP Rating Scale	Investment Risk
AAA	<i>Excellent</i>	1
AA1		2
AA2	<i>Very good</i>	3
A1		4
A2	<i>Good</i>	5
A3		6
BBB	<i>Fair</i>	7
BB1		8
BB2	<i>Unsatisfactory</i>	9
B1		10

"Fiduciary Rating" measures the risk investors are exposed to in entrusting their money to third parties such as asset managers. The manager can live up to this trust only when he does not overlook risks beyond capital market risks. In short, he must be in full command of any structural risks inherent to his company so that he does not breach his contractual obligations thereby incurring financial losses to the detriment of the investor. For this very reason "Fiduciary Rating" is not confined to the quantitative measurement of performance and risk figures. It focuses on a qualitative and objective analysis of organisational structures (Business Rating) in addition to the entire spectrum of investment processes. These criteria are crucial in evaluating the asset manager's ability to deliver good and consistent performance in the future. This is the most effective way for institutional investors, and indeed private investors too, to put into perspective the true risks, namely the ones they will be exposed to, prior to entrusting their money to the investment company.

RCP is an internationally based independent rating agency that has already rated over 50 asset management companies from different European and Asian countries. RCP & Partners in Wiesbaden have conducted evaluations of a number of acclaimed investment companies from German-speaking countries. These include traditional investment companies as well as Index, Hedge Fund and Private Equity managers. In Austria RCP recently published Rating Reports on *Raiffeisen-Kapitalanlagegesellschaft*, Vienna, in addition to *Erste Sparinvest Kapitalanlagegesellschaft*, Vienna. In Germany, reports were published on, for example, *dresdnerbank investment management (dbi)*, Frankfurt am Main, *Nordea Investment Management*, Copenhagen/Königstein as well as *Delta Lloyd Investment Managers*, Wiesbaden.

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