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## **PRESS RELEASE: Fitch: ECM Asset Manager Rating M2+ On Watch**

: Fitch Ratings is maintaining European Credit Management Ltd's (ECM) 'M2+' Asset Manager rating for its London-based investment activities on Rating Watch Evolving (RWE).

The RWE reflects the ongoing uncertainty regarding the future shape of Evergreen Investments and its affiliate programme to which ECM belongs, following Wells Fargo's acquisition of Wachovia. The transaction is expected to close on or before 31 December 2008. The RWE evolving will be resolved once the future of Evergreen and its affiliate becomes clearer. The combined assets under management of Wells Fargo and Evergreen should reach around USD500bn.

ECM's credit business franchise has proved fairly resilient and the company remains profitable despite challenging market conditions, which is a reflection of the quality of the senior management team and strong relationships established with a long-term, stable investor base. In Fitch's view, ECM's multi-specialist approach to credit management places the company in a better position, relative to other asset management companies, to take advantage of a potential upturn in the credit market. ECM benefits from the stability and depth of staffing resources, and a robust IT and operational infrastructure.

Over the short-to-medium term ECM faces challenges in transitioning portions of its business model toward un-leveraged products and segregated mandates as well as continuing the smooth de-leveraging of its MTN programmes, through repo unwinding, and asset transfers into un-leveraged funds. Research resources (modelling and monitoring tools and analytical staff) can be strengthened in an environment of rising default rates while ECM also faces the challenge to demonstrate shareholder value to ensure the commitment of its new parent. Overall, the '+' modifier emphasises ECM's strong investment process and investment administration capabilities.

ECM's 'M2+' rating is based on the following category scores, which cover a scale of 1 to 5, with 1 as the highest possible score: Company & Staffing: 2.25 Risk Management & Controls: 2.50 Portfolio Management: 1.75 Investment Administration: 2.00 Technology: 1.75

Asset managers in the 'M2' category have earned high scores in most areas of assessment.

Founded in 1999, ECM is authorised and regulated by the UK's Financial Services Authority. ECM is majority-owned by Wachovia Corp. It employs around 180 people and manages around EUR13bn of assets in 28 portfolios. ECM specialises in the management of credit assets, mainly investment-grade and high-yield bonds, ABS, leveraged loans and bank capital. The updated rating report will soon be available on the agency's website, [www.fitchratings.com](http://www.fitchratings.com).

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