



Freeman & Co., LLC

NEWS RELEASE

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FREEMAN & CO. REPORT DETAILS HEDGE FUND M&A DEAL EVOLUTION AND MUTUAL FUND GROWTH CHALLENGES

NEW YORK, Sept 11, 2007 – Freeman & Co., a leading independent advisor to the financial services industry, released a report today covering two issues: (1) continued growth and innovation in hedge fund deals, and (2) growth challenges for mutual fund firms.

Hedge Fund Deals

The firm highlighted several emerging trends in deals in the alternative asset sector, including:

- A shift away from deals involving traditional asset management firms and outright purchases of companies.
- An evolution toward innovative deal structures, multiple sources of capital and the willingness of investors to consider single-strategy funds.
- Increased risk sharing between buyers and sellers has given investors a greater comfort level with the volatility inherent in the hedge fund business.
- Deal structure will continue to evolve and the continued flow of assets into alternative investment products will be a strong driver for banks and hedge funds to partner.

Eric Weber, Managing Director at Freeman & Co. said, “Although recent market events have certainly affected deal flow in the hedge fund sector, these new, innovative approaches to structuring deals – and the sheer number of funds in the marketplace – will mean that transaction volumes will continue at a healthy pace going forward.”

Mutual Fund Deals

Unlike the alternative asset sector, mutual fund firms may be facing more difficult growth prospects, according to the report. For example, the report highlights:

- Household penetration of mutual fund products has leveled off since 2000, at approximately 50% of all U.S. households.
- Asset growth since 2002 has been mostly driven by market returns rather than any substantial net inflows.
- Several factors such as demographic trends and the growth of innovative substitute products that could weigh on the industry as well.

About Freeman & Co., LLC

Founded in 1991, Freeman & Co. LLC is a boutique M&A advisory and strategic management consulting firm focused exclusively on the financial services industry with offices in New York, London and Paris. The company's M&A services include mergers and acquisitions advice, capital raising, fairness opinions, restructuring advice and private company valuations. Strategic management consulting assignments are customized to client needs and have covered a wide array of projects. Additionally, Freeman & Co. developed a proprietary algorithm and methodology for benchmarking the competitive position of capital

markets businesses, which has become the industry standard used by major investment banks. For more information, see www.freeman-co.com.

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