



**Freeman & Co., LLC**

## *NEWS RELEASE*

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**For Immediate Release**

### **FREEMAN & CO. REPORT DETAILS THE EFFECTS OF CREDIT MARKET EVENTS ON ASSET MANAGEMENT INDUSTRY**

**NEW YORK, Feb 20, 2008** – Freeman & Co., a leading independent advisor to the financial services industry, released a report today covering the effects of recent events in the credit market on the asset management sector. In addition to recapping recent M&A activity in the space, the report reviews five areas of the asset management industry and how they have influenced and been impacted by the current financial environment:

- How the credit crunch has impacted asset managers, including managers of collateralized debt obligations (CDOs), structured investment vehicles (SIVs), private equity and other asset classes:
  - Highlights how fundraising grew for private equity (PE) firms at 70% annually and for CDO managers at 95% annually leading up to the credit crisis,
  - These rates mirror venture capital growth leading up to the dot-com crash, which then plunged over 80%,
  - Similar contraction levels have already occurred with CDO managers and PE managers will face the same pressures, although perhaps not to the same level.
- How alternative investment firms are taking advantage of the new environment through a rush to raise new funds and complete strategic minority transactions. We saw rises in minority deals in 2007:
  - Hedge fund managers with 13 deals,
  - Hedge fund of fund firms with four deals,
  - Private equity firms with eight deals.
- The growing influence of sovereign wealth funds (SWFs) through their investment in financial services companies, including over \$42 billion invested in global investment banks in only six months; FIG deals by SWFs were up 100% by number and 420% by volume in 2007 over 2006.
- The role of global real estate and its managers, particularly the separation of the residential and non-residential markets, with global REIT returns down 20% while trading at 20% below net asset values (NAVs).
- The resilience of the M&A market with 213 acquisitions in 2007 involving \$1.3 trillion; the greatest growth was with alternative firms accounting for 77 deals, up 40% from the prior year.

Eric C. Weber, Managing Director and COO of Freeman & Co. said, “While the current crisis has stressed many firms in the asset management industry, these stresses also create opportunities. We are beginning to see demand from stable institutional investors looking to take advantage of these opportunities, which is the first necessary step to clearing the liquidity crisis.”

## **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](http://www.freeman-co.com).

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