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EMERGENCE AND NEWALPHA SELECT FIDEAS CAPITAL FOR ITS INNOVATIVE 'SMART BETA' STRATEGY

Paris, 2 November 2015 – Emergence (“Emergence”), France’s seeding fund and NewAlpha Asset Management (“NewAlpha”), the emerging manager acceleration specialist, acting as the investment advisor for the French SICAV are pleased to announce a strategic investment with Fideas Capital (“Fideas”) for the sub-fund of Emergence dedicated to European equities and currently closed to subscriptions⁽¹⁾.

The long-only European equity sub-fund of Emergence invested 35 million euros in the European equities, quantitatively driven fund managed by Fideas Capital. This investment enables Fideas to reinforce its potential and presence alongside major institutional investors and private investment managers, on the domestic and international markets. Thanks to the twofold growth of its ‘smart beta’ range of funds in two years, Fideas now manages 400 million euros in assets.

The recent announcement by Fideas of its proposed merger with Rivage Gestion⁽²⁾, an independent investment manager specialised in credit, is a welcomed development. This strategic operation is in line with Emergence’s desire to see an acceleration in the concentration and rationalisation of the French entrepreneurial investment management sector. This merger would enable Fideas to cross the €500 million threshold of assets under management.

Pierre Filippi, who used his extensive experience in interest rates and multi-management to build an innovative quantitative process named “Maximum Diversity”, created Fideas in 2005.

This ‘smart beta’ investment process aims to receive the market return while minimizing the volatility by selecting individual risks that can be volatile but are weakly correlated. This approach optimises the risk reward properties of the portfolio by effectively reducing the global risk of the portfolio without depriving investments of the high return potential of volatile assets.

For its implementation, Fideas uses an original strategy: it distances itself from the weightings of the MSCI index, while allocating its portfolio to indexes namely covering countries and sectors from the Eurozone and not to shares selected individually. This choice allows Fideas to restrict the ‘stock’ specific risk and to avoid a ‘small caps bias’, which is very common in other active quantitative portfolio management.



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Similar to the previous partnerships with Focus Asset Managers, Financière Arbevel, Talence Gestion and Finaltis, this fifth strategic investment provides investors with the performance of the selected fund and a participation in the growth of the investment firm via a revenue sharing scheme. Fideas is the tenth company seeded or accelerated by the French Sicav "Emergence" through its two sub-funds, 'Performance Absolue' (absolute return) and 'Actions' (European equities)⁽³⁾.

- (1) Emergence's sub-funds are not marketable outside France and are closed to subscriptions.
- (2) This merger was submitted to the AMF, who is currently reviewing the operational modalities, and is therefore subject to the agreement of the latter.
- (3) Emergence's sub-funds are not marketable outside France and are closed to subscriptions.

ABOUT EMERGENCE

Created in January 2012, Emergence is the French emerging manager platform initiated by Finance Innovation, with the support of the AFG (Association Française de la Gestion) and Paris Europlace.

Emergence provides investors with privileged access to some of the most promising independent France-domiciled early stage independent investment managers.

NewAlpha Asset Management advises the first sub-fund, dedicated to absolute return fund managers. With more than 150 million euros provided by nine large institutional investors, the fund has already seeded five managers among 120 applicants. With 200 million euros allocated by 14 institutional investors, Emergence's second sub-fund aims at accelerating the growth of European equity investment managers based in France. NewAlpha Asset Management also advises this second sub-fund.

Morningstar awarded 'Best Initiative of the Year emergence at the Emerging Manager Day in December 2013

ABOUT NEWALPHA ASSET MANAGEMENT

NewAlpha Asset Management provides qualified investors with a privileged access to the most innovative and dynamic firms of the financial industry thanks to a full range of products and services.

On behalf of its clients, NewAlpha selects, finances and accompanies innovative entrepreneurial projects, mainly in asset management but also in sectors that are closely related, such as financial technologies or services for investment managers.

Europe's leading specialist in emerging manager seeding for institutional investors, NewAlpha has concluded more than 60 strategic partnerships and invested more than 1 billion euros in French and international investment management boutiques. NewAlpha has been one of the world's most active allocators in this space with more than \$500 million allocated through 18 partnerships since 2011.

NewAlpha Asset Management is regulated by the Autorité des Marchés Financiers (AMF) and is a subsidiary of La Française Group and OFI AM.



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