

## **FOURTH LARGEST UK ASSET MANAGER CREATED FOLLOWING MERGER**

Investment specialist ISIS Asset Management is merging with rival firm F&C in a reverse takeover for an undisclosed sum.

The deal has created the fourth largest asset manager in the UK and a top ten manager of European pension fund assets with £118.2 billion of funds under management (as at 30 June 2004). The group will trade as F&C Asset Management once the merger completes on 11 October.

London-based ISIS, whose shares are listed on the London Stock Exchange, is majority owned by financial service company Friends Provident and employs around 500 in its offices in Birmingham, London, Manchester, Edinburgh and Surrey. As part of the deal Friends Provident, who retain majority ownership of the enlarged asset management group, issued new shares. The deal is part of ISIS' strategy of becoming a top five-asset manager. Friends Provident will benefit by expanding its non insurance based revenues. ISIS' Howard Carter has become the enlarged group's chief executive with F&C's Robert Jenkins its non-executive chairman.

Carter said: "This is a unique opportunity for us to achieve our stated objective of becoming a top five UK asset manager, extend our franchise into Continental Europe, create a more diversified business and provide a platform for meeting our clients needs in terms of both product and investment management capability.

Accordingly, I am confident that an enlarged group will be well positioned to grow revenues and benefit the interests of all our stakeholders."

Jenkins added: "This transaction achieves our aim of a listing for F&C, creates value, deepens our investment talent and does so in a way which will be non-disruptive to our clients."

Friends Provident's group chief executive, Keith Satchell, said: "We have consistently pursued our strategy of building the importance of asset management within the Friends Provident group. This merger achieves that goal and delivers a diversification of our earnings into a business which generates cash and which has a terrific platform for organic growth on a pan-European

basis. The combination should create significant value for our shareholders and we are committed to retaining majority ownership of the enlarged group.”

ISIS appointed **Fenchurch Advisory Partners** and Cazenove as its financial advisers.

**Fenchurch’s** team was led by managing director Malik Karim, a former director of Kleinwort Benson and managing director of Credit Suisse First Boston’s European Financial Institutions Group.

**Fenchurch** was appointed to work on the deal because Karim has a long-standing relationship with ISIS (formerly known as Friends Ivory & Sime), having advised it on the acquisition of the Unit Trust and Managed Pension Fund businesses of Friends Provident in 2001, and the acquisitions of London & Manchester Asset Management and Friends Provident Asset Management in 1998.

**Karim** said this deal is the culmination of frequent discussions over a number of years between Howard Carter and Robert Jenkins. “The transaction itself was one of the most complex any of the advisers had taken part in, involving a reverse take-over, an institutional placing, a re-listing and the issue of new shares.

“Consistent with its strategy and objectives, ISIS has become a top five UK based fund manager and a top 10 manager of European pension assets through a series of well judged acquisitions,” **Karim** added. “This latest transaction with F&C creates an enlarged group with a diversified geographic footprint and broader product capabilities, which will greatly enhance revenue opportunities going forward.”

Cazenove, as well as providing financial advice to ISIS, acted as its sole broker in the transaction. Cazenove was also financial adviser to Friends Provident on the transaction and acted as joint book runner in Friends Provident’s related placing of new shares. Cazenove’s team advising ISIS was led by Richard Locke. The team advising Friends Provident was led by Tim Wise and Conor Hillery.