Chapel Hill Denham Management Limited

Final Rating Report

Agusto&Co.

Research, Credit Ratings, Credit Risk Management

Chapel Hill Denham Management Limited

Rating:

'AA-(IM)'

The rating does NOT reflect our opinion of the financial strength of Chapel Hill Denham Management Limited

Outlook: Stable
Issue Date: 28 December 2025
Expiry Date: 27 December 2026
Previous Rating: 'AA-(IM)'

The rating assigned to the Manager reflects our opinion on the risk management and investment capabilities of Chapel Hill Denham Management Limited. The rating does not reflect our opinion on the individual entities within the CHAPL Group.

Industry:
Asset Management

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*An investment management company is considered to have **VERY GOOD** investment and risk management capabilities*

Rating Rationale

Agusto & Co. hereby affirms the '**AA-(IM)**' rating assigned to Chapel Hill Denham Management Limited ('CHDM' or 'the Manager')**.** The rating is upheld by CHDM's good operational track, well-documented investment and risk management processes and adoption of ESG principles. The rating also reflects the Manager's well-experienced decision-making committees and a stable base of long-serving employees leading key teams. However, the rating is constrained by the limited capability of the portfolio management tool to conduct automated pre-trade checks. We have also taken into consideration the growing uncertainty in the macroeconomic environment, which has the potential to heighten investment and business risks.

Chapel Hill Denham Management Limited is a wholly-owned subsidiary of Chapel Hill Advisory Partners Limited ('CHAPL' or 'the Parent'). The Manager is licensed by the Securities and Exchange Commission (SEC) to provide fund and portfolio management services to retail investors, high-net-worth individuals and institutional clients. CHDM is also the largest alternative asset manager in Nigeria. As at 30 November 2025, CHDM had over ₦445 billion in assets under management.

The Manager is governed by a five-member board of directors ('the Board') chaired by an independent non-executive director. The size of CHDM's board remained unchanged and comprises three non-executive directors (NEDs) – two of whom are independent – and two executives. The oversight functions of the Board are conducted through two standing committees, each chaired by a non-executive director. Members of the board have over 30 years of relevant and diverse experience on average, which we consider good. However, we believe the Manager will benefit from appointing an independent member to chair the Board Risk and Audit committee.

Research at CHDM is a shared service provided by the Parent's research and strategy team. The team comprises six individuals with over seven years of experience on average and is led by a professional who has over 19 years of experience. The team utilises multiple platforms and tools, including the Bloomberg terminal, Euromonitor and the Nigerian Exchange Group, to source and analyse market and economic data. In our view, the research team is adequately staffed and has an established process for generating good quality and timely research to support investment decision-making.

Investment decisions are taken collectively by the investment management team, respective investment committees and the investment strategy committee with oversight provided by the Board Investment Committee (BIC). The decision-making committees comprise professionals with over 25 years of relevant experience on average, which we consider good. In our view, the Manager has a clearly defined process for selecting investments, with oversight provided by experienced and knowledgeable committees.

Oversight of investment risk is provided by the investment management and the Group risk management teams with support and oversight provided by the investment committees and the Board. Investment risk management for CHDM's traditional assets is achieved by ensuring adherence to the strategy established by the BRAC, the risk management guidelines, the trust deeds and the investment policy statements for the private funds. For its alternative assets, the Manager evaluates projects using an internal credit appraisal model and ensures strict compliance with the relevant debt covenants in the Fund's transaction agreements. We consider the CHDM's investment risk management practices good. However, we note the limited functionality of the Zanibal application to conduct automated pre-trade checks.

Operational risk is managed using policies and controls implemented and monitored by the Group's risk management, internal audit, IT and operations teams. CHDM uses the Zanibal software to support operational risk management with adequate maker-checker features that facilitate the segregation of duties. All systems are backed up daily, with disaster recovery tests conducted bi-annually to ensure the integrity of the data backup. Overall, Agusto & Co. considers CHDM's operational risk management good for its current level of operations.

Figure 1: Strengths and Weakness

Strengths

- Good track record of over 30 years in the asset management industry
- Support from an established financial services group
- Well-structured investment process and adequate guidance from experienced investment committees
- Good risk management process

Weakness

- Limited capacity of the portfolio management tool to automate pre-trade checks on the Manager's traditional collective investment schemes

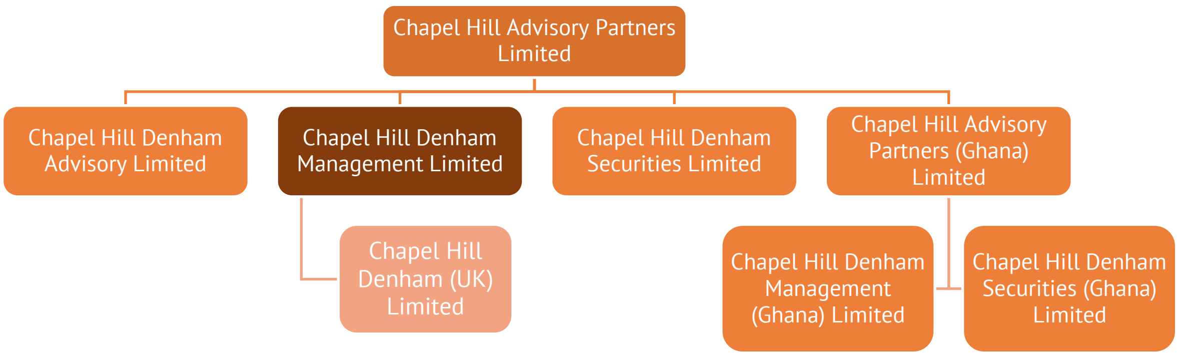
Source: Agusto & Co Limited

MANAGER PROFILE

Chapel Hill Denham Management Limited ("CHDM" or "the Manager") is a SEC-licensed fund and portfolio manager that provides full-service portfolio management across traditional and alternative asset classes to institutional, private wealth and retail investors in Nigeria. The Manager is a wholly owned subsidiary of Chapel Hill Advisory Partners Limited ("CHAPL" or "the Parent"), a financial holding company with interests in investment banking, securities trading and investment management.

CHDM is the manager of Nigeria's oldest mutual fund, Paramount Fund (Equity), and is also the largest alternative asset management company in Nigeria, with over ₦295 billion managed across two alternative funds—the Nigeria Infrastructure Debt Fund (NIDF) and the Nigeria Real Estate Investment Trust (NREIT). As at 30 November 2025, CHDM had over ₦445 billion in assets under management (AuM).

Figure 2: Group Structure



Source: CHDM Limited

In addition to its two alternative funds, which account for c.66% of the Manager's portfolio, CHDM promotes four other traditional collective investment schemes with an aggregate net asset value of c. ₦367 billion as at 30 November 2025. The Manager also provides traditional portfolio management, advisory, and private wealth management services to individual and institutional clients, including high-net-worth individuals (HNIs) and corporates, with a portfolio size of c. ₦77 billion as at the same date.

Table 1: Collective Investment Schemes Managed by CHDM Limited

S/N	Collective Investment Scheme	Size as at 30 November 2024	Size as at 30 November 2025
1	Paramount Fund (Equity)	₦2.17 Billion	₦8.5 Billion
2	Chapel Hill Denham Money Market Fund	₦10.03 Billion	₦35.8 Billion
3	Nigeria Bond Fund	₦1.64 Billion	₦1.03 Billion
4	Nigeria Dollar Income Fund	₦25.01 Billion	₦26.9 Billion
5	Nigeria Real Estate Investment Trust (NREIT)	₦53.75 Billion	₦163.6 Billion
6	Nigeria Infrastructure Debt Fund (NIDF)	₦113.52 Billion	₦131.4 Billion
	Total	**₦213 Billion**	**₦367 Billion**

Source: Securities and Exchange Commission

During the review period (November 2024 – November 2025), CHDM's AuM grew by over 100%, driven largely by an improved yield environment and the successful launch of Series 3 and 4 of the NREIT and Series 11 of the NIDF. Growth during the period was further supported by an expanded subscriber base driven by the Manager's mobile application, which was launched in the prior review period.

In the near term, CHDM intends to grow its AuM by leveraging digital channels to enhance product distribution and accessibility. This will be complemented by the commencement of fundraising for the Manager's recently approved Nigerian Infrastructure Equity Fund and Energy Fund.

CHDM operates from its head office located at 10, Bankole Oki Street, Ikoyi and leverages the Parent's presence in Abuja, Nigeria, Ghana and the UK. As at 30 November 2025, the Manager had a core staff strength of 21 professionals.

Business Structure and Staffing

Governance

CHDM continues to be governed by a five-member board of directors ("the Board"). The Board remains the highest decision-making authority, responsible for defining the strategic direction and risk appetite of the Manager. The Board comprises three non-executive directors, including two independent members, and two executive directors, including the Managing Director.

Table 2 – Board of Directors at CHDM

Name	Position	Board Role
Mr. Adesoji Adelaja	Chairman/Independent	Non-Executive
Mrs. Sumbo Akintola	Independent	Non-Executive
Mrs. Kemi Awodein	Director	Non-Executive
Mr. Mobolaji Balogun	Managing Director	Executive
Mr. Philip Southwell	Partner/Director	Executive

Source: CHDM Limited

Mr Adesoji Adelaja is the Chairman of the Board of CHDM. He has over 27 years of experience as a lecturer of natural resources, agriculture and land policy. Mr Adelaja currently serves as a Professor of Land Policy at Michigan State University ('MSU') in the United States of America (USA). Prior to joining MSU, he was the Executive Dean of Agriculture and Natural Resources at Rutgers University, USA. He currently sits on the board of Trustfund Pensions, Student Acommod8, Beneva Foundation and United Way Worldwide Africa Advisory Council. Mr Adelaja holds a Bachelor's degree in Bio-resource Engineering from the Pennsylvania State University and two Master's and PhD degrees in Economics from West Virginia University, both in the USA.

Mr Mobolaji Balogun is the Managing Director (MD) of CHDM and the Chief Executive Officer of the Parent. He has over 35 years of experience in the financial services and mobile telecommunications industries. Prior to founding Chapel Hill in 2005, Mr Balogun served as a Co-Founder and Director at Econet Wireless Nigeria (now Airtel Nigeria). He also worked at CSL Stockbrokers and FCMB Capital Markets as the Chief Operating Officer and Executive Director respectively. Mr Balogun currently serves as the Chairman of

Endeavor and as a board member of the United Nations Global Compact. He holds a Bachelor of Science degree in Economics from the London School of Economics.

The Board delegates tactical decision-making responsibilities to the Managing Director and an Executive Director (who doubles as a partner for the Manager's infrastructure fund – NIDF), with oversight functions carried out through two sub-committees: the Risk & Audit Committee and the Board Investment Committee.

Table 3: Board Committee

Board Committee	Composition
Board Risk and Audit Committee (BRAC)	Ms Kemi Awodein – Chairperson Mrs Sumbo Akintola Mr Philip Southwell
Board Investment Committee (BIC)	Mr Philip Southwell - Chairperson Mr Mobolaji Balogun Ms Kemi Awodein

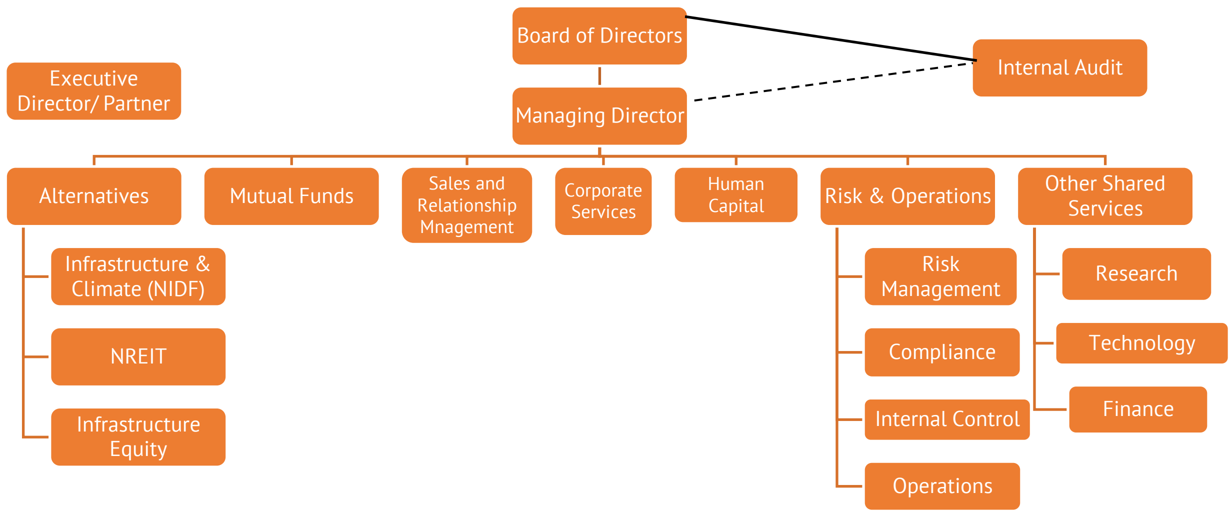
Source: CHDM Limited

The Board comprises professionals with over 30 years of experience on average and relevant qualifications to adequately provide oversight of CHDM's operations. In addition, the Board is well-composed, with more non-executive directors than executives. Furthermore, we view positively the Manager's intentions to strengthen the Board with the inclusion of an additional independent non-executive director in 2026. Nonetheless, we believe CHDM will benefit from appointing an independent member to lead the Board Risk and Audit Committee.

ORGANISATIONAL STRUCTURE

The Manager's operations are structured across six key functions - alternative assets, investment management, internal audit, sales & relationship management, corporate services and human capital. CHDM relies on the centralised support system of the Parent for risk management and operations, internal control, technology, finance and research. The heads of each unit, including the shared services, report to the Managing Director except for the internal audit officer who reports directly to the Board through the BRAC with a dotted line to the MD.

Figure 3: Organisational Chart



Source: CHDM Limited and Agusto & Co.

CHDM's mutual fund team comprises five individuals led by a professional who has over 17 years of relevant experience across the financial services sector, with one year gained with the Manager. The team is structured along four subunits - Money Market, Fixed Income (Naira & USD), and Equities.

The alternatives team comprises nine individuals split across the infrastructure & climate, infrastructure equity and real estate subunits. The infrastructure & climate team oversees the NIDF and is led by a professional who has over 30 years of experience in infrastructure investing, ten of which were gained at the Manager. The head of the infrastructure and climate team also doubles as the Chief Executive Officer (CEO) of NIDF, a position he assumed in June 2024. CHDM's infrastructure equity and NREIT subunits are overseen by professionals with over 33 and 22 years of experience, respectively.

The Group's risk management team is structured along three subunits – risk management, compliance and internal control and is led by a professional who has over 27 years of relevant experience. The Manager's internal audit function is the responsibility of a professional with over 19 years of experience.

In our view, CHDM's operations are well structured with clear reporting lines and adequate segregation of duties.

ANALYSTS' COMMENTS – INVESTMENT MANAGEMENT

RESEARCH

People

CHDM's research function is a shared service provided by the Parent's research and strategy team. The team is led by a professional with 19 years of relevant experience across portfolio management, research and strategy, 13 of which were gained at CHAPL. The head of research is supported by a team of five analysts, with over five years of experience on average.

Systems and Processes

The research team relies on multiple platforms including the Bloomberg Professional Terminal, FMDQ portal, Cbonds, Nigerian Exchange Group (NGX), National Bureau of Statistics (NBS) and the Central Bank of Nigeria, for economic and market data, reports and analysis. The team also leverages reports from GSMA[1], Euromonitor and OPEC[2] for information on the telecommunications and oil and gas sectors. The Bloomberg terminal is complemented by proprietary models built on MS Excel to support financial analysis and valuations. Research output is backed up in real time on the Manager's network drive and the stored data spans CHDM's operational history.

Research at the Manager follows a macro-to-micro approach, with analysis flowing from the global environment to Sub-Saharan Africa, the domestic economy, industries and subsequently to individual firms. The unit also conducts analyses on industries and companies covering both equity and fixed-income investments, all of which feed into CHDM's decision-making process. Specifically, the team provides coverage of the banking, insurance, industrial, oil & gas and power sectors, which are of interest to the Manager. In addition, we note that the research team conducts additional analysis of alternative assets to complement the transaction-specific research for the NIDF and NREIT.

The research team publishes daily, weekly, monthly and quarterly economic reports. Research output undergoes quality control reviews through multi-level checks first by a senior analyst and then by the head of the team.

Overall, we believe CHDM's research function is adequately staffed and has an established process for generating good quality and timely research output that supports decision-making.

DECISION MAKING

People

Investment decision making at the Manager is the collective responsibility of the investment management team, the Investment Strategy Committee (ISC) and statutory investment committees. The ISC is chaired

[1] *Global System Mobile Association*
[2] *Organisation of the Petroleum Exporting Countries (OPEC)*

by the Managing Director and comprises the MDs of subsidiaries of the Parent and the heads of the research and strategy and risk management teams. The Board also provides additional oversight of CHDM's investment activities through the Board Investment Committee (BIC).

Decisions for the NIDF and NREIT are driven by the alternatives team with oversight provided by distinct investment committees responsible for defining the funds' strategy and ensuring all investments comply with the provisions of the respective trust deeds. Overall, the decision-making committees are composed of individuals with over 25 years of experience on average and the requisite skills to provide adequate oversight of the Manager's investment activities.

Systems & Processes

The Manager utilises proprietary financial models built on Microsoft (MS) Excel for portfolio simulation and credit assessments. CHDM also leverages the Bloomberg terminal for real-time access to market information that supports portfolio construction, while the Symplus application is used for portfolio management and fund administration.

Mutual Funds and Private Wealth

Decisions for CHDM's public collective investment schemes are guided by the outcome of quarterly IC meetings, where the overall strategy is determined with considerations for limits defined in the trust deeds. The ISC also meets weekly to determine short-term investment objectives and review the performance of the CISs. For the Manager's private wealth offerings, a risk profile assessment is conducted to determine the investment objective, risk appetite, asset allocation preferences and investment horizon of each individual/entity Thereafter, CHDM reviews each client's details and develops appropriate risk profiles, which are documented in an investment policy statement (IPS) signed by the Manager and the client. Investment recommendations are made by the investment management team using a mark-to-market approach (for fixed income securities) guided by the investment policy statements, trust deeds for mutual funds and a list of eligible counterparties that has been reviewed by the risk management team and approved by the internal credit committee.

Final trade approvals for CHDM's mutual funds and private wealth portfolios are given by the MD.

Nigeria Infrastructure Debt Fund and Nigerian Real Estate Investment Trust

The decision-making process for the NIDF and NREIT begins with deal sourcing through the Manager's network of contacts and interactions with project promoters. The alternative assets team assesses all potential deals for competitiveness and fit with CHDM's investment objectives. Projects that meet the investment criteria are detailed in an investment memorandum and submitted to the respective investment committee for further review. Upon conditional approval by the IC, the alternative assets teams engage reputable third-party consultants to conduct due diligence exercises on the project and promoters. Subsequently, a more robust investment memorandum is presented to the IC for final approval.

In our view, the Manager has a defined and well-documented process for selecting investments with multi-layered approvals. We also consider the members of the decision-making committees to be adequately qualified and well-experienced.

TRADE/DEAL EXECUTION

At CHDM, trades are executed by the investment management and operations teams with support and oversight provided by the risk management and compliance teams. CHDM relies on licensed Primary Dealers and Market Makers ("PDMM"), and other counterparties for fixed-income trades. For the Manager's alternative portfolios, the trustees execute the final investment memorandum and oversee the subsequent drawdown of funds. Equity transactions are executed through Chapel Hill Denham Securities and Stanbic IBTC Securities, with an average of 24 years of operational track.

Equities

For equity transactions, a representative of the investment management team places an order to trade securities with either of the approved brokers. Potential deals are assessed by the risk management team for compliance with internal policies before final approval is sought from the MD and subsequently forwarded to the broker for execution. Upon execution, the operations team generates the contract note from the broker and shares it with the custodian for settlement. Thereafter, the operations team verifies the trade and books the transaction on Zanibal.

Money Market & Fixed Income

Fixed income and money market transactions are handled by the investment management team, who liaise with various counterparties to agree on the terms of trade and yields. After a competitive rate is ascertained, final approval is sought from the head of investment management. Subsequently, a trade request containing detailed information about the transaction is shared with the operations team for review before the custodian is authorised to transfer funds. Once the deal has been executed, a representative of the operations team receives the trade confirmation note and uploads the deal on the Zanibal software.

In our opinion, CHDM's trade execution process is consistent with standard industry practices. We also consider the traders and execution partners to be well-experienced.

FUND PERFORMANCE AND ADHERENCE TO INVESTMENT OBJECTIVES

In the review period, five of the Manager's six collective investment schemes generated sufficient returns to surpass their respective benchmarks. However, only one of CHDM's collective investment schemes generated sufficient returns to cover the average inflation rate of 21.02% as at November 2025.

Table 4: Fund Performance vs Benchmark (30 November 2025)

Fund	YTD Return	Benchmark Return	Benchmark
Chapel Hill Denham Money Market Fund	16.03%	15.23%	91-Day Treasury Bill
Nigerian Bond Fund	15.97%	14.04%	FGN 3YR Bond Yield
Nigeria Dollar Income Fund	12.45%	6.84%	S&P U.S Aggregate Bond Index
Paramount Fund (Equity)	57.91%	31.96%	75% NGX 30, 25% 364-Day Treasury Bill Rate
Nigeria Infrastructure Debt Fund	18.10%	16.37%	FGN 10YR Bond
Nigeria Real Estate Investment Trust	9.30%	19.00%	3-month bond yield

Source: CHDM Limited

Overall, we consider the Manager's fund performance good. CHDM's operations were also consistent with the investment and corporate objectives defined by the Board.

Analysts' Comments – Risk Management

Investment Risk Management

People

Investment risk management is the joint responsibility of the investment management and the risk management teams with support and oversight provided by the investment committees and the Board. The risk management team comprises two professionals and is led by the chief risk officer (CRO) who has over 31 years of experience in risk management, five of which were gained with CHAPL. Furthermore, CHDM's alternative funds are supported by advisory boards comprising representatives of the trustees, custodians, and investors to enhance governance and risk oversight.

Systems and Processes

CHDM leverages the Zanibal software for valuations, reporting and portfolio monitoring. Notably, the software has in-built functionalities that support transaction recording, risk management surveillance, portfolio monitoring and reporting. However, the software has limited capacity for automated pre-trade checks and is largely relied on for post-trade reconciliations. The Manager also utilises its bespoke "Loan Management Information System", built on Microsoft Excel for credit administration for the NIDF.

Private Wealth and Mutual Funds

Investment risk for the traditional assets is managed by ensuring adherence to the stipulated guidelines set out in the trust deed for collective investment schemes (CISs) and investment policy statements (IPS) for privately managed funds. The Manager also maintains a list of eligible counterparties approved by an internal credit committee. For counterparty selection, CHDM considers key factors such as ownership structure, the quality of management, regulatory compliance and analyses of industry-relevant financial ratios. The Manager then assigns scores to each factor, ranging from 1 to 9, with 1 being the best and 9 the worst. The output of the internal credit assessments is complemented by external credit ratings. In addition, CHDM regularly reviews portfolio exposures, maintaining a significant allocation to large-cap equities for liquidity and stability, alongside a minimum holding in cash and fixed-income securities to support portfolio liquidity. The Manager also complies with group counterparty limits to mitigate concentration risk. Furthermore, the risk management team conducts post-trade checks and daily call-overs of portfolios, with breaches, escalated to the ISC by the risk management team.

Nigeria Infrastructure Debt Fund (NIDF) and Nigeria Real Estate Investment Trust (NREIT)

For CHDM's alternative assets, investment risk is managed through deal screenings, comprehensive technical and legal due diligence, and the application of stringent conditions precedent and subsequent to fund disbursement. The Manager ensures strict compliance with transaction debt covenants, including the establishment of dedicated escrow accounts to cover debt servicing and project-related capital expenditure. In addition, a debt service reserve account (DSRA) funded with six months of debt servicing obligations is maintained to support the funds' obligations where project cash flows or escrow balances are insufficient.

Investment risk is further minimised through project-specific insurance, a conservative debt-to-equity ratio of 3:1, and valuation buffers of 15%–20% above prevailing material costs to manage potential cost overruns from inflation. The Manager also monitors investments through management meetings and periodic financial reviews, supported by external advisors who assess project suitability and oversee deal execution. Furthermore, the closed-end structure of the funds reduces liquidity risk by limiting redemption pressures, while listing on the Nigerian Exchange (NGX) and FMDQ provides liquidity options to unitholders.

In our view, CHDM's investment risk management process is good for the Manager's scale of operations. We also consider the quality and levels of deal screening conducted for the alternative assets, consistent with global and standard industry practice.

Environmental, Social and Governance

CHDM continues to support renewable energy projects in Nigeria through the NIDF and NREIT with all prospective deals reviewed in line with the International Finance Corporation's (IFC) sustainability framework. The Manager appoints an external advisor to conduct annual reviews of projects for adherence to stipulated ESG metrics. CHDM also manages the Energy Transition and Access Facility for Africa (ETAFA), a US$50 million sub-fund of NIDF established in collaboration with the Global Energy Alliance for People and Planet (GEAPP).

In addition, the Manager continues to promote ESG-friendly initiatives, such as the use of solar power to reduce its carbon footprint. Furthermore, 40% of CHDM's Board is female and a significant number of women hold key positions within the Manager's executive team. Agusto & Co. views CHDM's incorporation of ESG criteria in its decision-making and investment processes positively, positioning the Manager at the forefront of the industry's evolving sustainability benchmarks.

Operational Risk Management

People

Operational risk management at CHDM is overseen by the Group's risk management, internal audit, IT and operations teams. The heads of these units have over 17 years of relevant experience on average, seven of which were gained within the Parent. The Board, through the Board Risk & Audit Committee (BRAC), also provides oversight of the risk management functions of the Manager. In addition, the IT Governance Committee supports the administration and oversight of CHDM's IT processes.

Systems and Processes

The Manager utilises the Zanibal software for order management, portfolio monitoring and reporting. The application has adequate maker-checker features that support the segregation of duties with an in-built capacity for access restrictions with rights and privileges administered by the IT team. CHDM also leverages its mobile application, '*InvestNaija',* to drive retail product distribution and customer engagement.

CHDM adopts a group-wide enterprise risk management framework (ERMF) and operational risk management framework (ORMF) in managing and mitigating operational risk events. These policies are reviewed annually by the Board. In addition, the Manager conducts annual risk and control self-assessment (RCSA) across all teams, which is used in identifying key risk indicators that are tracked monthly. CHDM also has risk champions in each unit, who are responsible for identifying and reporting risk events in across the various teams.

The internal audit officer conducts risk-based assessments of CHDM's operations based on the outcome of RCSAs and an audit plan approved by the Board annually. The findings and recommendations from the audit exercises are documented in a report, which is shared with the BRAC quarterly. The internal control unit performs daily, weekly and monthly reviews of transactions and reconciliations to ensure accuracy and compliance with operational guidelines. Whereas the compliance unit is responsible for monitoring conformity with applicable laws and regulations and ensuring regulatory returns are submitted promptly.

To prevent cybersecurity attacks, the IT team encrypts emails and browsers on employees' laptops and data centres. CHDM continues to leverage the Amazon Web Services (AWS) cloud and the Microsoft Azure cloud systems for daily data backups. The Manager also maintains a disaster recovery plan with stress tests such as vulnerability and penetration tests (VAPT) conducted bi-annually.

Overall, Agusto & Co. considers CHDM's operational risk control measures good, with adequate support from the Parent.

INVESTMENT MANAGER RATING: METHODOLOGY & DEFINITIONS

An Agusto & Co **INVESTMENT MANAGER** rating is based largely on qualitative factors. The factors considered before arriving at a rating for each institution fall under the following criteria.

- Investment management
    - The decision-making process and buy-sell discipline
    - The portfolio management, reporting and settlement systems
    - The quality of research, and analysis of market information

- Risk Management and controls
    - Investment risk management
    - Operational risk management, corporate governance and compliance

Rating Methodology

To arrive at a rating, the broad categories of **investment management** and **risk management** are scored in terms of:

- the calibre of personnel;
- the functionality of the systems; and
- the robustness of the process and quality of output.

The category scores are weighted according to our view of their importance in capturing an investment manager's ability to optimise the risk-return profile of investor funds. The final rating is derived from the weighted score of an Investment Manager.

Categories and Sub-Categories Scored

Rating Definitions

AAA (IM)	An investment management company is considered to have **EXCELLENT** investment and risk management capabilities
AA (IM)	An investment management company is considered to have **VERY GOOD** investment and risk management capabilities
A (IM)	An investment management company is considered to have **GOOD** investment and risk management capabilities
BBB (IM)	An investment management company is considered to have **ADEQUATE** investment and risk management capabilities

BB(IM)	An investment management company is considered to have **INADEQUATE** investment and risk management capabilities.
B (IM)	An investment management company is considered to have **POOR** investment and risk management capabilities.

Rating Category Modifiers

A "+" (plus) or "-" (minus) sign may be assigned to ratings from 'Aa' to 'B' to reflect comparative position within the rating category. Therefore, a rating with + (plus) attached to it is a notch higher than a rating without the + (plus) sign and two notches higher than a rating with the - (minus) sign.

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