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# FINANCIAL NEWS

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## Sumitomo snaps up 40% of NewSmith fund boutique

Mike Foster

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**Sumitomo Trust & Banking of Japan has bought a 40% stake in NewSmith Capital Partners led by Paul Roy, Stephen Zimmerman and Michael Marks in a deal that should help the UK boutique asset manager expand outside Europe.**

According to Michael Marks, the deal means NewSmith can tap into Sumitomo's substantial distribution network in Japan.

Sumitomo is one of the largest institutional asset managers in Japan with assets worth \$300bn. Marks said the deal would not involve Nikko Asset Management, majority owned by Sumitomo: "But if there were any way for us to tap into Nikko's retail distribution network, we would clearly be interested."

Nikko announced plans to float its stock on the Japanese stock market in November, but decided against the idea two weeks later, in early December, citing market volatility. NewSmith has no plans to float, according to Marks.

The Sumitomo deal is said to value NewSmith at between £75m and £100m. Boutique investment banking adviser Pakenham Partners advised NewSmith: "We have known Kevin Pakenham for a long time and value his contribution," said Marks.

NewSmith's partners will retain 60% control of their business, which manages \$3bn, including UK long-only and long/short equity funds valued at \$2bn. Several of its managers used to work for Mercury Asset Management, now part of US manager BlackRock.

According to Marx: "As well as UK expertise, we have successful global and Japanese equity products. We are keen to expand into global emerging market equities, if we can hire managers of sufficient quality. We believe access to Sumitomo's distribution network will help us achieve this."

Akio Otsuka, deputy president at Sumitomo, said: "This agreement provides us with a new window on UK and European asset management and is consistent with our long term and global strategic aims."

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