



LA FINANCIERE DE L'ECHIQUEUR

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The European stock exchange ecosystem depends on the vitality of the small and mid cap segments

- ◆ **La Financière de l'Echiquier (LFDE) and the MiddleNext Research Institute today publish their first pan-European study on small and mid caps**
- ◆ **This study demonstrates just how important small and mid caps are to the strength of the European economy**
- ◆ **The contraction of this segment observed over the last few years represents a major risk to the entire European stock exchange ecosystem**

Paris, 29 September 2015

LFDE and the MiddleNext Research Institute today publish an important study analyzing the segment of small and mid caps for the period from 2000 to 2014. This original study, spearheaded by Gaël Faijean, portfolio manager, in charge of quantitative analysis at LFDE, takes consecutive looks at this segment from four different and complementary angles (market structure, stock market returns, economic performances and the asset management structure for mid-caps).

This analysis offers several key findings with respect to Europe's place in the economic and financial sphere.

- ◆ The small/mid cap segment represents 78% of European listed companies compared to only 3% of trading volume: a mass-market in terms of the number of companies, a niche market in terms of trading volume.
- ◆ This segment offers an annualized risk-adjusted return twice as high as large caps.
- ◆ This stock market performance reflects greater economic dynamism: 50% of large caps were small/mid caps in 2000.
- ◆ The dynamism of small/mid caps is in consequence the engine of the European market: it stimulates the economy, enhances returns on savings and, over the longer term, determines the number of large caps.
- ◆ However, this dynamism is threatened: the number of micro/small caps has fallen by 20% since 2007.
- ◆ This decline in the number of small caps threatens over the longer term the vitality of the European economy: already, the number of mid/large caps has declined 5% since 2007

"This factually grounded study raises two issues to reflect upon for stakeholders in French and European regulation", commented Caroline Weber, General Manager of MiddleNext. "First, it incites them to note the vital importance of revenue sharing between large and mid caps to building the financial markets of tomorrow. Secondly, it contributes to better understanding the drivers for building a financial market and adapting them to companies representing a wide spectrum of sizes."

"Just as the ready-to-wear sector would not exist without "Haute Couture", large caps which capture by far the largest share of stock market flows exist solely because the rich breeding ground of small and mid caps provides them with a base for development unlike any other" concluded Didier Le Menestrel, Chairman of LFDE. "For that reason, it is essential that the continuing vitality of the small/mid cap segment be protected, maintained and even promoted by all possible means. This is the price for ensuring Europe's dynamism and its attractiveness for savers."

To consult the complete study, click [here](#).



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About LFDE – www.lfde.com

Created in 1991, La Financière de l'Echiquier is one of the leading independent asset management companies in France with €8.2bn in assets under management and a team of 100 employees. LFDE is wholly owned by its managers and employees. Its business: management of savings and financial investments on behalf of individual clients, wealth management advisors and institutional investors.

About the MiddleNext Research Institute – <http://www.middlenext.com>

MiddleNext is the independent French association representing listed SMEs and midcaps. MiddleNext was founded in 1987 and represents and defends the interests of small and mid caps, assists listed companies through its training institute and contributes to the development of knowledge about **mid caps** through its research institute.

MiddleNext co-chairs the Smaller Issuers Committee of EuropeanIssuers, the leading European association promoting the interests of companies listed on stock exchanges. EuropeanIssuers is present in 15 countries and represents over 9,200 listed companies with market capitalisation of some €8,500 billion. The president of MiddleNext is Guillaume Robin and its General Manager is Caroline Weber. It is headed by a Board comprising 12 directors of listed companies. It is financed and managed by directors of mid cap companies.