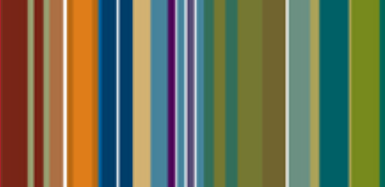




SUNGARD

Show Me My Exposure...Now!



Sally Hart
VP, Product Development
SunGard

Tyler Haws, CPA
Business Development
Clearwater Analytics

- Introduction
- A common conversation
- Lessons learned
- Recent trends
- New investor strategic objectives
- What is *Transparency*?
- Tactical application
 - Consolidated Reporting
 - Accounting
 - Transparency Tools

- Independent, web-based investment reporting solution (SaaS)
- Specifically designed for institutional investors and investment managers
- Report on nearly \$400 billion of assets for over 2,000 institutions





Robert Faust
Treasury Manager
XYZ Corporation



Jacqueline Chen
Treasurer
XYZ Corporation

Treasurer (T): “What’s going on with the portfolio? Specifically, what’s our portfolio exposure to Lehman?”

Treasury Manager (TM): “I don’t know exactly. We’re working on it, though. It could be another couple of days—”

T: “A couple of days?! People are asking for questions now—we don’t have a couple of days.”

TM: “Yeah, well, it’s not that simple. Let me explain. As you know, we have a variety of investment accounts, most of which are located here domestically with a few abroad. We need to spend the time gathering all of the investment reports, consolidate them, and produce the needed analytics. Even then I will only be able to provide you with an estimate and not an actual amount, not to mention that by then it will be a few days old.”

T: “Well, I guess I’ll have to play the waiting game. What about our money funds?”

TM: “In terms of the fund holdings, it will take a few days to comb through the holdings reports. It’s tedious. We literally have to go through the holdings with a ruler and pencil and hope we recognize the name of the security. Even then we don’t have a comprehensive understanding of what’s going on. Fortunately most of our money funds haven’t been in the headlines, although we did have a small amount in one fund that’s frozen their account.”

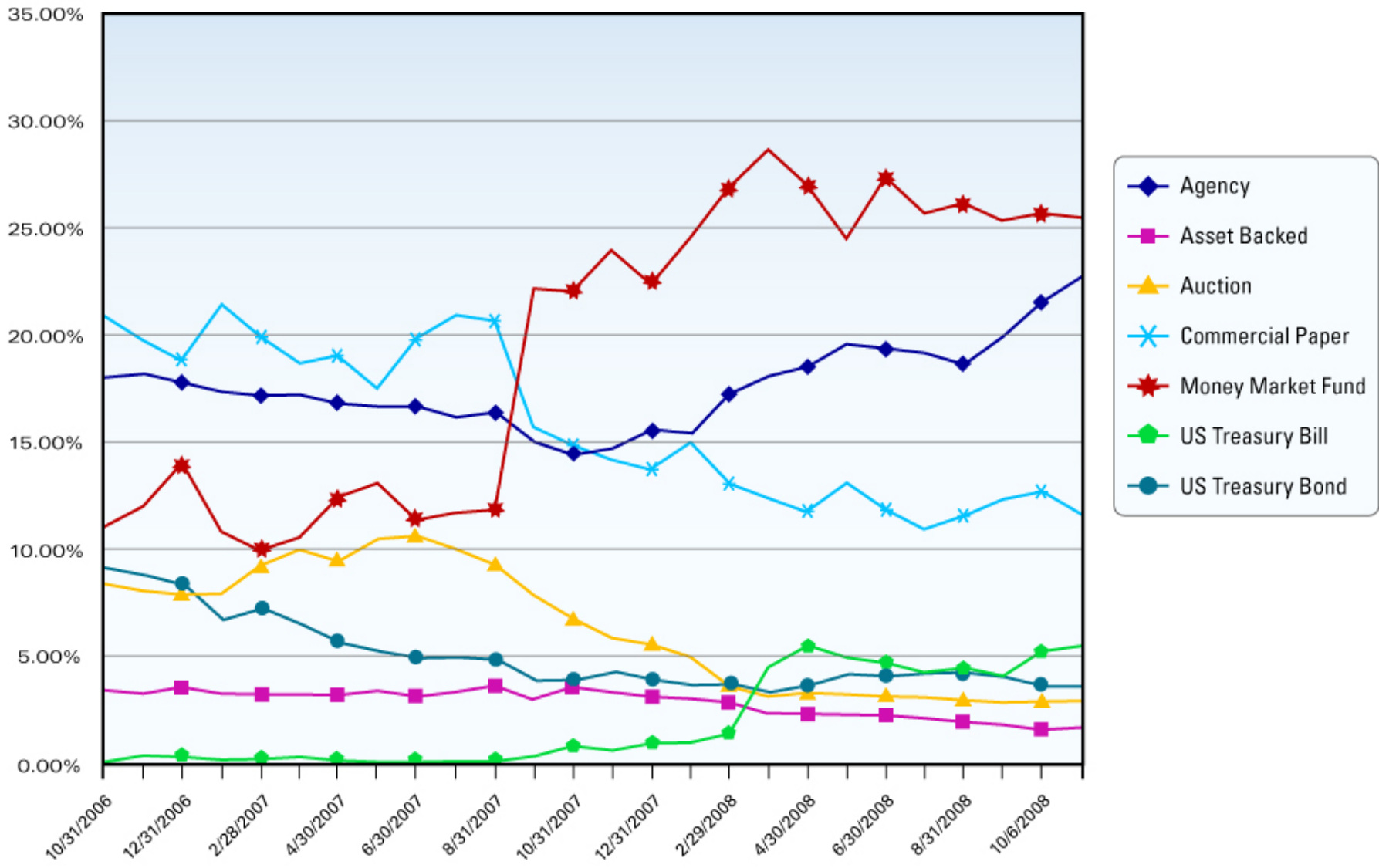
T: “How are we going to account for that?”

TM: “No idea right now. Perhaps we should ask the auditors.”

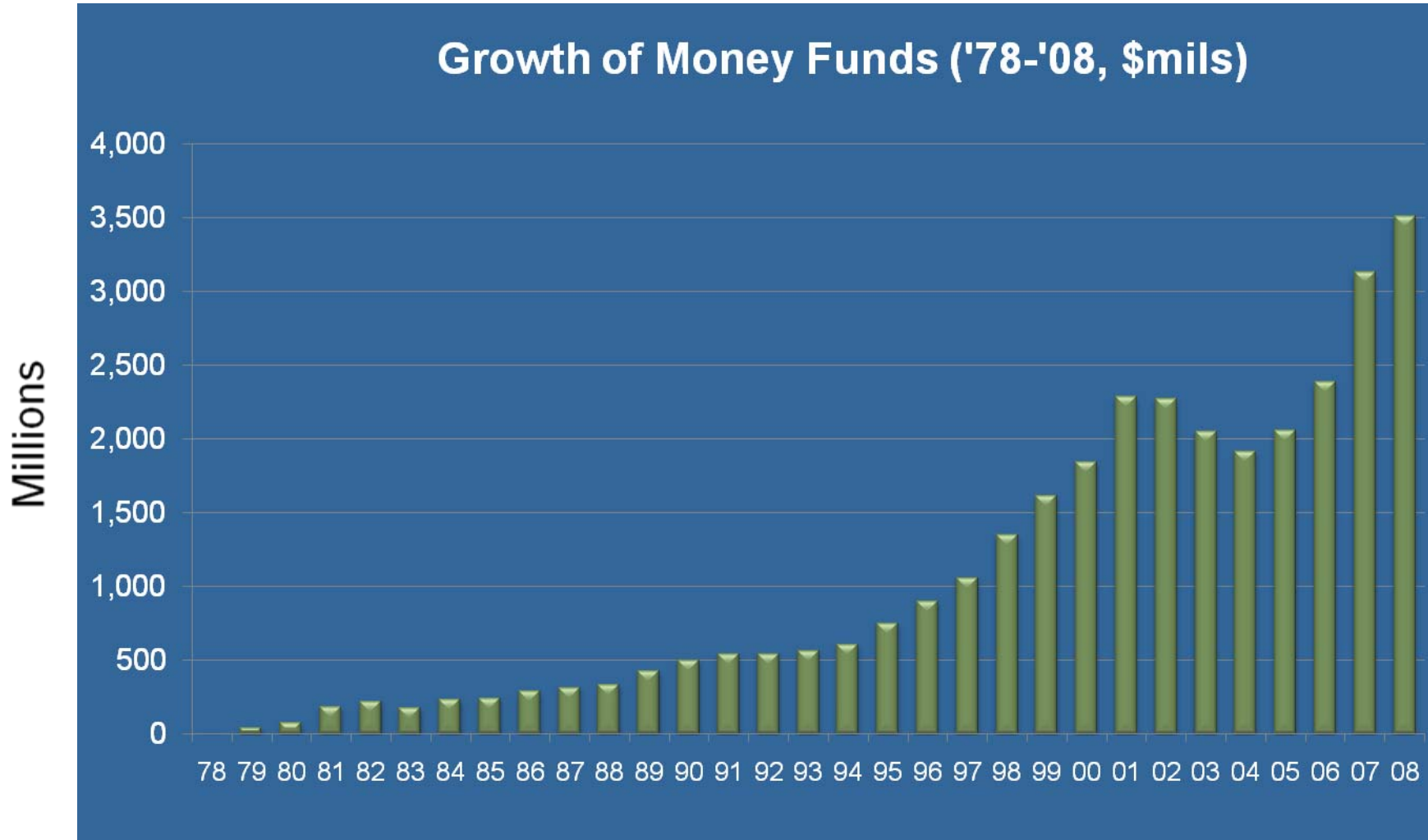
- T:** “Speaking of the auditors, do we have any indication of what our losses might be across the entire portfolio? They’re already asking about it.”
- TM:** “Same thing. I’ll need a couple days. Even then I can’t promise that the mark-to-market will be entirely accurate or timely.”
- T:** “How can we get this information faster? I mean, we can’t wait a couple of days in a situation like this.”
- TM:** “I could potentially have some of this done sooner but it becomes a question of resources. Several processes are manual and there’s only so much we can do, especially considering the other things on our plate.”
- T:** “Well, from this conversation I need to make something very clear—I’m charging you with the responsibility of finding a better way to get these answers. It’s apparent we just can’t operate like this anymore.”

- “Whatever can go wrong, will go wrong”
- People want answers *now*, especially in stressful times
- Proactive processes and timely, transparent information can protect investments, including careers
- Accounting simplicity can easily turn into accounting complexity
- Flight to quality

Asset Class Trends – Clearwater reporting platform



Money Market Mutual Fund Assets '78-'08



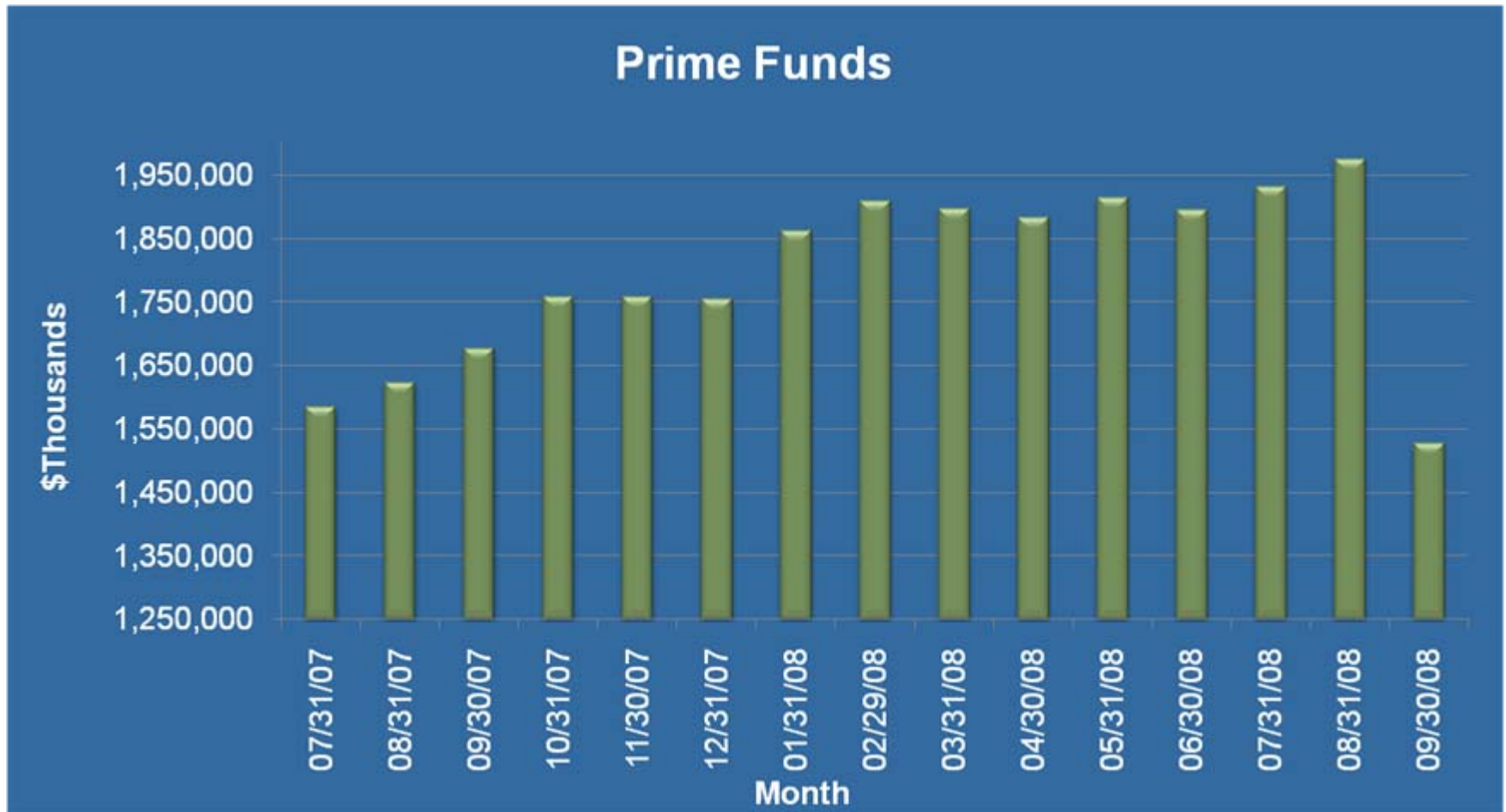
Source: ICI, Crane Data

Money Fund Growth: Past 5 Quarters Institutional and Individual



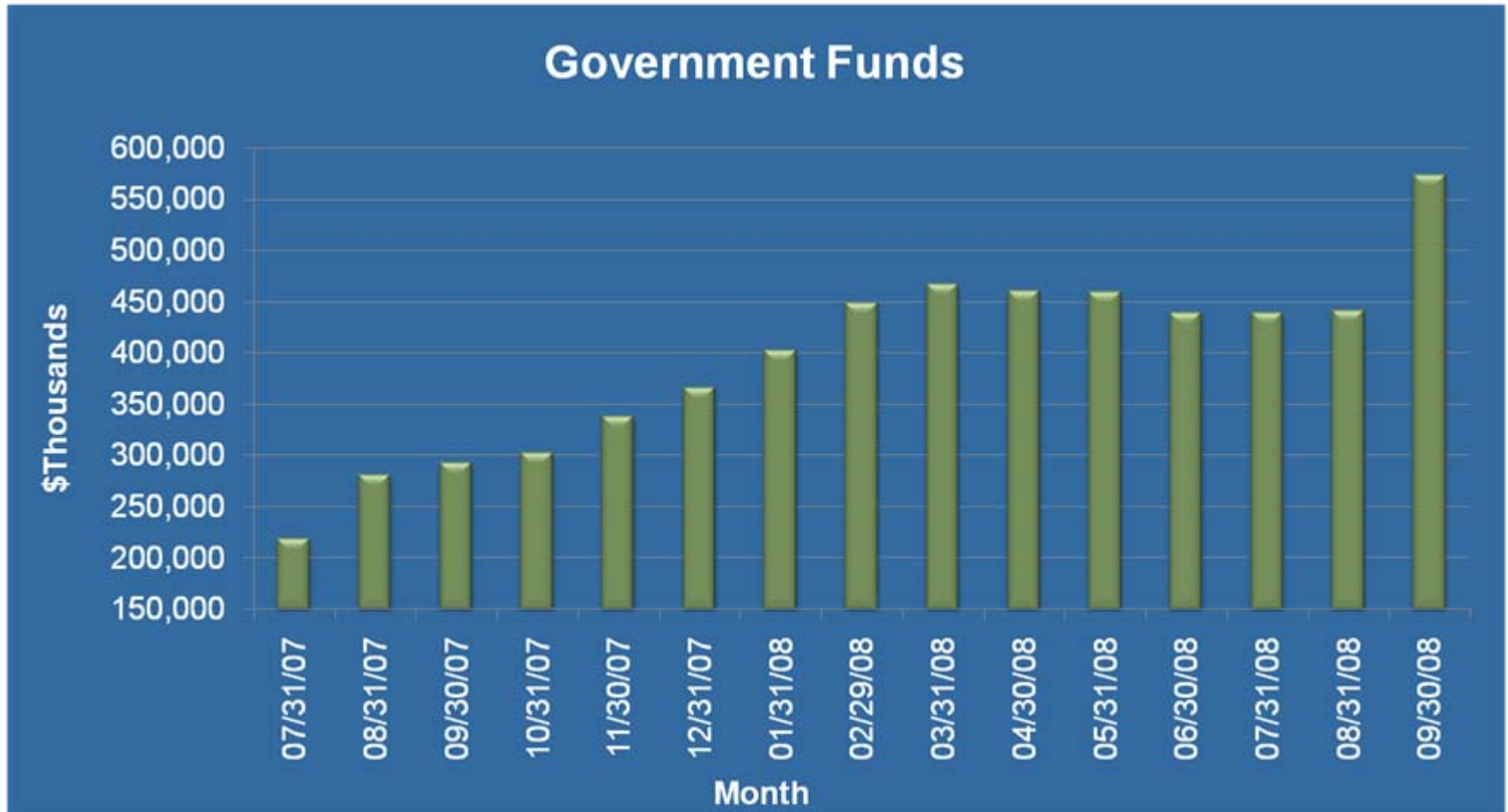
Source: ICI and Crane Data

Money Fund Growth: Past 5 Quarters Prime Funds



Source: ICI and Crane Data

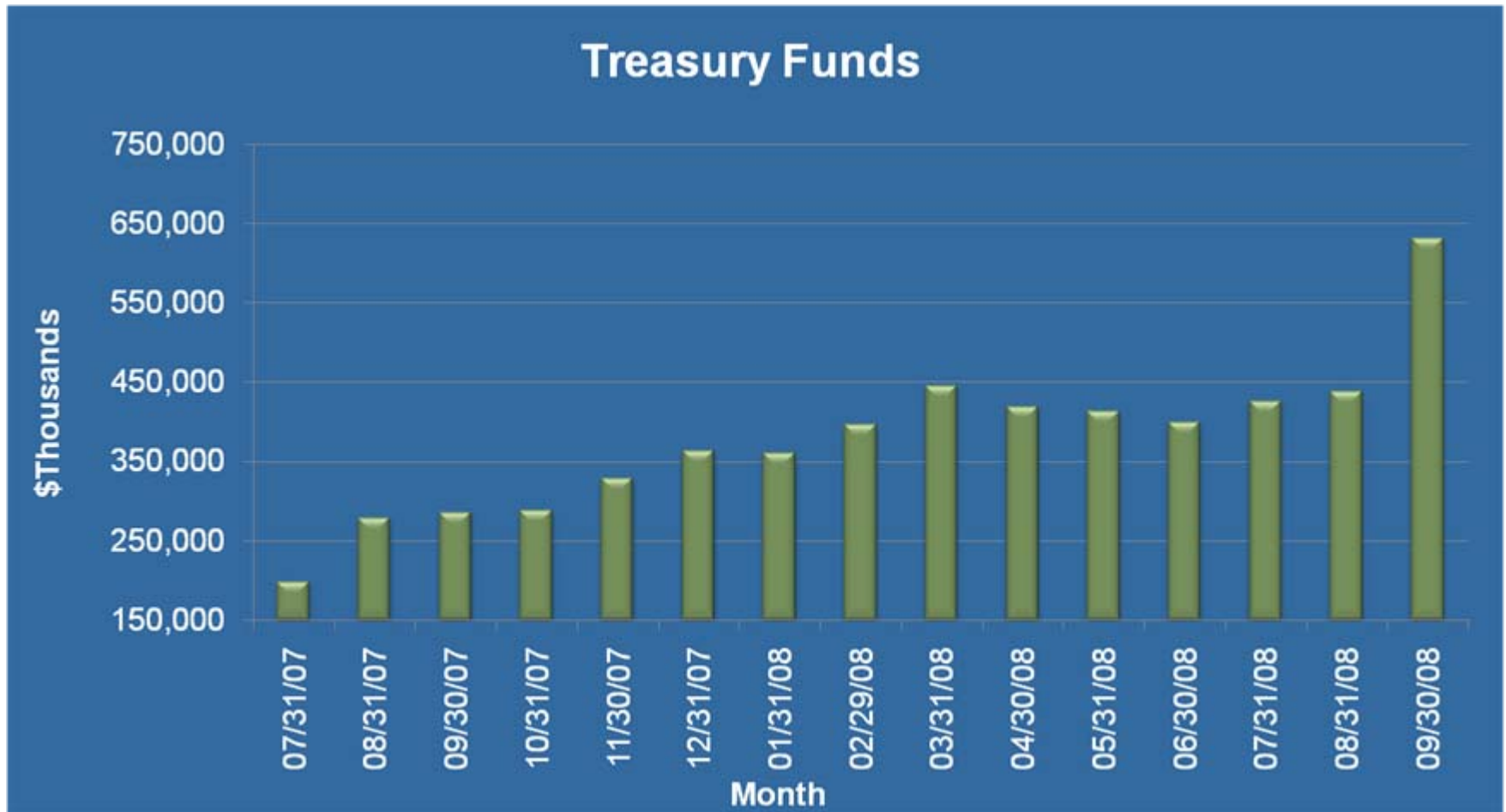
Money Fund Growth: Past 5 Quarters Government Funds



Source: ICI and Crane Data

Money Fund Growth: Past 5 Quarters

Treasury Funds



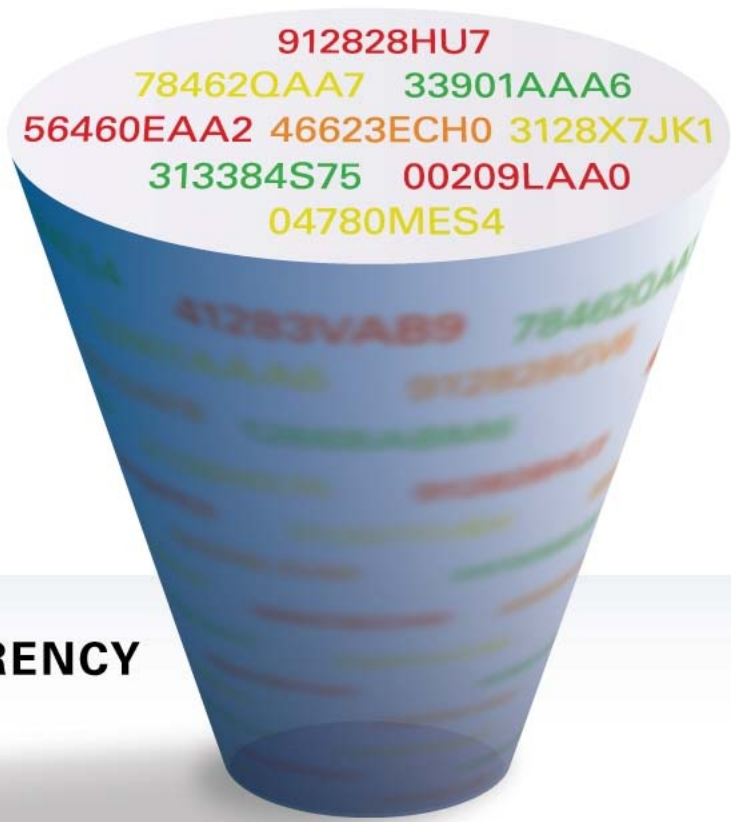
Source: ICI and Crane Data

Investors are taking a fresh look at everything



- Transparency
- 'Anytime' reporting
- Proactive vs. reactive
- Automation
- Optimal liquidity

CONSOLIDATION

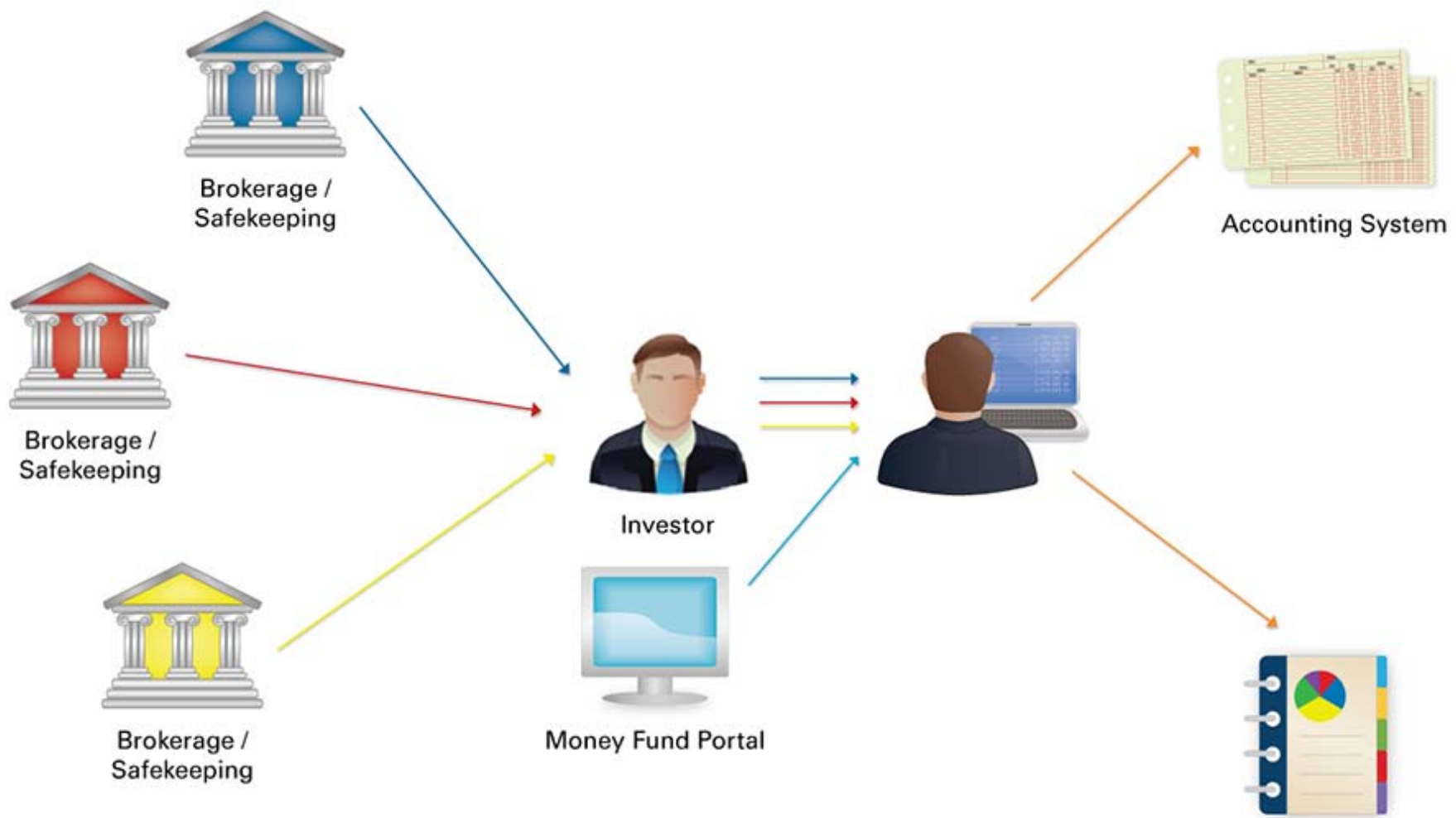


TRANSPARENCY

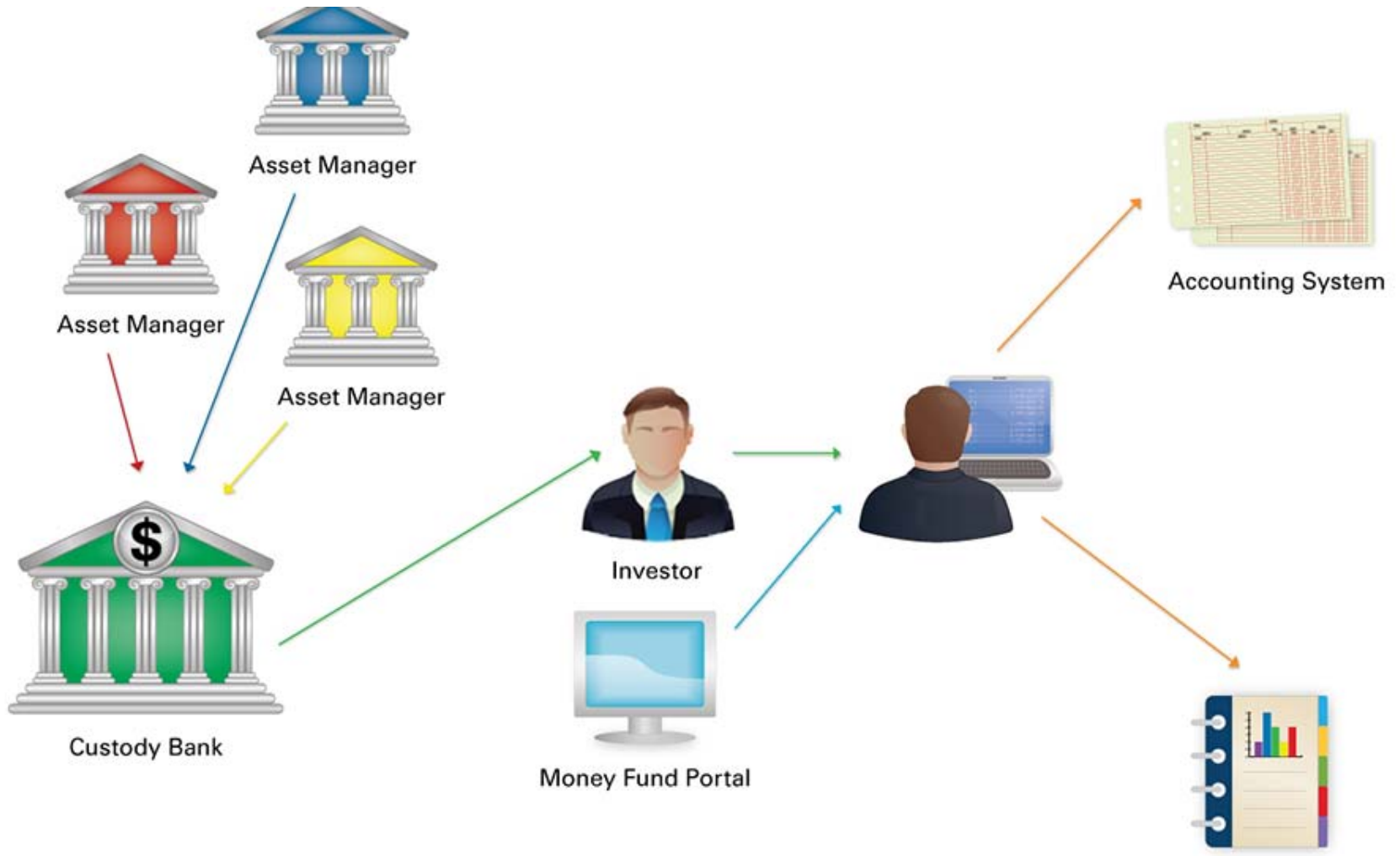


ACCOUNTING

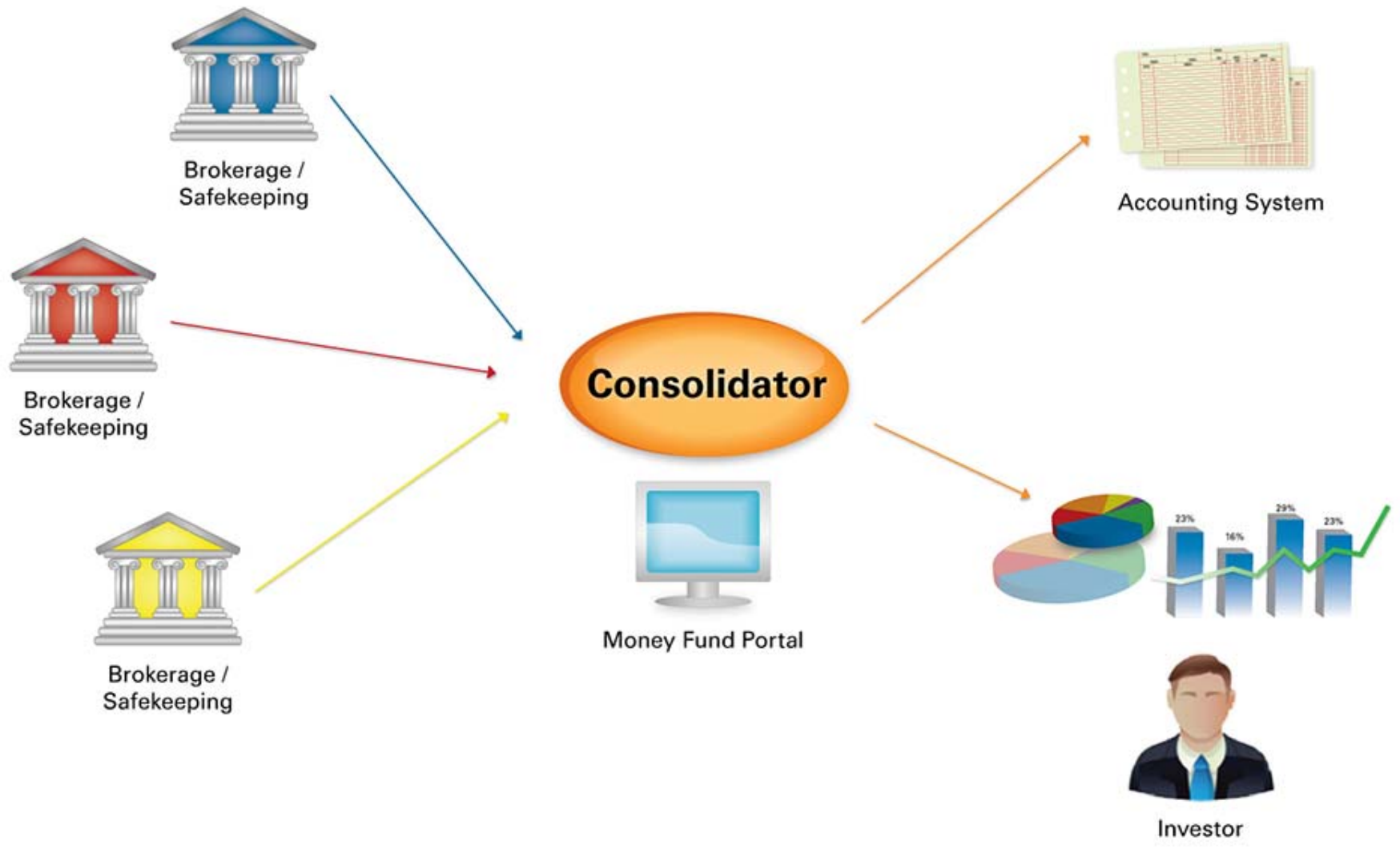
SUNGARD Scenario A



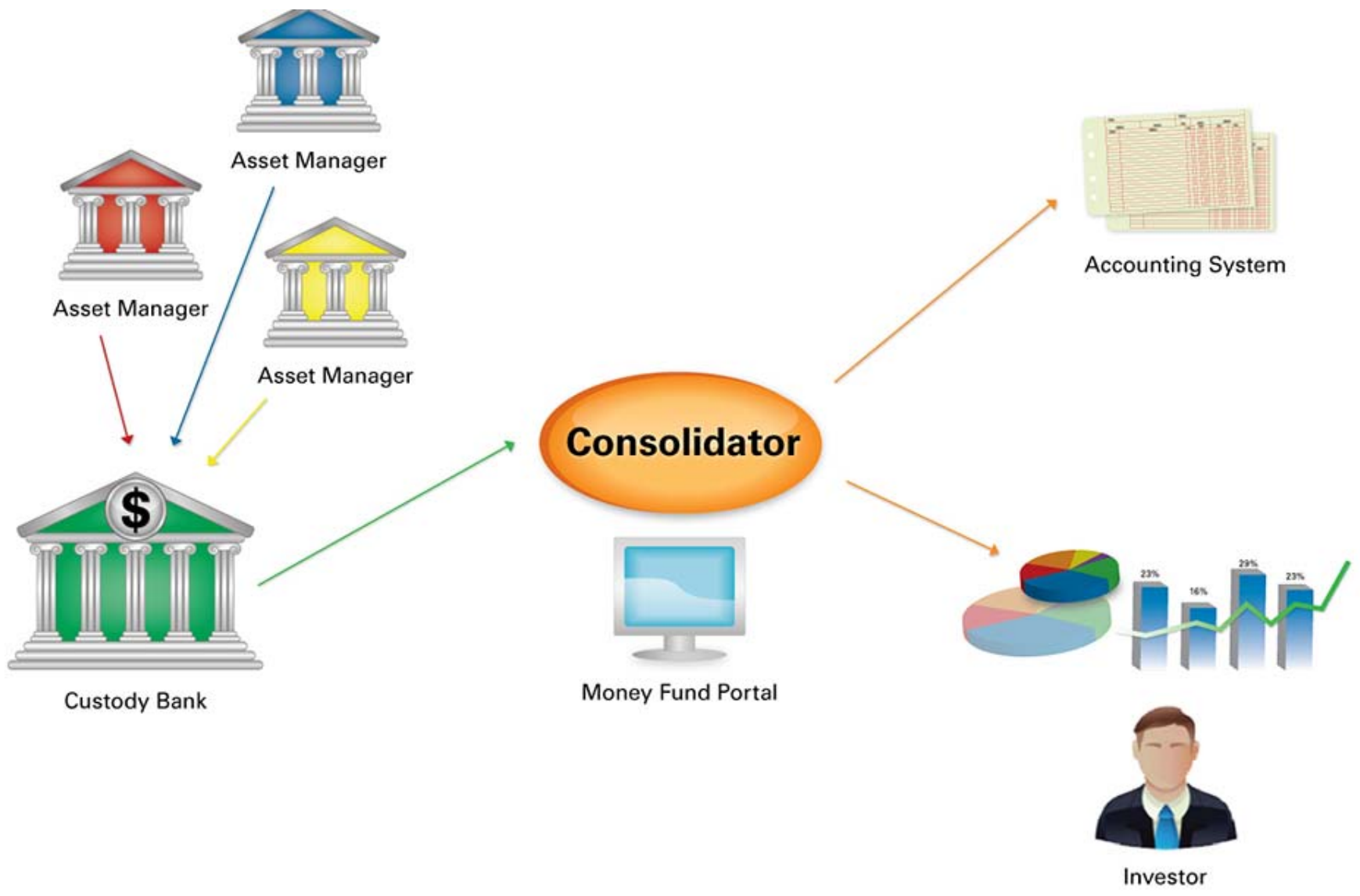
SUNGARD Scenario B



SUNGARD Scenario A - Revisited



SUNGARD Scenario B - Revisited



- Automated (no work for you)
- Reconciliation of trades and validation of cash, positions, and transactions
- Generation of accurate accounting numbers and disclosure information
- In-tune with latest regulatory changes and best-practices
- Transparent reporting

Operations

- Do we know exactly what our securities are and where they are at any time on any day?
- How long does it take to obtain a consolidated portfolio view? How long do we want it to take?
- Are we familiar with every security in our portfolio? What don't we know about them?
- If the financial world implodes, are the assets protected? Do we have immediate access?

Communication

- How well do our funds and asset managers know us? How can we improve our relationship with them? What impediments are there to improving the communication channels we have with them?
- If we need to speak to them, how long does it take to contact them? Is it taking us too long to receive answers to our questions?
- What tools do the vendors provide to help us interact with them and how can they improve?

Reporting

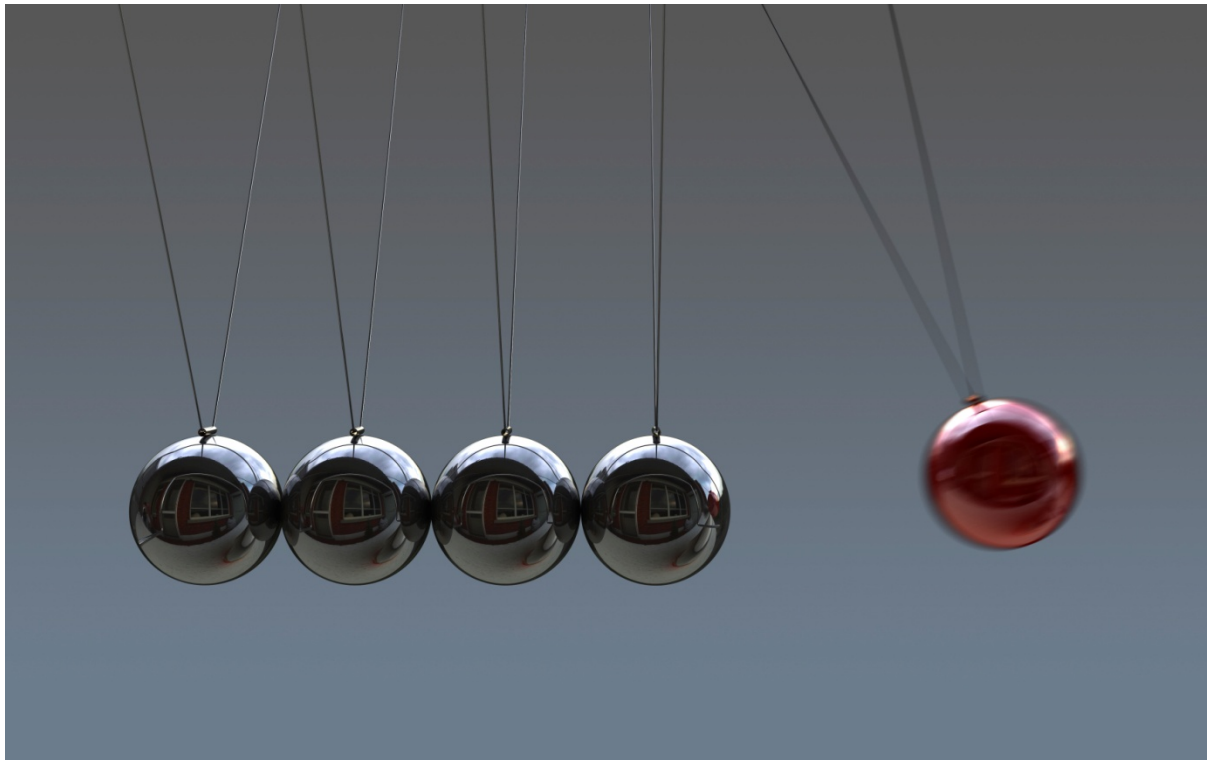
- What themes of reporting do I receive? Accounting? Compliance? Risk? Performance? What information am I not receiving in each area?
- How 'deep' can I drill into the security?
- What reporting options are available? What are my peers using?
- What information are we not getting today that we would like to see?
- How frequently is the reporting updated? If not daily or intra-day, how will that affect portfolio analysis, especially during turbulent times?



- Difficult to develop detailed, in-house expertise
- Application can be complicated
- Risky business

General Rule:

An auditor is to **AUDIT** your assumptions, not
DEFINE your policies



Examples:

- You own \$10M in a bond that recently was downgraded from AA to BB-. The security is now trading at 20% less than the original cost.
- You own \$20M in a money fund that has 'frozen' purchases and redemptions of the fund until it is liquidated, which is expected to take 90 days.

Issues caused by the examples:

- Valuation
- Balance sheet reclassification
- Write-down
- Book vs. Tax accounting
- Revaluation
- Footnote disclosure

Solution:

- Utilize a combination of resources
- Use your consolidator
- “Who are the niche players?”
- Talk to people—your peers, your vendors, etc.
- Read and research
 - Have you taken 20 minutes to read the literature?
 - www.clearwateranalytics.com
- Make a case and present it to the auditors

- Consolidator
- Money Fund Transparency™

SUNGARD[®]



clearwater
ANALYTICS



We listened to investors. Common feedback:



Lack of transparency = Lack of confidence



Lack of timely information



Apples to oranges comparisons



Considerable manual effort



Segregation of individual securities and money funds



Confusing holdings reports

The benefits investors want:



Meaningful transparency = Confidence



Timely information



Apples to apples reporting



Automated, hands-off



Integration of individual securities and money funds



Clear, consistent, actionable, holdings reports

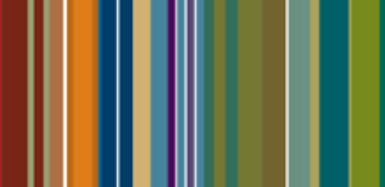
Investors are key to the future





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