

TRANSPARENCY • EFFICIENCY • NETWORKS
WHAT'S YOUR POSITION?



Transparency, Efficiency, Networks in Alternative Investment

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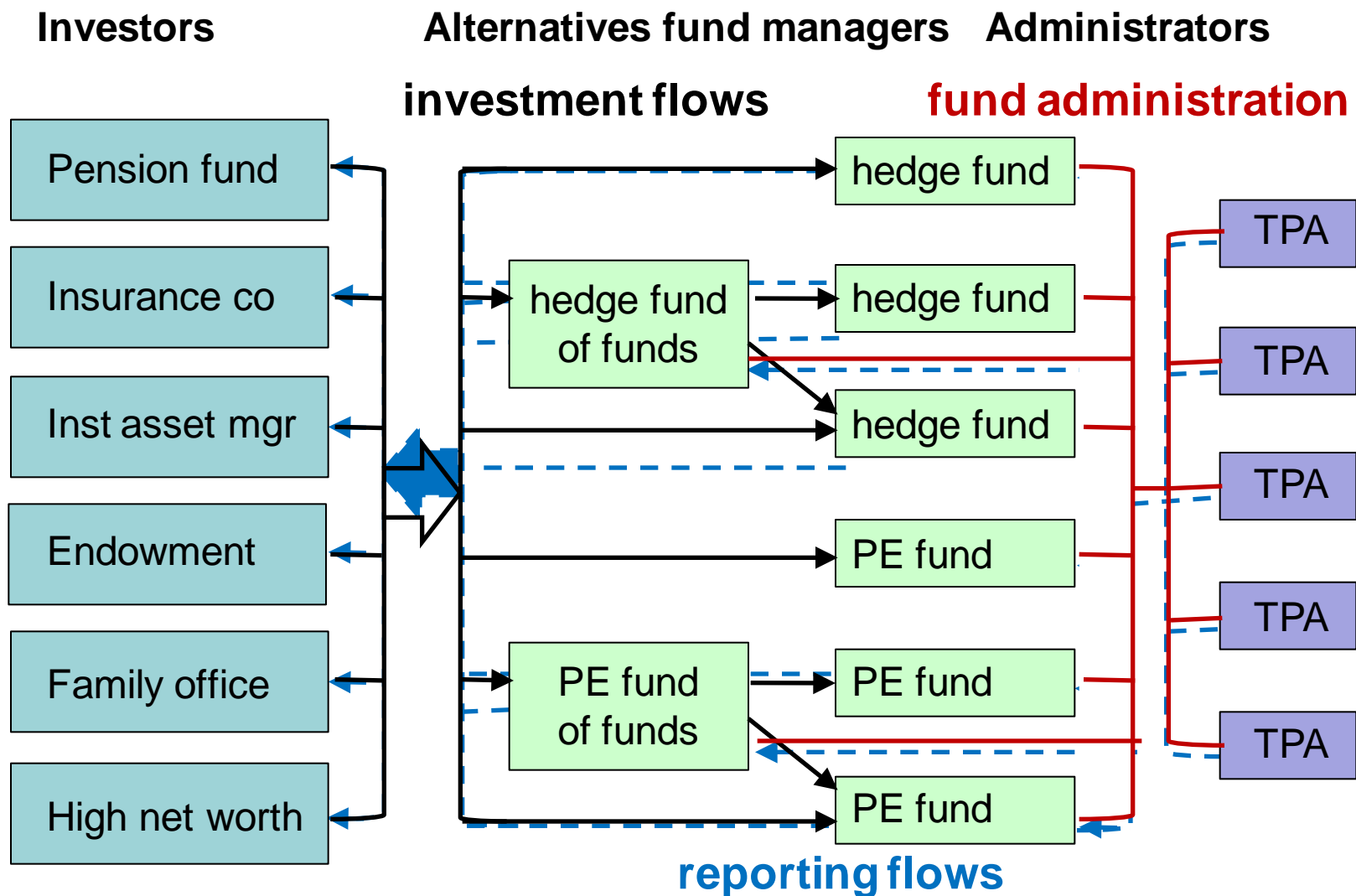
Objective of Presentation

- To highlight challenges faced by the alternative investments industry in delivering transparency and efficiency to investors, and what SunGard is doing to help the industry meet these challenges
- Market map and data flows among alternative investments investors, fund managers and third-party administrators
- Market drivers and ongoing repercussions of the crisis
- Highlights from the Alternative Investment product roadmap
 - Infinity Infrastructure
 - Reporting
 - Investor accounting
 - Independent valuation
 - Risk
 - Reconciliation

Drivers for Transparency, Efficiency and Networks

- More of the investor base is institutional compared to ten years ago
- The financial crisis brought huge losses and investor redemptions
- Madoff and other scandals raised fears of negligence and worse
- All these factors increase the pressure on fund managers
 - To respond to investor demands for greater transparency
 - To demonstrate that the integrity and robustness of their operations
 - To implement stronger controls e.g. regarding exposures and liquidity
 - To comply with new disclosure requirements, when they take effect
 - To streamline their operations, often in line with reduced AUM

Alternative Investments Fund and Data Flows



SunGard and TENfor10 for Alternative Investments

- SunGard solutions give Alternative Investments fund managers control over their transactions, positions, valuations and risk. They also provide transparency, demonstrating to investors that their processes are robust, and that the fund is fairly valued.

○ TRANSPARENCY

- Portfolio accounting
- Investor accounting
- Independent valuation
- Performance and risk reporting

○ EFFICIENCY

- Process automation
- Trade processing
- Deal and pipeline management
- Portfolio optimisation

○ NETWORKS

- Contact management
- Investor communications
- Custom report layers
- On-line web portal

SunGard Solutions for Alternative Investments

- Quick reference guide to SunGard's specialist solutions for Alternative Investments
 - APT – risk and decision support tools for investment managers
 - FastVal – independent valuation service for OTC and structured derivatives
 - Front Arena – trading and risk system for cash and derivative instruments
 - InvesTier – hedge fund investor accounting, funds of hedge funds accounting
 - Investran – private equity accounting, portfolio monitoring and CRM
 - Investran Data Exchange – web-based secure document/report distribution
 - Monis – analytics, data and decision support for convertibles and derivatives
 - RiskHedge – ASP risk reporting for hedge funds
 - VPM – portfolio accounting for hedge funds



TENfor10 Roadmap Highlights

Infinity Infrastructure – 1

○ Market drivers for hosted solutions

- Increased pressure on fund managers to run robust operations
- And provide much greater transparency to investors and other stakeholders
- While simultaneously controlling costs in line with reduced AUM

○ Economic benefit of offering solutions on Infinity Infrastructure

- Reduced Total Cost of Ownership to the customer, without the requirement to acquire in-house hardware, expertise and support
- The benefits are not confined to smaller fund managers (InvesTier, Investran)
- But the new ASP offerings of VPM and Front Arena should allow sub-\$1bn hedge funds to access industrial-strength systems

○ Facilitating integrated solutions on the Infinity platform, for example

- VPM+InvesTier for hedge fund portfolio + investor accounting
- VPM+Investran for administrators and managers running both HF and PE

Infinity Infrastructure – 2

- SunGard response is to invest in bringing together
 - SunGard Infinity Infrastructure providing a robust hosted platform, with
 - SunGard specialist solutions for Alternative Investments
- Status of SunGard Alternative Investment ASP/hosted solutions
 - FastVal – an ASP service from its inception
 - RiskHedge – an ASP service from its inception

 - Investran – ASP live on Infinity with major clients since the beginning of 2008
 - InvestTier – ASP live on Infinity with major clients since September 2009

 - Investran Data Exchange – moving its entire operation to Infinity by end-2009
 - VPM – available for the first time as a SunGard ASP by end-2009
 - Front Arena – available for the first time as a SunGard ASP by end-2009
 - APT – ASP risk reporting service will transition to Infinity early in 2010

Investor Accounting

○ Portfolio accounting

- Most HF/PE/FoF managers have their own portfolio accounting system, or use a third-party administrator – or even both (shadow accounting)

○ Investor accounting

- Many of the same managers still run investor accounting on spreadsheets
- Yet the requirements of investor accounting are complex –
 - fund structures: multi-series, multi-class, GP/LP, offshore/onshore
 - fee calculations: management fees, performance fees, hurdles, waterfalls

○ SunGard solutions

- InvesTier for hedge funds, funds of hedge funds and their administrators
- Investran for private equity managers, funds of funds and their administrators
- Tight VPM+InvesTier integration for hedge fund portfolio+investor accounting
- VPM+Investran integration for consolidated hedge+private equity accounting

Reporting

- Drivers for increased focus on reporting in alternative investments
 - Investor focus on transparency
 - Increased attention to risk, by both internal and external stakeholders
 - The prospect of new regulation in both the EU and US, requirements of disclosure to both investors and regulators are certain
- These give a new focus on technology to drive record-keeping and reporting, with minimised scope for manual intervention and error
- SunGard solutions
 - Investran – customizable reporting already present via “report wizard”
 - Investran Data Exchange – potential infrastructure for report distribution
 - VPM – SRSS technology incorporated in product released Q4 of 2009
 - FastVal – customizable reporting released Q4 2009, enhanced further in 2010
 - APT – new Risk Reporter released earlier in 2009
 - Plus bringing together many of these record/reporting systems on Infinity

Independent Valuation

- Post-crisis, more pressure than ever for independent valuation
 - Pressure on **banks**, from regulators and shareholders
 - Pressure on **asset managers**, from regulators and investors
- SunGard solution
 - To invest in the FastVal ASP service for independent valuation of OTC and structured derivatives
 - True independence and true outsourcing – deploying its own data, models and expertise to provide valuations on an ASP basis
- FastVal 3.0, released in Q4 of 2009, delivers
 - T+0 valuations
 - Multiple data snapshots to follow the clock
 - Transparency of market data lying behind each valuation
 - Greek measures calculated using models consistent with the valuations
 - Configurable reports
 - Easy uploading of generic products in volume, with reduced manual activity

Risk

○ Drivers for increased focus on risk

- Severe losses in 2008 highlight the importance of understanding portfolio risk
 - “hidden” exposure to common economic factors that drive markets
 - “tail risk” i.e. what happens to correlations etc during extreme events
- Increased pressure from investors for transparency and risk reporting

○ SunGard solution

- Investing in APT including a new Risk Reporter engine (deployed and ASP)
- Integration of APT functionality within the Asset Arena suite of investment accounting and portfolio management solutions

Reconciliation

- Industry drivers for hedge fund reconciliation
 - Shift from single prime broker to multiple prime brokers (post-Bear, Lehman)
 - Withdrawal of prime brokers from provision of “free” technology to their clients
 - Trend for hedge funds to separate custody from prime broking
- These are driving more hedge funds to keep their own records, and daily reconcile cash, positions and trades with external systems
- SunGard solution
 - Packaged reconciliation module as part of VPM portfolio accounting solution
 - Longer-term project to create a “Reconciliation as a Service” offering

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