



C O N F L U E N C E

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**What Worries Fund Administration Leaders Most?
It's Errors and Data Integrity, According to a Global Survey**

*Confluence Survey Sheds Light on Concerns as Executives
Grapple with Increased Regulatory and Investor Reporting Requirements*

(Pittsburgh, PA and Luxembourg – March 23, 2010) What's keeping fund company executives up at night? Their top concern is the data integrity in their fund reports, according to a new Confluence Global Fund Administration survey. Indeed, more than 130 executives from Europe and North America cite data integrity as their top back-office challenge.

Confluence released this and other findings of its 2010 survey of U.S., Canadian, and European executives involved in fund administration during the Association of the Luxembourg Financial Industry's (ALFI) Spring Conference on March 23-24, 2010.

"As investors call for increased transparency and regulators step up reporting requirements, fund companies face greater pressure to make more information available more frequently," said Kirk Botula, Executive Vice President and Chief Operating Officer of Confluence, a global leader in investment management data automation. "Widespread use of manual processes and spreadsheets increases the potential for errors occurring, and brings a heightened urgency to putting automation safeguards in place."

Among additional results:

Manual Processes, Errors Create Anxiety; Automation to the Rescue

The study found that the majority of respondents (86 percent) worry about the mistakes that result from manual fund administration processes many fund companies still follow, such as developing reports from data entered and re-entered from spreadsheets. In addition:

- Nearly 72 percent of respondents worry that manual processes impede their ability to meet reporting deadlines.
- Fund administration leaders see automation as a way to eliminate risk factors such as manual errors, increase the scalability of their organizations without adding staff, and elevate service levels through efficiencies.
- Nearly 60 percent of respondents want to replace their manual processes with automated technology in the next 12-24 months.

"The regulatory environment is constantly changing and increasing in complexity," said Mr. Botula. "In that context, consolidating investment data is becoming a best practice."

Centralized Data Seen as a Solution; Taking on More Importance

The study shows that companies are placing renewed emphasis on consolidating and centralizing data to ensure that it is complete and correct.

- 89 percent say consolidation of their fund administration data into a common database is important to them.
- Nearly half (46 percent) have plans to centralize data in the next 12 months.

Additional Findings and Some Good News for the Fund Industry

- Respondents' top globalization challenge is centralizing processes for corporate management purposes.
- Companies are hiring: More than one-third (36 percent) say they plan to add staff in the next 12 months, although 75 percent are concerned about finding sufficiently talented people to fill key fund administration roles.

Survey Methodology

This global survey was sponsored by Confluence and conducted online by Campos Inc., an independent market research firm, in the first quarter of 2010. Confluence queried 132 executives at fund companies and service providers about topics that included data management, automation, their use of manual processes, and reporting issues. The titles of the respondents ranged from Manager and Director to Vice President, Executive/Senior Vice President, Managing Director, Chief Operating Officer, Chief Financial Officer, and CEO/President. This year's survey was a follow-up to a baseline survey conducted in June 2008.

About Confluence

Founded in 1991, Confluence is a global leader in fund administration automation. Confluence helps investment management companies gain unprecedented control by automating every step of the fund administration process—including the collection, creation, confirmation, and delivery of investment product data. Results are lower costs, reduced risk, decreased reporting turnaround times, and the scalability to automate more processes without additional resources. Confluence solutions are used by 40 percent of the leading global investment managers, and more than 60 percent of U.S. mutual funds. The Unity platform from Confluence addresses a wide range of problems from performance measurement to customized reporting for a full array of domestic and international managed investment products, including mutual funds, funds of funds, collective funds, separate accounts, and variable products, as well as hedge funds and other alternative investments. Headquartered in Pittsburgh, PA, Confluence serves the international fund industry with key locations in London and Luxembourg. For more information, visit www.confluence.com or e-mail info@confluence.com.

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Editor's Note: Confluence representatives will be available for interviews at the ALFI Spring Conference. Contact Robert Minicucci to arrange an interview or to receive an executive summary of the findings.