

STRICTLY PRIVATE & CONFIDENTIAL

Cagera

Overview January 2011

Summary

- **Cagera is potentially world's biggest financial data company**
 - It is launching an industry owned governance Platform/Network "Byhiras" which will provide institutions with transparency and control over their investments
- **Cagera will generate returns through :**
 - Providing data and technology to Byhiras for AuM-based fees
 - Commercialising the data aggregated through Byhiras
- **At inception, Cagera will own the beneficial interest in Byhiras**
 - Minority interests in Byhiras will be placed and sold to institutional investors , turning Byhiras into a utility
 - Wider adoption of Byhiras will result in increase of AuM on the Platform and the data Cagera will aggregate
 - The capital raised through Byhiras will expand its infrastructure and pay Cagera to expand its services
- **Current Status:**
 - The management team are experienced professionals in data technology, risk management and platforms
 - Pipeline of potential clients has been established
 - Over £700K has been spent developing the proposition including the alpha version of the risk and user modules
- **Cagera is raising £2-3.5m in equity capital (closing Jan 2011), in the next round (Q2/3 2011) Byhiras will be raising up to £20m**
 - Further capital will be raised as necessary through Byhiras which will reduce shareholder dilution in Cagera
 - The consolidated financial projections are:

Financial Projections - Base Case			
GBP Millions	Year 1	Year 2	Year 3
Gross Income	1.1	14.9	49.6
Direct Costs (ex bonus)	4.5	11.3	22.5
EBITDA	(3.1)	4.9	19.9
Average AuM	648	4,414	13,854
Full Time Employees	38	82	162

Cagera - Aggregator of Buy Side's Enterprise-Wide Data

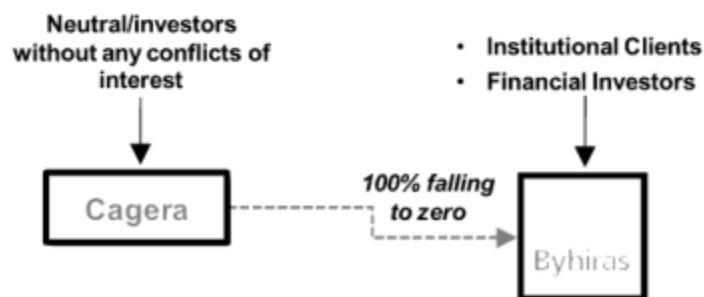
- Through its unique and inalienable right to data collected through Byhiras, Cagera will harvest vast amounts of information on buy-side's holdings and transactions.
 - **Cagera will eclipse the leading sell-side data aggregators (Bloomberg, Reuters, Markit) by volumes and type of data offered**
- **Cagera will commercialise all Byhiras' data**
 - Because it is based on exact positions and trade flows, Cagera will be able to provide a new range of high value data based services and replace many existing services that are less accurate, including:

Valuations: based on actual positions	Enterprise data management solution
Indices: custom & bespoke based on actual assets	Capital flows and pricing data: ability
Performance and fees in funds & counterparties	Market and sector data
Cleaned security, product, OTC masters and identifiers	Credit data: concentration, contagion measures
Clean market & engineered data, e.g. liquidity, vols	Disaster recovery
Collateral management data and analytics	Information on dark liquidity pools
White label retail fund platform technology and data	Risk management software with validated models

- The value of a data firm is a function of its data (its quantum, uniqueness and detail) and distribution capability
 - Markit (market cap USD 3.3bn in 2009) was built aggregating credit derivatives data from banks – it was the first time this data was aggregated and Markit is now the market standard for this type of data
 - Bloomberg (USD 20bn) and Reuters Thomson (USD28bn) have extensive distribution networks and wide datasets, but there is little differentiation between them
 - **Cagera will be able to aggregate wider and more detailed data than Markit that is not available to existing data firms or banks. Byhiras will also provide Cagera with a unique distribution network to buy-side institutions**
- Cagera's first client will be Byhiras
 - From the end of year 2 Cagera intends to sell direct to Byhiras clients and other institutions

Byhiras is a utility offering regulator-proof transparency for institutional investors

- **Byhiras, launched by Cagera and subsequently divested to investors, is...**
 - An independent platform/network, giving investors, managers and their counterparties transparency and control of their investments
 - A turnkey outsourcing solution, reducing investors' overheads and operating costs
 - Cost-transparent to all parties thereby offering investors the benefits of their combined scale
- **Byhiras solves a systemic problem in the financial services industry revealed during the credit crisis by**
 - Addressing common infrastructure and data weaknesses of institutional investors
 - Giving investors a single consistent view of the value, performance and risks of their holdings with the controls to manage them
 - Enabling institutions to meet the new stringent regulations that are being imposed as a result of the crisis
- **Using Byhiras, institutions will be able to achieve**
 - Compliance with regulations, e.g. Solvency II, UCITS III & IV, IFRS7, MiFID, new governance codes and investment mandates
 - Effective risk oversight on both the assets and their counterparties, i.e. managers, administrators, banks
 - Improved investment returns through superior fund selection and portfolio construction from a wider fund universe
 - Enhanced retail proposition through superior products, i.e. better data, investment choice, controls, and their delivery
- **Byhiras revenue stream is derived from**
 - Charging institutional investors AuM-based fees for assets placed on its Platform; the fees will fall as AuM increase
 - Surplus income will be distributed to the equity owners in Byhiras



The market needs an independent and verifiable solution

The problem:

- Investors are exposed due to the absence of transparency and control over their investments and market counterparties
- Authorities are forcing firms to use and disclose more detailed information, e.g. Solvency II (see Appendix D), MiFID, IFRS7
- No single investor has the necessary scale and expertise to monitor all funds, market counterparties, banks, managers
- Institutions are in “data overload” and rely on mostly legacy systems ill-equipped to meet new data challenges
- Investors generate and use data much of which is not and cannot be made publicly available, e.g. OTC contracts, position concentration, fee levels
- Existing market participants lack the independence and the infrastructure to provide a solution
 - Banks, custodians, administrators and fund managers are conflicted and could not offer a similar service without cannibalising their existing models.
 - Risk platforms do not provide controls, data or network effects to users

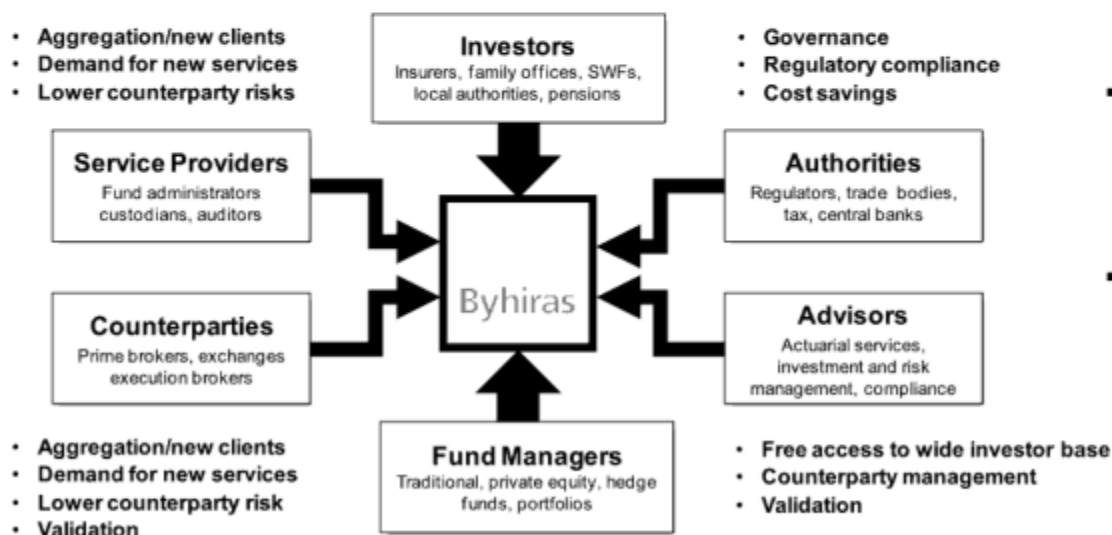
Key characteristics of the solution need to include

- **Independent and demonstrably conflict free**
So that it can be trusted to protect sensitive and confidential information
- **Low cost and give scale benefits**
So that all institutions will use it and so reduce fees for all participants
- **Open to all institutions**
To provide enterprise wide solutions and reduce costs to users
- **Able to cover any asset type, geography**
To be a complete solution
- **Completely reliable and dependable**
Give users proof that its process are appropriate for purpose and are implemented. So relieving firms and their management of the liability to produce appropriate data and build expensive infrastructure

Byhiras is a Governance Framework/Network combined with Cagera technology

- **Byhiras is an independent Platform/Network, owned and operated for the benefit of its users, institutional investors**
 - Through Byhiras investors will be able to achieve complete transparency and control over their investments and counterparties
 - It will be a utility, open to all market participants, accommodate all asset types, regions and trading activity
 - It will be owned and controlled for the benefit of investors with funds on the Platform
- **Byhiras brings all parties (investors, managers, service providers etc) into one single venue**
 - Byhiras will monitor all contracts and counterparties
 - It will be able to identify weaknesses and enable these to be re-collateralised and dynamically managed
 - **All parties will be able to contact each other, set and determine their profile and how much information they share**

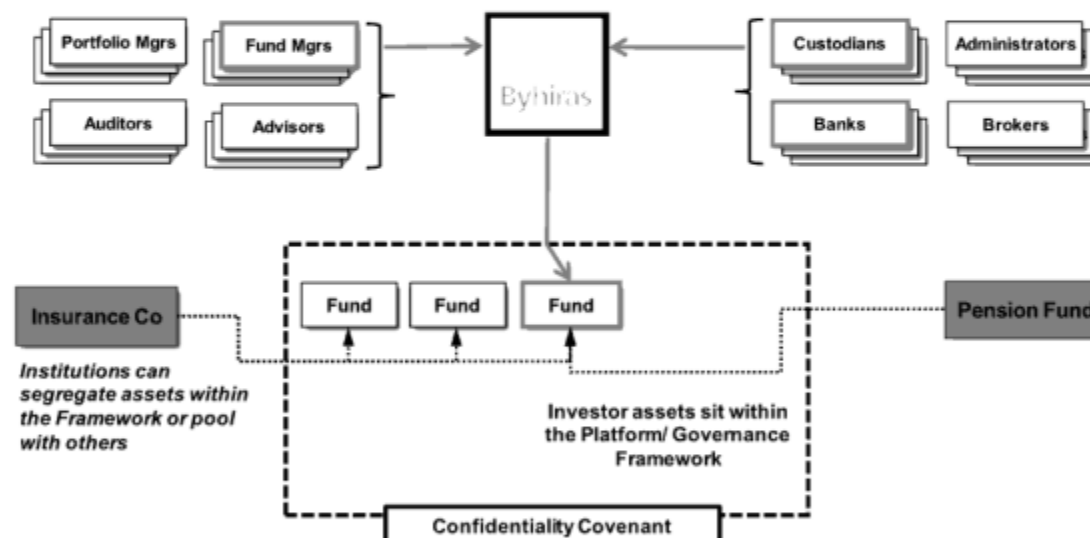
- *The Platform will enable managers and counterparties to provide a wider range of services to a greater number of clients*
- *The Platform will enable firms to optimise their regulatory capital requirements*



- *Using Byhiras will enable institutions to meet all their regulatory requirements e.g. MiFID, Solvency II, IFRS7, FAS 157 etc*
- *Byhiras will help central banks satisfy concerns over counterparty risks*

Byhiras is more than a platform in terms of scope, transparency, accountability

- Client assets are held in a legal framework (the "Platform/Network"), access to which is through Byhiras
 - All parties given access to the Platform/Network are pre-approved by Byhiras, each client and the relevant managers
 - Managers are appointed under detailed mandates that define strategies, permitted counterparties securities and risk limits. Likewise the counterparties have mandates that set out permitted activities and risk limits
 - Byhiras reconciles and independently re-values all activities on the Platform and ensures these are compliant with the agreements between each party
 - Any multi-lateral information and control sharing agreement can be enshrined. At inception managers can determine the terms and data they offer each investor.

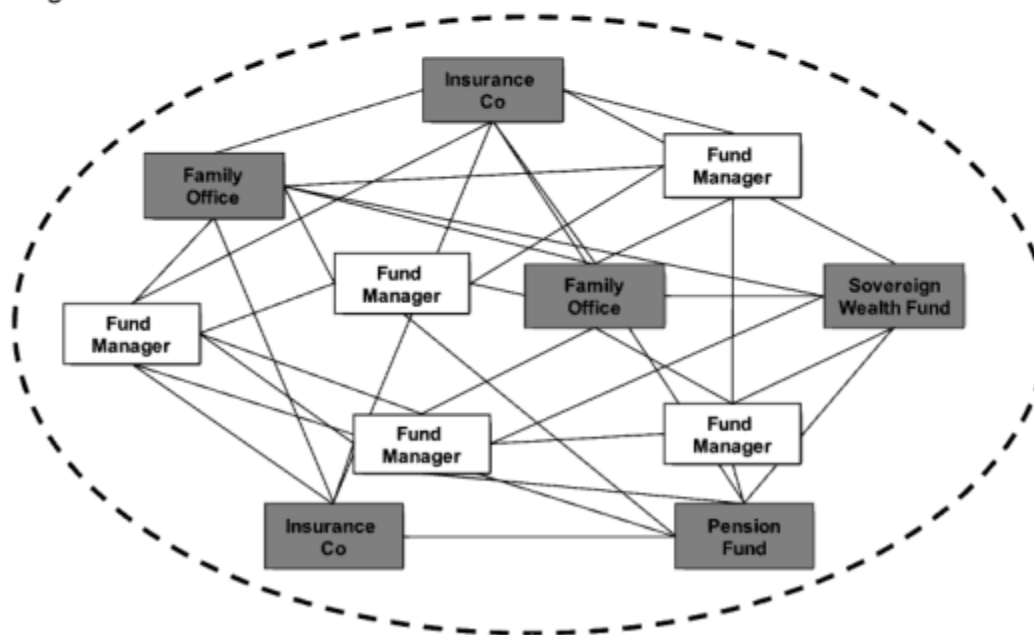


- Managers and other service providers are "validated" by Byhiras
- Counterparties and managers can be quickly and replaced at low cost if they breach agreements or risk guidelines
- Byhiras provides credit data back to counterparties so that they can provide the best terms to clients and funds

Byhiras is a network

- Within the Byhiras framework
 - Institutions can connect directly with each other and transact
 - Institutions can set and determine the level of information they provide and make accessible to each party . For example a manager of a fund can allow one investor to see position level data but another just aggregated monthly data
 - Byhiras oversees all activities and ensures that data sets are accurate
 - Byhiras provides a safe environment for transactions and it is the mechanism through which transactions and agreements can be observed and enforced
- The impact of this includes
 - Lower transactions costs
 - Elimination of counterparty and contagion risk
 - Greater liquidity
 - Wider investment opportunities

Through Byhiras institutions can enshrine any number and type of information and control sharing agreements with any number of parties



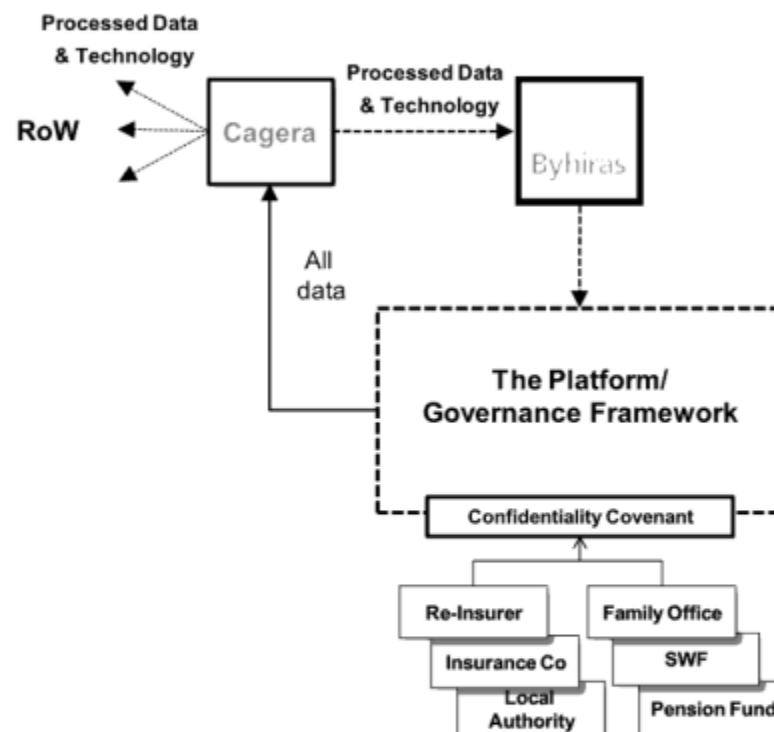
Byhiras is unique

- **The differences between Byhiras and potential competition are largely due to the difference purposes of each proposition**
 - Data firms: provide extensive market and public data sets sometimes they also provide risk and other software
 - *They can't access or distribute private data such as position level data in funds nor do they give investors any controls*
 - Fund Platforms: a distribution model providing access and liquidity to a given universe of funds. Achieved by standardising the counterparties, terms, fee structures and liquidity.
 - *Typically restricted universe of managers and funds, tied counterparties, set fees and no access to detailed data, no controls other than selling*
 - Software Providers: provide process technology for client data. Some also aggregate and provide access to market data, others are aggregating their own data
 - *Need to be implemented and maintained, don't provide either data or controls and are expensive*

- **Byhiras is different because it is designed to meet the specific requirements of institutional investors**
 - Transparent: Byhiras' positioning and neutrality enable it to aggregate all position and trade level data
 - Confidentiality: Byhiras can enshrine any multi-lateral information sharing agreement,
 - Give controls: investors can set terms, select and remove their assets and counterparties
 - Flexibility: assets are not required to be in any specific form or type
 - Inexpensive: easy to adopt and reduces both operating costs and overheads at institutional investors
 - Easy to adopt: Byhiras can be integrated to institutions' systems
 - Scale benefits: institutions can harness the cost and operating advantages of their combined strength

Two entities Cagera and Byhiras to protect data and achieve control

- **Cagera will have the permanent and inviolable right to aggregate and commercialise all the data through Byhiras**
- The value of the data is in its aggregation, it is not held or provided by any single user of Byhiras
- Some of data that Cagera will aggregate is available to institutions individually, e.g. position and transaction level details of funds in which they are invested. However, no institution has access to all the data they will need.
- Institutions do not want the burden of collecting, cleaning and analysing this data themselves
 - It would require them to build and maintain costly new teams, systems and capabilities
 - They would be liable for the quality of the information
- Separating ownership and control of the platform/network (Byhiras) from the rights to the data (Cagera) is key, it
 - Enables institutions to achieve scale benefits with, and controls over managers and service providers by aggregating their commercial strength
 - It provides assurance to users that investors in Byhiras do not have preferential access to their data



The Team

Name	Role	Background
SAM Lusty	CEO & Founder	Co-Founder and Director MSP (digital rights management for ISPs); Founder CEO Ryes Capital (fund platform); Global Co-Head, Alternative Investments Group DrKB; Executive Director, Global Equity Derivatives UBS. SAM started his career in the City as a bond trader at Salomon Brothers Inc. He qualified as a Chartered Accountant at PwC
Mike Bedford	Technology & Data	Previously co-Founder and CTO of Markit Group responsible for taking the business from an idea to a professionally run and scalable platform across the data and valuations businesses. Prior to Markit: Head of Fixed Income & CDS Front Office Risk and Trading Solutions, TD Securities London; Development Lead Interest Rate and Asset Swap Desks, Merrill Lynch London and New York
Predrag Popovic	Technology & Systems	Currently Group CTO at GTECH G2, Predrag was previously Co-founder and CEO of Finsoft, builders of the ECB bond database (CSDB – Central Statistics Database). In 2007, he lead the sale of iFinsoft's bookmaking division to GTECH Corporation (world leader in supply of lottery systems, with 70% market share) and oversaw Finsoft 's growth to 40+ customers, including 4 state lotteries and c. 250 employees). Previously head of Head of Risk Management IT at Nomura
Wasim Rehman	Non-Executive Director - Byhiras	Managing Partner of FWE and formerly partner of Marshall Wace where he was responsible for risk management and worked in quantitative and portfolio management. Prior to this he worked at Goldman Sachs
Atul Bali	Non-Executive Director - Byhiras	CEO of Xen, an integrated consumer facing digital media operation. Previously the President & CEO of the Digital E-commerce division and Group SVP for Corporate Development & Strategy for the Lottomatica – GTECH group. He built GTECH's Commercial Payments division from a break even \$25M revenue business to \$117M business with >\$50M in EBIT by 2005; processing more transactions than Amex, Mastercard and Visa combined at c. 500M tx per day. He took GTECH into 14 new government lottery markets, set up 23 joint ventures in 19 countries, acquired and integrated 12 new businesses into the group.

The Team (cont.)

Name	Role	Background
Larry Kessler	Senior Advisor/ Non-Executive Director Byhiras	Previously Chief Administrative Officer and General Counsel for Investcorp International (1991-09). He was a member of the Management Committee and responsibilities included: administration, HR, law, compliance/corporate governance, risk management, corporate communications, operations, internal controls and audit. Prior to this he was Executive Vice President and General Counsel (1988 - 1991) at News Corporation. He was the Chief Legal Officer reporting to Rupert Murdoch (Chairman and Chief Executive) responsible for worldwide legal affairs and responsible for: originating, structuring and closing acquisitions, joint ventures, public and private financings, bank loans and recapitalizations.
Julia Ashworth	Senior Advisor	Previously Global Finance Director and UK COO for Rothschild Investment Banking. Before this she was a corporate financier at Rothschild specialising in financial institution M&A, in particular, in insurance. She qualified as a Chartered Accountant at PwC
Alan Morgan	Senior Advisor	Co-founder and Director of Olivant and Non-Executive Director of AXA Investment Management. Formerly McKinsey senior partner leading its Financial Services Practices in EME, and for 12+ years a Board member of the McKinsey Investment office which managed USD 4+ bn of staff funds
Auditors		Grant Thornton LLP
Advisory Groups		Ernst & Young LLP
Commercial bankers		HSBC
Legal Advisors		Macfarlanes LLP

Conclusion

Cagera first round financing

- GBP 2-3.5 mn is being raised in Cagera to build and launch Byhiras, this round of financing closes end of January 2011
- Further rounds of capital will be raised through Byhiras, this is consistent with establishing a utility and help binds users to the Platform/Network
- Cagera will generate fees selling data and technology to Byhiras and to other clients. Cagera will also have a participation in Byhiras that it will sell in due course.

Byhiras Adoption

- A pipeline of potential customers has been established who have requirements Byhiras addresses
 - Byhiras has developed a close working relationship with E&Y who are introducing Byhiras to their life and pensions clients as a potential solution for a range of problems from risk management to Solvency II
 - The proposed services and fees have been tested with institutional investors and a range of other market participants
 - Fund managers and counterparties have indicated strong support for Byhiras as it will validate their services
 - Byhiras is consistent with the objectives of the authorities and regulators (Financial Reporting Council, FSA)

Experienced team, proven software and low risk implementation

- The management team are highly experienced and have track records in technology and data management
- The initial core software and technology is industry proven and has been verified as suitable by an independent technology and integration firm

Exit Strategy

- Exits for investors in Cagera will include a trade sale to a data firm (Thomson Reuters, Markit, Bloomberg), listing or a private placement with institutional investors

Contact Details

To follow-up or request a PPM, please contact:

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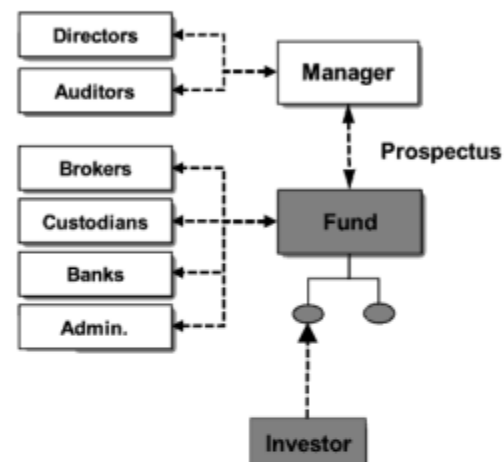
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Background & Appendices

Background: investors lose transparency and control over their investments

- **By investing in funds institutions lose transparency and control of their capital**
 - Few firms even track their own internal funds
- **Investors rely on managers for information, but**
 - Manager appoints all counterparties
 - Manager writes both prospectus and reports
 - Investors rely on marketing literature and “headlines”
- **Institutions are increasing allocations to third party funds**
 - Adoption of open architecture and wrap platforms increase the range of investments and funds available
 - Single market (UCITS III & IV) increases the ability of providers to sell their products across the EU
 - Institutions pass investment and selection risk to retail, and compensate through greater ranges of products

Current structure for fund investment



Consequences/impact

- No assurance of adherence to style/mandate
- No knowledge of or control over risks taken
- Unknown counterparties
- No transparency into incentive structures and fees
- No transparency into underlying costs
- Only periodic reporting with little detail
- Difficult to compare or measure performance
- Expensive to sell or hedge

Background: complex and changing underlying risk profiles in investments

▪ Complex investment chain

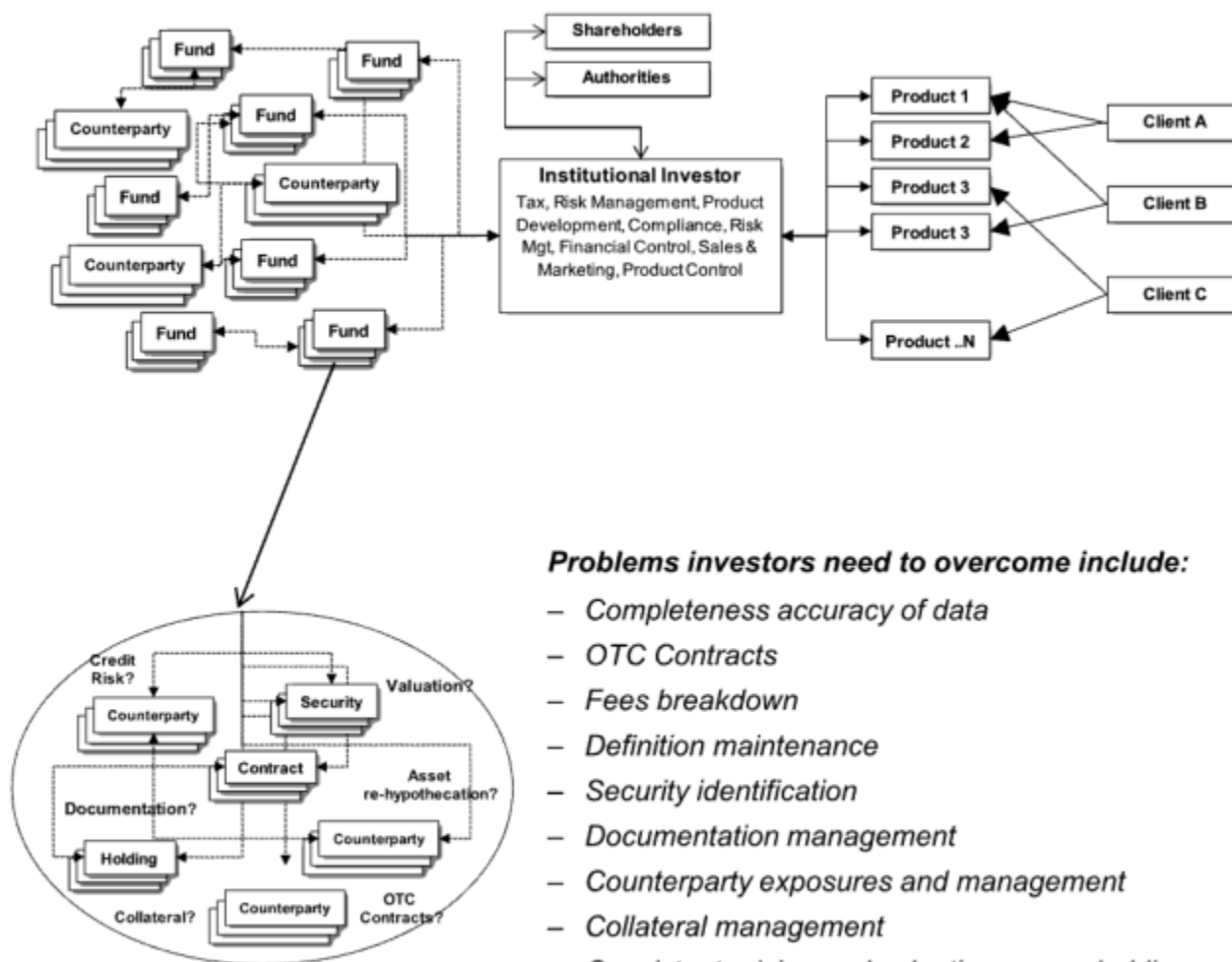
- Financial instruments and relationships extend across markets, counterparties, investments, making risk identification and control difficult

▪ Multiple counterparties, managers, and underlying securities

- No standardisation of documentation, terms and data

▪ Portfolios and products exacerbate the problem of opacity and illiquidity,

- introduce concentration, correlation and contagion risks



Background: risks are inter-linked and require position level detail for identification

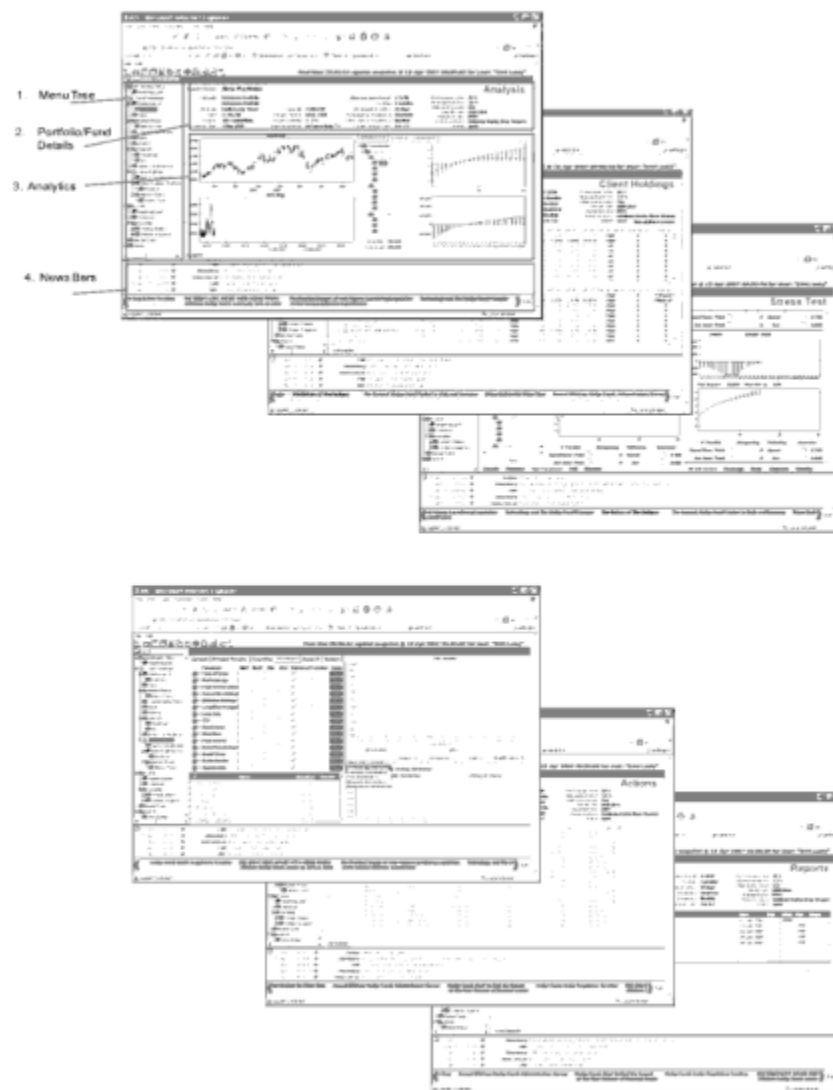
- Risk identification requires complete and continuous trade and position level data, counterparty contracts, how and where assets are held and on what terms. Risk management requires controls over these
- There are many sources of risk and most are inter-related and the crisis demonstrated that they impact each other
 - Effective risk management must identify all sources
 - Optimal fund selection and portfolio construction requires position level detail



- **Portfolios and investment products compound the challenges** of measurement (consistent use of models and price data) and identification (across funds, counterparties and products) adding further exposures including:
 - Contagion: between funds, counterparties and managers
 - Correlation: of investments impairing performance and risk
 - Concentration: of risks and exposures and dependence on counterparties and service providers
 - Consistent and consolidated reporting: completing IFRS7, Solvency II etc
 - Fee and cost identification

Background: Byhiras services to clients

- Adopting Byhiras will be straightforward and remove burdens from both managers and their investors
 - Clients replace fragmented delayed data sets with a single data provider that can service multiple departments
 - Managers and counterparties will send existing files and pass much of their reporting burden to Byhiras
- Services will be delivered as a web based “desk-top” application like Bloomberg or Reuters, but will be more easily customised to client requirements
 - It will be able to accommodate different levels of access for each group within each client as required, e.g. compliance, sales, investment and risk management departments all need different screens and applications but on the same data
 - Alternatively institutional clients can integrate Byhiras services and data direct into their existing MIS. It has a flexible API and client models can be integrated into Byhiras services, analytics and reports
 - Byhiras will be able to aggregate other data providers/sources and deliver “intelligent” and selected news/data feeds
- Clients will be able to “upload” data on non-Platform assets to risk manage their portfolios or even outsource their enterprise wide risk management infrastructure
 - Byhiras will be able to provide reports and data to each client using their own valuation bases, models, time frames and accounting processes



Appendix A: How Byhiras would have protected investors

The absence of a transparent platform through which institutions can hold and manage their investments includes: unnecessary risk taking, high costs, and poorly constructed portfolios. Illustrations of some of the high profile failures include:

Event	What Went Wrong	Impact	Impact under Byhiras
Amaranth Sept 2006 \$6bn+	Style Drift: Concentrated illiquid positions with high leverage contravened "diversified" status. Despite warning not moderate risk or disclose to investors	Failure Assets Lost	None – detailed risk & investment guidelines with manager monitors and enforced
Stanford Capital 2009 \$8bn+	Controls Breakdown: Fraud: ponzi scheme	Failure Assets Lost	None – assets held separately and control not ceded, rehypothecation is controlled, counterparties monitored
Standard Life Sterling One £100mm ++	Style Drift: £2.1 bn internal fund marketed as "cash" invested 44% of assets in mortgaged backed securities. SL had to inject £104mm and paid FSA fine of GBP2.45mm	Investment Loss Reputational loss	None – Byhiras investment guidelines continuously monitored and controlled
Refco 2006	Controls Breakdown: Fraud/theft at PB. Insolvency from the repayment of debts by the CEO to Refco Inc.	Firm Failure Assets Lost	None – Byhiras procedures prevent assets leaving custodian
Peloton Feb 2008 \$2bn	Style Drift: Concentrated risk and illiquidity with high leverage – failure a month after it won "new fund of the year" Eurohedge. Investors were not aware of the risk and leverage in the fund	Fund Failure Assets Lost	None – detailed risk & investment guidelines with manager monitors and enforced
Lehman Sept 2008 \$130 Billions	Controls Breakdown: Leveraged exposure to illiquid assets, client assets not segregated were lost, e.g. Olivant lost 2.78% of UBS AG	Bank Failure Assets Lost	None – assets held separately and control not ceded, rehypothecation is controlled, counterparties monitored
Madoff Dec 2008 \$50bn	Controls Breakdown: Fraud. "Ponzi" scheme losers include Banco Santander (\$3.1bn), Bank Medici (\$2.1bn), Fortis Bank (\$1.4bn), HSBC (\$1bn) UBP(\$1bn), AIA(\$1.4bn)	Fund & Manager Failure Assets lost	None – assets held and validated separately and control not ceded, counterparties monitored

Appendix B: FSA Fines Standard Life GBP 2.45 million

The Financial Services Authority has fined Standard Life £2.45m for “serious systems and controls failings” that resulted in the production of misleading marketing material for its Pension Sterling Fund.

The City watchdog said on Wednesday that customers of the fund, of which there were 98,000 as of December 23 2008, had been misled by the marketing material that described the fund's investment risks.

Many customers believed the fund was wholly invested in cash and switched into it in the flight to safety at the end of 2008. In fact, the majority of the fund was invested in floating rate notes. As the fund was intended primarily for the investment of pensions, it was considered appropriate for individuals approaching retirement and as such, the capital risk associated with the investment was of great importance.

The FSA also found there were no “adequate systems or controls in place to ensure that marketing material accurately reflected the investment strategy for the fund”, meaning that customers were “misled as to the true nature of the investments held by the fund”. The risk of unexpected consumer losses was demonstrated by the reduction in value of the fund by 4.8 per cent, or about £100m, in January 2009.

Standard Life later paid a total of £102.7m into the fund to restore the value of investors' holdings to the position they would have been in prior to the fall in the unit price. In addition to this capital injection, Standard Life contacted existing customers who had been identified as having received poorer quality marketing material in order to determine whether any further compensation might be required. The insurer commissioned a report by an independent third party into the systems and controls relating to the marketing material, and improving these systems and controls in relation to the fund. Standard Life outsourced its marketing material to a third party.

Appendix B: FSA Fines Standard Life GBP 2.45 million

Margaret Cole, the FSA's director of enforcement and financial crime at the FSA, said: "The fine demonstrates our commitment to the principle of credible deterrence. It is critical that consumers are given an accurate understanding of the nature of investment products and the risks involved.

"Without this information, consumers are unable to make informed decisions about whether investments are suitable for their individual investment strategy. "Throughout 2010 and beyond, the FSA will continue to take strong action when a firm's financial promotions fall short of the requirement to be 'clear, fair and not misleading' and customers have not been treated fairly."

The regulator said that because Standard Life co-operated with the FSA and agreed to settle at an early stage of the investigation, it qualified for a 30 per cent reduction in penalty. Were it not for this discount, the FSA would have imposed a £3.5m fine.

Standard Life said it had "learned important lessons from this mistake and have made significant improvements to our marketing literature processes to prevent the same thing happening again". It added: "When our own internal review identified problems with some of our literature in February last year, we immediately apologised to customers and injected over £100m into the fund to compensate them for their losses from the sudden fall in unit price. "Since then, we have conducted a full and thorough review of existing literature and put in place a new improved process for new literature. We have worked closely with the FSA throughout and co-operated fully with their investigation."

Appendix C: investors are vulnerable to a lack of data and control on investments

	Pain	Ideal solution	Requirements of solution
Distribution <i>e.g. fund supermarkets, insurers, private and retail banks pensions firms</i>	<ul style="list-style-type: none"> Increased competition. Impact of open architecture (e.g. fund supermarkets) and new regulation (e.g. UCITS III, Retail Distribution Review) standardising traditional products Liability to investors on product assurances and for mis-selling, e.g. product and fund style drift, especially on third party funds and products Detailed disclosure and process requirements from regulation, e.g. new risk management processes, model approval, data quality Low operating margins. Need to identify and reduce costs and liabilities for fines and failures Increasing complexity of business 	<ul style="list-style-type: none"> Offer end-clients superior products and investment universe with assurances, tools and services to better select and manage investments Constant monitoring of funds, managers and counterparties, with means to manage risks and breaches Out-source regulatory burden and have evidential proof of process to show management and regulators Complete fee and cost transparency Leverage scale benefits via industry consortium One stop solution for all funds 	<ul style="list-style-type: none"> Framework to aggregate funds, managers and counterparties to create investible universe Data and controls over these to enable the sale of any type and style of fund Position-level data to identify risks and centralized database with common definitions Clear mandates with and controls over managers, counterparties and assets Consistent, continuous and clean position level data across all investments in central data base Approved and transparent governance process Flexible reporting framework Pooling of fragmented investments and centralised counterparty management Shared infrastructure to spread cost Clear and agreed mandates and terms
Selection <i>e.g. pensions funds, HNWI, SWFs, local authorities, endowments, insurers, and re-insurers</i>	<ul style="list-style-type: none"> Rising deficits and poor historic risk adjusted returns Fund and counterparty failures Restricted investment universe, limited ability to identify and manage risks in and across investments (function of firm size, scale and expertise) Increasing regulation of permissible instruments. Greater capital requirements Growing need to discover, disclose and reduce costs Need to improve operating efficiencies 	<ul style="list-style-type: none"> Better performing and risk-adjusted assets, ability to switch counterparties Transparency to use sophisticated investment techniques, e.g. ALM/LDI Access to a universe of investments and counterparties the terms and access to which are comparable and standardised Reduce capital requirements and pass investment risk to end clients Migrate to a capital-light model Obtain transparency on fees and reduce costs Generate scale benefits via industry consortium 	<ul style="list-style-type: none"> Continuous data on underlying positions to measure risks, exposures, correlations and contagions Access to collateral for cost-effective hedges Pool managers, funds and counterparties into a single framework Understand risks within profiles to better select and create investment portfolios Qualified universe of comparable investments with consistent terms and datasets and tools Clear and timely risk identification to end-clients Pool fragmented assets and counterparties into common framework Shared infrastructure to share cost

Appendix D: Competitive overview – a comparison of client alternatives

- Institutions need a solution to infrastructure weaknesses that can provide both effective risk and investment management, and meet new compliance hurdles
- Externally provided solutions (out-sourcing) must deliver operating and cost efficiencies. It must also be
 - Independent and free of conflicts: institutions won't embrace a service which compromises their businesses or data
 - One stop shop: flexible to provide all an institutions users with the data they need
 - Cheap and effective: demonstrable cost savings and clear service contract
 - Scalable : accommodate both existing and projected investments, all counterparties and managers
 - Easy to adopt: flexible API, open architecture, high advocacy

Factor	Bank and other solutions	Byhiras
Business Objective	<ul style="list-style-type: none"> • To lock-in banking and administration services into the fee chain through a platform offering to clients. e.g. banks traded fund/managed account platforms Lyxor • To scale their core product and services 	<ul style="list-style-type: none"> • Governance service, i.e. gives investors the assurance of risks and exposures in investments and the controls to manage these and their counterparties • Outsourcing service providing a "one stop shop" market utility
Revenue Model	<ul style="list-style-type: none"> • AuM and transactions fees around prime brokerage of underlying assets, derivatives and trading of funds, administration and custody 	<ul style="list-style-type: none"> • AuM fees around a modular and transparent service set • Fees fall as AuM increase and increase with the complexity of assets and frequency of service.
Focus & Scope	<ul style="list-style-type: none"> • Predominantly new investments in liquid and tradable securities, e.g. ETFs, liquid hedge funds • Typical restrictions include minimum fund capacity, liquidity, trading times, managers, counterparties and redemption notices 	<ul style="list-style-type: none"> • Any asset type or investment style (99% of institutional assets are traditional) legal form, liquidity and location • Designed to become an enterprise wide or just for single funds and take <i>in specie</i> transfers from existing and in-house assets
Critical Weaknesses	<ul style="list-style-type: none"> • Does not and is not built to solve client pain • Not a one stop solution, has inherent conflicts of interest, limited cost benefits, not a scalable solution 	

Appendix D: Competitive overview – self-build and platforms vs. Byhiras

Factor	Self- Build	Bank and other Platforms	Byhiras Service
Business Model	Internal Platform	To lock-in banking and administration services into the fee chain through a platform offering to clients.	Governance, with cost savings and ownership for institutional investors
One Stop Shop	X	X	✓
Cost to build, integrate and maintain	High	High	Low and falls with AuM
Full transparency of all fees	Limited	X	✓
Independent validation of service	X	Limited	✓ SAS70/AAF01/06
Independent & conflict free	X	X	✓
Access to all managers	X	X	✓
Investor control/representation	✓	X	✓ Client Ownership
Enterprise wide service	✓ Potentially	X	✓
Scale benefits & network effects	X	X	✓
Modular fee & service offering	X	Some partially	✓
Detailed services & contracts	X	X	✓ Can be adapted to clients
Multiple counterparties	X	Some partially	✓
High advocacy across users	X	X	✓
No restrictions on liquidity, legal form	X	X	✓ Internal and external assets
Solves regulatory compliance	Potentially	X	✓
Flexible data sharing	X	X	✓
Standardized docs, terms and definitions	X	X	✓

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