



Seven for '07

A Viewpoint on Challenges for Asset Managers
and Asset Service Providers

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Executive Summary

In “Seven for ‘07”, Beacon Consulting Group selects seven industry challenges and trends that asset managers and asset servicing firms will be confronting in 2007. These challenges and trends will test the operating models of many asset managers and asset servicing firms. They also present multi-dimensional opportunities for organizations to focus on creating a new operating framework that mitigates risk, leverages scale, and channels all processes and procedures through a series of steps that have been validated as industry best practices. The “Seven for ‘07” challenges are as follows:

1. Realizing the expected returns of outsourcing
2. Industry consolidation: delivering the anticipated synergies and ROI
3. Turning regulatory mandates into a competitive advantage
4. Technology investments: First build a solid business case
5. Managing the increasing complexity and volume of financial instruments
6. Navigating recent tax and financial reporting mandates
7. Continued innovation in new markets

Changes in regulations, market shifts, and evolving investor needs will require firms to re-evaluate strategies or create new ones to ensure they are well positioned to respond. As firms mobilize to manage the technology upgrades and the compliance and reporting requirements brought on by these challenges, the opportunities for sustainable change will become readily apparent. To be successful, firms will need to do more than just form an ad-hoc committee to extinguish the “hot topic” of the day. Success will be achieved by following a strategy that incorporates both tactical and strategic initiatives. Success will also require collaboration between asset managers, asset servicing firms, and technology vendors plus a clever mixture of innovation, patience and commitment in order to transform core processes and the supporting technology to world class.

Realizing the Expected Returns of Outsourcing

Outsourcing in the financial services industry will continue to be a hot topic in 2007 as firms weigh its benefits and its role in their operating models. Asset managers will continue to focus on core competencies and look for opportunities to reduce costs through outsourcing. Asset servicing firms will look for low cost solutions for clients while maintaining and enhancing service levels.

Asset Managers

As always, asset managers will continue to exert pressure upon their service providers to reduce fees, however, not at the cost of reduced controls or oversight. Fund companies will continue to look for bundled service offerings from their providers including trade support, reconciliations, recordkeeping, compliance, and performance. Outsourcing of middle office services has proven attractive to many firms, and will continue to grow as fund companies gain more confidence in their service providers.

Two key dynamics will directly drive how and what asset managers choose to outsource.

First, is the ability of asset managers to better position themselves for outsourcing success. Many times, firms enter into outsourcing arrangements without a full understanding of what they will need in-house once an area is outsourced. Firms must specify detailed outsourcing requirements and be clear as to what services the providers are unable to support. This understanding is key to the success of outsourcing and also essential to devising an operating model that achieves lower costs and higher service levels.

Second, asset managers who were early adopters of lift-outs in the late 1990s are in contract renewal mode and are now calling on their service providers to deliver on their promise for better service and technology. 2007 will see fund companies continue to explore lift outs since they expedite the outsourcing process and provide some level of continuity. However, several firms have seen their service levels unchanged as service providers endeavored to develop scalable operational and technology environments. Fund companies will strongly push their service providers as contracts and

service levels are re-negotiated.

Asset Servicing Firms

The operational functions supported by asset servicing firms have become commoditized over the years. As a result, customer service and cost were often the determining factors when selecting a service provider. In 2007, technology will again take its place as a perennial, but important differentiator. The challenge for service providers lies in their ability to leverage technology to expand their service offering in a scalable, low cost operating environment. They will face further challenges in redefining and redesigning their domestic "base" operations in order to provide quality client service.

Transferring business functions to off-shore, low cost operating sites continues to be evaluated by many service providers. India will continue to be of interest to many firms, and other regions such as Asia, South America, and Eastern Europe will offer strong competition. The key challenge to off-shoring will be how to do it. Historically, firms have participated in joint-ventures or built their own operations, or used an off-shore service provider. Firms that are contemplating these options will want to retain some level of controls to ensure service levels are maintained. Asset managers are generally supportive of decisions to off-shore activities, but only if it does not disrupt their day to day activities.

Opportunities

The success of outsourcing is evolving. For many asset managers and asset servicing firms, outsourcing represents a valuable component of their overall operating model. These relationships are guided by water-tight service level agreements (SLAs) that lay out the timing and responsibility for key tasks. These SLAs are reviewed annually to ensure completeness and minimize risks.

Firms who outsourced years ago will see greater benefits with their current outsourcing relationship because providers will continue to enhance their operations and technology in 2007. Firms who outsource in the future will see the benefits of a more mature market with greater implementation success, but only if they learn from the experiences of their peers.

Industry Consolidation: Delivering the Anticipated Synergies and ROI

2 The trend towards consolidation will continue as firms look to achieve greater economies of scale while growing their asset base. Expanded product offerings and globalization will also be catalysts for an acquisitive mode that is gaining momentum.

Asset managers and asset servicing firms have varied motivations and business strategies for why they look to grow their businesses through acquisition. Will the asset managers focus solely on acquiring assets to gain market share or will they target acquisitions to expand their market reach and/or product offerings? Will the asset servicing firms look towards consolidation to meet cost saving and scalability objectives or make strategic acquisitions to fill technology and/or customer service gaps?

Asset Managers

Can one buy performance? For many reasons this is a tough question to answer because of the influence of such variables as staff retention, investment cyclicalities, expense ratios, product restrictions, etc. Product proliferation and the cost of regulation are two key factors that will drive consolidation on the investment management side of the industry in 2007.

Product proliferation

A growing acceptance by both institutional and retail customers to invest more heavily in alternative investments strategies has fueled the phenomenal growth of hedge funds and private equity. Some of this paradigm shift has come at the expense of the mutual fund companies, leading to a talent drain as some high-performing managers have left in favor of the more generous compensation structures of the alternatives world.

Traditional mutual fund companies will need to augment their product suite to compete with these alternative investment products. The paths to achieve this run the gamut from straight-forward acquisitions to distribution agreements, joint ventures, and partial equity investments.

Cost of regulation

Specific to the mutual fund industry (RIC's), recent

SEC regulations have placed a large burden on the infrastructure costs of these organizations. Outsourcing, while helpful, will not completely absolve firms of the expenditures related to meeting these regulatory requirements.

Mid-sized fund companies will be most challenged in this area as the larger firms will use their scale and deep pockets to emphasize tighter controls and more transparency as a competitive advantage over their small to mid-sized rivals. Smaller fund companies with unique products or strong fund performance may decide to ride out the storm and follow the leaders while the mid-sized firms will be caught in the middle and marginalized.

Asset Servicing Firms

The asset servicing firms will look to be acquisitive based on the time-honored tradition of finding synergies and creating scalability. These opportunities can be found in the low-hanging fruit of migrating to common platforms and processes, and eliminating redundant jobs, etc. While they sound attractive to shareholders, they do not address the fundamental problem of growth. Firms will need to leverage cost savings to target investment spending on those areas that will drive growth.

Apart from the organic growth experienced by the industry, growth will come from new markets, expanded product offerings, and by winning the client turnover war. At the same time, firms will need to focus on client retention during the integration period or their new business gains will be offset by attrition losses. Three key areas fueling asset servicing consolidation include:

New markets

With the U.S. market being mature and highly competitive, asset servicing firms will need to focus on Europe and other regions. The combination of two asset servicing firms with a larger presence should lead to greater opportunities to expand into new regions either through partnerships or acquisitions.

Expanded product offerings

Leveraging the strengths of each organization from a product standpoint will be one of the keys to growth. Cross-selling opportunities will abound, however,

firms will need to convey to their clients how the new organization will be beneficial to them and not just to shareholders. Examples include: better technology, expanded distribution capabilities, and leveraging the core strengths of each organization.

A significant growth opportunity for these firms is in the area of investment operations outsourcing. Widely accepted in the U.K., investment operations outsourcing is gaining traction in the U.S. and Europe. Currently, the traditional players in this space are struggling to deploy efficient technology solutions, which have put pressure on margins and customer relationships.

Client turnover

A significant amount of client turnover has recently occurred in the custody and accounting service areas. The success of some of the asset servicing firms in landing large outsourcing deals has come at the cost of some smaller firms feeling disenfranchised and neglected from a quality and customer service perspective.

Opportunities

Several opportunities are readily available to organizations that want to realize the payback of consolidation. Some of the solutions require challenges to long-standing assumptions. The anticipated synergies and ROI promised by industry consolidation will be realized as a result of the following:

- A complete understanding of the business drivers and metrics of the business.
- A comprehensive definition of what is most important to customers.
- A disciplined process to rationalize existing technology and define its strengths and weaknesses.
- A realization of the importance of each function's contribution to the customer value chain.

Turning Regulatory Mandates into a Competitive Advantage

3 Predicting the SEC's areas of focus for the next year is never easy, and it is probable that the headlines in 2007 will be made by issues not currently on anyone's radar screen. Tips from whistleblowers or issues discovered during SEC reviews may spawn highly publicized controversies and prompt all asset managers and asset servicing firms to review potential exposure and enhance controls and procedures. A few SEC priorities are well-known and could have an impact on the operating models of asset managers and asset servicing firms. Turning SEC mandates into an advantage can be accomplished by a formal process and operational review that transforms existing internal processes into models of efficiency and mitigates risks.

One recent example of this is XBRL.

XBRL

2007 may be *the* pivotal year for XBRL in the US.

XBRL is an emerging financial reporting format that enhances an investor's ability to research and analyze financial data. In a financial report filed using XBRL, every data element is tagged with a uniform but invisible label. All funds will use these common names under a taxonomy developed by XBRL-US, the XBRL governing body.

Although it has not yet required filers to adopt XBRL, in late 2006 the SEC launched a prototype that will "unlock the interactive capabilities of XBRL documents and demonstrate the potential benefits of XBRL to individual investors." If the launch is viewed favorably, it could mean that a regulatory mandate requiring future reports be filed using the format is not far behind. The Investment Company Institute (ICI) has indicated it intends to actively support XBRL initiatives and has already released additional investment company taxonomies in 2007. Vendors who offer automated financial reporting and prospectus applications are increasingly XBRL-ready.

How will it help investors? Consider an example in which an investor would like to search the SEC's website for all large cap value funds with an expense ratio of .93 or

less. Currently, such a task requires a time consuming, hit-or-miss, fund-by-fund manual search of the SEC site or an expensive research service. In the XBRL world, all data elements are tagged in the same way and the investor will be able to specify the data elements to search across multiple funds right from the SEC's site.

XBRL Opportunities

Investment operations personnel and asset servicing firms should monitor XBRL developments, but not worry if they don't understand the technical details. In reality, financial reporting personnel need to know as much about XBRL as they know about ASCII. That said, XBRL's arrival could be viewed as an opportunity to streamline several internal and external processes via some key operating model changes.

Firms should consider ways to leverage XBRL data beyond the financial reporting arena. For example, the production of fund fact sheets by marketing departments could be streamlined using XBRL data from the single source that also provided the data to the financial report, eliminating the need to manually input the data. Firms should also consider the impact of XBRL data as it relates to external auditors, who will benefit from improved data integrity and reliability. Auditors should be asked about their investments in XBRL and the anticipated benefits. At the very least, firms that use automated financial reporting platforms should ensure that their financial reporting vendors are XBRL-ready. This will eliminate transitional issues if the SEC does issue an XBRL mandate.

Regulatory Trends

Although total SEC enforcement actions dropped 8.9% in the government's fiscal year just ended, actions against investment advisors and investment companies were nearly unchanged: 97 in FYE 2006 vs. 95 in FYE 2005. According to the SEC's 2006 Performance and Accountability Report, the primary areas of enforcement activity focused on compliance failures and mutual fund-related fraud. The SEC continued its intense prosecution of market timing and will continue to aggressively pursue enforcement actions against illegal mutual fund trading activities in the upcoming year. Controls over fund redemption policies and market timer monitoring are sure to be an SEC focus in the upcoming year.

Due to budgetary pressures, the SEC has reduced resources committed to performing sweep exams of investment companies and broker dealers; however, examiners are delving deeper into trading, accounting, and compliance areas of investment companies and dealing with more complicated and lengthier investigations.

Recent scrutiny has focused on Rule 22c-2, or the redemption fee rule. Rule 22c-2, allows registered investment companies to impose a redemption fee, not to exceed two percent of the amount redeemed. The fee is intended to discourage short term trading and help funds recoup some of the direct and indirect costs incurred as a result of short-term trading strategies, such as market timing. The major redemption fee issues faced by funds include cost, processing and disclosures related to the imposition of the fees. Several asset managers have expressed concern over the costs that intermediaries are proposing to provide the trading data.

Future Outlook

The SEC's Director of the Office of Compliance Inspections and Examinations has provided guidance on the focus of future SEC reviews, which sheds light on the ever-widening scope of topics receiving SEC attention. Asset managers should assess risks related to insider trading and front running, best execution and soft dollar arrangements. Fully documenting trading policies and procedures and providing transparent disclosures of fund expenses and payment distributions can shore up compliance gaps and prevent significant breaches in the case of an SEC examination.

As baby boomers rapidly reach retirement age, the SEC promises to increase scrutiny on fund companies' selling tactics to ensure investment products match the needs and goals of investors and provide full disclosure of fees and costs. SEC exams are also reviewing policies and procedures of investment firms for preventing fraud, theft, and phishing schemes, purported often by obtaining account or personal account information and targeted primarily at seniors.

Opportunities

As the SEC investigative and enforcement priorities continue to shift year by year, asset managers and asset servicing firms need to ensure that they understand

their potential exposures. The opportunity exists to create and implement an optimal control environment that will identify and mitigate the multiple dimensions of risk.

Technology Investments: First Build a Solid Business Case

4 In 2007, many firms will move forward and execute on important strategic technology projects. How every firm successfully deploys and utilizes strategic technology will be the challenge.

Successful technology initiatives are grounded in a thorough understanding of the firm's business, its core competencies and how the business lines contribute to creating value for clients. The successful decisions to invest in new technology are driven by more than the desire to consolidate vendors, upgrade applications, or migrate away from legacy systems. While these reasons are compelling, little real value will be created without the more comprehensive analysis and understanding of the opportunities and alternatives. Technology decisions must be made with a clear vision of current and future strategies.

Prioritizing technology investments and allocating the dollars and resources to processes that create value for clients is an important element of sustaining success. Once the drivers of value are understood, a clearer path to the next steps is established. A continuous evaluation of processes, core competencies and the relative value created for clients enables management to more confidently make decisions regarding additional investment in technology. The evaluation also provides the opportunity to assess the alternatives for processes and tasks that are necessary and important, but do not represent a competitive advantage, nor create value for clients or for the organization.

For example, the upshot of the evaluation process for the pure play asset managers would be first, to invest significant technology dollars in value-add components of the business, such as alpha-generating analytics or custom client reporting. Second, the asset manager would determine that the basic blocking and tackling of the functional requirements such as accounting, transfer agency and recordkeeping, should be shifted to other organizations that have the scale and know-

how to do so. The typical options are outsourcing, as models or offshoring. Pursuing the alternatives for these key tasks allows for a redeployment of people and realignment of capital spending.

2007 will see a continued focus on technology investments that create value. Alpha-generation remains an important driver in the market and systems that help with portfolio construction and optimization techniques will receive an increasing share of technology dollars. The proliferation of investment products will require that systems be capable of providing global views of clients and accounts. A focus on client service, its impact on reporting, timeliness, and analytics will mean that process changes and new technology will need to deliver on the client's desire for web-based, real-time access to portfolio and performance information from asset managers and asset servicing firms.

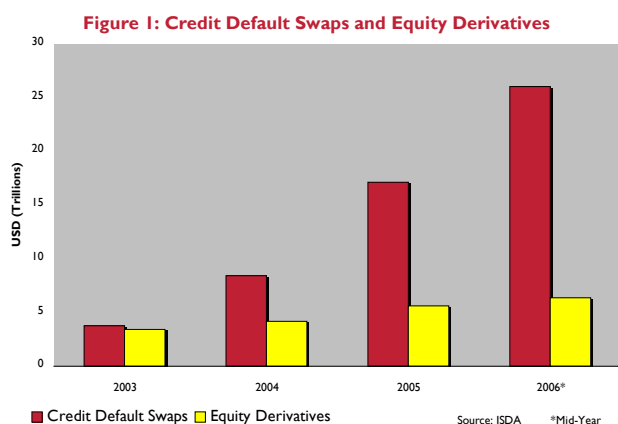
Another area of strategic importance is standardizing and centralizing controls and ensuring that controls are adequately designed and are operating effectively. Many firms are launching initiatives to ensure that risks are identified proactively and that necessary controls are in place where appropriate. Redesigning operating processes coupled with technology will enhance a firm's ability to automate reconciliations, perform analytics, and track reviews and approvals thus producing significant cost savings and immediate benefits.

It is never too late to make sure that technology investments are aligned with the overall competitive advantages and strategic direction of the business units. Continuous evaluation of processes and procedures will help firms assess the current infrastructure for compliance gaps and workarounds and help determine whether improvements are warranted. The review process can assess whether written compliance policies and procedures are adequate. It can also redirect management supervision to areas of key risk.

Managing the Increasing Complexity and Volume of Financial Instruments

5 2007 will see hedge funds retain their appeal because of their innovative investment strategies that create alpha-generating opportunities for their investors. As the profile of the typical hedge fund investor changes, asset managers will need to demonstrate two important attributes: a successful track record of market-beating performance and solid evidence that appropriate controls and procedures are in place – both of which favor large, established players.

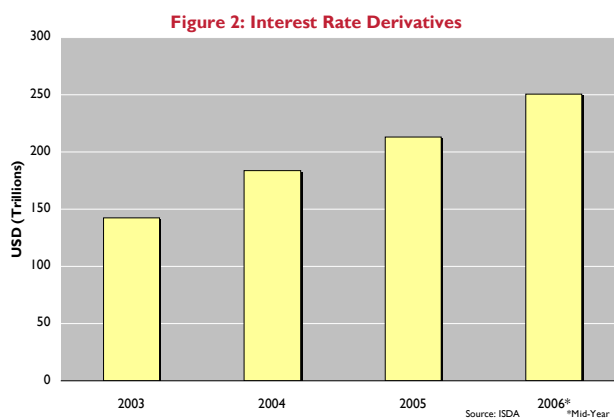
One of the markets impacted by hedge fund trading strategies and the search for alpha is the over the counter derivatives market. The growth in this market will present more challenges to asset servicing firms and test their operations. The International Swaps and Derivatives Association estimated that by mid 2006, the total notional amount outstanding of interest rate swaps and options and cross-currency swaps grew 18% to \$250.8 trillion. The fastest growing segment of the market continues to be credit default swaps, which grew by 52% in just the first six months of 2006 to \$26.0 trillion from \$17.1 trillion. Equity derivatives, which consist of equity swaps, options, and forwards, grew by 15 percent from \$5.5 trillion to \$6.4 trillion.



Opportunities

The growth of hedge funds and alpha-producing investment products present the asset manager and service provider with several opportunities. The growth in the use of hedge funds by institutional investors and the use of more complex trading strategies mean that more controls and infrastructure must be in place at

the asset manager. This requirement plays to the scale of large investment managers, but to attract investors, asset managers of all sizes must have appropriate controls in place. The volume and increasing complexity of financial instruments will continue to put pressure on the scalability of asset servicing firms. There is additional risk where insufficient product knowledge or few automated controls are in place to detect or minimize processing errors.



These trends highlight the opportunity asset managers and asset servicing firms have to review current processes and workflows. Many are significantly streamlining workflows in order to reduce risk and revise how, when, and by whom certain functions are performed. Effective controls and review procedures are critical, especially where spreadsheets and manual accounting entries continue to be the coin of the realm.

Senior management will need to deploy knowledgeable and experienced personnel to provide the level of expertise required to correctly process, value, account for, and report on each transaction. An emerging trend among asset servicing firms is to adopt a proactive and collaborative approach with asset managers and external auditors, led by a specialist who acts as a single point of contact for certain investment vehicles. This arrangement identifies and resolves issues early and correctly. Indeed, all aspects of swaps and derivatives processing are ripe for process improvement initiatives.

Complying with Recent Tax and Financial Reporting Mandates

6 Financial reporting specialists will confront a number of issues in 2007 and many organizations are responding with process improvement opportunities that go beyond simply complying with the technical requirements of the new accounting standards. FIN 48, FASB Statement 157, and other issues such as inverse floaters are presenting challenges for those who prepare investment company financial statements and tax returns. Many organizations are looking beyond these specific tax and accounting pronouncements and are devising future processes and controls within their operations that will ensure that their highly skilled tax and financial reporting personnel are starting with clean, easily-retrieved data to which they will apply their extensive knowledge and experience. This will position their firms to comply with any future tax or accounting pronouncement.

FIN 48

On July 13, 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48 (FIN 48) "Accounting for Uncertainty in Income Taxes". Its implementation date has been delayed for investment companies until the first reporting period after December 15, 2007. FIN 48 was intended to clarify the accounting for uncertainty in income taxes by prescribing a uniform recognition threshold and measurement attribute for the financial statement impact of a tax position taken on a tax return. FIN 48 shines the spotlight on tax personnel and the processes and analysis used to develop tax positions for increasingly complex financial transactions.

FASB 157

FASB Statement 157, Fair Value Measurements, consolidates several previously issued pronouncements regarding fair value and establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures regarding fair value measurements.

Key Challenges

FIN 48 and FAS 157 present challenges that are similar in many respects. Both require well-documented controls and procedures that will ensure the quality of data. Each pronouncement also requires a detailed

trail of the analytical procedures and judgments undertaken in measuring, valuing and disclosing the financial statement impact of each key transaction or position taken.

The FIN 48 implementation delay provides financial reporting and tax professionals with additional time to identify and document material tax positions and review them with independent auditors before implementation is required.

The challenge under FAS 157 is to ensure that valuation methodologies are consistently applied. Policies and procedures should be periodically reviewed and should explicitly address scenarios where information is not readily available. Communication between asset servicing firms and asset managers needs to be ongoing and result oriented.

Opportunities

The reality is that the process of documenting tax positions and valuation judgments could represent a burden to tax and accounting personnel whose to-do lists are already at full capacity. The task is exacerbated when quality tax and financial data is unavailable or difficult to obtain. These burdens leave little room for the unexpected ad hoc projects that arise such as recasting inverse floater transactions.

These pronouncements and their interaction with internal controls over financial reporting have accelerated the move by many asset managers and asset servicing firms to introduce financial reporting and tax process improvement initiatives. Organizations are investing significant dollars and time in initiatives to ensure that their professionals spend less time acquiring and manipulating data and more time analyzing it. New controls and procedures are being devised that integrate best practices, improve data quality, introduce process automation and training initiatives that ensure that tax and financial reporting professionals have the time and knowledge required to evaluate, monitor, measure and disclose positions and transactions in accordance with the new pronouncements. Many firms are increasing their tax team's strength by recruiting additional experienced tax and financial reporting personnel.

Continued Innovation in New Markets

7 In 2007, asset managers and asset servicing firms will continue to capitalize on the growth potential available in the global investment marketplace. Effectively satisfying investors' appetites for products in new markets and operating in those markets will present a world of opportunities and challenges for the operations of asset managers and asset servicing firms.

Asset Managers

For some asset managers, entering new markets means entering established regions, e.g., Europe and Japan. For others who are already established in the major non-US regions, new markets mean capitalizing on the developing economies and wealth accumulation taking place in China, India, South America and Asia. In either case, simply cloning current products for introduction in new markets is unlikely to prove fruitful, regardless of the success elsewhere of the current product.

Gaining a thorough understanding of the regulatory environment in each new jurisdiction will lead to wise decisions about the correct product and product structures to be used, and where such products should be domiciled. Misinterpreting the regulatory landscape has led to many investment managers learning the hard way that influence, power and name recognition in the US does not always translate with foreign regulators and investors. Properly interpreting and understanding the historical, economic and cultural factors affecting the investment decisions of potential shareholders will be a prerequisite for successful distribution in a new market.

Asset Servicing Firms

The growth of new markets also offers opportunities for the industry's asset servicing firms. For asset servicing firms, being the first to enter a new market is often a significant competitive advantage, but it is temporary and success or failure hinges on far more than just speed to market. The product mix, market strategy, ability to accumulate assets and the ability to service the products and shareholders will determine winners and losers in the end.

Each new market will have unique regulatory and client service requirements that will provide challenges to the asset servicing firms' technology and personnel. Fund

administrators, custodians, trustees and transfer agents will need to be adaptable and creative in building the local capabilities and scale necessary to support the asset managers and their clients in these new arenas. For example, some markets will require that a NAV be calculated to 10 or more decimal places. That requirement would challenge the current capabilities of many administrators. The asset servicing firms who successfully compete in a new market will invest in the requisite technology, hire and retain strong local talent and employ an operating model that results in a premium product offered from within the local market. Asset servicing firms cannot view each new market as an extension or carbon copy of established markets, and plan to service them as such. Those that do will be disappointed with the results, as will the asset managers who choose them.

Lastly, the ability to effectively service shareholders in a manner that addresses their unique needs, and in their time zone, will be a critical ingredient in any successful venture. Lack of preparation in any of these areas is likely to manifest itself in costly missteps that take the form of shareholder dissatisfaction or regulatory issues, and ultimately an unprofitable endeavor.

Opportunities

Achieving success in new jurisdictions requires a great deal of advanced planning and preparation. At many asset managers and asset servicing firms, identifying and capitalizing on these growth opportunities is a full-time position for business development and product strategy groups. A major impetus for the focus is to keep competitors at bay as they too attempt to supplement the industry's organic growth with break-out growth in new markets.

Organizations that successfully achieve growth in new markets are adept at quickly integrating and improving processes and procedures. These organizations plan and manage new market opportunities by striking the right balance between local autonomy and centralized performance of key administrative functional areas (e.g. investments, compliance, legal, trade processing, accounting etc.).

The result of that planning should be a strong operating model that easily integrates efficiency, best practices and local requirements.

About Beacon Consulting Group

Today's financial services firms face increased global competition, intense cost pressures, and unprecedented scrutiny. Investors demand total transparency. Regulator inquiries are on the rise and board oversight is now nearly comprehensive in its scope. These forces combine to intensify the pressure on firms to constantly innovate and improve.

It is against this backdrop that Beacon Consulting Group works with clients to review and improve their processes and assure a higher return on their substantial investments in their people, processes, and technology.

Our Services

- Business Process Redesign
- Systems Strategy and Assessments
- Operating Model Design
- Fund Administration Oversight
- Organizational Analysis
- CCO Support
- Implementation Services
- Financial Reporting Services

Recent Projects

- Developing the global operating model for a leading investment management service provider.
- Directed the implementation of a leading-edge mutual fund accounting and reporting system.
- Defined and documented the operating policies and procedures for a start up mutual fund company including SOX Disclosure Controls and Procedures and Internal Controls over Financial Reporting.
- Performed assessment of financial reporting process leading to a reduction in the reporting cycle.

The Beacon Advantage

Beacon Consulting Group is a specialized independent consulting firm providing business planning, operational consulting, systems development, and fund administration and compliance services to the financial services industry. Our areas of focus include: mutual fund companies, investment management firms, banks, and insurance companies. We leverage our proven results and consulting competency to deliver value

to our clients on the basis of competitive positioning, improved operating performance, optimized technology deployment, and effective risk management.

Our consultants average over 14 years of direct experience in the financial services industry. This includes working for many of the leading management consulting firms, in addition to several major financial services companies. We truly enjoy and take pride in the work we do. The Beacon advantage emerges out of these guiding principles:

- Provide in-depth knowledge of the investment management operating environment including "Best of Breed" deployment of in-house functions and external asset servicing firms.
- Provide independent consulting services with no secondary agenda or additional risk exposure.
- Utilize senior/experienced consultants to lead and support each client engagement.
- Provide on-going client support beyond the review process based on the client's needs.
- Develop realistic recommendations based on achievable results.

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