

CARLYLE Blue Wave

Case Study: Building a Successful Processing Infrastructure to Support Growth of New Products

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Background

➤ Carlyle Blue Wave

- Launched on April 2, 2007
- Strategies launched:
 - Equity Long/Short
 - Equity Vol
 - Special Situations
 - ABS
- Time taken from start of development to launch: 4 months
- Added new strategies and asset classes over the next 2 months

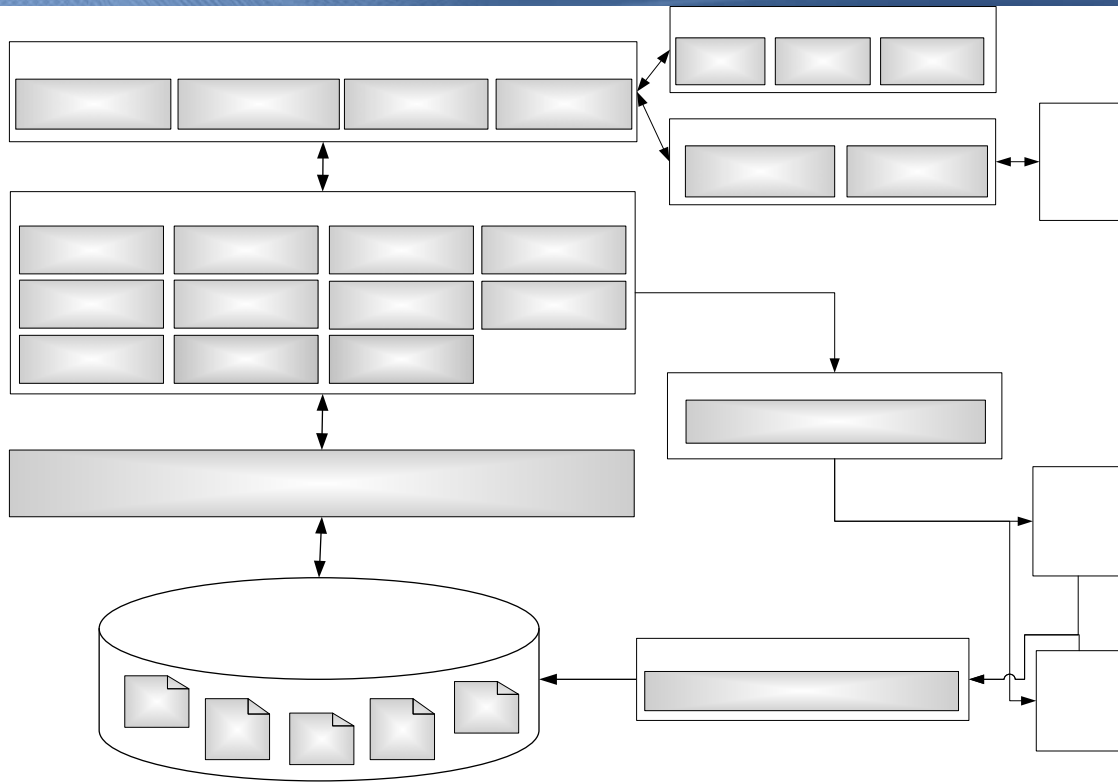
CBW System Strategy

- Find the experts
- Analyze and breakdown functions within each module
- Map best of breed vendor products to functions
- Focus efforts on integration of vendor systems
- Minimize builds for bridging the integration gaps

Systems Used

Analytics	Deltix, MatLab, others
OMS/EMS	Tethys
Position Keeping System	Front Arena
Security Master	Paladyne
Reconciliation	FMC Recon
Portfolio Accounting System	CITCO Aexeo
Reporting and Other	Polaris (In house)
Market Data	Reuters, Bloomberg, RealTick, Compustat

Typical Hedge Fund Picture



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FRONT OFFICE

Analytics

Trade Capture System
(Non electronic trading)

OMS System(s)

Position K
Blotte
(Intra day

MIDDLE OFFICE

Trade Enrichment

Allocation
Strategy, Acct

Trade Aggregator

Cash Mg

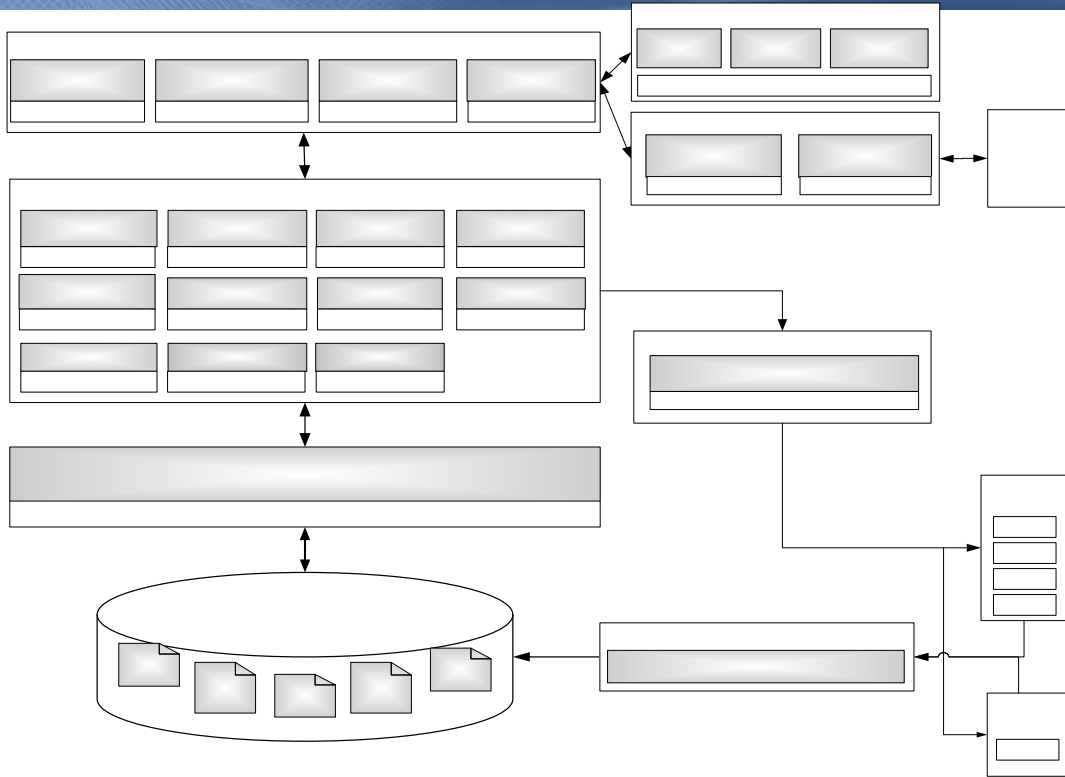
Security Master

Corp Actions

Pricing

Collateral/M
Man

CBW



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Front Arena /Polaris

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Cash Mgmt
Prime Broke

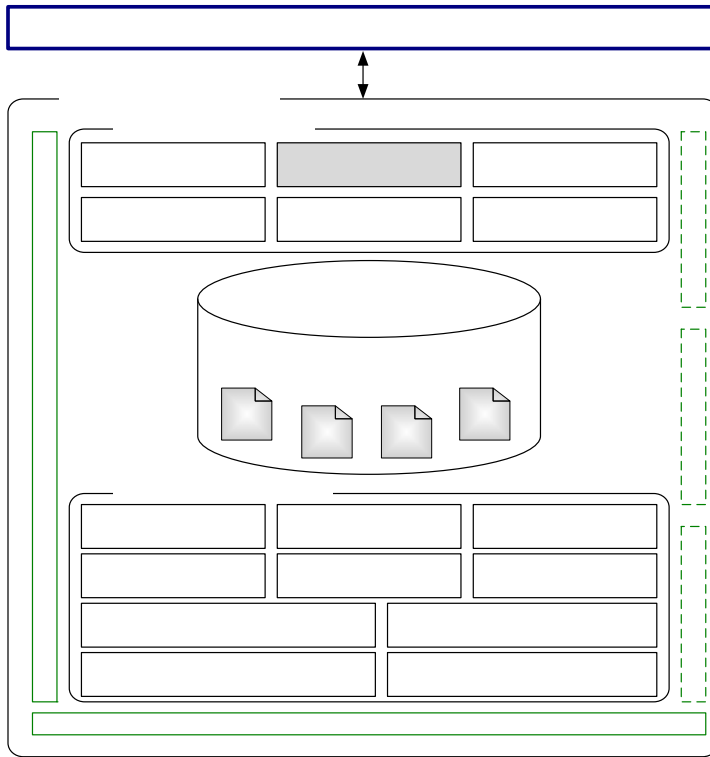
Security Master

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Mgmt

Polaris



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POLARIS
(ENTERPRISE-WIDE INTEGRAT

POLARIS ENTERPRISE MODULES

POLARIS BUSINESS APPLICATION SUITE

Compliance Suite of
Apps & Reporting

Reconciliatio

Financing Suite of
Apps & Reporting

Risk Integrati

Ideal Scenario

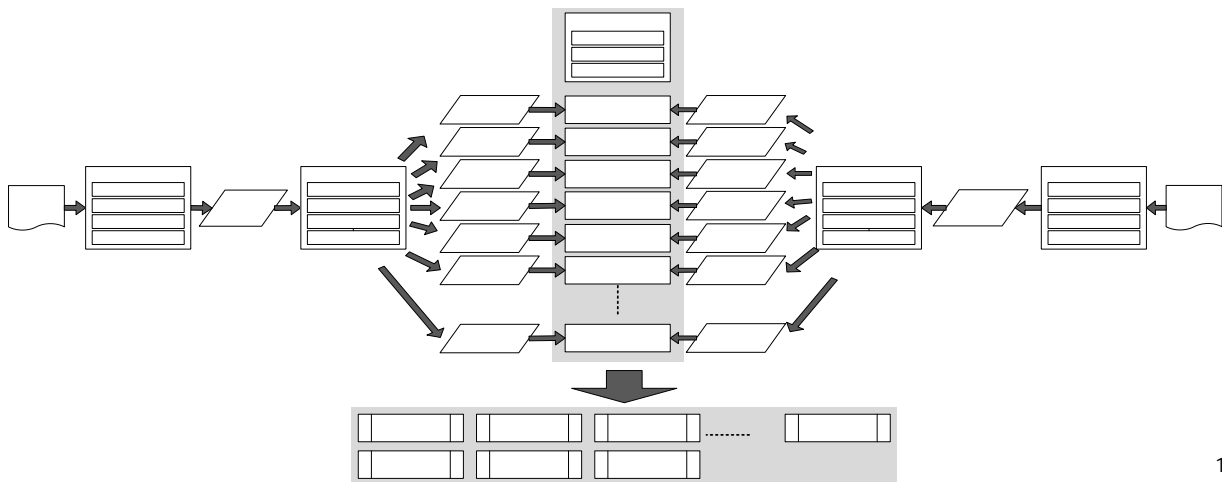
- Modular products that maps to all functions in the hedge fund workflow in any asset class
- Modules should have rules per asset class within each function
- Modules should be flexible across asset classes
- Easy to incorporate new asset classes
- Interfaces to each module should be well defined, intuitive and comprehensive

CBW's path to the ideal...

- Expedite asset class implementation through tactical enhancements to Polaris
- Continue to search for vendor solutions that meet the ideals to replace the tactical solutions

Case in Point - IVP Recon

- Supports multiple asset classes and financial instrument types with an ability to integrate new asset classes as required
- Flexible and customizable ways for data capture from HF, PB and Fund admin feeds
- Built in rules engine for creation/validation of complex reconciliation rules
- Intelligent and Integrated Wizard for sequential guided setup.



Key Take Aways

- **Right Technology:** All functions should be covered by technology
- **Improved Operational Efficiency:** Functions outside PM analytical systems might not contribute to ROI but improve operational efficiencies
- **Use of vendor solutions:** Better to use standard vendor solutions than each HF building its own tactical solutions