SS&C Technologies (SSNC) $35.80

- We like the aggressive management who are consolidating the industry and adding value through consistently achieving cost synergies.
- We expect more large acquisitions: consolidation opportunities remain attractive.
- The market is concerned about the hedge fund business and slower organic growth, which we think is a sideshow.
- We expect accelerating organic growth from Advent cross-selling in 2017, which usually takes a couple of years longer than cost synergies

March 24, 2017

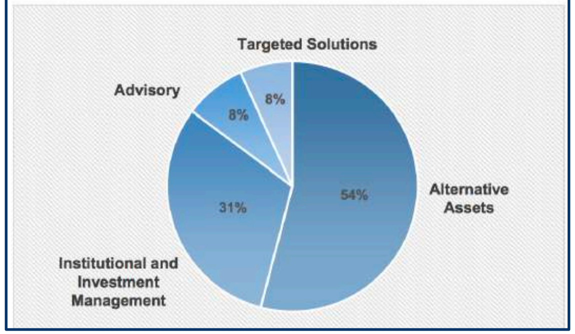
Potential Upside: $52 (+45%)
Sensible Downside: $31.5 (-12%)

| SSNC: What does it do?

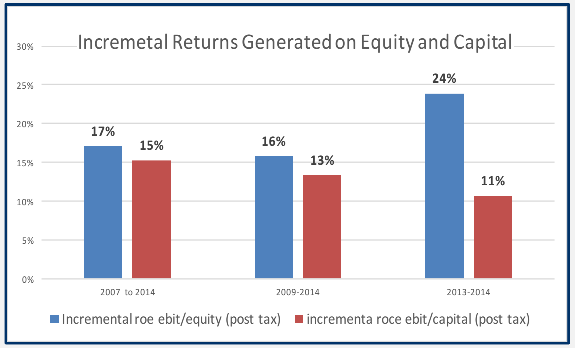
- SSNC is a **leading Fund Administrator for hedge funds, private equity, long only funds.**
  - **~95% of revenues are services, maintenance or SAAS based revenues** and therefore very sticky
- It also sells **software solutions** for Investment managers for their front, middle and back office.
  - According to the CEO, total Fund Administration business is $900m (54% of total revenue) and the balance is software.
- **Alternative assets (54% of revs): Assets under Admin (AuA)**
  - Hedge Funds $600b (55%)
  - Private Equity $400b (35%)
  - Fund of Funds $100b (10%)
- SSNC has 11,000 clients in financial services and it's across a wide variety of structures and asset classes.

- The company has grown predominantly through acquisitions as it consolidates an otherwise boring highly fragmented $100bn industry.
  - **Incremental return on capital are around 14%** despite major acquisitions

2016 Revenue Business Distribution by End Market



End Markets	
Alternative Assets	Hedge Funds Fund of Funds Private Equity Real Estate Fund Administration
Institutional and Investment Management	Institutional Asset Management Insurance REITs Pension Funds
Advisory	Wealth Management RIAs
Targeted Solutions	Property Management Municipal Finance Financial Modeling Money Market processing Training Research Management



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Conclusion

- **It is all about SSNC management consolidating the market and delivering synergies.**
  - **The market's focus on hedge fund redemptions** is obscuring the acquisition strategy, that has historically added value.
  - We expect **large value accretive acquisitions in the future**
    - The company is not constrained by high debt level, and we believe SSNC would issue equity for the right opportunity
  - Management has a ruthless **private equity mind-set** in an industry that is consolidating
    - Focussed on adding value through **large operating margin increase at acquired companies**
    - Economies of scale and scope **allows for significant synergies**
  - **There are few buyers and forced sellers**
    - Expect further sales by banks to be an opportunity for SSNC
- **Acceleration of organic growth** due to cross selling opportunities especially from Advent, which was acquired 18 months ago
  - Largely unexpected by the market because of slow organic growth and downgrades in 2016.
  - Growth synergies usually take 2-3 years to arrive versus immediate impact of cost synergies.
- **Highly visible and stable cash-flow generation**
  - Ability to grow revenues at 10%+ pa with an attractive FCF yield of 6.5%.

Risk Reward

Sensible downside scenario: $31.50 (-12%)

- Our conservative downside case is $31.50 based on a DCF
  - 2018 assumes -5% in hedgefund business, then zero growth going forward
  - 2018 FCF of $441m
  - Using 8% discount rate given stability of the business
  - Organic growth of 2-3%, approx terminal growth from 2018
  - No acquisitions

($m)	2015	2016	2017	2018	2019	2020	2021
Revenues	1,000	1,481	1,670	1,710	1,763	1,819	1,881
Revenue Growth (%)	30%	48%	13%	2%	3%	3%	3%
EBITDA	392	555	635	650	670	691	715
CAPEX	18	37	46	47	48	50	52
FCF	213	381	429	441	457	474	493

Terminal Gth	2.5%
Discount Rate	**8.0%**

PV	8,075
FV Debt	1,565
PV Equity	6,510
Share Price	31.6
Downside	-12.2%

Downside reasoning

Organic Growth

	2017E	2018E	2019E	2020E	2021E
Alternative Asset Managers	**900**				
Hedge Funds	*495*	470	470	470	470
Organic Growth rate(%)		-5%	0%	0%	0%
Private Equity	*315*	347	381	419	461
Organic Growth rate(%)		10%	10%	10%	10%
Fund of Funds	*90*	92	94	96	97
Organic Growth rate(%)		2%	2%	2%	2%
Insurance and Asset Managers	**518**	523	528	533	539
Organic Growth rate(%)		1%	1%	1%	1%
Advisory/WM	**134**	140	147	155	162
Organic Growth rate(%)		5%	5%	5%	5%
Targeted Real Estate etc.	134	138	142	146	151
Organic Growth rate(%)		3%	3%	3%	3%
Total revenue	**1,670**	**1,710**	**1,763**	**1,819**	**1,881**
Software	770				
Fund Administration	900				
Revenues	**1,670**	**1,710**	**1,763**	**1,819**	**1,881**
Revenue Growth	13%	2%	3.1%	3.2%	3.4%

Hedge Funds
- Assume a 5% step down for hedge fund business, which we think is conservative.
- In 2016, HF market revenues declined 2% but SSNC grew by 2% by increasing share and selling additional services

Hedge Funds
- 0% growth in HF is conservative, given that HF will recover if broader market moderates (pages 27, 33)

Insurance and Asset management
- Expected to be low growth.
- Insurance will see more growth given increased outsourcing, but split unknown. (pages 34, 35)

Private Equity
- Business has outsourcing adoption of 30-40% and is growing at ~20% pa. We have taken a conservative view of future growth. (pages 30-32)

Advent's advisory business
- Has been growing at 20-30%. Fast growth from a third of the business called Black Diamond. (page 37)

Realistic upside scenario: $52 (+45%)

- Our free cash flow for 2017 is similar to guidance
- ~5% organic growth
- Assumes 200bps of operating leverage
- Gives 45% upside over two years
- No value added from acquisitions
  - i.e. this remains a free option, assuming management can continue to add value via acqusitions.

($m)	2015	2016	2017	2018	2019	2020	2021
Revenues	1,000	1,481	1,670	1,770	1,861	1,957	2,058
Revenue Growth (%)	30%	48%	13%	6.0%	5.1%	5.2%	5.2%
EBITDA	392	555	635	690	744	783	823
CAPEX	18	37	42	44	47	49	51
FCF	213	381	429	480	523	554	586

Terminal Gth	2.5%
Discount Rate	**8.0%**

PV	12,001	
FV Debt	1,243	
PV Equity	10,758	
Share Price	52.2	
Upside	45.1%	In 2 years

UPSIDE REASONING

Organic

	2017E	2018E	2019E	2020E	2021E
Alternative Asset Managers	**900**				
Hedge Funds	*495*	505	515	525	536
Organic Growth rate(%)		2%	2%	2%	2%
Private Equity	*315*	365	420	479	541
Organic Growth rate(%)		16%	15%	14%	13%
Fund of Funds	*90*	92	94	96	97
Organic Growth rate(%)		2%	2%	2%	2%
Insurance and Asset Managers	**518**	523	528	533	539
Organic Growth rate(%)		1%	1%	1%	1%
Advisory/WM	**134**	144	156	168	182
Organic Growth rate(%)		8%	8%	8%	8%
Targeted Real Estate etc.	134	141	148	155	163
Organic Growth rate(%)		5%	5%	5%	5%
Total revenue	**1,670**	**1,770**	**1,861**	**1,957**	**2,058**
Software	770				
Fund Administration	900				
Revenues	**1,670**	**1,770**	**1,861**	**1,957**	**2,058**
Revenue Growth	12.7%	6.0%	5.1%	5.2%	5.2%

Hedge Funds

- To be a lot lower than this, you have to believe hedge fund AUM are in secular decline. We don't think they are.
- Even if revenues for the industry decline, we would expect SSNC to continue to gain share

Private Equity

- is the best growth opportunity for SSNC
- Currently growing at 20%pa,

Is SSNC a high quality business?

Highly recurring business model

- **Software-enabled services business**, where SSNC provides back office services to clients.
  - offer comprehensive fund administration services including fund manager services, transfer agency services, funds-of-funds services, tax processing and accounting.
  - typically sold on a long-term subscription basis and integrated into clients' business processes
- **Term licenses and the maintenance** associated with the term licenses, is mostly the new Advent business and also the historical maintenance revenue for perpetual license.
- **Retention rates** over last 12 months
  - Maintenance revenue 97%
  - Software services 92%
  - Term license 93-97%
- **Professional services** are advisory in wealth management
- **Fund Admin business is $900m of the $1.67bn**

	Q4 2016	% of total
Software-enabled services	257.7	64%
Maintenance and term license	109	27%
Total recurring	366.7	92%
Perpetual license	9.3	2%
Professional services	24.6	6%
Total non-recurring	33.9	8%
Total revenues	400.6	100%

High quality cash flow generation defensive in 2008/09

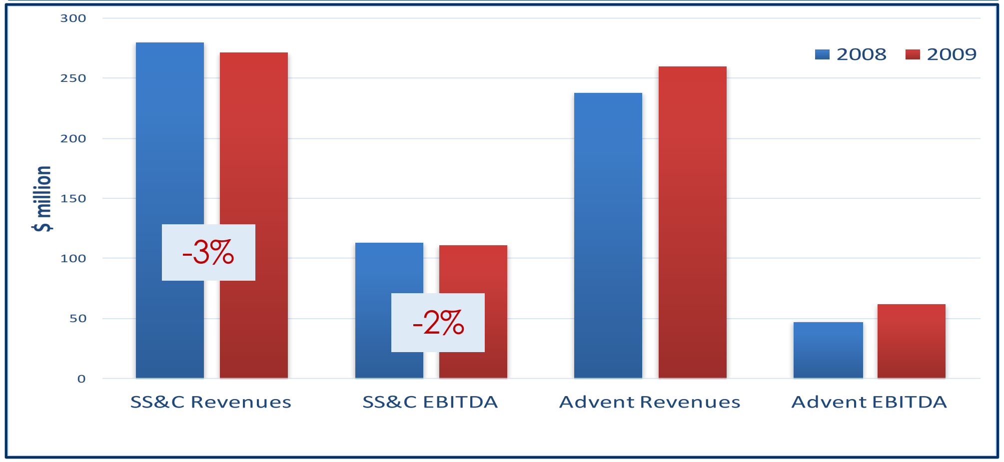
- SSNC has delivered impressive historical cash generation
  - **Even in 2008 and 2009 there was little impact on the operating cash flow.**
  - **Capex is <10% of the operating cash**, providing cash to invest and grow the business
  - Major acquisitions in 2015 and 2016; the gains from synergies are still coming in 2017 and 2018
  - Dilution from employee stock options is less than 1%.
    - **Dilution in 2015 was to fund Advent acquisition**.

SS&C Technologies	12/07	12/08	12/09	12/10	12/11	12/12	12/13	12/14	12/15	12/16
Net Income	7	19	19	32	51	46	118	131	43	131
+ Depreciation & Amortization	35	35	36	41	42	76	100	100	151	229
+ Other Non-Cash Adjustments	7	5	-1	4	6	5	-20	-10	-15	-29
+ Changes in Non-Cash Capital	8	3	6	-1	11	7	11	32	52	88
Cash From Operating Activities	**57**	**62**	**60**	**76**	**110**	**134**	**208**	**253**	**231**	**418**
+ Disposal of Fixed Assets	0	0	0	0	0	0	0	0	0	0
+ Capital Expenditures	-8	-7	-3	-5	-6	-17	-12	-19	-18	-38
+ Other Investing Activities	-5	-18	-52	-46	-23	-968	-6	-86	-2,731	-457
Cash From Investing Activities	**-13**	**-25**	**-54**	**-51**	**-29**	**-985**	**-18**	**-104**	**-2,748**	**-495**
+ Dividends Paid	0	0	0	0	0	0	0	-10	-45	-50
+ Increase in Capital Stocks	0	2	2	150	66	18	52	40	781	85
+ Decrease in Capital Stocks	-0	-2	-2	-1	0	0	-1	-11	0	-0
Free Cash Flow (CFO-CAPEX)	**49**	**55**	**57**	**71**	**104**	**117**	**196**	**234**	**213**	**381**
FCF yield%				**4.7%**	**7.4%**	**6.4%**	**5.4%**	**4.8%**	**3.2%**	**5.3%**

Sensitivity to market downturns

- Earnings Resilience
  - Whether financial assets go up or go down, they still need to be accounted for.
- **Many of SS&C's contracts are governed by thresholds on assets under management and/or trading volume**.
  - Assets under management were down 23% in FY08, which contributed to the **organic revenue decline of 6.5% in FY09.**

EBITDA Resilience in 2009



- According to management: (no SEC filings for the period)
  - Q2 of 2008, revenues of $72m (was a peak)
  - **Q1 2009, revenues dropped 12% to $64m. (trough)**
  - Q1 2010 Revenues were $78m, so revs bounced 22% over following 12 months.

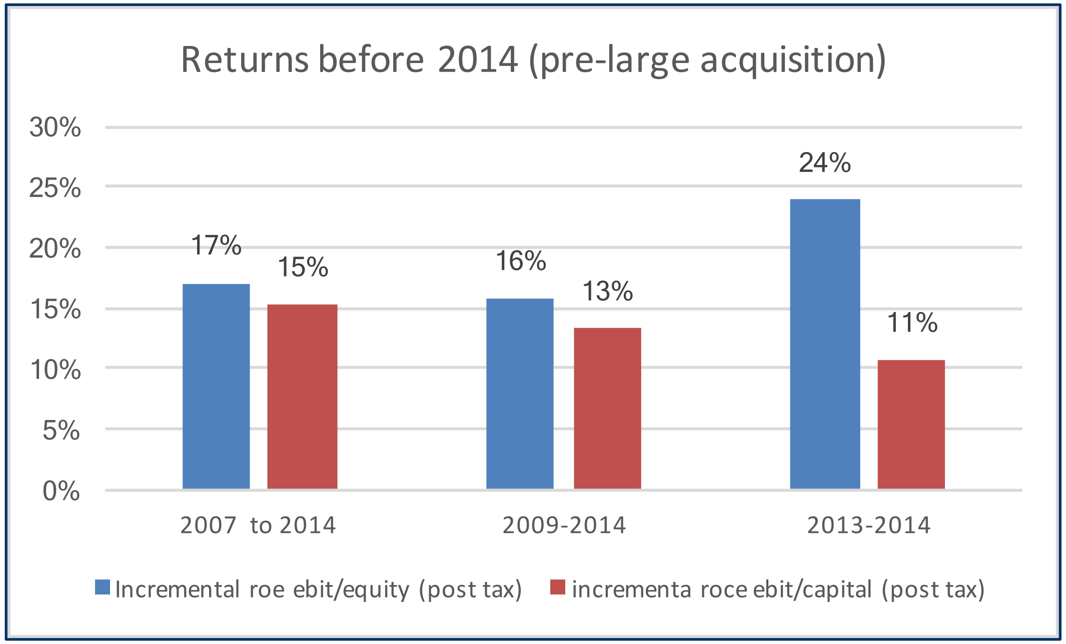
Wide Moat

- SSNC's real moat lies in its **forward looking aggressive management** and the software business it has created through acquisitions
  - With **45% of revenues from software**, SSNC has differentiated itself from its peers in the fund administration business.
  - This **software division allows it to modernize fund administration as well as cross sell** to existing clients allied services
- **Spends $150m on R&D** for a $750m software business.
  - Major differentiator from competition, and a reason the competition uses SSNC software.
  - *"We just happen to be able to use that software in our services business as we do in our software sales business, so we're giving two bites of that R&D dollar."*
- **Large, well remunerated, sales force**.
  - This is unique in the fund administration business
  - Sales people have no cap to earnings power.
  - *"We have 150 people on our sales force. I think if you added 20 fund administrators, that the total number of their sales people wouldn't hit 60."*
- Aggressive growth strategy is giving it **scale** that allows it target bigger customers.
- **Technological superiority** versus peers
  - They won Russell's business
  - *"Why do we want to win Russell? Because **then we can win Fidelity, right? When we win Fidelity, then we win Wellington, right? When we win Wellington, then we will win MFS**, right?"*
- SSNC is **focussed on fund administration and software**
  - Compared to large banks for whom it is largely a non-core business which they are not growing

High incremental returns

- SSNC has generated **incremental return on capital of around 15%** in the period 2007-14.

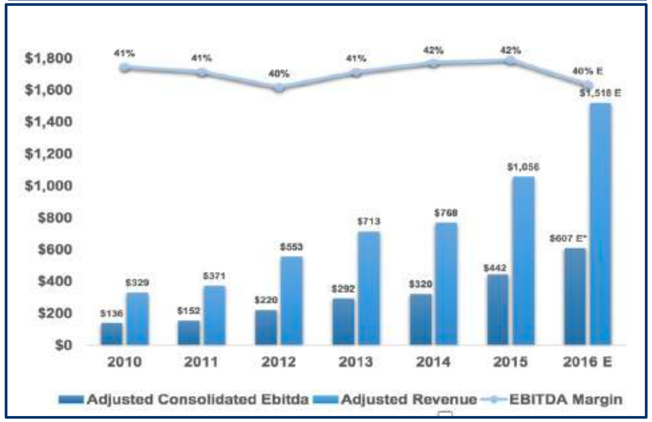
  - The **last two years have seen very aggressive acquisitions**, that have diluted returns.
  - However, returns are rising as the synergies flow through from the acquisitions



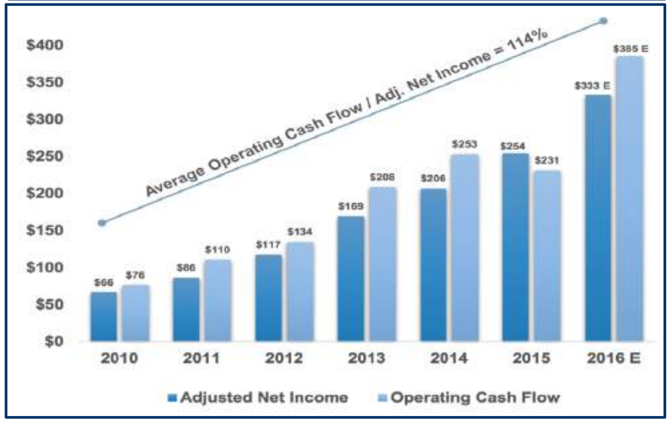
HIGH MARGIN, STRONG GROWTH AND EPS RESILIENCE

- Strong revenue growth driven by acquisitions
- Consistent high margins despite large acquisitions

Consistent EBITDA Margins



Consistent Cash Flow Generation



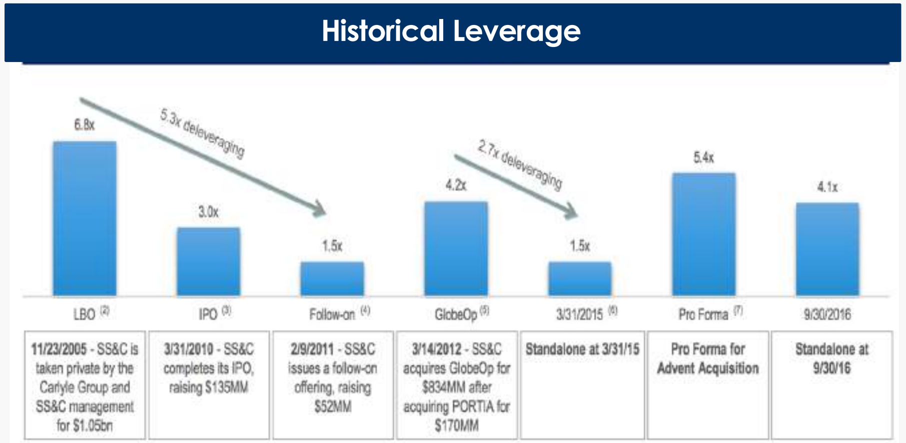
Recurring and visible revenues

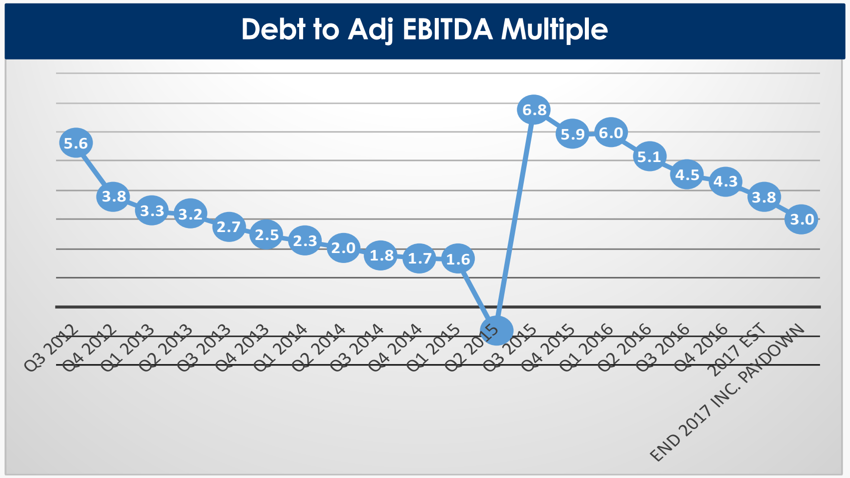
- Revenues are primarily from **high-value software-enabled services, which are typically sold on a long-term subscription basis and integrated into clients' business processes**.
  - This makes them sticky and it is hard to change vendors
  - Customer diversification: 11,000 clients across a wide variety of structures and asset classes.
  - Largest customer is <2% of sales.

- **Due to low churn, ~93% of revenue is recurring**.
  - **it's mainly software-enabled services business**, where SSNC do back office services for clients. There is also some term licenses and the maintenance associated with the term licenses, which is mostly the newer Advent business.
  - Software-enabled services business has been running about **92% retention rate over the last 12 months.** And Advent over the last 12 months on their term license business has been running about 93% to 97%
  - There are **historical maintenance revenue from perpetual clients**. Those revenues have very high retention rates. Over the last 12 months, maintenance revenue have been running about 97% retention on a revenue basis.

Is Leverage an issue?
Not really as long as SSNC keeps reducing it.

- 3.9x Net Debt to TTM Ebitda multiple
- Given the recurring nature of the business (long contracts, stickiness, visibility and strong free cash generation) SSNC can afford to increase leverage from time to time.
- As the chart shows, SSNC has been successful in reducing debt levels prior to making another large acquisition





- **FCF use:** At least $400 million of paying down debt in 2017 (CEO).
- Assuming $400m debt paydown – **Debt to trailing EBITDA will be at ~3x by the End of 2017.**

Acquisition driven growth is the “free option”

- Long track record of accretive acquisitions
- Industry has willing sellers and very few buyers

Acquisitions are a major driver of value

- Post the financial crisis many bank owned fund administrators have exited.
- **This has reduced competitive intensity in both acquiring assets as well running business for SSNC.**
  - *"When we bought GlobeOp in 2012 and really prior to that, you were competing against Goldman, Morgan Stanley, JPMorgan, Credit Suisse, UBS on all kinds of deals and now, other than Morgan Stanley, all of them are gone. JPMorgan still in the business and is a good competitor, but they are not taking new clients.*

- Competition for acquiring assets is low.
- SSNC is the most aggressive acquirer of assets
- Banks are forced sellers
- Market remains fragmented with ~200 fund administrators, with **trillions in AUA.**
- ***"I don't think JPMorgan will stay in the business. I don't think RBC, I don't think Deutsche Bank, I don't think Morgan Stanley. The only ones for sure I think will be State Street and Bank of New York".*** ***CEO March 2017***

Recent M&A

Acquisition	Closed	Price	Rationale
Advent Software	7/6/2015	$2.7 bil	▪ Ownership of fund administration platform, Geneva ▪ Best-in-class portfolio accounting software solutions ▪ Foothold in fast growing RIA market
Varden Technologies	9/2/2015	$25 mil	▪ Tuck-in acquisition that provides advanced client communications solutions ▪ Leveragable across SS&C's client base
Primatics Financial	11/16/2015	$116 mil	▪ About $50 million in revenue ▪ Evolv, end-to-end loan risk and finance solution
Citi Fund Services	3/10/2016	$321 mil	▪ Will make SS&C 2nd largest fund administrator ▪ Private equity presence in Asia ▪ Can bring margins to corporate average
Salentica	10/24/2016	-	▪ Leading CRM solution for Advisory ▪ Integrates with both Microsoft Dynamics CRM and Salesforce CRM
Wells Fargo's Global Fund Services	12/1/2016	-	▪ $42 billion in AUA ▪ Complex hedge fund strategies ▪ Global offices and operating center in Minneapolis, MN
Conifer Financial Services	12/15/2016	$88.5 mil	▪ $110 billion AUA ▪ Strong in family office, endowments, foundations, and L.P.'s ▪ Recognized as "global outperformer" in the 2016 *Global Custodian Hedge Fund Administration Survey*

Synergies from acquisitions are impressive

- **Citi acquisition EBITDA margin from 7% to 40%**
  - *"In the first quarter after owning Citi, (June 2016), we took **them from 7% to 18.8%." (EBITDA margin)***
  - *"In the third quarter, we took them from **18.8% to 24.3%"***
  - *"Citi business was somewhere **around the low 30s%** EBITDA margin in Q4 2016, and we expect by year-end 2017 to be around 40%."*
  - Acquisition on post **synergy basis is 6x EBITDA**
- **Advent from 30% to 47% EBITDA margin**
  - Advent was bought at 17-18 times Ebitda.
  - *"But they've gone from 33% EBITDA margins to 47% EBITDA margins under us, and their earnings have gone from about $120 million to about $200 million."* CEO Comment after ~18 months of ownership.
- **GlobeOp from 31% to 39%**
  - Acquired in mid-2012
  - *"They were running at about 31% EBITDA margins before we acquired them…within a year-and-a-half period, we had them at 39% EBITDA margins."*
- **Portia from 40% to 49%**
  - *"If you look at the PORTIA business, they were running at about 40% EBITDA margins when we acquired them from Thomson Reuters. And they have a lot of additional corporate costs in there that we had to replace."*
  - *"Even when we were placing the corporate costs, if you look at the last three years, they are up, **their EBITDA margins have averaged about 49%."***
- **HiPortfolio from 16% to 43%**
  - *"We bought HiPortfolio in December of 2014. They're running at about 16% EBITDA margins. We've implemented about $13 million of synergies at that business, and we've got EBITDA margins at 43% and the business is growing on the top line."*
- **Wells and Conifer at 15% to 18% EBITDA margins**
  - *"And I think they are doing good. Now, they're doing better. And we just show them, don't do that, do this. And there is a lot of those things."*

Secret sauce for synergies: Ruthless streamlining

- Advent
  - "So, at Advent, our margins went way up because the CEO, the CFO, the general counsel, the head of services, the head of technology, the head of sales, the head of Europe, the head of marketing and the head of HR, are all gone. The board of directors, we didn't need two of them. They're not a public company anymore".
  - 33% EBITDA margins when SSNC bought them in July 2015, "now at 48%."
  - Worth noting that the growth rate increased from 2% to 8%
- Citi
  - "At Citi, they had 500 contractors at $35,000 all-in in India. Well, we swapped those 500 for 500 employees and $17,000 all in."
  - "They were only making about $14 million on their whole business. We pick up $9 million, just like that."
- GlobeOp
  - "When we bought GlobeOp in 2012, their headquarters were in Trafalgar Square in London at £90 a square foot, we were there for about 45 days."

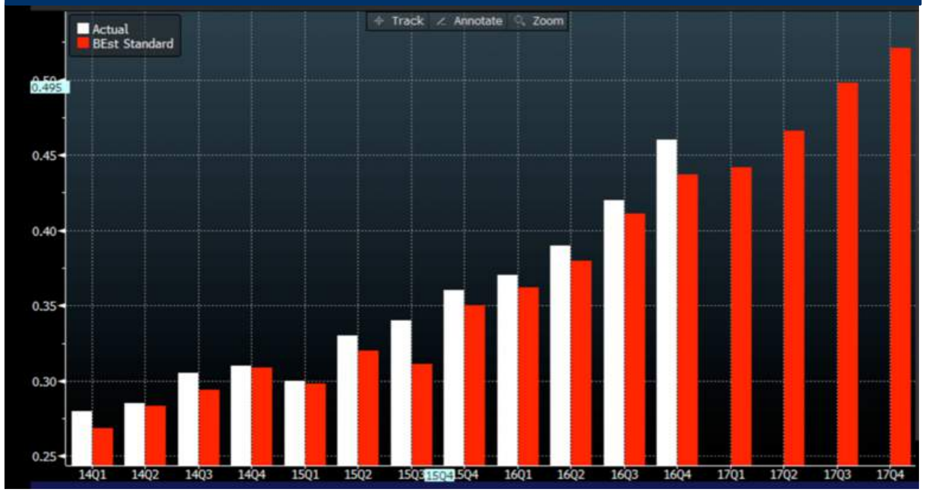
History of delivering solid earnings growth

- 24% pa earnings growth is an impressive achievement
  - **Driven by acquisitions**
  - **The potential for growth does not appear to be slowing significantly.**
  - Organic growth is in the 2-5% range

Impressive EPS growth

- **Historically the company has under promised and over delivered.**
- Consistency of beats does catch our attention.
  - SSNC has benefitted from acquisitions and better than expected synergies.

Consistently Beating Estimates



CEO is the driving force behind acquisitions

- **CEO: William C. Stone**
  - **Key enabler** of the company and driver of acquisition strategy.
  - **Founded the company** in 1986 in his basement
  - Took the company public in 1996, taken private in 2005 when Carlyle Group took a 70% share. Second IPO in March 2010.
- **Owns 15.8% of shares outstanding**
- Previously he was at KPMG, accounting background.

- **His character and private equity mindset has been the driving force of the company.**

"I like to use brilliant management. People don't believe me, so I have to go into details."

"We do what we say we are going to do. It's not always easy but we are upfront with clients. We are a direct organization. We try not to sugarcoat things. We try to look at difficult issues and solve them."

On expense base realignment in 2009 "We pay attention and react as quickly as we can to information that we receive,"

"when we bought GlobeOp in 2012, their headquarters were in Trafalgar Square… But at £90 a square foot, we were there for about 45 days"

"If you don't have flexibility with your labour force, it's very difficult to have the right team all the time"

"We're a numbers company…Hit your damn numbers, right!"

On Citi Acquisition at announcement. "I think that to take a business that's at 10% EBITDA margins and moving up to 40% EBITDA margins is something that SS&C is confident in"

CEO from transcripts

This Interview is interesting: https://www.youtube.com/watch?v=rfjcUhOwW5U&t=55s

What are the organic growth drivers?

- AUM growth
  - Driven by Hedgefunds, alternatives
- Shift to outsourcing
- Share gains

Long Term Growth model:
up to 5% organic + 5-10% from acquisitions

Organic Growth drivers

- **Cross-sell and upsell** additional services to existing and new client base from acquired companies
- Market share increases from aggressive bidding for business
- **Increasing outsourcing in**
  - **Private equity,**
  - **insurance,**
  - **Real estate** etc.
- Software sales to meet growing need from stringent regulatory requirements

Acquisition growth drivers

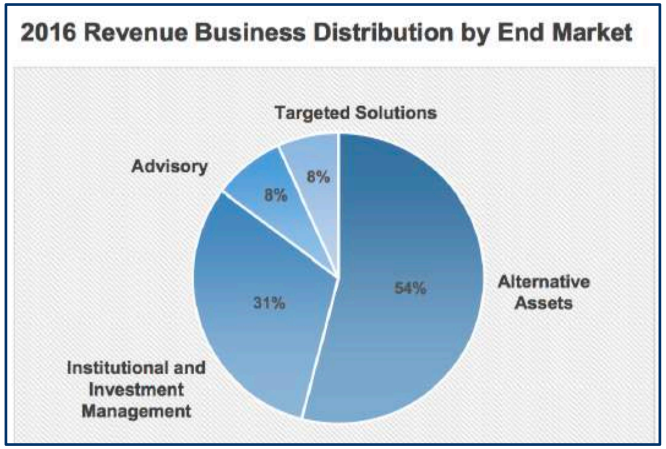
- **Investment banks have to continue shedding fund administration business**
- Financial technology is a fragmented industry with hundreds of tuck-in acquisition opportunities
- With banks exiting the business, there are fewer buyers offering attractive value creation opportunities.
  - Banks have been inefficient managers of fund admin assets
- **Increasingly important to offer software services**
  - Hence they bought Advent, which had to make choice between setting up a new services business versus joining forces with SSNC.

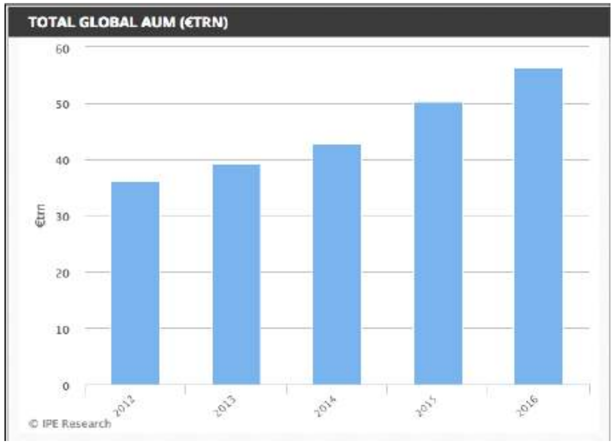
| Core Market growth drivers

Financial institutions and large funds are losing the appetite to build internal solutions and systems creating **more outsourcing opportunities.**

Due to:

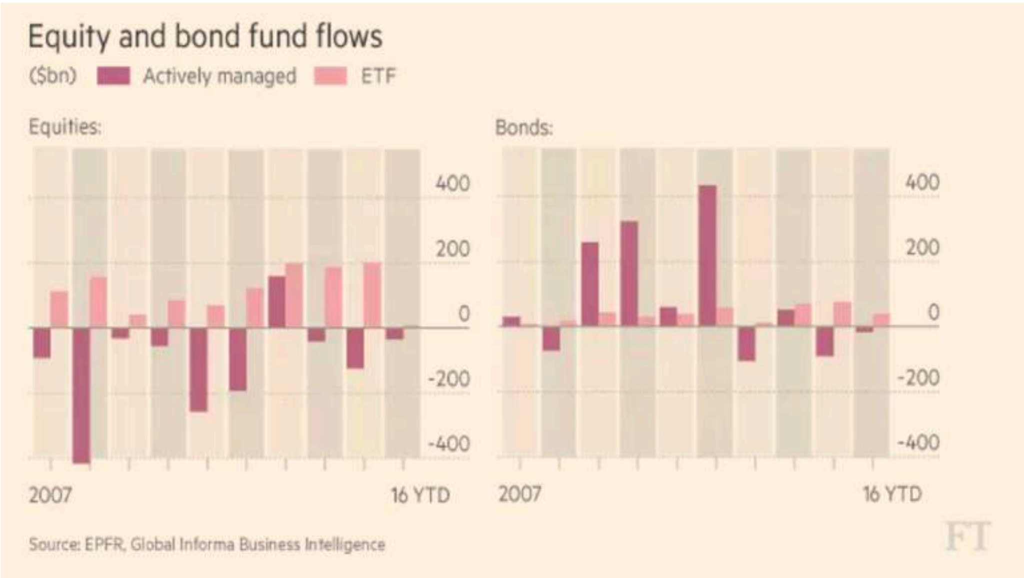
1. **Funds continue to grow in complexity:** asset class expansion, increased geographies
   - **These assets require more sophisticated systems to automate functions such as trading and modelling**, portfolio management, accounting, performance measurement, reconciliation, reporting, processing and clearing.
   - **Manual tracking of orders and other transactions is not effective** for these assets.
   - As complexity requirements increase, financial services firms see increasing value in outsourcing the management of these assets to firms such as SS&C that offer software-enabled services.
2. **Under-penetrated markets like private equity and real estate** continue to mature and embrace outsourcing
3. Global AUM growth particularly alternative assets





| But what about the shift to passive?

- **ETF share gains happening slowly**
- **Bonds have seen a much slower move to ETF as compared to equity funds**
- However, consolidation in the asset management industry continues at pace, which is likely to continue to pressure SSNC growth.
- AUM **growth** in alternatives
  - 54% of SSNC revs is alternatives



SSNC ORGANIC GROWTH MAIN DRIVERS

- **Private Equity: ~20% of revenues**
  - Private equity **is about 30% penetrated** by fund administrators.
  - *"We think over the next five years to 10 years that it's going to be very similar to hedge funds, that 90% of it is going to be outsourced."*
  - "today, it's **growing about 20%."**
  - **If this is true this would add 4% to the organic growth**
  - Because of infrequent reporting the yield is lower, but the margin profile is pretty similar.
- **Insurance companies**
  - Insurance companies are increasingly **moving towards hosted and cloud-based models with some degree of partially or fully outsourced operations.**
- **Black Diamond growing at 20-30%**
  - Black Diamond offers independent advisors and wealth managers
  - The problem is it is only $40m business and **hence contributes only 0.7% to organic growth**

	2017E	% of total
Alternative assets	**900**	**54%**
Hedge Funds	*495*	*55%*
Private Equity	*315*	*35%*
Fund of Funds	*90*	*10%*
Insurance and Asset Managers	**518**	**31%**
Advisory/WM	**134**	**8%**
Targeted Real Estate etc.	134	8%
Total revenue	**1,670**	**Total**
Software	770	46%
Fund Administration	900	54%

- **The importance of organic growth is probably overstated for this company** as it is able to generate so much value from acquisitions.
- However, **organic growth gives downside protection**

Private Equity (19% of revs)

- **GPs are moving toward outsourcing fund administration**.
  - As the industry globalises and makes use of a **wider range of domiciles smaller** players find it difficult to meet clients' expanding needs.
  - Industry is ~35% outsourced
  - SSNC has commented that the business is growing at 20% organically

- Acquiring Citi was not only for the client base and systems, but also to acquire the **talent necessary to go after private equity mandates**.
- Citi Private Equity:
  - Global provider of accounting, administration and tax services.
  - Highly customized shared service solution
  - High technology component
  - Can assume full turnkey responsibility for all your back-office accounting functions and processes, ranging from capital calls to financial reporting to tax compliance.

"Our investment in building state-of-the-art, web-based systems has yielded unparalleled access to information on a 24/7 basis." From Citi's marketing documents

Citi Private Equity	
Number of Clients	110+
Number of Entities	760+
Capital under Adminstration	$151bn
SAS 70 Type II Compliant	

Types of funds Serviced		
Buyout	Venture capital	Employee
Fund-of-funds	Mezzanine debt	Specialty
Secondary	Real estate	Co-Investment
Distressed debt	SBIC	

| PRIVATE EQUITY (CONT…)

- Last year, the fund administration space **saw a series of consolidations**
  - Acquisition of Kaufman Rossin by ALPS - small
  - Pinnacle acquired by Apex Fund Services -small
  - Most significantly, SS&C's acquisition of Citi's alternative investor services.

- **Growth rates were generally strong for private equity/real estate assets** reflecting both the relatively untapped opportunities open to third party administrators in this space and the long term capital commitments inherent in these strategies.

Figure 10: Reported PE, private RE, PE/RE FoF assets under portfolio administration (AUPA)

Private Equity & Real Estate AUPA Portfolio Administration - YE 2015	PE&RE AUPA (USD B)	Y/Y Growth	PE&RE LPs	AUPA Calculation Method
BNY Mellon Alternative Investment Services	$ 178.07	8.3%		Invested
Circle Partners	$ 0.05			Inv. + Dry Powder
Citco Fund Services	$ 25.30			Committed
Maples Fund Services[1]	$ 10.36		132	Undisclosed
Michael J. Liccar & Co.	$ 0.16	103.5%	26	Invested
Northern Trust[2]	$ 323.88			Inv. + Dry Powder
O'Connor Davies Administration, LLC	$ 14.24	2.2%	37	Invested
State Street Alternative Investment Solutions	$ 607.08	12.1%	72	Inv. + Dry Powder
U.S. Bancorp Fund Services, LLC[1]	$ 10.66		57	Undisclosed
Unkar Systems Inc.[1]	$ 0.09			Undisclosed
Viteos Fund Services Limited	$ 2.29	243.2%		Invested
Total	**$ 1,172**		**324**	

Figure 8: Reported private equity, private RE, and PE/RE FoF fund administration assets

Private Equity & Real Estate AUA Fund Administration - YE 2015	PE&RE AUA (USD B)	Y/Y Growth	PE&RE Funds	AUA Calculation Method
ALPS, A DST Company	$ 2.80		105	Invested
Apex Fund Services	$ 6.46	34.5%	227	Invested
Augentius	$ 78.82	12.3%	325	Committed
BNY Mellon Alternative Investment Services	$ 109.00	86.1%	342	Committed
CACEIS Investor Services	$ 28.74	-2.9%	358	Committed
Circle Partners	$ 0.15	23.9%	5	Committed
Citco Fund Services	$ 220.45	170.7%	632	Committed
Conifer Financial Services[1]	$ 66.99			Undisclosed
Cortland Fund Services	$ 14.00	100.0%	63	Invested
Deutsche Bank Fund Services	$ 75.16	2.7%	468	Committed
Equinoxe Alternative Investment Services	$ 0.05	924.5%	4	Committed
Gemini Fund Services[1]	$ 0.30		6	Undisclosed
Gen II Fund Services	$ 105.00	40.0%	1165	Committed
Harmonic Fund Services	$ 23.31	40.8%	143	Committed
IDS Fund Services	$ 0.17	-17.7%	9	Invested
IKONIC Fund Services	$ 2.32	118.9%	32	Invested
Ipes[1]	$ 96.00		123	Undisclosed
Lamplighter Financial, LLC	$ 1.40	84.2%	37	Committed
Maitland	$ 0.92	11.7%	60	Committed
MUFG Investor Services[2, 3]	$ 145.00		190	Undisclosed
NAV Fund Administration Group	$ 4.48	27.3%	37	Committed
Northern Trust[2]	$ 88.11	-9.1%	280	Committed
O'Connor Davies Administration, LLC	$ 3.40	31.0%	23	Invested
Orangefield Group[1]	$ 33.20		83	Undisclosed
RBC I&TS[4]	$ 82.09	89.5%	806	Invested
SEI	$ 199.60	73.9%		Committed
SS&C Technologies[5]	$ 136.07	19.4%		Committed
State Street Alternative Investment Solutions	$ 433.05	2.5%	1631	Committed
Transcontinental Fund Administration[1]	$ 1.73		21	Undisclosed
UMB Fund Services	$ 9.57	47.0%	230	Invested
Viteos Fund Services Limited	$ 0.05	-81.1%		Invested
Total	**$ 1,968**		**7,405**	

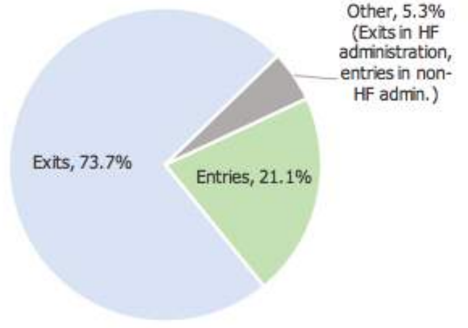
[1] Figures as of Q4 2014 - calculation method not disclosed for prior year's survey, [2] Figures as of Q3 2015, [3] *Includes fund and portfolio administration assets*; includes assets from Capital Analytics acquisition to close Q2 2016, subject to regulatory approvals and customary closing conditions, [4] Includes RE AUA calculated at gross asset value, [5] Excludes Citi AIS acquisition

PE Administration consolidation drivers

- *"The amount of **oversight and regulation in our space has changed substantially**. Investor due diligence has increased and there is a desire for additional information and greater transparency."*
- *"The overall scale and size of the combined business – number of staff, clients, funds, committed capital under administration – is compelling, as is the global footprint."* Joseph Patellaro (runs PE business for SSNC)

- Pricing can be a problem, the **increasing regulatory burden increases risk in contracts:**
    - Sign contracts for the life of a fund, have to wait for the next fundraising to increase prices, which can be years away, especially in a downturn.
    - Technology and automation are therefore key to high margins. Small players can't invest enough.
    - Need to watch service levels – they decline as margins decline…And you lose clients.

Figure 1: Do you foresee net entries to or exits from the alternative fund administration industry in the intermediate term?

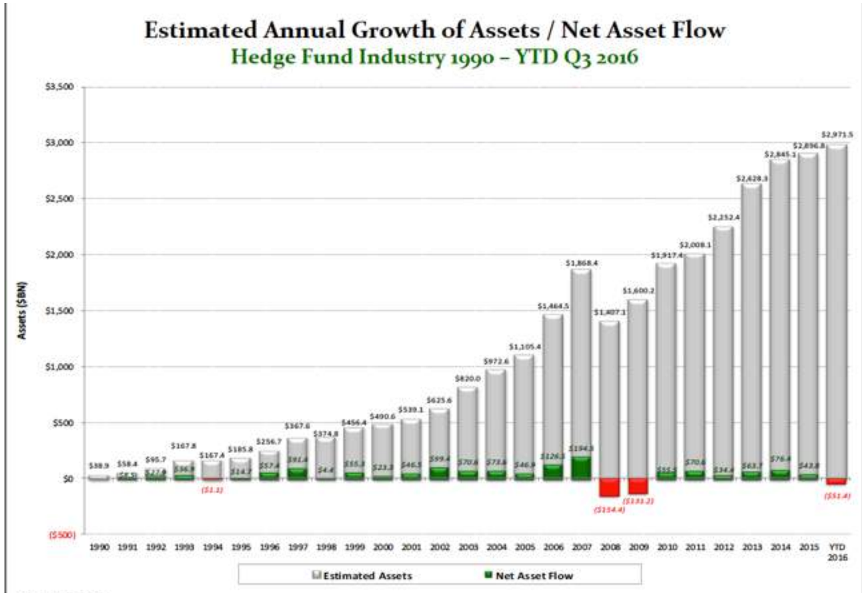


Source: eVestment Alternative Industry survey

- Increasing Institutional investors in private equity and the imposition of new regulatory regimes have required increased operational accuracy and efficiency. Fund administrators have stepped into this environment as key partners.

| Hedge Funds (25% of revs)

- 45% of the business is alternative asset managers.
- Of that 55% is hedge funds, i.e. 25% of total revenues.
- The hedge fund industry is ~90% outsourced already.
- **Hedge funds not growing at the same rate as 5 years ago, but not shrinking either.**
  - According to HFR's Global Hedge Fund Industry Report: (Jan 20 2017)
    - **Total assets increased by $46.8 billion in 4Q16, ending the year at $3.02 trillion.**
    - **Total outflows of $70.1 billion in 2016, the largest since the financial crisis in 2009**, $18.7 billion of which came in Q4.
    - Positive performance across a broad array of strategies accounts for the net increase in industry AUM.
    - Outflows were distributed across firm sizes.
    - BarclayHedge data agrees



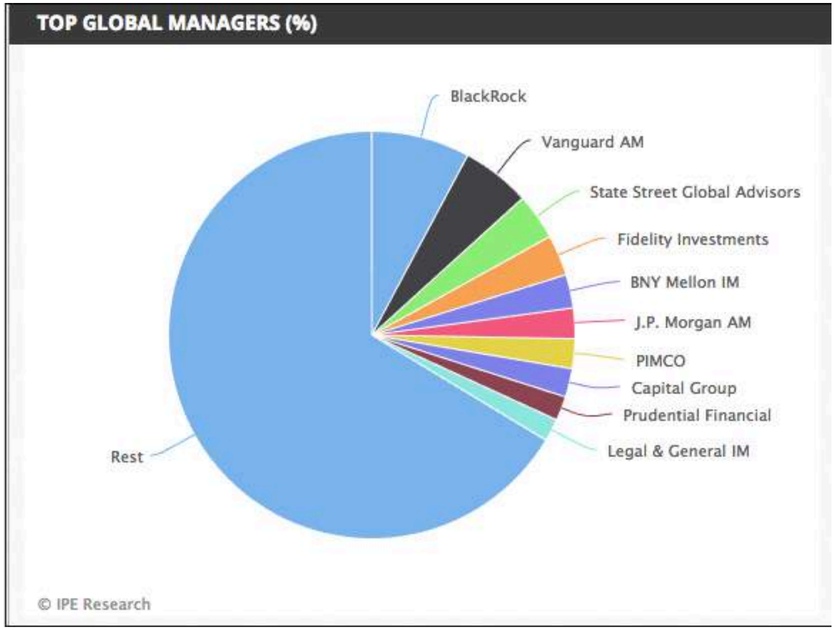
Source: HFR

Assets Under Management (USD Billions)	BarclayHedge 4th Qtr 2016	3rd Qtr 2016	2nd Qtr 2016
Hedge Funds *	$3005.3B	$2981.2B	$2936.2B
Funds of Funds	$360.4B	$383.0B	$367.3B
Sectors			
Convertible Arbitrage	$24.4B	$24.3B	$22.2B
Distressed Securities	$103.0B	$102.3B	$105.7B
Emerging Markets	$252.7B	$254.4B	$232.4B
Equity Long Bias	$227.1B	$226.7B	$219.5B
Equity Long/Short	$240.2B	$245.4B	$237.7B
Equity Long-Only	$135.9B	$136.1B	$130.4B
Equity Market Neutral	$83.5B	$84.6B	$82.0B
Event Driven	$141.9B	$155.2B	$198.5B
Fixed Income	$556.2B	$564.4B	$563.5B
Macro	$225.8B	$229.5B	$243.6B
Merger Arbitrage	$66.1B	$67.1B	$63.7B
Multi-Strategy	$360.0B	$360.2B	$354.0B
Other **	$156.7B	$149.2B	$132.0B
Sector Specific ***	$148.7B	$134.9B	$145.7B

Source: barclayhedge.com/research

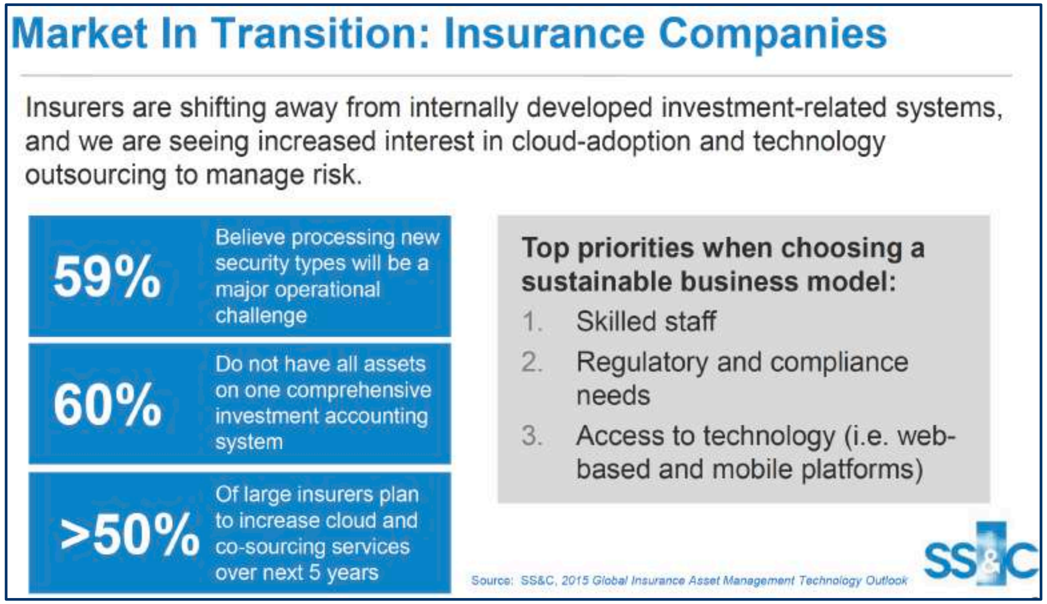
Asset management: Low growth
(asset management and insurance is 31% of revs)

- Main drivers for Asset Management outsourcing:
  - Meet new business needs, ex: regulatory, operational, etc.
  - Reduce operating costs
  - Reduce complexity: Many internal systems consolidated into single outsourced system
  - Middle an back office not core competencies - investing and marketing are.
- Asia wealth management demand driven by:
  - Desire for cloud and mobile access
  - More detailed and customized client statements and reports
  - Granular investment analytics with improved data quality
  - Data automation / collection
- SS&C is mainly in the “rest” category



Outsourcing in Insurance increasing

- **Rising competition, generally soft pricing conditions and tight profit margins** has put pressure on insurance companies.
  - Therefore **efficiency solutions** have been gaining acceptance
  - Insurers are investing **technological solutions** to:
    - Improve front-end sales, distribution and customer service,
    - Enhance back-end **operational efficiency** and expense management
  - There is also demand for **data analytics** and new modeling techniques to sharpen their market segmentation and pricing strategies, **reduce fraud and strengthen underwriting**.
- The second problem has ben **lack of investment returns:**
  - Causing an expansion into new investment types.
  - **Which requires accounting for an expanding array of non-traditional instruments**
  - in-house operations teams are challenged to keep up with the constant proliferation of asset classes



Insurance: A growth segment

- **SS&C** insurance accounting services include a dedicated insurance investment accounting team, provides software tools to track and account for all investments including:
  - **75 of the top 100 insurance companies use SS**
  - **18% CAGR Revenue Growth**
- Re Insurance is going through a period of faster growth

XL Group (XL) Example

Prior to SS&C, XL utilized a combination of multiple in-house systems

"Outsourcing to SS&C allows us to have the scalability and flexibility we need to support our planned growth, as well as the continually changing accounting and regulatory environment."

From a **single platform** SS&C is able to satisfy the global accounting, financial, and management reporting and performance measurement needs of XL's more than 65 business units and legal entities

Advisory (8% of revs)
Black Diamond is a key source of growth

- Black Diamond is an acquisition that Advent did in 2011.
- Focused on the wealth management market.
  - "empowers advisors to steer the client conversation toward long-term, life goals."
  - Cloud-based platform with a dedicated service team.
  - The Black Diamond Wealth Platform: portfolio management, reporting, rebalancing, outsourced reconciliation, and client communication.
- Black Diamond, has about 1,200 clients in Registered Investment Advisors.
- **Has been growing 25% to 30% per annum**
- The challenge with Black Diamond is that it is only about a ~$40 million business. I.e 30% of segment revenues

Real Estate (<8% of revenues)
growing from a low base

- "Outsourcing is still only at a level where the hedge fund industry was 10 years ago and where the UCITS industry was more than 20 years ago." Prequin
- Outsourcing is only at the very upper level of the fund structure, as a feeder, or occasionally, the master fund, and they would only be using someone to aggregate the figures received from different intermediary companies
- Main drivers for growth are similar to other verticals:
    - Moving fixed costs to variable costs, based on the assets under management
    - Domain expertise
    - Software expertise
- Real estate funds have been feeling the squeeze on costs and management fees and are beginning to evaluate something they see as nonstrategic. (EY 2015 industry report)
- Large-scale outsourcing deals are viewed as unnecessary and there has not been significant market demand.
- The real estate market remains very fragmented.
    - However, when managers go to international fund centres, they tend to start looking at the possibility of outsourcing
    - Often forced by local regulation setting strong fund administration requirements

So what is the problem?

Underperformance Driver: deteriorating organic Growth

Q3 2-15:
- slowdown in organic revenue growth to under 3%
- AuA down from $668 billion to $657 billion
- 5% to 10% organic growth target

Hedge fund redemptions accelerated in June. (Data from SS&C GlobeOp)
- Forward Redemption Indicator: -4.88% in June 2016, deterioration from -4.38% in May and April's -2.94%.

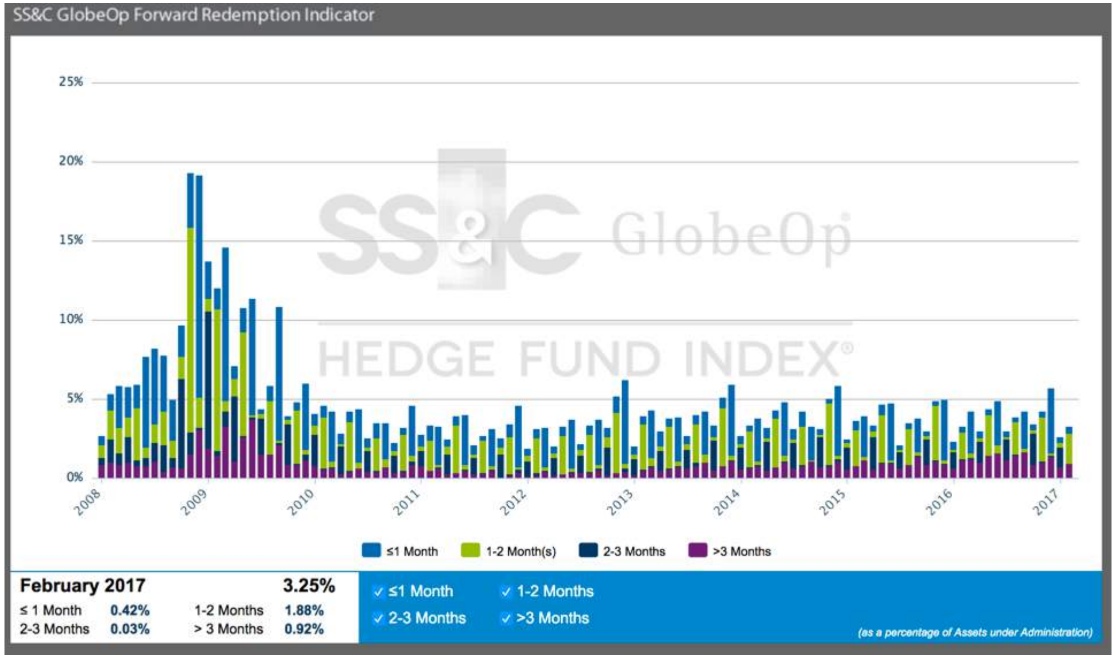
Q4 2015:
- Organic growth slowed to 0.5%.
- Guidance for organic growth between 4% and 5.5% for the full year.

Robin Hood: Karp (Tourbillon) pitches SSNC as a short

Q1 2016
- Organic growth on a constant currency basis was 2.2%
- Foreign exchange had a negative impact of1.5% in the quarter
- Guidance:
  - "We think organic will see a little bit of a decline somewhere between 3.5% and 2.5%" mostly due to $6.5 million of extraordinary license we had in Q2 last year
  - Excluding extraordinary licence: organic growth is ~flat
- Organic revenue growth target for the year implies 7% to 8% organic gains in the second half.

REDEMPTIONS NOT AS BAD AS HEADLINES SUGGEST

Although there are a lot of stories about troubled hedge funds, there is no acceleration in SSNc's forward redemption indicator



- Some management comments:
  - "**Perhaps greater stability than the headlines would suggest.** That said, it is slightly weak".
  - "We've had some AUA declines in the hedge fund industry, then we've had some make-ups…. on the **base of $600 billion, things that are in the plus, minus $10 billion to $15 billion kind of framework**." *Head Alternative Investments SSNC Nov 2016*

Hedge Fund Administrator Rankings (Nov 2015)

- It is interesting to see how a number of players have sold off or exited the business, where SSNC has become a leading player after Citi acquisition
  - **There are still some players that looking for an exit because of regulatory pressures.**
  - "Since SSNC bought GlobeOp in June of 2012, Goldman is out, UBS is out, Credit Suisse is out, Citi is out, Butterfield Fulcrum is out, and a bunch of other ones. We bought Gravity, we bought Hedgemetrix, we bought Cogent, we bought Eisnerfast. "
- Fewer suppliers = better for pricing?
  - CEO comments suggest it is "less cut throat."

Hedge Fund Administrator Ranking April 2006 (AUA $bil)*

	Company	$ AUA	% of Total
1	CITCO Fund Services	240.00	13.6%
2	HSBC	149.50	8.4%
3	State Street	140.00	7.9%
4	BISYS	134.00	7.6%
5	Goldman Sachs	125.00	7.1%
6	Investors Bank & Trust	121.20	6.8%
7	Fortis Prime Fund Solutions	103.00	5.8%
8	CACEIS Investor Services	83.25	4.7%
9	GlobeOp	80.80	4.6%
10	BNY Mellon	53.80	3.0%
	Top 10	**1,450.00**	**70.0%**
	Total	**1,770.00**	**100%**

Hedge Fund Administrator Ranking April 2015 (AUA $bil)*

	Company	$ AUA	% of Total
1	State Street	806.60	16.0%
2	CITCO Fund Services	657.00	13.1%
3	BNY Mellon	494.20	9.8%
4	**SS&C GlobeOp**	456.00	9.1%
5	**Citi**	325.97	6.5%
6	Northern Trust	300.35	6.0%
7	Morgan Stanley Fund Services	241.00	4.8%
8	HedgeServ	221.00	4.4%
9	SEI	136.30	2.7%
10	RBC Investor & Treasury Services	125.58	2.5%
	Top 10	**3,764.00**	**75%**
	Total	**5,030.00**	**100%**

Fragmented industry provides opportunity to grow

- SSNC is still small as software provider to the Financial companies ranking only #20th.
- The group is dominated by in-house data divisions and by the traditional outsourcing companies from India such as Tata Consultancy, Cognizant and Infosys.

Market In Transition – Financial Technology

Top Companies by Revenue in Fintech 2006*

Rank	Company
1	Fiserv, Inc.
2	FIS
3	Sungard
4	NCR Corporation
5	First Data Corporation
6	Unisys
7	Diebold, Inc
8	Reuters Group
9	Total System Services
10	DST Systems
54	Advent Software
55	**SS&C Technologies**

Top Companies by Revenue in Fintech 2016*

	Company
1	Tata Consultancy Services (TCS)
2	FIS
3	Cognizant Technology Solutions
4	Fiserv, Inc.
5	NTT DATA
6	Infosys Limited
7	NCR Corporation
8	Total System Services, Inc. (TSYS)
9	Nomura Research Institute, Ltd.
10	Diebold, Incorporated
20	**SS&C Technologies**

ETFs: A longer term risk to SSNC

- **Top 3 players have approx 2/3 of the ETF market**
  - If ETFs keep growing it is not a market that SSNC has access to unless the industry dynamics change materially.

Issuer	AUM ($m)
BlackRock	1,055,297
Vanguard	666,530
State Street Global Advisors	533,112
Invesco PowerShares	118,394

  - **Blackrock does not use SSNC**. iShares uses StateStreet.
  - Vanguard uses several different independent custodian banks. These banks include The Bank of New York Mellon, Brown Brothers Harriman & Co., JPMorgan Chase Bank, and State Street Bank and TrustCompany..
  - State Street and BoNY are key admin competitor

- SEI (direct competitor to SSNC) does have an ETF product, so perhaps there is a small potential market for SSNC?

| Blockchain: Will accounting get disrupted?

- Blockchian it a technology made famous by bitcoin. Blockchain is the name for a distributed ledger.
  - **Distributed ledger:** Is a consensus of replicated, shared, and synchronized digital data geographically spread across multiple sites, countries, and/or institutions.
  - Once entered into a blockchain, information can never be erased, thus a blockchain contains an accurate and verifiable record of every transaction ever made.
- **Blockchain has the potential of disrupting accounting** and auditing because the current double entry systems of transaction accounting would become irrelevant.
  - Blockchain would also make financial actions within a corporation be accounted for in **real time** – which could be a reason companies want to adopt it.
- Also the value added by "trust" between customer and supplier would eventually become diminished.

What is Blockchain ? How it is works ? – YouTube https://www.youtube.com/watch?v=ExYXY4oofDc

New Kids on the Blockchain | Lorne Lantz | TEDxHamburgSalon – YouTube https://www.youtube.com/watch?v=A1Vbrxkqjwc

Blockchain is Eating Wall Street | Alex Tapscott | TEDxSanFrancisco – YouTube https://www.youtube.com/watch?v=WnEYakUxsHU

| Blockchain: Headwinds to adoption

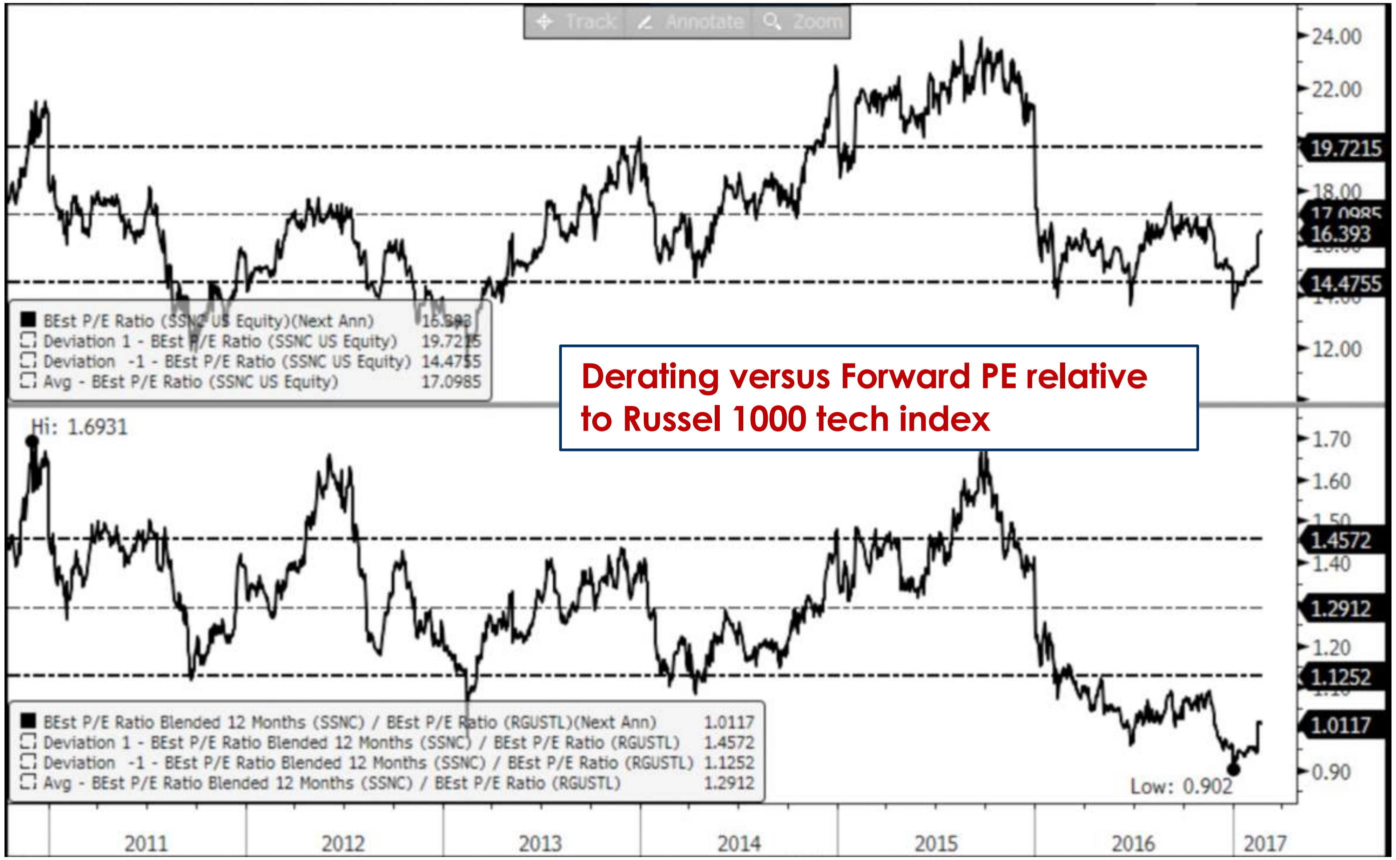
Security: *hacking is "impossible" given the ledger is distributed across thousands of computers.* **–True, but less than half the story.**

- There have been a number of hacks on cryptocurrency companies.
    - Mt GOX, Bitfinex, Ethereum, DAO
    - They are worth understanding if you want to have an opinion on blockchain.
- There are a number of different areas of vulnerability, none of which have anything to do with the blockchain.
    - I.e. the blockchain may not be the most important part of the system
    - All systems have weaknesses, the newer the system the less tested its weaknesses.
    - The infrastructure around a blockchain that enables its use is the key to adoption:
        - E.g. Bitcoin, buying and selling is not as easy as Amazon
        - Key questions – is your bitcoin safe? Where is it stored?
        - Mt Gox and Bitfinex hacks stole real bitcoins.
        - **The system needs to be strong, not just the blockchain. And that takes a united user group with similar needs and desires.**
- **So far, all cryptocurrencies except Bitcoin have ended up in contentious"hard forks" –** software that splits into two incompatible flavours. And bitcoin is on the brink of following.
- What happens in a contentious hard fork? – The unity breaks down.
    - E.g. Ethereum: The hard fork caused a split in the Ethereum community and led to a considerable portion of users sticking to the old Ethereum blockchain in which the hard fork didn't take place.
    - This is the equivalent of a format war. This is fine in crypto currencies, not in the real world.

Valuation

Valuation – Relative P/E multiples not demanding

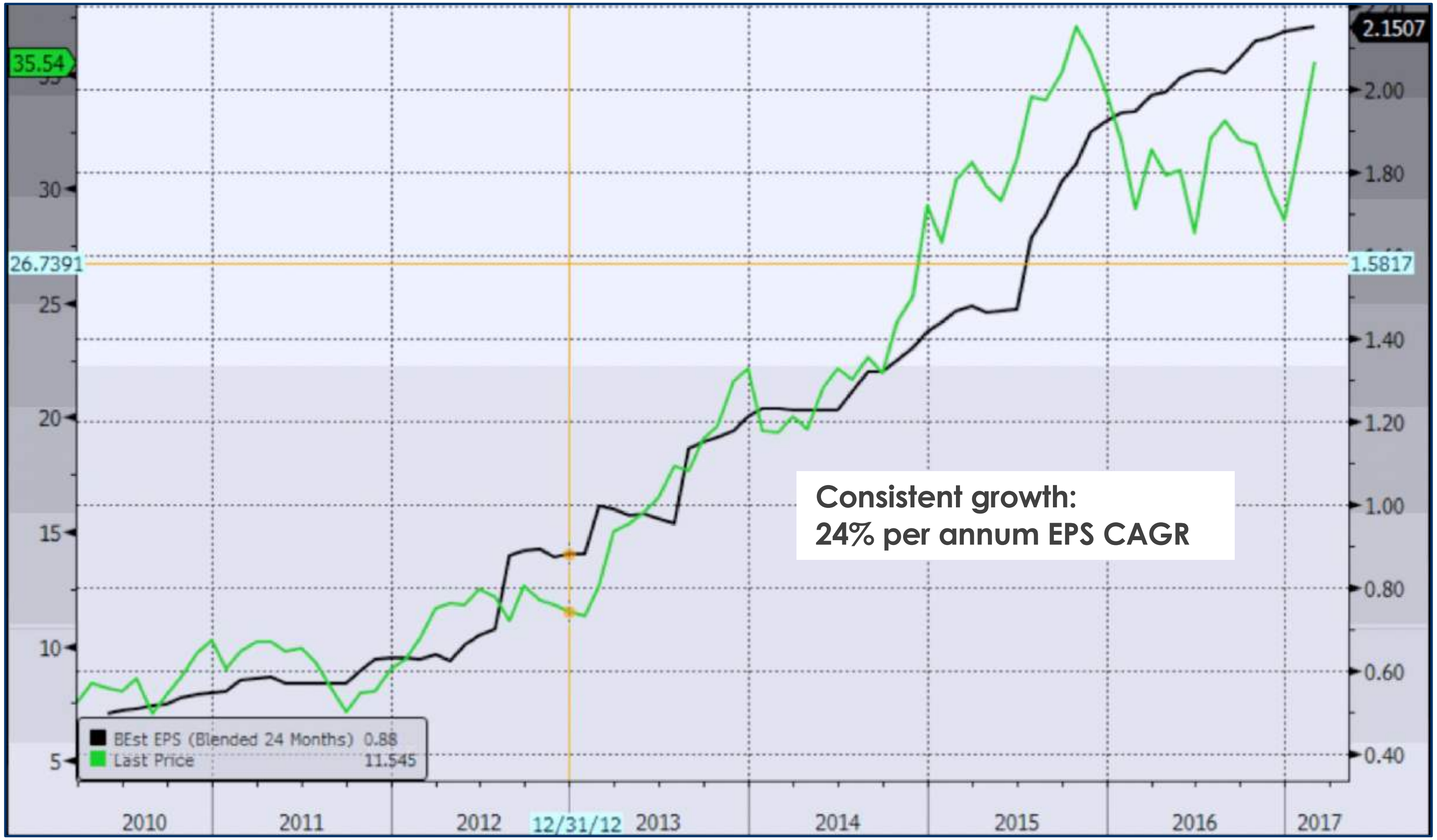
- On next year earnings (2018) the stock is below its long term average rating.
- It has lost all an average premium of 29% that it enjoyed over the Russel 1000 tech index.



Valuation –average rating on consensus EV/EBITDA

EV/ EBITDA Forward 12 months

| HIGH P/E CORRELATION



Sensible downside scenario: $31.50 (-12%)

- Our conservative downside case is $31.50 based on a DCF
  - 2018 assumes -5% in hedgefund business, then zero growth going forward
  - 2018 FCF of $441m
  - Using 8% discount rate given stability of the business
  - Organic growth of 2-3%, approx terminal growth from 2018
  - No acquisitions

($m)	2015	2016	2017	2018	2019	2020	2021
Revenues	1,000	1,481	1,670	1,710	1,763	1,819	1,881
Revenue Growth (%)	30%	48%	13%	2%	3%	3%	3%
EBITDA	392	555	635	650	670	691	715
CAPEX	18	37	46	47	48	50	52
FCF	213	381	429	441	457	474	493

Terminal Gth	2.5%
Discount Rate	**8.0%**

PV	8,075
FV Debt	1,565
PV Equity	6,510
Share Price	31.6
Downside	-12.2%

Realistic upside scenario: $52 (+45%)

- Our free cash flow for 2017 is very similar to consensus
- ~5% organic growth
- Assumes 200bps of operating leverage
- Gives 45% upside over two years
- No value added from acquisitions
  - i.e. this remains a free option, assuming management can continue to add value via acqusitions.

($m)	2015	2016	2017	2018	2019	2020	2021
Revenues	1,000	1,481	1,670	1,770	1,861	1,957	2,058
Revenue Growth (%)	30%	48%	13%	6.0%	5.1%	5.2%	5.2%
EBITDA	392	555	635	690	744	783	823
CAPEX	18	37	42	44	47	49	51
FCF	213	381	429	480	523	554	586

Terminal Gth	2.5%
Discount Rate	**8.0%**

PV	12,001	
FV Debt	1,243	
PV Equity	10,758	
Share Price	52.2	
Upside	45.1%	In 2 years

Summary

SSNC: Reasons to dislike

- **Redemption pressures in Hedge funds**
  - Hedge funds are fully penetrated and there is little incremental BPO opportunity
  - This is still around 25% of the Assets under Admin (AuA)
  - Hedge-funds assets are declining, however the pace of decline remains unchanged; also more than discounted in the stock price
  - Profit impact is somewhat reduced by minimum payments irrespective of assets
- **Clients facing revenue pressures**
  - This is true in most of the investment industry and a secular trend
  - Clients facing profitability pressure cannot be positive for a service provider
  - However sometimes helps in outsourcing and efficiency focus
- **Aggressive acquirer**
  - Acquisitions are becoming larger; always a risk
- **High debt and regular equity raising**
  - SSNC appears to be comfortable with 4xnet debt/ebitda and goes higher when acquiring
  - Although it has very stable cash flows, it is always a risk especially if a downturn and a bad deal happen together
- **Not an innovative software business**
  - There is limited differentiation in products in fund administration and connected applications
  - And mostly a boring accounting work, run by auditors; that may not appeal to many
- **Business threat over longer term from**
  - Passives/ETFs
  - Blockchain

| Quality: Reasons to like SSNC?

- **Stable management and salesforce**
  - **CEO** founded the company in 1986 and still actively running it.
  - CEO is also the largest shareholder with **16% stake and has interests well aligned with shareholders.**
  - Almost negligible turnover in the sales team as well as senior management.
  - Most top managers running divisions have been in their positions for more than a decade
- **Management track record**
  - Solid track record of absorbing acquisitions
- **Competition**
  - **SSNC is an aggressive marketer** in an industry which is dominated by old players that may be slackening on service standards and innovation.
  - Aggressive sales force is well incentivized to grow revenue in a difficult industry where change is not easy.
  - Consolidating industry with exit of many players because of regulatory pressures
  - **Banks have too many conflicts of interests and are forced sellers**
- **Stability in downturn**
  - Many of SS&C's contracts are governed by thresholds on assets under management and/or trading volume.
    - Assets under management were down 23% in FY08, which contributed to organic revenue declining 6.5% in FY09.
    - Whether financial assets go up or go down, they have still got to be accounted for.
  - SSNC sells solutions globally to >10,000 clients, with the **top 10 clients representing 14% of total revenues**. No single client accounting for more than 5% of total revenues.

Quality: Reasons to like SSNC? (cont…)

- **Attractive Financial metrics**
  - **Incremental return on capital of around 14% despite major acquisitions**
  - **Capital light business** with capex <10% of operating cash flows
  - Consistent high free cash flow generation
- **Sticky and predictable business**
  - We like the recurring nature of the business with **high exit barrier for customers**
  - **Retention rates are greater than 95%**
  - Stable and predictable cash flows allows for managing costs and capital allocation better and allows leverage
- **Synergy track record**
  - It helps that most of acquired companies were inefficiently run
  - Economies of scale allows for significant cost synergies
  - Opportunities for cross selling and acquisitions provides operating leverage
    - **Most acquisitions achieved 10% increased margins**: GlobeOp 31% to 40%. Portia 40 to 50%. HiPortfolio 16% to 43%.
- **High R&D expense**
  - R&D needed for continually improving products
  - **Because it primarily uses its own proprietary software vs competitors using 3rd party software, SSNC** can quickly identify and deploy product improvements and respond to client feedback, enhancing the competitiveness of software and software-enabled service offerings.

Growth: Reasons to like SSNC?

- **Fintech growth**
  - Although SSNC is a boring business of Fund administration, it is **closely aligned with Fintech industry** bringing innovation and productivity in the traditional business.
- **Underpenetrated growth in PE/RE**
  - Business process outsourcing in private equity, Insurance, REITS etc. is underpenetrated
- **Growth of 3rd party vendors**
  - Financial services providers are increasingly turning to independent vendors (vs banks), as a result of economic challenges and heightened regulatory requirements
- **Conservative industry**
  - Disruption by new technologies like Block-chain is not easy
- **Asset Classes and Securities Products Growing in Volume and Complexity**
  - Increased demand for software delivery options, including cloud-based services, social collaboration and information access through mobile devices
  - Increased demands for transparency, efficiency, and risk management
- **Need for greater efficiency**
  - Increasingly competitive low-fee and automated options, are pushing investment managers for greater efficiencies and lower fees
- **History of growth and ambitious targets**
  - Delivered 24% earnings growth since 2010
  - Targeting an ambitious 5-10% organic and 5-10% acquisition lead top-line growth

Appendix

Some of the key services offered in back/middle office include

Institutional and Investment management

- Client communications and reporting
- Performance, analytics and attribution
- Portals and mobility
- Accounting tax and regulations

Alternative assets

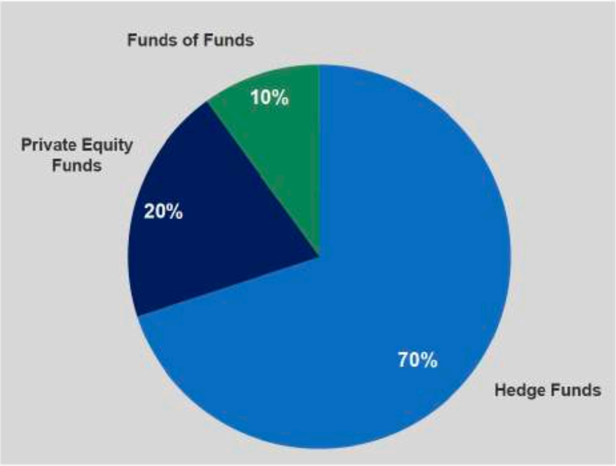
- Real-time trade capture
- Tri-party trade clearance
- Collateral management
- Wires and payments
- NAV production
- Tax preparation, analysis and optimization
- Regulatory solutions
- Portfolio Analytics, Performance and Attribution

Alternatives (2014: looks very different now)

2014

- Large financial institutions
- Independent hedge, private equity and funds of funds
- Managed account platforms
- Real estate partnerships
- Banks, corporate treasury and other middle office users

Customers by Asset Type



2015 Revenue Business Distribution by End Market*

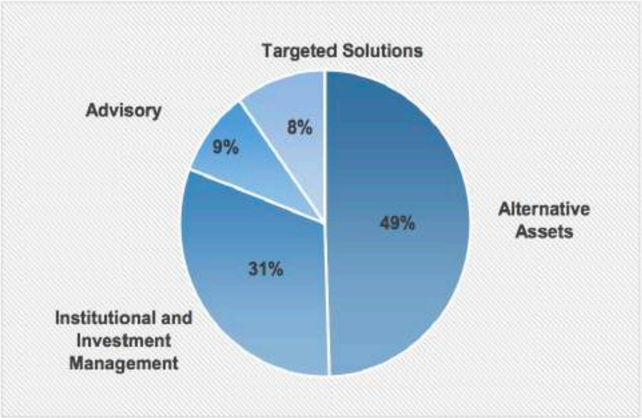


Exhibit 2: THIRD PARTY VENDORS TO ASSET MANAGERS – DATA AND SYSTEMS

	DATA		SYSTEMS			
	Security & Pricing Data	Market Indices	Risk Models & Analytics	Order Management Systems	Trade Execution Systems	Accounting Systems
BlackRock Solutions			X	X		
Bloomberg	X	X	X	X	X	
Charles River				X	X	
Citi		X	X			
Clearwater Analytics			X			X
Eagle Investment Systems (BNY Mellon)						X
Eze Software Group				X	X	X
FactSet			X		X	
Fidessa				X		
FIS (formerly SunGard)			X	X		X
Fitch Ratings	X		X			
Flextrade					X	
FTSE Russell		X				
IHS Markit	X	X	X	X	X	
Intercontinental Exchange	X					
ITG					X	
Linedata				X	X	X
MarketAxess					X	
Moody's Analytics	X		X			
MSCI		X	X			
PAM (State Street)						X
S&P Dow Jones	X	X	X			
Simcorp				X		X
SS&C Technologies			X	X		X
Thomson Reuters	X				X	
Tradeweb					X	
UBS		X	X			
Wilshire Associates		X	X			

For illustrative purposes only. Not comprehensive. Many of the organizations perform more functions than are listed in this table.

Exhibit 3: EXAMPLES OF THIRD PARTY VENDORS TO ASSET MANAGERS

	OPERATIONAL FUNCTIONS OUTSOURCING			CUSTODIANS
	Middle Office Outsourcing	Transfer Agent	Fund Accounting & Administration*	
American Stock Transfer & Trust		X		
BNP Paribas	X		X	X
BNY Mellon	X	X	X	X
Brown Brothers	X	X	X	X
CACEIS	X		X	X
Citco	X		X	
Citi	X	X	X	X
Clearwater			X	
ComputerShare		X		
DST		X		
Genpact	X			
IFDS		X		
JP Morgan	X	X	X	X
Northern Trust	X	X	X	X
RBC	X	X	X	X
SEI	X		X	
Societe Generale	X		X	X
SS&C Technologies	X		X	
State Street	X	X	X	X

For illustrative purposes only. Not comprehensive. Many of the organizations perform more functions than are listed in this table.
*Note, these services can also be provided for separate accounts. In this section, we will focus primarily on fund accounting and administration given several unique responsibilities.

Fragmented industry provides opportunity to grow

Type	Why	Targets	Expected acquisition price (pre-synergy)
Fund Administrators	▪ Over 200 administrators across the globe ▪ The industry is consolidating	Bank owned administrators, regional administrators	▪ 10-12x EBITDA for larger, strategic acquisitions ▪ 4-5x EBITDA for tuck-in acquisitions ▪ All acquisitions are expected to achieve SS&C corporate average EBITDA margins within a set timeframe
Financial Technology servicing Investment Management Industry	▪ Fragmented industry ▪ Many small FinTech companies need infrastructure SS&C can provide	Portfolio management software, performance software, front office solutions, tax solutions, etc.	
Targeted Solutions	▪ Generate high cash flow ▪ Increases deep industry expertise	Oil and Gas Accounting, Health and Wealth, Real estate, Financial markets	

- Plenty of opportunities in all areas to make value added acquisitions, especially the Fund Administrators, that has natural sellers

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