



# Sovereign wealth funds' demand for data management

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Eagle has had state-run institutions among its client base for decades. Sovereign wealth funds, public pensions and central banks have for a long time taken advantage of our services.

As a provider of best-of-breed systems in data management, investment accounting and performance measurement, our clients in the main have comprised investment management organizations, mutual fund managers, hedge funds, brokerages, endowments and insurance companies. Between them our clients manage more than \$21 trillion of assets worldwide.

Interestingly, however, over the last two to three years we have seen the number of inquiries from state-owned institutions – in particular sovereign wealth funds – increase significantly.

By way of a recent example, earlier this year we completed an implementation for a substantial sovereign wealth fund. The chief executive officer and chief risk officer of the institution had needed insight on exposure reporting at the enterprise level, including: country-at-risk, currency, industry, strategy and counterparty risk. Enterprise data management was viewed as a critical initiative in order to make informed business decisions. The leadership of the fund wanted to be able to rely on one single version of the truth for all investment management data.

Following the implementation, investment data on their Eagle system includes: more than 25 inputs relating to index data; more than 75 inputs relating to custodial data; more than 10

inputs relating to alternative investments; more than 15 inputs relating to securities pricing and FX; as well as private equity data. The information today is accessed directly not only by the chief executive officer and chief risk officer of the fund, but also the Prime Minister and President of the country in question.

We now have more sovereign wealth funds – mostly with needs similar to the above example – among our client pipeline than ever before.

As a market segment, sovereign wealth funds are growing in size, growing in number, and assuming more complex and diverse investment strategies. On top of this, they are facing a shifting global regulatory environment.

We have identified three trends driving demand for our solutions from this growing group of institutions:

- **Regulatory change**  
Sovereign wealth funds are concerned about the extent to which rules governing disclosure may affect their ability to participate in particular transactions. In addition, they are also concerned that rule making that may affect long-term investment policies in developed economies.
- **Improved transparency**  
Sovereign wealth funds are also focusing on the challenge of how to define, acquire and share best

practices as the pressure grows to improve transparency of governance and accountability in their investment decisions. The need to understand one's own position to anticipate and respond to market volatility; and regulatory demands are prompting sovereign wealth funds to move towards making greater use of enterprise data management, risk management tools and performance analytics. Risk monitoring and risk management now carry much greater weight in their investment and allocation decisions.

- **Demand for operational efficiency**

Sovereign wealth funds face the daily challenges of managing middle- and back-office operations, dealing with multiple sponsors such as ministry of finance, pension funds, etc. and managing multiple custodians where data needs to be consistently defined and aggregated to respond more quickly to market volatility. Increasing internal reporting demands – such as analyzing exposures, generating accurate performance calculations and providing high quality board reports – can be extremely taxing on resources when complex global portfolios are taken into account.

Our experience tells us that sovereign wealth funds typically want absolute best-of-breed products and they will only accept the highest levels of security and encryption. At the same time, they pay close attention to the ownership of their solution providers; they want to see long-term, financially stable ownership to assure them that they will be dealing with the same organization in five or ten years' time.

I believe what we have witnessed in that last few years – the growing influence and sophistication of sovereign wealth funds – is only the beginning. This elite group of institutions is becoming a major force within global capital markets and I am proud to be able to say that Eagle has the know-how and financial position to work with them to adopt best practice in data management, investment accounting and performance measurement.

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## ABOUT EAGLE INVESTMENT SYSTEMS

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