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Press Release: BusinessWire



Enhanced Accounting Software from TKS Solutions Combats Operational Risk for Hedge Funds and Fund Administrators

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Institutions invest a great deal of effort in measuring and controlling risk. In the alternative investment industry, the initial focus of risk management related to investments and their market risk exposure. With the help of the myriad of portfolio software systems those market risks are now routinely quantified and monitored. Firms have now begun to look inward, toward the operational risk that permeates their daily routines. In a nutshell, operational risk measures the chance that an employee can make a mistake that causes harm to the firm.

Reducing the effect of operational mistakes will continue to be a key initiative well into 2012 and 2013. With the recent release of SSAE 16 (formerly SAS 70) auditing standard, the assessment of operational risk rests not just with the hedge fund but also flows to their administrator. The new add-on "Penny Bullpen" addresses one of the largest risks facing alternative investment firms and their administrators.

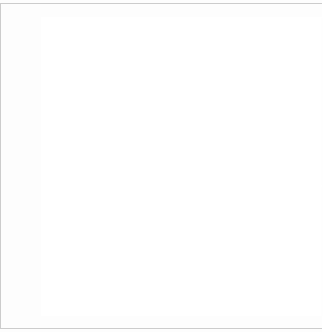
If there is one aspect of operational risk that keeps the industry up at night, it is the possibility of mistakes when sending statements/reports to investors. This task, although routine, is fraught with peril. If an error occurs when distributing the monthly statements, that mistake inevitably colors how the investor perceives the entire fund – the firm may be viewed as error-prone, and possibly even untrustworthy. So it is under that umbrella of fear that firms perform the monthly ritual of distributing investor statements. If a firm is using an administrator, the dread doesn't go away - it merely morphs into concerns about the administrator's internal controls.

With the latest release of Penny-it-Works, TKS Solutions has created a controlled environment that mitigates the risk of distributing erroneous investor statements. A new optional add-on, called the "Penny Bullpen", gives firms a document repository and workflow that allows organizations to review, edit, and approve any reports before they are sent to the investor. When reports are generated within the system, they can be routed to the Bullpen.

Once in this repository, users can vet the report data as well as the recipient's information (e.g. address, email, fax number). There is a built-in editor to allow users to modify reports, and those changes fully versioned to facilitate comparisons and provide the ability to revert erroneous changes. As part of the workflow in the Penny Bullpen, a firm can set up approval policies which may include enforcement of the "four eyes principle" before reports can be distributed to investors. Audit trails are automatically captured for each change, and supervisors can be granted override authority. Explains TKS Solutions President Ron Kashden, "With the Bullpen organizations can continue to use low-cost staff to perform the routine preparation of monthly statements without the concern of a mistake blowing up their relationship with their investors."

The Penny Bullpen is available today as an add-on option to the comprehensive Penny-it-Works software package and will be available in 2012 as a stand-alone product.

TKS Solutions offers unified partnership and shareholder accounting solutions for



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