

# BNY MELLON AND BLACKROCK SOLUTIONS ALLIANCE DEMONSTRATION

**April 2019**

HANI KABLAWI: Hello, everyone. I'm Hani Kablawi, CEO of BNY Mellon's Asset Servicing business and I'm here with Sudhir Nair, Head of the Aladdin at BlackRock Solutions, and two of our colleagues, to tell you about a new alliance between our firms.

We started working together a few years ago to transform BlackRock's own investment management operating model through Aladdin.

We automated key activities, and improved productivity and efficiency for the BlackRock funds and today, we're excited to bring you the same benefits by making our digital and data solutions available to all of you, integrated right into Aladdin.

The solutions we'll introduce here, are available today.

They leverage Aladdin's leading technology for investment managers, with real-time data from BNY Mellon, to bring reporting and analytics capabilities to your front office and operations teams.

This is a key step towards breaking down barriers between your people and the data they need to do their jobs in one integrated environment.

Sudhir will say a few words in a moment, but first let's have Christine Gill of BNY Mellon, and Michael Horan of BlackRock Solutions take you through these new capabilities in more detail.

CHRISTINE GILL: Thanks, Hani. I'm Christine Gill and I lead the BNY Mellon's Investment Manager segment. Investment Managers are looking for ways to simplify their operations, improve efficiencies and enhance their decision-making. Straight-through processing with better data integration and transparency are must-haves for today's core fund accounting and custody functions.

But Investment Managers are also looking for ways to enhance front office decision-making, from insights derived from intraday trade activity, to more precise projections of net investable cash.

The solutions we'll show you today, eliminate the need to jump from system to system in search of data or to wait for end of day reports. Your Portfolio Management and Operations teams will be more effective and efficient with:

- up-to-date, detailed insight throughout the day
- simple, clear views of the information they need
- and drill down capabilities to understand root cause

To bring this to life, we'll take you through some examples of the solutions that we've integrated with Aladdin.

First, we'll show you, through Aladdin, how you'll have a real-time view into custody and cash. Clients can see the status of trades throughout the day and take steps to improve settlement success.

We'll also show you our NAV construction capability which provides for intraday transparency into the NAV construction process, so you can monitor and proactively address issues.

I'll now hand it over to Michael Horan to show you these tools in action.

MICHAEL HORAN: Thank you, Christine. This is Michael Horan here from the Aladdin Business, and I'm excited to share a live look into some of the rich BNY Mellon content that we've integrated into Aladdin.

So here we have the Aladdin Dashboard, the central hub where Aladdin users from many different areas of an organization come to view information and conduct activities throughout the investment life cycle.

Right now, I'm on an example equity trading screen with a lot of content, analytics and graphical widgets – all of which was built by the BRS Aladdin team.

Now let's jump into the operations world with the team's settlements monitor. So, this is really exciting, as we've combined existing Aladdin data and workflows with direct integration into the BNY Mellon custody platform. This combination empowers a user with tighter and faster workflow to really make a difference.

As an operations professional, one of my responsibilities is to monitor trades to identify, and where possible, remediate potential fails. So, scale and efficiency is the name of the game here.

In this pane I oversee an exception-based process to monitor thousands of trades, combining Aladdin's records with existing custody protocols and ultimately flag issues I need to investigate

In the top row, I have a sell trade for a Treasury where a "Lack of Securities" message has come in from BNY Mellon, telling me that we are approaching the settlement deadline and I don't have the bond I need to cover my trade

So, it's time to act, but historical industry protocols have only gone so far... so the typical step at this point would be to pick up the phone and call the custodian to figure out what's actually going on – which is a manual and time consuming back and forth process.

But instead – I'm now going to leverage our new direct integration with BNY Mellon right here in Aladdin. With one click, that fully respects the context of the Portfolio and Security, I'm directly drilling into BNY Mellon's custody platform to render the Custody Activity screen.

From here I can quickly see that we've properly recalled a Treasury that had been out on loan in order to cover our sell, but the financing counterparty hasn't delivered.

So, I immediately know that we need to go to the counterparty to get this resolved. This created an easier and faster way to proactively prevent the fail from happening – which is a huge benefit.

So, now we'll jump into the topic of NAV Transparency and Oversight.

There's an industry wide push to proactively oversee the NAV process at one's Fund Administrator. That's one of the reasons behind our Aladdin Accounting offering, which provides a portfolio valuation that can be compared to Fund Accounting, and we have some nice integration with BNY Mellon to better facilitate this interaction by viewing Aladdin and BNY Mellon accounting data side by side

But for today – I'm going to show how we have directly integrated BNY Mellon's NAV Construction app that Christine described earlier.

So, now right here in Aladdin I have direct transparency into the NAV readiness and production status of all of our Funds in a streamlined and easy to consume manner. In addition to this live transparency during the process every day, the tool also provides a rich historical data trail. This transparency improves communication with BNY Mellon and simplifies the process to demonstrate proper NAV oversight.

So that was a very quick look at some of the integration we've done. It's exciting as the ability to leverage Aladdin and BNY Mellon data sets in a seamless and timely manner unlocks a lot of possibilities.

I'll now hand it off to Sudhir Nair with some concluding thoughts.

Sudhir Nair: Thanks, Michael. I'm Sudhir Nair, Head of BlackRock's Aladdin Business.

More than ever, the investment management ecosystem is seeking deeper integration and simplified workflows along the investment lifecycle. BlackRock Solutions and BNY Mellon, through our complementary data and technology capabilities have been working together to transform the investment manager operating model, and to deliver these benefits to BlackRock and our mutual clients.

So far, these collaborative efforts, have helped BlackRock's asset management business to increase transparency at multiple stages of the investment lifecycle, accelerate information delivery, and synchronize critical data between our two organizations.

As a result of this integration, BlackRock has experienced notable successes including a dramatic increase in fund accounting STP rates, currently well over 90% across the board. As well as a significant reduction in email and phone traffic that was previously required for our teams to exchange information.

With these accomplishments well underway, we are excited to now align with BNY Mellon to extend these benefits to the broader Aladdin Community.

The combination of Aladdin's capabilities with BNY Mellon's data and tools will further enable our common clients to access industry leading investment management and servicing capabilities on one platform.

But this is just the beginning, and in addition to these capabilities discussed today, BNY Mellon and Aladdin are also collaborating on a suite of new solutions to be rolled out over the coming months that will bring new capabilities to solve common challenges along the investment lifecycle.

We look forward to continuing this discussion – so please reach out to either your BNY Mellon or Aladdin relationship manager for more information.

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