Cyber threats have evolved well beyond data breaches to sophisticated attacks designed to disrupt operations, cripple supply chains, and extort funds — all costing organizations billions of dollars. For portfolio companies, cyber-attacks can have a negative material effect on balance sheets and asset value, cutting into already tight margins and disrupting growth plans.

The acquisition of portfolio companies can also bring inherent technological vulnerabilities, cybersecurity exposures, and/or compromised supply chains, which may not be discovered or addressed during the due diligence process. These risks may result in losses that can significantly impact post-acquisition value. Middle market companies are an attractive target for hackers and often do not have adequate resources to protect against and respond to cyber incidents. In fact, attacks on small to medium-size (SME) firms are rising, increasing risk exposures for alternative asset managers and their portfolio companies.

Understanding the Rising Cost of Cyber Risk

- The three biggest public company data breaches from 2016 to 2019 resulted in an average 7.5% decrease in their stock prices, market cap loss of $5.4 billion per company, and $350 million in costs and penalties.
- Multiple data breaches at a global media company led to a $350 million decrease in its 2017 acquisition price.
- 67% of US and UK SMEs experienced a cyber-attack in 2018, but only 28% say they are highly effective at mitigating threats.
- 93% of firms say cybersecurity evaluation is important in M&A decision-making.

WHO IT’S FOR

- All alternative asset investors and their portfolio companies regardless of size, industry, or geography.

WHAT YOU GET

- Balance sheet protection against cyber events.
- Risk finance optimization.
- Unique, proprietary analytics to help you understand, measure, and manage cyber risk.
- A manuscripted insurance program with broad coverages.
- Cyberport, our dedicated cyber coverage purchasing platform, offering premiums savings of 20% or more to current qualified buyers.
- Dedicated support to improve outcomes in claims negotiations.
- Program portability.
Marsh Solutions to Help Alternative Asset Investors Manage Cyber Risks

The risk of cyber-attack is based largely on a company’s unique cyber risk profile. Marsh offers best-in-class tailored analytics and solutions to measure the probability of a breach, identify potential factors contributing to vulnerability, and assess network attack susceptibility for each investment.

We help you:

- Understand the cyber threat environment and vulnerabilities of your portfolio companies and assets based on their externally visible network profile.
- Measure and model the potential financial impact of cyber events with our proprietary risk quantification tools, using company-specific information.
- Manage your cyber risk with market-leading risk transfer programs.

Our Cyber Risk Management Services Add Value Throughout the Investment Lifecycle

<table>
<thead>
<tr>
<th>FUND</th>
<th>ACQUISITION</th>
<th>PORTFOLIO</th>
<th>EXIT</th>
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<tr>
<td>RAISING CAPITAL</td>
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<tr>
<td>• Cyber risk management best practices to meet investor needs and regulatory requirements.</td>
<td>• Pre-acquisition risk and insurance due diligence for cyber exposures.</td>
<td>• Portfolio insurance programs.</td>
<td>• Cyber solutions to assist transactional risk process.</td>
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<td>• Deploying analytics to assess limit and level of risk retained.</td>
<td>• Portfolio-wide proprietary cyber analytics.</td>
<td>• Risk finance optimization and best-in-class insurance coverages.</td>
<td>• Residual cyber risk cost assessment.</td>
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<td>RAISING CAPITAL</td>
<td>DUE DILIGENCE/NEGOTIATION/SPA</td>
<td>POST/hyphen.cap</td>
<td>DUE DILIGENCE/NEGOTIATION/SPA</td>
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<td>ENHANCING VALUE FOR EXIT</td>
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For more information on how Marsh can help you manage cyber risk for your alternative assets and portfolio companies, send an email cyber.risk@marsh.com, or contact:

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