

# VERSION CONTROL

november 13th/2012

## Advent Software

A Leading Provider Of Mission-Critical  
Solutions For International Investors

Advent Software has been providing reliable, trusted solutions to investment management organizations of all sizes and strategies since 1983. Whether you're a global hedge fund with investors worldwide or an investment management firm with \$500 million under management, Advent's proven solutions can improve operational efficiency, reduce risk, and eliminate the boundaries between systems, information and people so you can focus on what you do best.

In addition to world-class software, Advent's Consulting Services team employs a specialized, scalable and repeatable project management

methodology to ensure that your software implementation is on time and on budget. Using a proprietary implementation methodology, Advent's implementation specialists work with clients to define requirements, organize resources, plan, and closely track progress on software implementations.

Advent's product development process is guided by a formal validation process, where we meet with clients and prospective clients to fully understand their business operations, their software needs, and the challenges they face in the market. This feedback is used to ensure that the software we develop meets the real-world needs of firms.



### *Pete, please name the product you wish to showcase in our Version Control.*

We have three flagship platforms for different types of customers: asset and wealth managers, alternative investment managers and independent advisors.

The platform for asset and wealth managers is comprised of Advent Portfolio Exchange® for portfolio management, CRM and client reporting, Moxy® and Advent Rules Manager® for trading and compliance, Advent Revenue Center® for billing and revenue management, Advent® General Ledger Exchange to facilitate information flow into a firm's general ledger, Advent Tradex® for fund distribution and order management, and comprehensive Data Services including connectivity to hundreds of custodians via Advent Custodial

Data® and automated corporate action capture with Advent Corporate Actions®.

Our platform for alternative investment managers includes Geneva® for portfolio management, Advent Syncova® solutions for margin and debit financing, Advent Tamale RMS® for research management and Geneva® World Investor for integrated portfolio and investor accounting.

Advent's solution for independent advisors is the Black Diamond platform, which is used by more than 300 advisory firms in the US. This platform is currently available only for US-based clients.

Within each of our solutions, clients can select among the available components in order to support key workflows and data across their entire investment process.



**Pete Hess,**  
President and CEO  
of Advent Software  
Inc., speaks with  
RFPConnect about  
company's flagship  
products, their  
capabilities and  
benefits for clients.

# As a leading solutions provider for the investment management industry for the past 29 years, we have built strong relationships with our clients and the market.

## ***Could you briefly introduce the main functionality of the platforms?***

I would certainly describe it by using the following theses:

- Single-source for client & portfolio management
- Trading and compliance solution
- Dashboards and flexible, custom reporting
- Business intelligence for AM/WM
- Fund distribution
- Open for easy integration (Microsoft Outlook, Market and Reference data, Post-trade, etc.)

## ***What are the major benefits of Advent's solutions?***

Advent's award-winning platform for asset and wealth management is specifically designed to meet the most critical needs of business owners and decision-makers across the firm. With powerful dashboards and flexible, dynamic reporting capabilities, we help our clients achieve their firms' growth strategies while providing greater transparency into portfolios, clients, and the firm's business.

## ***Usually, how long does a typical implementation of the products require?***

Implementation times vary depending on firm complexity. The average implementation takes 90 days to 6 months

## ***Who are your clients?***

We have more than 800 clients globally, including institutional asset managers, HNW asset managers, wealth managers and family offices who use Advent's platform for asset managers.

## ***Do you have any principal competitors in the market? If yes, who are they?***

SimCorp, Thomson (eXimius), SunGard, Odyssey (Triple A).

## ***What are the outstanding advantages of your products over rival solutions?***

- As a leading solutions provider for the investment management industry for the past 29 years, we

have built strong relationships with our clients and the market. Our comprehensive platform for asset and wealth management provides a single-vendor, best-in-class solution to meet the front, middle and back office needs of global investment managers helping them to streamline their workflows, make better decisions and strengthen their relationships with their clients.

- Meaningful innovation has always been at the heart of Advent and with the pace of change constantly accelerating, we have moved to a more agile development model with shorter release cycles and we are focused on deploying integrated platforms to make it easier for our clients to get the information they need.

## ***How do you position your products in the market against its competitors (e.g. price, functionality, speed of implementation etc.)?***

Advent provides a comprehensive solution that has been adopted by over 800 firms in the last 8 years. It has one of the highest ROI of applications in the industry and our implementation methodology ensures successful implementation and rapid adoption.

## ***How often does the company upgrade its platforms?***

Twice a year.

## ***How are the upgrades delivered to users?***

Advent offers dedicated services delivered by specialists to ensure clients get on the latest version sooner and with less effort.

Advent's streamlined upgrade process helps users make the most of their Advent solution and keeps them up-to-date on the latest functionality. All consultants have broad experience working with Advent products. The services team provides dedicated project management and consultancy to oversee all elements of clients' upgrade project. New feature training is also included.

Upgrades can be delivered remotely or on-site.

***Have you launched, or are you planning to launch, a completely revised version of the products in near future?***

We launched a completely revised version of the platform for asset and wealth management in April 2012, and announced in September 2012 that the beta program is underway for a major new release.

***How do users/customers pay for your products (i.e. the fee structure)?***

Users pay on a term licensing model, pricing depending on the clients' AUM / AUA.

***What are the most important industry-wide trends affecting the market for your products?***

The most important trends affecting the industry are:

- The move of IT to the cloud which brings cost benefits to users in particular,
- The increasing importance of mobile access which means Advent needs to ensure applications run efficiently on any mobile device,
- The increasing importance of social media which can help develop workflows facilitating connections with external contacts and improve job efficiency and client service levels,
- And the regulatory burden facing wealth and asset managers, which means Advent continuously invests in the tools clients need to harvest the information required for regulatory reporting.

***What is the marketing strategy for Advent's product (i.e. by what means are you seeking to distribute the product and enlarge its market share)?***

Advent's growth strategy is similar across our suites of products:

- Advent is working to expand its footprint into clients' middle and front office,
- Delivering enhanced SaaS solutions,
- Continuing its development on international markets,
- Delivering an exceptional client experience.

***Thank you.***

## Pete Hess' Blog: Eliminating Boundaries

September 11, 2012

Greetings from Las Vegas! AdventConnect 2012 is in full swing.

Once again we have a terrific turnout with more than 1,000 people, and I want to thank all our clients who made the effort to be here. Your loyalty inspires us.

In my welcoming remarks on Monday, I wanted to explain how Advent is changing, not so much in what we do, but how we do it. It is all driven by an overriding core value: we're here to help you be great. And in order to achieve that goal, we have to be great at the things you expect and need from us.

Being great takes focus, and that is what we are going to do. We are everywhere we need to be in terms of geography and with our product set. So instead of diversifying into new markets and products, we are going to focus on what we have and finish what we started – making the solutions you are already invested in the best they can be. Making them easier to access, learn and use. And by embracing agile development, open architecture and cloud-based delivery, we're going to do it faster.

That doesn't mean you have to move your core accounting or trading functionality to the cloud if you don't want to. But it does mean you'll be able to access new enhancements to your installed system via the cloud without the pain of a major upgrade.

Being focused means we can't be great at everything. So if there is something you need that we can't do, we're going to find the best partner and invite them to be part of an open ecosystem.

It's all about eliminating boundaries – the theme of this year's conference, but also our vision for the future. By eliminating boundaries between systems, people and information, we believe we can help you be more effective and more profitable, with less operational risk. Greatness means not being content to be 90% of the way there. We have to close that last 10%, knowing that it is the most challenging part of the journey. It's a team effort with our clients. Just as you depend on our solutions, we depend on your input, ideas and advice. We look forward to achieving greatness together.

## History of Success

### **ADVENT SOFTWARE ANNOUNCES UPDATE TO ITS PLATFORM FOR ASSET AND WEALTH MANAGEMENT**

November 12, 2012 – Advent Software, Inc. (NASDAQ: ADVS) announced the global availability of its update to the company's platform for asset and wealth management. This release provides significant improvements to components of the platform. A few highlights of the new release include increased instrument coverage, ranging from improvements in accounting and reporting of Private Equity investments to connectivity with third party vendors for more efficient fixed income trading.

### **ADVENT ADDS ALTERNATIVE INVESTMENTS SOLUTION TO BLACK DIAMOND PLATFORM**

September 11, 2012 – Advent Software, Inc. announced the launch of an alternative investments solution within the Black Diamond platform. The new functionality enables advisors and wealth managers to manage and report the details of their alternative investment holdings down to the transaction level allowing them to provide a more complete financial picture to their clients.

### **ADVENT'S ASSET AND WEALTH MANAGEMENT SOLUTION SWEEPS ALL FOUR CATEGORIES FOR "BEST-IN-CLASS" TECHNOLOGY SOLUTION**

August 30, 2012 – Advent Portfolio Exchange<sup>®</sup> (APX) – Advent's end-to-end portfolio management solution for asset and wealth management – was awarded top honors in the CEB Tower Group Portfolio Management Systems Technology Analysis. Advent Portfolio Exchange<sup>®</sup> was named a best-in-class in all four technology categories assessed: Portfolio Tools, Advisory Experience, Workflow Management and Enterprise Support.

## Events on the Edge

### **Hedge Funds World Zurich 2012**

*14 - 15 November 2012, Dolder Grand Hotel, Zurich, Switzerland*

Now in its 15th year, Hedge Funds World Zurich is the leading hedge fund event dedicated specifically to the Swiss end investor community. Leading Swiss investors will have the opportunity to evaluate the nuances of CTAs, hedge fund replicators, global macro and event driven strategies through highly sophisticated case studies and debates.

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### **TradeTech Swaps & Derivatives**

*November 22, Hilton London Tower Bridge, London*

TradeTech Swaps and Derivatives Regs conference helps you to understand the impact of OTFs, prepares you to overcome operational challenges and helps you to ready your collateral management to cope with the need to be cash rich. While shared plenary sessions and plenty of networking time means you can resolve common challenges and share ideas.

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## Regulatory Reform in the UAE: Are You Compliant?

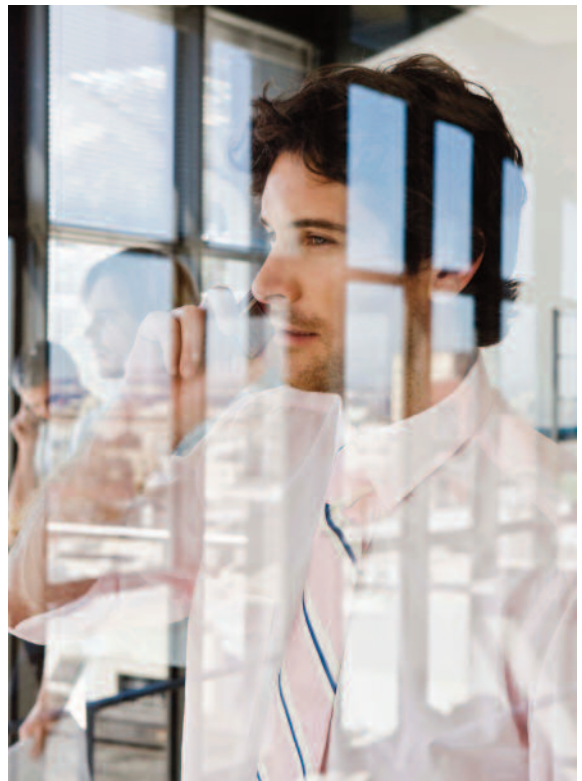
The world is still feeling the regulatory repercussions of the market meltdown of 2008. Calls for tighter regulation of investment funds are echoing in all corners of the globe, and the wave of reform has not spared the Middle East. In July 2012, the United Arab Emirates' Securities and Commodities Authority (SCA) issued a new set of regulations for mutual funds, purportedly designed to improve investor protection while bolstering the country's asset management industry. After receiving numerous comments on the draft, the SCA amended the final version, reinforcing provisions for Islamic finance, corporate governance and risk management, whilst maintaining focus on investor protection.

In a recent survey of Middle Eastern fund firms and their clients conducted by Advent Software and MEED Insight, around 30% of asset managers and investors alike cited a "weak and non-transparent regulatory framework" as a top-of-mind concern. This suggests a widely shared view in the region that the system was due for reform.

These new rules have had a big impact on investment management operations. Whilst existing fund managers should be compliant by now, firms looking to set up an activity or to sell their funds in the UAE should be familiar with the key provisions and ensure their systems have the capabilities needed to comply.

### Daily NAV

Among the key provisions, the new regulations require that a "The management service company shall evaluate the assets of the fund at the end of every business day," though this has been relaxed from the draft version, to include the option to evaluate assets "as stated in the Offer Document in accordance with the international standards adopted in this regards." Net asset values therefore have to be calculated and produced daily for most private and public equity funds. Calculations would have to account for fund management fees and expenses each day as well in order to be truly net.



## Key Provisions of the SCA Proposal

- ▶ Minimum of AED (dirham) 10 million required to establish a local investment fund (approximately US\$2.72 million)
- ▶ Funds need an administrator to produce a daily NAV for most public and private equity funds
- ▶ Fund management company must own at least 3% (and not more than 49%) of any fund it manages
- ▶ Fund managers must have independent audit and their management service company must publish an "informative summary" in two newspapers, including one in Arabic
- ▶ Investment managers must demonstrate due diligence and diversification
- ▶ Foreign funds marketing in the UAE must sell through local promoters
- ▶ Local promoters must provide access to quarterly reports for investors and year-end for the SCA

Fund administrators in the Emirates need systems that enable them to comply with this requirement. Many already rely on Advent's global portfolio management solution, which integrates easily with external data and pricing sources and updates portfolio positions in real time, enabling firms to automatically generate accurate daily NAV.

## Fund Managers' 3% Ownership Stake

Under the new rules, UAE-domiciled fund managers are required to invest their firms' own money to acquire a minimum of 3% of the capital of any fund they manage. Presumably, having a sizeable stake in the fund aligns the manager's interests and risks with those of the investors, though this is much less than the 10% announced in the first draft of the rules. At the same time, the fund manager's investment in its own funds

cannot exceed 49% of any fund (unless it is close-ended), thus preventing the manager from being the dominant shareholder. Percentages of a fund's investments in securities issued by one company, one associated group, other similar funds or external markets are also strictly defined, to avoid over-exposure on any given asset.

Fund managers therefore need to monitor their portfolios constantly to ensure that the composition does not "drift" from these percentages due to buy and sell decisions, purchase and redemptions, or changes in market conditions. This requires a system like the Advent solution that allows managers to monitor their positions in real time and enables pre-trade compliance checks. The Advent platform also integrates investor accounting and servicing functionality with its core portfolio accounting and reporting capabilities. On a single platform, managers can quickly see their positions in relation to those of other investors at any given time, and make any adjustments necessary to stay within the prescribed percentages.

## Due Diligence and Diversification

The regulations spell out a number of the obligations for fund managers, management service companies and promoters of foreign funds in terms of due diligence. Notably, "all related parties (...) shall use due diligence to provide adequate and accurate information to the current and prospective unit owners," and key obligations of the fund's investment manager include "to exert due diligence in managing the fund assets as expected from a professional person." Managers must also abstain from creating conflicts of interest and must "endeavour to safeguard the interests of the fund in each action or procedure."

While this is essentially codifying investment best practices into law, fund managers will need to be able to demonstrate that they are indeed "doing their best" in due diligence. That means following a consistent process, documenting the rationale for decisions and retaining the supporting data to defend their decisions if necessary.

In recent years, many firms have begun to employ research management systems (RMS) to handle and organize the voluminous data that goes into due diligence and decision making. A state-of-the-art RMS makes it easy to capture, store, search and find all the information around any investment opportunity the manager is pursuing—third-party research, meeting notes, email correspondence, articles from the Internet, earnings reports and more. An RMS streamlines the investment process and enables managers to make better-informed decisions that are thoroughly documented. It also demonstrates to regulators that the manager has a consistent, disciplined due diligence process.

## Fund Distribution

Another obligation of the investment manager addressed in the rules is to ensure the distribution of fund shares through multiple intermediaries without bias to any single one. Advent offers a platform for fund managers that automates order management and distribution of fund shares which is perfectly suited to this requirement. It allows selected intermediaries electronic access to the fund manager's product. The processing of shareholder transactions, from initiation to the back-office and through to the fund's administrator, is highly automated, significantly increasing efficiency and reducing the risk of manual errors. The Advent solution enables fund managers to seamlessly handle the registration of fund subscriptions and redemptions, as well as manage sales commissions.

## Risk and Liquidity Management

The final rules put a big onus on risk and liquidity management. For example, they state that the fund's investment policy must "define the investment risks related to each investment instrument and its anticipated future effect on achieving the investment objectives of the fund" and "how the instruments will be handled to cope with the risks of the fund." They also state that "the investment manager must observe, in its investment policy, the provision of an amount of liquidity that is adequate to the nature of the fund to cope with the investment-associated risks."

Moreover, the fund can borrow no more than 10% of the net value of its assets for no more than one year, and it cannot carry out any lending or financing operations "save for the trading by the fund in bonds, sukuk and other debt instruments contained in its investment policy."

The fund manager must also "continuously verify that cash assets meet its rating criteria as cash assets and its proportion to the total assets of the fund" and "establish effective policies to manage the liquidity and redemption suspension processes."

To meet these requirements, fund managers stand to benefit from a system like the Advent solution that allows total visibility into portfolio holdings and sector weightings. Managers can check the fund's composition and define and adjust for risk and liquidity as needed.

## Foreign Funds

It has become easier in recent years for foreign institutions to sell funds in the UAE. They are no longer required to have a local office. They are, however, required to register for approval with the SCA, and to sell through a local promoter.

Foreign fund managers marketing in the Emirates need to be aware of the obligations of authorized promoters under the rules. These include:

- ▶ **Due diligence.** The promoter is required to exert due diligence when selecting a foreign mutual fund to be promoted within the UAE, so the fund must be ready to respond to due diligence processes.
- ▶ **Shareholder recordkeeping.** Distributors are required to keep records of individual share buyers and the number of shares each person owns. They must also hand over to subscribers a proof of their subscription in the fund and advise them that SCA approval does not constitute a recommendation, against which the promoter must obtain the subscriber's signature on this disclaimer document. If the promoter uses an electronic distribution platform, it should therefore have built-in shareholder record-keeping functionality.

- **Ensuring availability of a daily unit price.** The distributor needs to obtain a daily rate for the fund unit, which the fund manager or administrator could provide using Advent as outlined earlier.
- **Reporting and financial statements.** The distributor must provide “suitable means of access” to disclosures and substantial information of the fund, reports and financial statements issued by the fund during the same period in which they are available for the fund’s unit owners in its home country.”

By having the right systems in place and providing the support the local distributor needs, foreign fund managers will play a key role in ensuring that these obligations are fulfilled.

## Financial Reports

Financial and regulatory reporting requirements have also been put in place, stating that the fund’s quarterly and annual reports must meet IASB or AAOIFI standards for a Shariah-compliant fund. Moreover, the rules require the board of directors of the fund, the fund manager and all other concerned parties to “immediately respond to all data and periodical reports requested by the SCA.” Managers therefore need a robust accounting and reporting solution to be able to comply with these demands to the level of standards required.



Scan this QR code with your smartphone, or go to [advent.com](http://advent.com) to learn more

**ADVENT®**  
You can count on us.

## Towards a More Transparent Framework

The regulation has changed significantly on some points since its draft form, but its common theme has remained the same: greater transparency. This is the linchpin of regulatory reform that has already taken place in the US and Europe. Transparency in the broadest sense means more than just letting investors and regulators know what fund managers are doing. It also means giving fund managers a clear picture of what is happening in the market and in their portfolios. Technology solutions that afford fund managers greater transparency give them greater control and empower them to make better-informed decisions. They also help satisfy regulators and generate investor confidence—which, in the end, is the essential foundation for a healthy investment management industry in any country.

## About Advent Software

Advent Software, a global firm, has provided trusted solutions to the world’s leading financial professionals since 1983. Firms in more than 50 countries rely on Advent technology to run their mission-critical operations. Advent’s quality software, data, services and tools enable financial professionals to improve service and communication to their clients, allowing them to grow their business while controlling costs.

Advent Software has been present in the Middle East since 2004 and we have a deep understanding of and strong commitment to the region. The company maintains a full-service office in Dubai staffed by close to 20 professionals, including sales, services, consulting and product support. Our specific local solutions combined with Advent’s world-class investment management systems are used by over 30 Middle Eastern clients today.

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