Client Case Study

Knightsbridge Integrates Operations with Advent

PROFILE

Based in Newport Beach, Calif., Knightsbridge Asset Management, LLC pursues an opportunistic, tax-sensitive, absolute return oriented investment strategy by seeking market "anomalies"—temporary equity under valuations caused by irrational or inefficient market behavior. Knightsbridge employs an all-cap approach to managing concentrated portfolios. Founded as a spinoff in 1998, the 11-person firm manages around $733 million in assets in some 1,200 accounts, primarily for high net worth clients.

BACKGROUND

Knightsbridge used to operate on multiple platforms, with a standalone portfolio accounting system, reports generated off spreadsheet software, and customer data scattered among different databases. Trade implementation was largely done by telephone. The company sought a solution that would bring more automation to its processes and integrate the trading and portfolio management functions.

SOLUTION

After extensive due diligence on the alternatives, Knightsbridge implemented Advent Moxy® trade order management system and Advent Portfolio Exchange® (APX), the integrated portfolio management solution. The firm also added key straight through processing (STP) modules, including Advent® Custodial Data, Advent Corporate Actions®, and Advent's FIX interface.

BENEFITS

- Increased efficiency, time, and labor savings.
- Streamlined, automated reporting.
- Access to accurate custodial data.
- Consolidation and control of client data.
- Improved compliance readiness.

Everything works better when it's integrated. That's the conclusion Knightsbridge Asset Management came to, following its implementation of an integrated suite of Advent solutions at the end of 2007.

Before that, Knightsbridge was using a standalone portfolio accounting system with limited reporting functionality and virtually no interconnectivity with other systems. It was not keeping pace with the increasing sophistication of the firm's client base. "Over 60% of the accounts we manage are taxable," explains Chad Neault, an analyst with the firm. "We needed something that would help us with the complexity of dealing with separately managed accounts and taxable versus tax exempt. We also needed better reporting for our clients—quick, easy-to-read reports, especially for those who are sensitive from a tax standpoint. That's one of the things that really prompted us to take a look at our portfolio accounting and what we can offer clients."

The firm also sought to link its portfolio management with its trading activity, which was totally separate and not automated. "We were just using the individual brokerage applications," Mr. Neault recalls, "whether that meant a website or a good old-fashioned phone call to a broker. One of the clear motivators for a new system was the opportunity to link our portfolio accounting system with a trade order management system."

After extensive research of the alternatives on the market, it came down to a choice between a hosted solution and the Advent solution for asset managers. The combination of Advent Portfolio Exchange® (APX) and Advent's Moxy® trade order management system won the day. As Mr. Neault says, "We really liked the idea of bringing the software in-house and maintaining control of our data."

End to End Integration

While all Advent solutions are designed to be the best in their respective functions, they are also designed for seamless integration with one another. APX and Moxy together provide Knightsbridge with a single core operating platform.

"It's just tremendously helpful having the accounting system and the trade order management system linked together," says Mr. Neault. "We used to take as much as a full day to implement a trade, starting with pulling together the data because we didn't have all the downloads in

> "It's just tremendously helpful having the accounting system and the trade order management system linked together. We used to take as much as a full day to implement a trade. That process has now filtered down to 10 to 15 minutes."
> *Chad Neault, Analyst,*
> *Knightsbridge Asset Management LLC*

our portfolio accounting system. Then we'd have to scrub the data and feed it into some sort of a format on a piece of paper that would be passed around the office to four different people to get a signature, and finally make its way to the trade desk.That process has now filtered down to 10 to 15 minutes in a simple trade scenario—from scouring the universe of client accounts on APX, pulling together the information, creating the order, getting it approved and getting it to the trader's screen."

Custodial Connections

Another factor in Knightsbridge's drive for greater integration was the opportunity to improve workflow by getting better access to information from custodians. "We had a few daily downloads or data sent from some custodians into our portfolio system, but we needed to get on a system where we could get access to even more data feeds. We wanted to find a solution with a robust network of custodial data."

Along with APX and Moxy, Knightsbridge also had Advent® Custodial Data (ACD) installed. ACD automates connections with over 450 custodians—including most of those that Knightsbridge works with. "ACD gives us a lot more than we had before," says Mr. Neault.

Integrated CRM

For Knightsbridge, part of the appeal of APX is that it incorporates a client relationship management (CRM) component. "That was a big need as well," says Mr. Neault. "We were using e-mail software, but we were also using spreadsheets and a database program, and I'm sure people had post-it notes all over their offices. We really needed a way to consolidate all the different contact information."

Having full CRM functionality integrated with portfolio data will enable the firm to take a more holistic approach to managing client data, Mr. Neault believes. "That's everything from being able to find a simple phone number to the ability to take notes on clients when we're talking with them," he says. "This will help us with our quarterly mailing to clients and various other points of contact, so that definitely played into our decision."

Streamlined Reporting

The integration of client contact and portfolio data has also helped Knightsbridge streamline its reporting process considerably. "We do quarter end reporting," Mr. Neault explains. "We are able to merge the client information to put each client's name and address on a customized cover letter. We can do it all through APX."

That's a far cry from the firm's old system. "It was a huge time sink before," Mr. Neault recalls. "We had to take the reports out of the portfolio system, convert them to a spreadsheet, then convert them into the database, and do a manual mail merge because of all the addresses that had to be updated. If anything had changed in one system, we had to change it in the other. It's just so much better being able to do it all through APX."

Trading Compliance

Mr. Neault researched the firm's options thoroughly before selecting Advent, but one benefit he did not anticipate was the value of Moxy's built-in compliance functionality. "The ability to set up restrictions in the system is a great benefit," he says. "We used to use a spreadsheet, and any time we traded an account we had to visually scan one column in the spreadsheet for any restrictions. Now, we rely on Moxy to keep track. It's invaluable when we're working with institutional clients who have strict position size limits or sector weighting limits—or even individual clients who don't like 'sin' stocks. The restrictions are very easy to track in the system.That's been helpful for us. And it's saved us a lot of time and aggravation in working with our custodians and brokers."

A Major Transition—And Worth It

Going from a home-grown, spreadsheet-based environment to the fully integrated, automated suite is a big challenge for any firm, especially when unstable data has to be converted from disparate sources. Fortunately, Advent implementation consultants have experience with virtually every type of migration scenario. "It was challenging because of all the data that had to be cleaned up," Mr. Neault reports, "but we had good support. We used Advent's professional services with consultants on site."

The efficiencies and workflow improvements gained, Mr. Neault concludes, are worth the transition. "Using Advent's suite has been great. It's given us the control we wanted and it has linked the two sides of the office, from keeping our portfolios clean to actually implementing the investment decisions quickly. I think we made a great choice."

To read more case studies, visit www.advent.com/casestudies.

ADVENT® *Innovative ▪ Responsive ▪ Reliable*

Advent Software, Inc.
600 Townsend Street, San Francisco, CA 94103
800-727-0605 415-543-7696

666 Third Avenue, New York, NY 10017
212-398-1188

Level 8, Two Exchange Square, 8 Connaught Place
Central, Hong Kong
+852 2297 2280

One Bedford Avenue
London WC1B 3AU, United Kingdom
+44 20 7631 9240

www.advent.com

SCP Service Capability & Performance - Certified -

Microsoft Certified Solution Provider