

Advent Delivers "Absolute Value" for River Road

PROFILE

Founded in 2005, Louisville, Kentucky-based River Road Asset Management, LLC is an institutional investment management firm that pursues an "Absolute Value" investment discipline. The firm targets underpriced, but high-quality, low risk equities. With more than \$3.0 billion in assets, River Road provides separate account and investment sub-advisory services to a broad range of domestic and international clients.

BACKGROUND

River Road opened its doors with outsourced back office functions and a proprietary trading platform. The firm also used standard spreadsheet software for client reporting. As the firm grew quickly, however, it saw the need to improve control and service by having its own solution that integrated portfolio accounting, reporting, and trade order management.

SOLUTION

A year after opening, River Road installed Advent's Axys[®] portfolio accounting solution and Moxy[®] trade order management system. Then, in 2007, the firm migrated to Advent Portfolio Exchange[®] (APX) to take advantage of its enhanced reporting functionality and scalability. Today, the firm enjoys a high level of integration and the ability to produce high-quality, customized reports in a timely manner.

BENEFITS

- Greater reporting flexibility and customization.
- Faster, on-time report generation and distribution.
- Easier access to critical data.
- Higher scalability to accommodate future growth.
- One-call service and support with a single vendor

River Road Asset Management has grown quickly in a relatively short time from its founding in 2005 to \$3.0 billion in assets and over 100 accounts, primarily institutional. Advent's Axys[®] portfolio accounting solution served the firm well in its early days, but as assets eclipsed the \$1 billion mark, the firm needed a more scalable solution that could accommodate its growth. When River Road's chief operations and compliance officer, Thomas Mueller, saw the capabilities of Advent Portfolio Exchange[®] (APX), the decision to migrate was, in his words, "a no-brainer."

APX is Advent's next-generation, enterprise portfolio management solution that integrates portfolio accounting, reporting, and client relationship management on a single SQL-based database platform, for unprecedented ease of information access and reporting flexibility. It also has built-in performance measurement tools and analytics for performance attribution. Its open architecture makes it highly scalable for virtually unlimited additions of accounts and portfolios.

The transition was fast and seamless. "We migrated two years' worth of transactions from Axys to APX without any issues," Mr. Mueller reports. "We actually converted faster than the Advent consultants thought we could, but they saw that our team was ready to go and they worked within our demands to get it done."

"The consultants were very helpful in the transition," adds operations coordinator Ashley Abney. "They have a lot of experience and really knew what needed to be done."

The Complete Package

For River Road, a major attraction of APX was that it incorporates Advent Packager[®], which automates and streamlines the process of generating, collating, and distributing periodic reports. "Advent Packager is a huge success in keeping everything organized in a manageable fashion," Mr. Mueller says. "It's been a big time saver for us. Our goal was to get reports out on the 15th of the month, not five days later. We're getting them out on time and mistake free. Our daily performance reports used to take an hour per day using spreadsheet software. Now it takes 10 to 15 minutes, and we can break out the performance by investment strategy."

APX enables River Road to produce a wide range of standard reports and customized reports to meet client requirements. River Road also uses APX reporting to produce internal reports, which help the firm monitor risk, performance, and dispersion in its client portfolios.

"The SQL component of APX is a big plus. It lets us access critical data and manage our business in ways that we couldn't before."

Thomas Mueller, Chief of Operations & Chief Compliance Officer, River Road Asset Management

Integration Equals Efficiency

Along with APX, River Road uses Advent Moxy® to streamline trading workflow and to make, analyze, and execute trade decisions from a central platform. "We were looking for a central, trading platform," Mr. Mueller recalls. "Moxy has been helpful in that regard." Moxy gives traders access to information and models that enable them to implement the optimal execution strategy to meet their objectives.

River Road uses Moxy's FIX connection for order communication and Advent's DTCC settlement interface, which automates and streamlines the reconciliation process. "We're getting close to a true straight-through processing scenario," Mr. Mueller says.

Using Advent solutions for both its core business operations—portfolio management and trading—enables River Road to operate in a more integrated, efficient manner, with less manual re-keying of data and the resulting risk of error. It also has another important advantage, as Ms. Abney points out. "To me, the value of having one vendor is that when we need support, it's one phone call away," she says. "I can call Advent support and they can tell me whether it's an APX import-export issue or a Moxy issue, and I can be transferred to the right person quickly to get it resolved."

Next Step: Automated Compliance

As chief compliance officer, Mr. Mueller is looking forward to implementing Advent Rules Manager®, Advent's automated trading compliance solution. "For many clients we have a list of restrictions that limit what we can buy," Mr. Mueller says. "With Advent Rules Manager, we'll be able to see whether we're in compliance before the trade goes in." He even envisions a marketing role for the product. "Within our dynamic equity Income strategy, we can screen stocks and market it as a socially responsible investment vehicle."

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Ashley Abney**

Room to Grow

River Road's investment philosophy is based upon the Absolute Value approach. The objective of Absolute Value investing is to provide attractive, sustainable returns over the long-term. Clearly, Mr. Mueller recognizes the value of Advent and APX in supporting River Road's long-term strategy. "The SQL component of APX is a big plus," he notes. "It lets us access critical data and manage our business in ways that we couldn't before." It also provides River Road with much-needed growing space, given the pace of its growth.

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