

# CLIENT

## CASE STUDY

### Profile

**Client:** Mairs and Power, Inc.

**Location:** Saint Paul, MN

**Description:** RIA firm and manager of the Mairs and Power mutual funds

**Clientele:** Individual Investors

**Founded:** 1931

**AUM:** \$4 billion

**Staff:** 28

### Background

- ▶ Long-time user of Advent's Axys® portfolio accounting system
- ▶ Received corporate action notices from a variety of sources; had to check them against holdings and process manually
- ▶ Needed a reliable, consistent, timely source of corporate action data and an efficient means of processing

“Obtaining timely information based specifically on our holdings, without having to sift through information that may not apply to us, is a great benefit of ACA.”

Sharon Castle, *Investment Operations Associate, Mairs and Power*

## Advent Corporate Actions Drives Efficiency and Reduces Risk for Mairs and Power

At many investment firms, keeping track of corporate actions that affect their portfolios—cash and stock exchanges, mergers, spin-offs, name or ticker changes, and other events—is a time-consuming, inefficient process. At a time when many firms are freezing head-count or facing staff reductions, manual tracking and processing of corporate actions is a drain on productivity.

The experience of Minnesota-based Mairs and Power, managers of the Mairs and Power Growth and Balanced Funds, is typical of many firms. A user of Advent's Axys portfolio accounting solution since 1995, Mairs and Power used to learn about corporate actions through a variety of channels—often by chance or after the market effective date.

“Sometimes we'd get a fax or email from a custodian,” recalls Sharon Castle, an investment operations associate with the firm. “On accounts set up on Advent Custodial Data, we might receive transactions indicating something had occurred that we should look into. Or maybe I'd read a news article and then have to check our holdings to see if we were affected.”

## A “Hit or Miss” Approach

After learning of the action, the firm then had to get the details and figure out how to adjust its portfolios. “We would usually go to the company's website or other online sources to search for more information. If it wasn't there, we had to keep checking back. Sometimes there would be worksheets on the company website for calculating the cost basis allocation, sometimes not. Once we found the information, we'd have to figure out how to process the transaction in Axys.”



## Solution

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Advent Corporate Actions (ACA) for Axys:

- ▶ A single solution for consolidated corporate action data from multiple sources
- ▶ Integrated with Axys and customized to the firm's holdings
- ▶ Supported by dedicated staff who advise on events and processing

## Benefits

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- ▶ Reduces time spent researching and identifying corporate actions that affect the firm's holdings
- ▶ Advance notice allows for proactive decision making
- ▶ Timely notification reduces the risk of trading errors and after-the fact adjustments

The timeliness of the information was very inconsistent. Ms. Castle says. "Some information could be very difficult to obtain. For thinly traded securities, it was really hit or miss. We couldn't always be sure that the information was from a reliable source. We kept two large binders full of printouts of whatever information we got."

Ms. Castle knew there had to be a better way. "My first priority was to find a single, reliable source of information."

## The Solution: Advent Corporate Actions

After reviewing the options, Mairs and Power implemented Advent Corporate Actions (ACA) in 2007. ACA delivers consolidated corporate actions data from multiple sources, covering a wide range of security types, including US and Canadian equities, ADRs, corporate fixed income and, optionally, municipal bonds and non-US securities. So a firm does not have to track several different data vendors to get a comprehensive view of events that affect its holdings.

## Customized to the Firm's Holdings

A major factor in Mairs and Power's decision was the integration of ACA with Axys. The Advent Corporate Actions service receives current portfolio holdings from the firm via the Axys/ACA interface. Securities are matched against the ACA database, creating holdings-based reports that contain preliminary, effective, and revision notifications.

"Obtaining timely information based specifically on our holdings is a great benefit of ACA," Ms. Castle says. "We become aware of corporate actions that affect our accounts right away, without having to sift through information that may or may not apply to us."

In addition to receiving reports specific to its portfolios, the firm also has access to the entire database of events via an Individual Security Query tool. "I really appreciate being able to quickly research a security via the web-based application by ticker, CUSIP, or company name," says Ms. Castle. "That helps the back office respond quickly to clients' questions about cost basis at tax time, when a specific action may no longer be fresh in our minds."

## Automating Transactions

ACA also removes the onus on the firm to figure out the adjustments it has to make to its portfolios. The corporate actions team at Advent builds transactions for mandatory US Equities and ADR events on a nightly basis by scrubbing data obtained through the vendors' data feeds, company press releases and websites. Many basic transactions can be processed automatically without review. For more complex events, Advent creates alerts that include processing tips and updates to previously announced information.

"An example of an action that ACA really helped with was the Time Warner combined reverse split and subsequent spin-off," Ms Castle notes. "It was tricky to process. I could have done it, but it was a great time saver to have the step-by-step alert instructions from ACA."

## Specialized Support

Even with a high level of automation, there is still a large measure of human judgment and knowledge involved in processing corporate actions. The ACA service includes support from Advent's experienced corporate action specialists who can explain the details of an event and provide advice and assistance on processing.

"I think that corporate actions have gotten more complex," Ms. Castle observes. "In particular, reflecting stock-plus-cash mergers properly can be challenging. ACA doesn't replace the need to understand the effects of actions on a portfolio, but we now have a single, reliable source of information, advice and support. Being able to review the information, then export transactions directly to the trade blotter saves time."

## Easy Efficiency Gains

For firms that are looking for ways to control costs and maximize staff productivity, Ms. Castle sees corporate actions as an obvious place to start. "Take a close look at how much time you spend researching corporate actions, deciding how to process them, and making manual adjustments to dividends, price files, or cost basis because an action wasn't processed in a timely manner." Ms. Castle believes the cost and time savings will quickly become apparent.

Client service is also an issue. "Ask yourself: are you able to provide information quickly to clients who call with questions about cost basis allocation for a particular corporate action that may have happened months or years ago?" Unless you use an automated system like ACA, the answer is probably no.

Mairs and Power resolved these issues with Advent Corporate Actions, improving efficiency in the back office. "With ACA, corporate actions are handled in a timely manner, reducing the time spent researching the action and making manual adjustments after the fact. We now check for corporate actions on a daily basis, rather than reacting to information that comes to us from various sources," Ms. Castle concludes.



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