

# Meeting today's asset manager needs

What is the rationale behind a new product solution for asset managers? *Mauro Dognini*, head of asset manager client segment explains

**A**sset managers are currently facing the new challenges of market consolidation and regulatory changes, coupled with the need to provide a simple, transparent product and to tread a judicious path between long-only and hedge fund strategies. This must be done while enhancing returns and improving fund distribution in a difficult financial climate, which brings added pressure of cost reduction.

This is why BNP Paribas Securities Services has launched AlphaSuite, a bespoke solution that provides a comprehensive service offer for such a demanding environment. It offers asset managers independent flexibility and commitment, backed by the strength of a leading universal bank.

AlphaSuite is built on four interrelated pillars:

**Protecting investments:** a secure, experienced custodian with sophisticated transition management services and independent investment monitoring

**Servicing assets:** the follow-the-sun model means access to the same post-trade services in all time zones across the globe, integrating middle-office outsourcing, fund administration, transfer agency and reporting services

**Measuring performance:** market-leading expertise in investment reporting, performance measurement and risk analysis offers a compelling alternative to in-house capabilities, and provides a strategic business advantage over the asset manager's competitors

**Optimising strategy:** tailor-made principal and agency securities lending, derivatives clearing, fund distribution support and cash and foreign-exchange solutions

What is the rationale behind this offering? BNP Paribas started the ball rolling with MasterSuite<sup>SM</sup>, an integrated post-trade solution for asset owners. AlphaSuite is a natural extension of this concept for the rest of the buy side, including both 'traditional' asset managers and hedge fund managers.

It is also a response to the new regulated environment: to help Europe-based asset managers take advantage of the UCITS IV Directive's opportunities, in terms of cross-border expansion and cost rationalisation. How they do so will depend very much on their size, business model and strategy, as well as variations in Member States' local culture and tax systems. The provisions for non-UCITS funds under the new alternative investment fund management directive (AIFM) will also need to be taken into account, in particular for fund managers dealing with both UCITS and non-UCITS funds. Asset managers therefore need to take prior decisions about which client categories and countries to target, first within and then outside the EU.

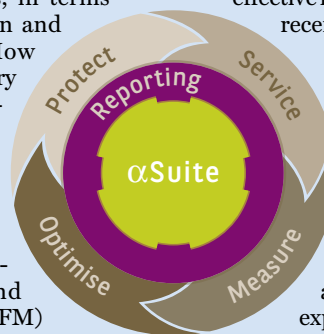
This highlights the need to use a pan-European asset servicer with a deep understanding of local conditions, connectivity with infrastructures and relationships with local authorities. Here a solution that integrates transfer agency, depository function, sub-custody and NAV calculations is particularly important in a post-Madoff setting.

AlphaSuite also supports global asset managers, particularly the growing number of independent ones or those acquiring more businesses from universal banks. Thanks to BNP Paribas' increasing geographical expansion, it offers a truly global 360 degree service solution. In



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this context, the bank also has extensive experience of managing smooth and cost-effective migrations, including several recent large-scale ones.



Another AlphaSuite benefit is its integrated reporting solution which has the ability to price hard-to-value or illiquid assets such as OTC derivatives.

It combines centralised activities such as securities database management and asset pricing with local expertise – providing a strong understanding of working practices and regulatory environments. It gives access to multiple-pricing sources, timely, accurate and independent portfolio valuations, and P&L accounting, including client traded positions based on third-party benchmark prices.

Perhaps the most innovative aspect of AlphaSuite is its state-of-the-art built-in data delivery solution. This allows full outsourcing while the client retains control of its data – especially attractive if the asset manager keeps the risk-management function. Clients no longer need feel any loss of data control. Named iGates, it feeds front-office platforms with start-of-day, intraday and end-of-day reconciled positions. It's also a plus during the migration of clients' back-office activities.

Finally, AlphaSuite brings with it the financial stability and experience of a large diversified banking group with a strong credit rating (Standard & Poor's AA). ■