



CONFLUENCE

**FOR PRINCIPAL REVIEW**

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**The Principal Financial Group Deploys Confluence's Post-Trade Compliance Solution**

**Driven by a Commitment for Rigorous Compliance, Automated Solution Enables Post-Trade Independence While Achieving Significant Savings**

**(PITTSBURGH, PA – OCTOBER 21, 2008)** Confluence, the global investment management industry's leading provider of automated data management solutions, announced today that the Principal Financial Group® has deployed the Confluence Unity™ Post-Trade Compliance solution, which has enabled the company to further demonstrate their commitment to rigorous compliance, while avoiding a 14-fold increase in costs.

Unity Post-Trade Compliance automates the process of testing investment managers' portfolios for compliance with regulatory and investment limit restrictions.

Prior to implementing this solution, The Principal®, which manages 112 funds with 614 share classes, was completing testing on a manual basis, using multiple spreadsheets and time-consuming data checks. To achieve the level of compliance they desired, they needed to increase the monitoring frequency for several tests. As a result, they discovered that manual systems would no longer meet their needs. They wanted the flexibility to do multiple tests each day, refresh data more often, and to add funds or comply with new rules without expanding their employee base. And they needed to achieve that flexibility without dramatically increasing payroll costs.

"Scaling our back-office staff to implement a more robust compliance testing system would have added more than \$485,000 to our annual payroll costs," said Layne Rasmussen, vice president, controller, and chief financial officer at Principal Funds. "With Unity Post-Trade Compliance, it takes only one full-time staff member just four hours a day to complete the daily testing, reporting, and reconciliation. Unity Post-Trade Compliance enabled us to avoid a significant increase in payroll costs."

In addition, Unity Post-Trade Compliance allows The Principal to eliminate risks inherent to a manual system—from spreadsheet errors to misinterpreted rules to compliance issues remaining undetected between long testing intervals. Using Unity Post-Trade Compliance for independent post-trade monitoring adds another layer of oversight of advisors' and sub-advisors' trading practices.

Rasmussen noted that the back-office team has also elevated the level of service they provide to The Principal as a whole. By assuming full responsibility for all post-trade compliance activities, they have relieved the fund accounting department of this burden, while gaining additional control over data the accounting team previously generated. Also, from their work setting up the compliance rules for each fund in Unity Post-Trade Compliance, they are able to help the company draft clear prospectus language.

“Many mutual funds' back offices are experiencing tremendous strain under the weight of multiple processes and demands for increased testing and reporting,” said Kirk Botula, Executive Vice President and Chief Operating Officer of Confluence. “The Principal Financial Group has committed to automating many of their fund administration systems, thereby enabling their back-office operation to scale, without the costs or inherent risks associated with manual processing. They have embraced a platform approach to automating fund administration, allowing them to validate data once and store it to be reused for multiple purposes, thereby ensuring data integrity at the same time.”

The deployment of Unity Post-Trade Compliance marks the latest Confluence Unity™ module to be deployed at The Principal. The Principal has adopted four other software products on the Confluence Unity platform: Unity Pricing, Unity Performance, Unity Holdings, and Unity Financial Statements. While each is designed to work alone, these products on the Unity platform work together to help The Principal's back-office administrators achieve even greater efficiencies and business results.

A full case study on the Principal Financial Group's Unity Post-Trade Compliance deployment can be found at [www.confluence.com/PrincipalCaseStudy](http://www.confluence.com/PrincipalCaseStudy).

### **About Confluence**

Founded in 1991, Confluence is a global leader in fund administration automation. Confluence helps investment management companies gain unprecedented control by automating every step of the fund administration process—including the collection, creation, confirmation, and delivery of investment product data—while maintaining control of the process. Results are lower costs, reduced risk, decreased reporting turnaround times, and the scalability to automate more processes without additional resources. Confluence solutions are used by 40 percent of the leading global investment managers, and more than 60 percent of US mutual funds. The Unity platform from Confluence addresses a wide range of problems from performance measurement to customized reporting for a full array of domestic and international managed investment products,

including mutual funds, funds of funds, collective funds, separate accounts, and variable products, as well as hedge funds and other alternative investments. Major fund companies such as the Principal Financial Group®, T. Rowe Price, and Russell Investments; and service providers such as The Bank of New York rely on Confluence. Headquartered in Pittsburgh, PA, Confluence serves the international fund industry with key locations in London and Luxembourg. For more information, visit [www.confluence.com](http://www.confluence.com) or e-mail [info@confluence.com](mailto:info@confluence.com).

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