



BLACK DIAMOND
PERFORMANCE REPORTING™



Black Diamond Performance Reporting 2010 Partnership Overview

For more information, call 904-241-2444 or visit us at
www.blackdiamondreporting.com

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I. Black Diamond Overview

Black Diamond Performance Reporting™ is a leading provider of web-based, outsourced portfolio management and reporting platforms to independent advisors, banks, broker-dealers, family offices and trust companies. Our mission is to support and cultivate advisor greatness, by providing the best combination of technology, service and innovation in the industry.

Black Diamond Performance Reporting provides daily, fully outsourced investment performance reporting via an Internet based application. We distill investment account transaction information from multiple custodial interfaces into flexible, easy-to-use investment performance reports via a dynamic, data-driven user interface. Black Diamond provides reporting capabilities on a broad scope of financial assets including equities, ETFs, mutual funds, separately managed accounts, fixed income securities, money market funds, REITs and Alternatives Assets. Additionally, our client-specific reporting capabilities allow advisors to generate reports for their clients through periodic reporting as well as on demand.

II. Black Diamond Daily Aggregation & Reconciliation

- ◆ Custodial Interfaces and Account Aggregation
- ◆ Outsourced Daily Reconciliation
- ◆ Calculation of Daily Time-Weighted Returns

Custodial Interfaces and Account Aggregation

Black Diamond works with multiple custodians to download data through direct interfaces as well as aggregate data from multiple sources to provide holistic reporting on managed and non-managed assets. Data sources include: direct interfaces with primary custodians, aggregation of assets from non-standard custodians and accounts through partnership with ByAllAccounts aggregation service and ability for advisors to manually enter and maintain outside assets such as real estate, hedge funds, private equity etc.

Outsourced Daily Reconciliation

Black Diamond fully reconciles data received from custodians or through ByAllAccounts daily which provides clients with up to date market values through our reconciliation process which combines a proprietary reconciliation engine (Avanti) and our team of operational specialists who research and manage exceptions. Upon receipt of the data files from each financial institution, Black Diamond will fully reconcile cash, positions and transactions. The frequency of the reconciliation is typically each business day, but is dependent upon receipt of data from the financial institution. The automated reconciliation process runs early in the morning. Exceptions identified are reviewed and adjusted manually by the Operations Team throughout the day. Any new accounts added following initial setup are automatically added to the reconciliation process for most major advisor custodians, but in some instances may require additional communication with the Client Advocate and operations team. Data entered manually for outside assets is not reconciled and values are carried forward on a daily basis until updates are made by an advisor

Calculation of Daily Time-Weighted Returns

Black Diamond calculates performance returns using a true, daily time-weighted rate of return (TWRR) methodology that starts at the asset level. Therefore, our clients can get true investment performance at all levels within their firm including asset, segment, and asset class all the way up to their total firm values. Our methodology adheres to GIPS (Global Investment Performance Standards). Black Diamond adjusts for every cash flow that occurs within the account (vs. interval-based methodologies common in other industry software applications that typically set cash flow thresholds at 10%). This eliminates the need for estimating the impact of cash flows during a performance reporting period and, therefore, the impact of all cash flows on performance returns. By calculating returns on a daily basis, asset positions, accounts and portfolios are revalued and available on our platform daily. Black Diamond also calculates a Money-weighted rate of return (MWRR), also known in performance reporting as Internal Rate of Return or Dollar-Weighted Rate of Return, which is available on performance reports in addition to the TWRR. Reconciled performance returns are typically available the next business day between 7:00AM ET and 11:00AM ET, barring any significant data irregularities.

III. Black Diamond Platform Feature Descriptions

- ◆ Customized Advisor Platform
- ◆ Customized Performance Reports
- ◆ Client Portal (Account Holder Access)
- ◆ Client Billing System
- ◆ Target vs. Actual Reporting
- ◆ Risk Analysis
- ◆ Advisor Reports
- ◆ GIPS Composite Reporting
- ◆ Cost Basis Tracking and Tax Lot Entry
- ◆ Additional Features

Customized Advisor Platform

Black Diamond customizes our solution to meet the individual preferences and needs of each client. Firm level customization of the platform and reports includes application of advisory firm's logo, customized client reports, asset classification schema, account groupings and selection of benchmarks (including customized blended benchmarks). Black Diamond's new BlueSky platform (general availability of June 21, 2010) offers additional levels of user customization through ability to setup multiple, saved home page views (SkyViews), inclusions of report objects and data (SkyBoxes) and the ability to customize a menu of detailed web page views (SkyPages). The BlueSky platform fully replaced the prior web platform (bdreporting.com).

Customized Performance Reports

Black Diamond offers both standard and customized reports that allow advisors to "tell their story" to their clients in the most relevant manner. During the implementation and setup process our team works with each client to design and develop their customized report(s) based on their unique needs. Reports are available in batch as well as on demand, directly from the platform. Batch report processing (typically quarterly) is managed by the Black Diamond service team and reports are published for advisor review and (at their discretion) published to their client portal (web based platform that provides their clients online access). Reports may also be generated on the fly on Black Diamond's web platform for advisors to use with their clients.

Client Portal (Account Holder Access)

Black Diamond allows advisors to provide their account holders with private labeled, advisor controlled access to a user-friendly web application. Client portal provides access to the same dynamic data views provided on the advisor portal (typically a selected home page view) as well as online access to reports. An unlimited number of advisor and client user IDs are available with no licensing requirements and no additional fees.

Client Billing System

Black Diamond's web platform allows advisors to manage advisory fees and produce billing statements for clients. Multiple billing methodologies are available including basis points, flat fees and tiered schedules as well as customized features, such as excluding outside assets or non managed accounts. We offer various calculation methods such as end-of-period or average daily balance. Clients can create



and run their billing through Black Diamond with a seamless export to Excel to easily upload directly to custodians for direct debiting.

Target vs. Actual Reporting

Black Diamond's platform allows advisors to setup customized targets to track returns that deviate from target asset class, segment or asset allocation. Based on the target assignment, Advisors can view portfolio and account rebalancing information. Using attribution analysis, advisors can determine if the return difference is due to allocation, asset selection or market timing. Targets may be assigned at the portfolio or account level and can be viewed as a benchmark that depicts the market returns over time based on target selections.

Risk Analysis

Black Diamond offers access to dynamic performance and risk analysis tool. We offer 10 graphical Modern Portfolio Theory statistical measures to monitor all levels of client portfolios (SMA managers, class, account, portfolio, etc.). In addition to these, Risk/Return and Up/Down Capture scatter plots are available for risk and performance analysis within PDF reports.

Firm Level and Advisor Team Level Reports

Black Diamond provides access to firm level reports to support the internal management of portfolios, accounts, advisors and money managers with a dynamic, data query engine that displays returns over time. Advisors have the ability to customize date ranges, return columns (gain/loss, benchmark returns, net additions, benchmark difference) and column sorting. Cash flow and asset class/segment/asset exposure reports are available to track firm-wide investments and activity.

GIPS Composite Reporting

Composites that facilitate compliance with the Association for Investment Management and Research Performance Presentation Standards (AIMR-PPS®) and the Global Investment Performance Standards (GIPS®) allow Advisors to show potential clients historical performance attributed to a specific investment style (i.e. Large Cap Value). Black Diamond allows Advisors to create these composites based on firm-specific investment styles. Clients provide detail on movement of accounts in and out of composites, which is stored and reported on by Black Diamond. Dispersion analysis, benchmark comparison and disclosure items are included on all composite reports.

Additional Features

Below is a list of some additional features that are currently available with Black Diamond's performance reporting solution:

- Unlimited Advisor and Account Holder User IDs
- Customized Webinar Training
- Customized disclosure language on the web application and customized reports
- Cost Basis Tracking and Tax Lot Entry

IV. Black Diamond Service and Support Overview

Black Diamond's service and support organization operates as an extension of an advisor's back office. Key service includes a dedicated team of experts ready to help implement, service, and support advisors from conversion and throughout the growth of the relationship.

Implementation and Setup

Black Diamond works with new advisor clients to convert data from existing systems, customize the Black Diamond platform and train the advisors' employees. During the implementation phase, advisors work with a dedicated Implementation Manager who acts as a consultant to guide advisors through the entire process and will also have access to specialists in the areas of performance history and report design and development. The typical timeframe for an implementation is approximately 5-12 weeks depending on the complexity and needs of advisors. Typical stages of implementation include:

- **Initial data access and daily processing:** Advisors supply letters and requests to custodial locations granting authorization for Black Diamond to access daily cash, positions and transactions files. For all outside asset accounts administered via ByAllAccounts, advisors supply Black Diamond with the financial institution's name, account name, account number, financial institution's URL address for client access, login credentials and any other applicable information. Black Diamond coordinates directly with ByAllAccounts on behalf of our clients.
- **Historical performance data conversion:** Black Diamond has the ability to import historical performance data at the account and/or portfolio level that has been calculated by a previous performance reporting vendor. This feature allows advisors to import and store account and/or portfolio level returns, cash flows, dollar gain/loss, benchmarks, balances, and management fees for open accounts and portfolios. Three basic formats are accepted for the standard historical performance import: Advent, Portfolio Center, and the Black Diamond Excel based template. Monthly or quarterly historical information is typically provided and is the most flexible from a reporting perspective.
- **Open tax lot import:** Black Diamond clients have the option to provide all open lots as of a particular point in time and then Black Diamond will continue to calculate cost basis from that date forward based on the daily transactions received from the custodian(s). Advisors have the option to manually apply tax lots based on a different methodology. Black Diamond offers five methodologies for tracking cost basis. FIFO is the most popular and is the default unless otherwise requested. Other methodologies available include LIFO, Average Cost, Highest Cost, and Highest Cost-Long Term First.
- **Report Creation:** (see above description)
- **Training:** Training of personnel at time of set up as well as ongoing as needed.

Dedicated Service (Client Advocate)

Ongoing service and relationship management is coordinated through a dedicated Client Advocate. The role of an advisor's dedicated Client Advocate is to understand their business model and provide strategic solutions to ensure advisors are getting the most out of the Black Diamond platform. Client Advocates handle all daily tasks and work with all internal Black Diamond teams to guarantee all servicing requests will be handled. Advisors are typically assigned a primary and a back-up Client Advocate to ensure the highest level of service.

V. [Black Diamond Integration and Industry Partners](#)

Black Diamond is committed to open architecture and integrating with your current and future technology. We integrate with leading providers of CRM, financial planning and rebalancing technology, as well as custodial technology platforms, and empower advisors to choose the technology experience they feel best fits their firm. Our industry integration partners are constantly growing and evolving based on our clients' needs. For a list of integration partners please refer to our web site, www.blackdiamondreporting.com, or contact one of our sales or service representatives.