Charles River Investment Management Solution

Charles River IMS automates front and middle office investment management functions for buy-side firms in the institutional asset and fund management, private wealth, alternative investments, insurance, banking and pension markets. Charles River helps clients make better investment decisions, streamline operations and reduce risk.

In an environment of ever-changing markets, competitive and regulatory pressures, Charles River continues to invest heavily in R&D to help clients:

- Grow and retain assets through continuous innovation
- Diversify and expand products and geographic coverage
- Keep up with regulatory requirements

Charles River has distilled the best practices from a diverse, global client base and incorporated them into the Charles River Investment Management Solution (Charles River IMS). With a long term view and singular focus on the front and middle office, Charles River has helped large and small firms achieve:

- Better informed investment decisions
- An enterprise-wide view of investments and exposures
- Accurate, timely and consistent data across the investment process
- Consolidation of disparate point solutions on a single platform

Investment firms in more than 30 countries use Charles River IMS to manage more than US$30 Trillion in assets in the institutional investment, wealth management and hedge fund industries. Clients rely on Charles River to help:

- Improve trade execution
- Monitor & reduce risk
- Simplify & streamline operations

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End-to-End Investment Lifecycle Support

Charles River IMS supports the entire investment lifecycle on one platform, from portfolio management and risk analytics to trading and post-trade settlement, with the broadest available asset class coverage and integrated compliance throughout.

An Investment Book of Record (IBOR) aims to further improve efficiency and accuracy by removing dependence on back-office data feeds. Charles River’s Enterprise Data Management (EDM) capabilities help firms improve the consistency and completeness of their reference, analytics, pricing, and benchmark data.

Software as a Service (SaaS) Deployment

Charles River IMS is delivered as a hosted service, with integrated data and end user support, enabling clients to access the latest functionality faster, improve data quality, and streamline operations. This simplified Software as a Service (SaaS) operating model helps clients respond more quickly to business, investor and regulatory demands. This helps increase end user satisfaction, ensure more predictable costs, and improve reliability.

The SaaS-based offering includes seamless upgrades and 24/7, follow-the-sun support provided by Charles River’s in-house support staff. Most importantly, Charles River provides the proper foundation for the investment process by providing, validating and managing all necessary data.

One Platform for Multiple Business Lines

Charles River IMS combines best of breed components in a platform that meets the diverse and demanding requirements of buy-side firms, including:

- Institutional asset and fund managers
- Private banks and wealth managers
- Alternative investment managers and hedge funds
- Asset owners and insurers
- Private equity firms
- Real estate managers
- Corporate treasurers
- Family offices

Best practice workflows help improve staff productivity, and a highly scalable and configurable open architecture enables clients to consolidate multiple business lines on a single platform. Charles River IMS supports the full spectrum of financial product offerings, from basic asset class-specific products to solution oriented and complex multi-asset products.

Anytime, Anywhere Access

Charles River provides flexible end user deployment options and easily scales to support thousands of users. In addition to desktop deployment, a configurable browser-based dashboard allows financial advisors to quickly personalize information for managing complex accounts and high-touch client relationships. Advisors and client-facing users can make in-person meetings more interactive by using tablets as graphical reporting and presentation tools. Charles River’s mobile app provides remote access and gives users a “big picture” view into Charles River IMS when away from the office.

Key Advantages

Charles River IMS helps clients:

- Make better investment decisions
- Improve trade execution
- Streamline middle office operations
- Reduce cost, risk & complexity
- Increase end user productivity & satisfaction
- Launch new products faster

Charles River offers seamless browser-based and mobile device access to portfolios, exposures and trades, and desktop deployment for enterprise workflows.

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Market Segments

Institutional Asset & Fund Management

By managing separate funds and investment products on a single enterprise solution, firms are able to automate their investment process, streamline workflows and reduce the points of integration that contribute to inefficiencies and errors:

- **Aids decision making** with centralized portfolio construction, management and analysis
- **Designed to increase trader productivity** with a single order and execution management system
- **Access risk management**, scenario analysis, and attribution directly from the portfolio management workspace
- **Automate compliance checking** throughout the investment lifecycle

Wealth Management

Charles River provides institutional capabilities that support discretionary and non-discretionary private wealth product lines, help client interactions, and efficiently manage large volumes of accounts and trades:

- **Speed introduction of new products** with built-in support for all asset classes, including unit trusts, ETFs, futures, options and fixed income
- **Support region-specific frameworks and products**, such as SMA, UMA, UMH, Rep as Manager, and Mutual Fund Wraps
- **Implement investment strategies** using characteristic-based allocation models and custom benchmark portfolios
- **Supports tax-efficient portfolios** and tax optimization across households
- **Maintain a holistic view** of family assets, including household and multi-generation views
- **Assist daily workflows** by rebalancing high volumes of separately managed, unified and household accounts
- **Enrich client presentations** with graphical reports on mobile devices

Alternative Investment Management & Hedge Funds

Charles River’s enterprise solution meets the requirements of both large and small organizations, enabling alternative investment managers to:

- **Create and manage multiple strategies and sub-strategies** with institutional capabilities across all asset classes, including derivatives & FX
- **Minimize ramp-up time** with out-of-the-box templates for quick set-up and flexible configuration of user interfaces and workflows
- **Support active management styles** with portfolio analytics and execution capabilities, providing a global view of investment performance and risk, and the ability to monitor P&L in real time
- **Alleviate staffing and infrastructure pressures** with a turnkey solution that simplifies day-to-day operations and scales with business needs
- **Streamline regulatory obligations** such as global shareholder disclosure (GSD) reporting with automated compliance checking and built-in libraries

Key Advantages

May help to:
- Grow & retain assets
- Diversify products
- Expand geographies
- Keep up with regulatory requirements
- Simplify systems & operations
- Reduce risk & cost

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A Simplified Operating Model

SaaS-based deployment provides clients with significantly faster access to new capabilities and helps ensure the necessary data for Charles River IMS. Clients can leverage the economy of scale in Charles River’s global support teams and the expertise that comes from supporting a diverse client base. Having a single point of contact for software, hardware, data and connectivity helps save time and improves accountability.

Data Services & Support

Investment management systems consume enormous quantities of data, and ensuring consistent data quality is one of the biggest challenges for buy-side firms. Managing ever-growing data volumes across instrument types is an industry-wide problem that is compounded by frequent changes and quality issues with data providers. Charles River aims to alleviate data problems by providing an all-inclusive data solution incorporating:

- **The Charles River Data Service** using best of breed providers, that maps and enriches reference and real-time data, and supports new security setup
- **Certified interfaces** that work out-of-the-box and are continuously maintained and managed by Charles River to Bloomberg, Thomson Reuters, and IDC.
- **An Investment Book of Record (IBOR)** helps to ensure an accurate view of positions and cash throughout the trading day
- **Additional providers based on asset class** with standardized integration and support (e.g., FinCAD analytics) and mortgage pre-payment models
- **Enterprise Data Management (EDM) facilities** to manage, monitor and promote gold copy data within Charles River IMS and to other systems
- **A data management service** to help ensure a high quality security master

Charles River helps reduce data costs, technical issues and administrative headaches by managing the entire data process for clients, aggregating all necessary data and incorporating it directly into the Charles River IMS for over a thousand data fields.

SaaS-based Delivery

Charles River keeps software current by managing regular upgrades and strives to ensure optimal application performance and reliability. Application specialists manage Charles River IMS according to best practices, and provide application and integration expertise that is difficult for firms to build and maintain in-house.

Compliance Advisory Services

Charles River’s compliance services team provides a level of knowledge and depth of skills difficult to maintain with in-house staff alone. Compliance Advisory Services act as an extension of the client’s compliance organization to help ensure that their compliance rules and workflows are efficient, follow accepted best practices and align with client mandates and regulatory requirements.

Key Advantages

- Up-to-date software and technology
- Better data quality & accuracy
- May improve day-to-day operations
- Helps minimize staff requirements & training
- Can lower technology costs
- ISO 27001 security certified globally

FIX Connectivity

Charles River’s broker-neutral financial network supports global electronic trading via FIX with access to over 600 global liquidity venues. Full integration facilitates direct access between buy-side clients, sell-side brokers and trading venues to help simplify operations and improve trading reliability. Charles River provides complete FIX administration, connectivity management and support. Continuous testing, certification and monitoring of sell-side end points increases service levels and end user satisfaction.
Portfolio Management

Charles River IMS provides extensive portfolio management and analytics for fixed income, equity, FX and derivatives on one platform with integrated data. Data visualization and aggregation capabilities and best practice workflows provide portfolio managers with a readily familiar tool that is easy to use and frees them from dependency on spreadsheets. Integrated performance measurement and risk management provide real-time visibility into performance and risk exposure. Scenario analysis and advanced analytical capabilities help portfolio managers understand investment risks.

Key Capabilities
- Portfolio construction
- Asset allocation & rebalancing
- Scenario analysis
- Performance measurement & attribution
- Liability driven investing

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Fixed Income

Charles River IMS provides portfolio analysis tools and analytics for standard and emerging corporate bond markets, a comprehensive set of government bond types from more than 50 countries, plus fixed income derivatives, including interest rate and credit default swaps, forwards, futures and options. Fixed income views can group portfolios by multiple classifications, including sectors, ratings, issuers and duration bands, with flexible drill-down, enabling portfolio managers to:

Evaluate portfolio strategies by conducting benchmark comparisons and dispersion analysis
Manage risk leveraging Charles River’s powerful built-in analytics tools and third-party sources for exposure management, sensitivities, risk analytics, stress testing, ex-post risk, Value-at-Risk (VaR) and ex-ante risk
Understand portfolio-level impact before generating orders by proposing on either a “what if” or “generic” basis

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Equity

Charles River’s portfolio analysis tools support equities and equity derivatives, including futures, options, and total return swaps. Portfolio managers can implement active and passive investment strategies using asset allocation and security selection tools. Workflows can be optimized for one or many portfolios using customizable views to:

**Efficiently manage holdings** by targeting on country, region, currency, industry/sector, and market capitalization roll-ups

**Fulfill organizational and fund mandates** by rebalancing portfolios or utilizing cash invest/divest capabilities to align positions with their respective model or index

**Determine risk impact** of potential orders by conducting hypothetical “what-if” analysis

**Optimize operations** by automatically factoring client-specific restrictions into all order generation activities

**Advanced Capabilities**
- Strategy/model management
- Currency overlay management & hedging
- Instrument exposure look-through
- Investment Book of Record for accurate holdings information

Foreign Exchange

Full multi-currency support allows portfolio managers to view any portfolio in any currency, using real-time FX rates, enabling them to:

**Effectively manage and hedge currency risk** with currency overlay

**Quickly assess FX/hedging needs** with currency-based settlement day forecasting and flexible viewing options (by asset currency, currency clusters, across portfolios, etc.)

**Fine-tune currency exposure** by consolidating/rolling forward positions

Flexible tools enable portfolio managers to classify their holdings and implement investment decisions for one or many portfolios, align positions with benchmarks or models, and monitor the status of orders across the trading desk.

Comprehensive multi-currency and FX support help portfolio managers manage currency exposure across global portfolios.

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Risk Management & Scenario Analysis

Integrated risk management and scenario analysis functions enable firms to meet client and regulatory demands for greater transparency and stricter guidelines throughout the investment process. Charles River IMS provides portfolio managers, risk managers and compliance officers with curve-based analytic measures, ex-post and ex-ante risk metrics, accessible directly from portfolio management workflows and reports.

Key Capabilities
- Ex-ante risk
- Value-at-Risk (VaR)
- Ex-post risk
- Historical Trend Analysis

With Charles River IMS, risk measurement and modeling become an integral part of daily portfolio management activities, using the same data and metrics as quants and risk analysts.

Make more informed decisions by viewing key rate durations and sensitivities to other analytical factors for the entire portfolio and benchmark, calculated natively

Stress-test portfolios by specifying interest rate and credit scenarios; view effects on the portfolio and benchmark for portfolio fair value, yield, duration and other analytics

Centralize risk management via seamless integration with Charles River’s compliance functions automates risk monitoring across the enterprise

Increase visibility of ex-post and ex-ante risk metrics including risk contribution and attribution for tracking error, volatility, variance, information ratio, beta; summary risk measures include Jensen’s alpha, Sharpe ratio, Treynor ratio, Sortino ratio, downside risk and others; calculate Value-at-Risk (VaR) using historical simulation, as well as ex-ante volatility and tracking error (TE) using Charles River’s statistical factor model or a third party factor model

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Performance Measurement & Attribution

Charles River IMS enriches the portfolio management process with up-to-date performance measurement and attribution analysis (PMA) and facilitates GIPS compliance, without the need to integrate a standalone PMA system. Users can directly access all return, contribution, attribution and risk data for each portfolio, for a variety of timeframes and user-defined classification levels. Charles River reference and pricing data helps reduce operational complexity and helps ensure a consistent view of performance and attribution across the firm. Users can also perform backward-looking performance analyses for any historical time period or account using multiple search criteria.

**Eliminate standalone systems** with fixed income and equity performance and attribution on a consolidated platform

**Provide context for decision making** by analyzing results directly within the portfolio management workspace or via reports

**Streamline workflows** with “look-through” calculation down to the individual security level and dynamic recalculation of results when methodologies and classifications are changed on the fly

**Reflect investment objectives and/or strategies** using custom blended benchmarks

**Automatically reconcile performance contribution, attribution and ex-post risk data** by eliminating multiple data feeds from disparate systems

**Reduce “noise” and inaccuracies** by easily restating performance data (price changes, corporate actions, etc.)

**Automate GIPS support** with rules to maintain GIPS composite memberships; standard reports include firm and composite disclosures

Performance reports provide detailed breakdowns of performance figures and summarize results in bar or trend charts that can be viewed from Charles River IMS or a web browser.

Configurable workbench views consolidate performance contribution, attribution and ex-post risk results for portfolio managers.
Trading & Execution

With Charles River’s combined order and execution management system (OEMS), traders can work more productively by creating, placing and executing orders in one trading blotter. Traders can manage trade execution strategies, streamline complex workflows into “one-click” execution, act on an entire program as if acting on a single order, and monitor market data and active orders. Full integration with portfolio management functions enables better communication between traders and managers. Interfaces with sell-side and execution venues support cross-asset class coverage.

Charles River’s trading blotter offers numerous advantages over discrete order and execution systems. Traders can work more efficiently by eliminating multiple interfaces, fragmented workflows and order staging problems inherent in utilizing separate order and execution platforms. Traders no longer have to switch between systems or re-key critical information, which can save time and reduce errors. Benefits beyond the trading desk include improved compliance and auditing, and greater collaboration between traders and portfolio managers.

Fixed Income

Charles River IMS improves trader decision making with quick and efficient workflows and built-in quote management. Traders can find liquidity and negotiate with counterparties, monitor the market, and execute both cash and derivative trades, with:

- **Comprehensive asset class support** including government, investment grade, high yield, municipal, structured, inflation-linked, emerging market debt, TBA, and listed and OTC derivatives
- **Accurate and up-to-date security information**, including benchmarks and curves, with tight integration to fixed income market data providers
- **Integration with leading fixed income Electronic Communications Networks (ECN)**, allowing traders to stage orders and receive completed trade details after execution
- **Advanced trading capabilities** including generic order handling, multiple-quote support, streamlined booking of complex swaps, trading on price, yield, spread, swap rate and deal spread

Charles River’s configurable trading blotter automates manual processes with integrated quoting and built-in access to trading platforms.
**Foreign Exchange**

Charles River’s automated FX capabilities help investment managers hedge out currency exposure and risk, and reduce the cost of settlement for cross-border trading. Charles River enables firms to manage their own FX trades with a highly efficient workflow that easily links FX trades back to the original equity, fixed income or derivative trade, and ultimately reduces costs with:

- **Fully automated settlement and hedging trades** based on pre-defined settlement and hedging rules
- **Complete transparency into portfolio cash** through full integration to cash flow forecast
- **Direct access to multiple liquidity destinations** including bank direct, ECNs and bank algorithms

**Key Capabilities**

- Real-time market data
- Automated smart order routing
- Program/list trading
- Algo trading
- Multi-leg spread trading
- DMA trading
- Venue analysis
- Pre- & post-trade TCA

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Compliance

Charles River helps clients meet increasing regulatory obligations with centralized compliance monitoring and management capabilities, and advisory services that utilize a comprehensive library of built-in rules for worldwide regulatory requirements and mandates, including US SEC 1940 Act and Rule 2a-7, UCITS and ESMA, MiFID II, Dodd-Frank, KAGB, global shareholder disclosure (GSD) regulations and others. Charles River IMS automates the compliance workflow and provides advanced compliance rule building, testing and maintenance, customizable reporting and a complete audit history, including the ability to:

**Reduce intra-day risk** by validating compliance at any stage of the trade lifecycle: pre-trade, in-trade, post-execution, end-of-day/post-trade

**Streamline portfolio management workflows** by incorporating compliance rules into “what-if” analysis

**Optimize compliance monitoring** by prioritizing and filtering alerts

**Easily trace violations** and perform historical trend analysis through “As of” compliance reporting

**Supply regulators and auditors** with end-to-end audit trails and extensive trade compliance reporting

**Improve responsiveness** to alerts and warnings via browser or mobile device

**Stay current with best practices, client mandates and regulatory requirements** by leveraging Charles River’s Compliance Rule Advisory Service and Global Shareholder Disclosure Service

### Key Capabilities
- Compliance monitoring over investment lifecycle
- Comprehensive rule libraries
- Rule building & testing
- Model compliance
- Advisory & Global Shareholder Disclosure Services
- “As of” compliance
- Derivative exposure calculations
- Calculation builder
- Integrated VaR monitoring
- “Four Eyes” test authorization

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Middle Office

Post-Trade Matching, Confirmation & Settlement

Charles River automates the post-trade process and provides centralized confirmation, trade matching and settlement instruction workflows. For each transaction, dealers and traders, portfolio managers, compliance, and operations personnel have the same real-time view of all post-trade processing activity and data. The resulting low-touch settlement process minimizes manual steps and enables investment managers to:

**Expedite settlement** by routing individual trades and allocations in real time to facilitate same-day matching and confirmation

**Reduce failed trades and settlement issues** with consistent views of post-trade activity and data

**Manage “by exception”** with personalized views and alerts that help save time and speed up corrective intervention

Charles River IMS automatically routes transaction details and helps ensure central or local matching with flexible exception management and configurable, rule-based local tolerance matching. Built-in interfaces include:

- DTCC OASYS, CTM & TradeSuite
- MarkitSERV swap clearing
- FIX 4.2 or 4.4 allocation workflow
- Local match/affirm with any destination
- ISO 15022/20022/SWIFT for custodian notification

Investment Book of Record (IBOR)

Charles River’s Investment Book of Record provides traders and portfolio managers with an accurate and real-time view of positions and cash. IBOR provides an investment-centric view of positions that helps reduce trade errors and time spent manually reconciling position data.

Charles River helps increase confidence in investment decisions by providing consistent position data and actionable analytics throughout the investment process. IBOR makes position data available to downstream systems including reporting, performance attribution and risk management, enabling them to access the same view of positions in real time.

Incorporating IBOR in Charles River IMS enables organizations to decouple the front and back office, and helps firms that do not have an accounting system and rely solely on feeds from custodians and prime brokers. It also benefits wealth managers who need to consolidate positions from multiple accounting systems, or manage tax lot tagging for newer multi-sleeve or multi-strategy products. Charles River’s IBOR solution allows users to:

**Improve accuracy and reduce end-of-day processing time** by eliminating dependency on back office data

**Reduce the possibility of trading errors and compliance violations** by helping to ensure that managers are trading on complete information

**Help portfolio managers remain fully invested** by providing accurate intraday cash balance information

**Increase transparency and improve record keeping** by incorporating external transactions that affect positions
Wealth Management

Charles River offers financial advisors, sponsors, private banks and asset managers a comprehensive and fully integrated solution that eliminates the need for multiple systems. Solution capabilities include mobile and browser based access, highly performant central overlay, multi-custodial position management, detailed performance analysis, and a communication hub.

Central Overlay

Exception-based workflows for identifying accounts requiring attention

Highly performant managed account overlay functionality

Meets the demanding requirements of high-volume sponsor firms with millions of accounts

Key Advantages

- Manage all discretionary and non-discretionary products on one platform
- Automate and streamline communication with sponsors
- Speed time to market for innovative product offerings
- Streamlined deployment of advisor-driven strategies with centralized portfolio management

Central Overlay capabilities facilitate highly scalable management of SMA/UMA products and tax-based trading.

Anywhere / Anytime Access

Browser-based access to portfolio management tools integrated with an order management system for financial advisors, executives and compliance officers

Tablet and phone access to key account information improves engagement with high-touch client relationships

Allows advisors to quickly personalize information for managing complex accounts and client relationships

Increased mobility makes advisors more productive and minimizes lost opportunities for engagement with prospects

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Wealth Hub

Enables wealth managers to automate and streamline communication with sponsors
Simple, dashboard based communications
Secure, single-click account and model updates to all applicable sponsors
Streamlines operations by eliminating the need to learn and interact with multiple sponsor platforms
Replaces email exchanges and provides more reliable, auditable transmission of data
Allows managers to offer services to a larger number of sponsors
Helps eliminate low value, error prone manual workflows
Supports model management, account requests, order workflows and receiving positions and tax lot data from sponsors

Multi-Custodial Position Management and Reconciliation

Provides real-time position management for large volumes of accounts and positions
Critical for managers running sub-advised mandates
Provides an investment-centric view of positions

Review and manage positions and tax lots from the position management dashboard.

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