Charles River Tailored Portfolio Solutions

Powering Portfolio Customization at Scale

The demand for customized portfolios among retail investors is accelerating. Investors are coming to expect that wealth managers will tailor portfolios to their unique tax circumstances in order to optimize after-tax returns. Simultaneously, customizing a client portfolio to reflect their individual values and personal convictions is becoming an increasingly important differentiator for wealth managers and advisors.

Historically, wealth managers have struggled to offer this capability due to cost, operational challenges, or technology constraints. The recent industry evolution to low and zero commission trading fees and the development of technology that facilitates customization at scale have enabled firms to offer portfolio customization to broader customer segments.

Key Benefits:

- Purpose-built technology with the scale to accommodate large volumes of accounts
- Digital customization capture & streamlined workflow to help minimize operational complexity
- Delivery of customized portfolios designed to reflect an investor's needs and values

Tailored Portfolio Solutions (TPS) Capabilities

Charles River's Tailored Portfolio Solutions enables wealth and asset management firms to offer high-value portfolio customization at scale. Firms can manage the construction and trading of in-house models, third party separately managed account (SMA) strategies, or operate direct index programs tailored to the requirements of each individual investor.

TPS Enables Managers to Tailor Portfolios through:

Tax Optimization – Enables managers to minimize the tax burden on portfolios by coordinating tax events across accounts, incorporating held away assets, and factoring in clients' tax rates and objectives. After-tax returns can be improved by taking advantage of an optimization process designed to consider optimal tax/risk trade-offs.

ESG Customization – Allows managers to reflect an investor's personal convictions around environmental- and social-based values in the design and implementation of the portfolio while adhering to return expectations of the tracking model.

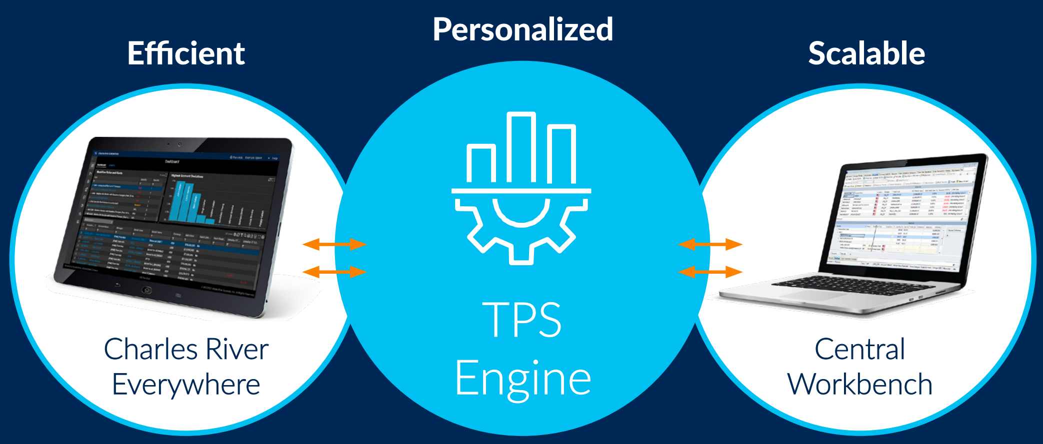
Direct Indexing – The risk/return profile of an index can be replicated while adhering to operational constraints and index expectations (i.e. tracking error, position limits, etc.). This capability supports custom benchmarks, concentrated positions, and the transition management requirements typically involved with the implementation of complex investment policy statements.

Household Management – Allows for integrated portfolio management and intelligent decision-making across a household of accounts, helping to avoid wash sales and managing tax and risk outcomes.

Portfolio Optimization Workflow

Optimization technology acts as the engine for Tailored Portfolio Solutions, allowing firms to build portfolios according to stated guidelines and constraints. Employing portfolio optimization provides wealth managers with fit-for-purpose analytics across assets, markets, and geographies.

It all begins with the capture of data containing all the portfolio customization instructions and specific constraints. Portfolio configuration then leverages real-time messaging and batch processing (as appropriate) to build scale and efficiency into the portfolio implementation process.



Screenshots for informative purposes only; no live data being used.

Charles River Development, A State Street Company

Investment firms, asset owners, wealth managers, hedge funds and insurers in more than 30 countries rely on Charles River's front and middle office investment management platform to manage more than US$30 Trillion in assets. Together with State Street's middle and back office capabilities, Charles River's cloud-deployed software technology forms the foundation of State Street Alpha℠. The Charles River Investment Management Solution (Charles River IMS) is designed to automate and simplify the institutional investment process across asset classes, from portfolio management and risk analytics through trading and post-trade settlement, with integrated compliance and managed data throughout. Charles River's growing partner ecosystem enables clients to seamlessly access external data and analytics, applications and liquidity venues that support the demands of their product and asset class mix. Headquartered in Burlington, Massachusetts, we serve clients globally with more than 1,000 employees in 11 regional offices. (Statistics as of Q1 2021)

Learn more at **crd.com/TPS**