

Investment Accounting in State Street AlphaSM and Charles River, Powered by FundGuard



Challenges

Asset managers and their service providers are increasingly burdened by the complexity of legacy accounting systems with limited ability to assemble a holistic, intraday view of positions, exposures and investable cash. This information shortfall impacts their ability to execute timely and precise investment and risk decisions.

Not only is operational alpha being missed, but operating costs are increasing, as is key-person risk with legacy systems losing their subject matter experts to attrition. Furthermore, these systems fail to scale as firms consolidate acquisitions, launch new products, or expand their asset class and geographic footprint.

Additionally, many of the old accounting systems put funds at risk of not accurately meeting NAV publishing deadlines, which has many fund boards asking for contingent capabilities to assure a NAV is struck when a primary method is unavailable.



Solution

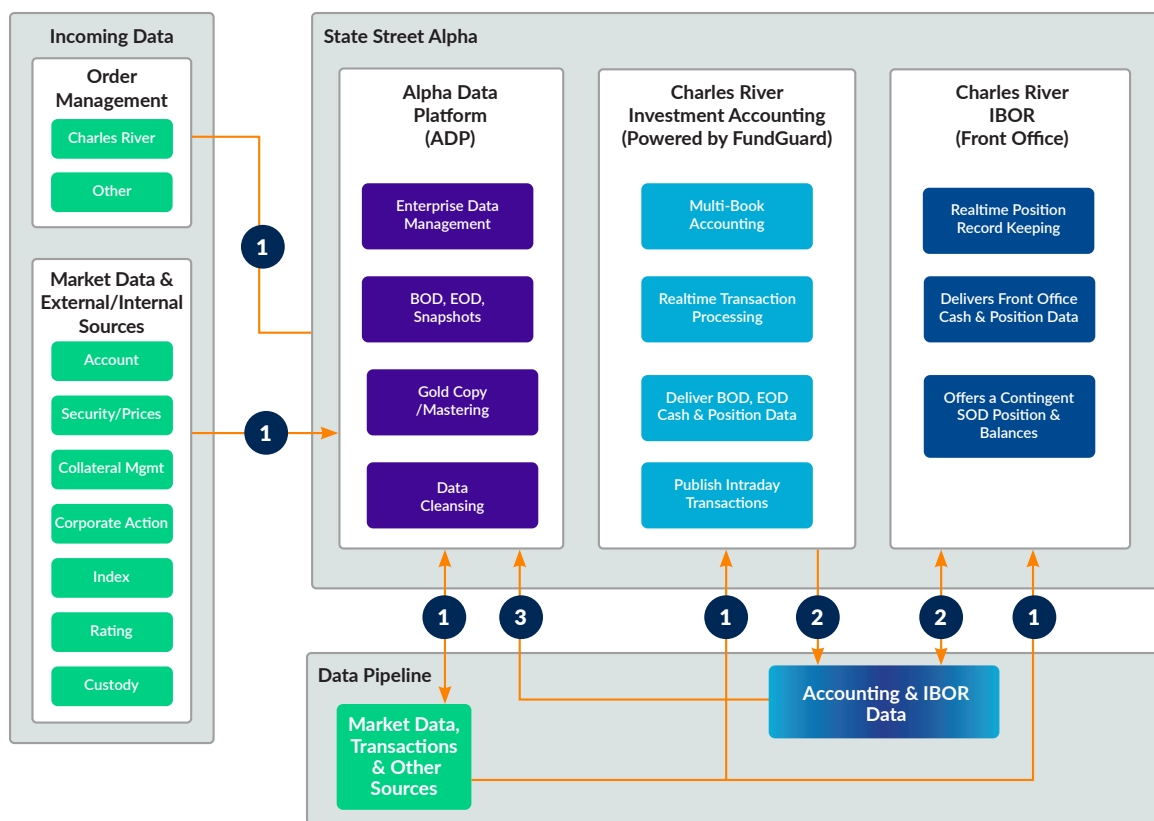
Delivering mission-critical data requires an investment accounting engine that processes data in real time, providing rich, granular and actionable information to front-, middle- and back-office applications. Legacy accounting systems, even if ported to the cloud, won't necessarily provide the advantages of processing efficiencies and data availability offered by cloud-native systems.

State Street's partnership with FundGuard enables State Street Alpha and Charles River clients to harness a cloud-native investment, fund and contingency NAV accounting solution and surface AI-enabled insights from their data. FundGuard provides straight through processing from portfolio management and trading in Charles River through to custody and administration.

The partnership provides asset managers with a simplified low-touch, multi-book investment accounting solution that integrates functions for the Accounting Book of Record (ABOR), Investment Book of Record (IBOR), and Contingent Net Asset Value (CNAV) on one platform.

State Street Alpha, Charles River and FundGuard Solution Overview

The integration between FundGuard and Charles River transforms front-office trading and market data into positions, tax lots, general ledger balances, and NAVs. Back-office data updates portfolio views in Charles River to accurate tradeable positions and cash. This eliminates legacy “flush and fill” costs by consolidating accounting systems built for specific asset classes onto a unified, synchronized platform.



¹ Market Data is received into Kafka and delivered to ADP to be mastered and cleansed.

¹ Kafka then publishes cleansed and mastered market data to Charles River Investment Accounting and Charles River IBOR. The applications are receiving identical information.

¹ Both Charles River Investment Accounting and Charles River IBOR publish data to ADP to support Data Management.

² Charles River Investment Accounting generates one or more accounting views from a single incoming data flow.

² Charles River Investment Accounting provides accounting calculations and publishes start and end of day accounting data to Charles River IBOR to eliminate reconciliation.

³ Charles River IBOR then makes this data available for front office use.

FundGuard delivers these benefits with Charles River through its cloud-enabled capabilities that include:



Business benefits:

- Leverage near real-time views of portfolio holdings, investable cash and exposures, segmented by dimension, location and status for better compliance and risk analysis, and trading decisions
- Empower investment professionals with fit-for-purpose, multi-book views based on a single, trusted data set, that also supports distribution, performance and attribution
- Comply with new regulatory reporting requirements and ensure oversight across the investment lifecycle
- Access knowledge-date historical positions, valuations, ledgers and cash flows, with full data lineage, to support client and regulatory inquiries
- Enhance human supported processing with artificial intelligence (AI) surfaced insights
- Designed to improve collaboration and communication across the enterprise supported by a single source of truth driven by embedded workflow management and reconciliation capabilities
- Substantially help reduce tech debt and support growth across asset classes, products and geographies with elastic scale and services



Operational benefits:

- Cloud-native distributed deployment enables near real-time business continuity, disaster recovery and high availability
- Help deliver the latest capabilities across the enterprise via continuous software updates that don't require end-user testing or incur the delays in accessing needed capabilities
- Handle near limitless volumes of data without the constraints of relational databases
- Aim to reduce operating costs and ensure data accuracy and timeliness by replacing complex, patchwork environments with a single accounting platform feeding Charles River. Eliminating "flush and fill" and unnecessary reconciliations ensures the trading day starts on time.



About FundGuard

FundGuard is a next-generation SaaS platform for investment management and administration, powered by AI. Their offering helps asset managers and fund administrators to manage mutual funds, ETFs, hedge funds, insurance products, and pension funds, supporting digital transformation, operations automation, AI-based insights, resiliency, and migration to the cloud. FundGuard is backed by strategic partners including Citi and State Street, venture firms Blumberg Capital, LionBird Ventures, and Team8 Capital among others, as well as industry executives Heidi Miller, Jack Klinck, Jay Mandelbaum and others. Learn more at www.fundguard.com

Charles River Development, A State Street Company

Investment, wealth and alternative managers, asset owners and insurers in over 30 countries rely on Charles River IMS to manage USD ~\$48 Trillion in assets. Together with State Street's middle and back office services, Charles River's cloud-deployed front office technology forms the foundation of State Street Alpha™. Charles River helps automate and simplify the 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 partner ecosystem enables clients to access the data, analytics, application and liquidity providers that support their product and asset class mix. We serve clients globally with more than 1,250 employees in 11 regional offices. (Statistics as of Q1 2023) Learn more at crd.com.

State Street Corporation

State Street Corporation (NYSE: STT) is one of the world's leading providers of financial services to institutional investors including investment servicing, investment management and investment research and trading. With \$37.6 trillion in assets under custody and/or administration and \$3.6 trillion* in assets under management as of March 31, 2023. State Street operates globally in more than 100 geographic markets and employs approximately 43,000 worldwide. For more information, visit State Street's website at www.statestreet.com.

© 2023 State Street Corporation – All Rights Reserved

**Assets under management as of March 31, 2023 includes approximately \$65 billion of assets with respect to SPDR® products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors® are affiliated.*

Charles River Development - A State Street Company is a wholly owned business of State Street Corporation (incorporated in Massachusetts).

This document and information herein (together, the "Content") is subject to change without notice based on market and other conditions and may not reflect the views of State Street Corporation and its subsidiaries and affiliates ("State Street"). The Content is provided only for general informational, illustrative, and/or marketing purposes, or in connection with exploratory conversations; it does not take into account any client or prospects particular investment or other financial objectives or strategies, nor any client's legal, regulatory, tax or accounting status, nor does it purport to be comprehensive or intended to replace the exercise of a client or prospects own careful independent review regarding any corresponding investment or other financial decision. The Content does not constitute investment research or legal, regulatory, investment, tax or accounting advice and is not an offer or solicitation to buy or sell securities or any other product, nor is it intended to constitute any binding contractual arrangement or commitment by State Street of any kind. The Content provided was prepared and obtained from sources believed to be reliable at the time of preparation, however it is provided "as-is" and State Street makes no guarantee, representation, or warranty of any kind including, without limitation, as to its accuracy, suitability, timeliness, merchantability, fitness for a particular purpose, non-infringement of third-party rights, or otherwise. State Street disclaims all liability, whether arising in contract, tort or otherwise, for any claims, losses, liabilities, damages (including direct, indirect, special or consequential), expenses or costs arising from or connected with the Content. The Content is not intended for retail clients or for distribution to, and may not be relied upon by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to applicable law or regulation. The Content provided may contain certain statements that could be deemed forward-looking statements; any such statements or forecasted information are not guarantees or reliable indicators for future performance and actual results or developments may differ materially from those depicted or projected. Past performance is no guarantee of future results. No permission is granted to reprint, sell, copy, distribute, or modify the Content in any form or by any means without the prior written consent of State Street.

The offer or sale of any of these products and services in your jurisdiction is subject to the receipt by State Street of such internal and external approvals as it deems necessary in its sole discretion. Please contact your sales representative for further information. State Street may from time to time, as principal or agent, for its own account or for those of its clients, have positions in and/or actively trade in financial instruments or other products identical to or economically related to those discussed in this communication. State Street may have a commercial relationship with issuers of financial instruments or other products discussed in this communication.

©2023 STATE STREET CORPORATION