# Charles River
# Tailored Portfolio Solutions

## Powering Portfolio Customization at Scale

The demand for customized portfolios in wealth management is accelerating. Investors increasingly expect managers to tailor portfolios according to their personal circumstances and beliefs. For wealth managers and advisors, offering customized portfolios is becoming an important differentiator. Historically, managers have struggled to offer this capability due to cost, operational challenges, or technology constraints. Recent trends such as the evolution to low or zero trading fees and newer technology capabilities that facilitate customization at scale have enabled firms to offer personalized portfolios more broadly.

Powered by Qontigo's industry leading **Axioma Portfolio Optimizer** engine, Charles River's **Tailored Portfolio Solutions** platform 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.

### Tailored Portfolio Solutions (TPS) Capabilities

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## Key Benefits

**Purpose-built technology with the scale to accommodate large volumes of accounts**

**Digital customization capture & streamlined workflow to help minimize operational complexity**

**Construction of customized portfolios designed to reflect an investor's needs and values**

# 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 or benchmark index.

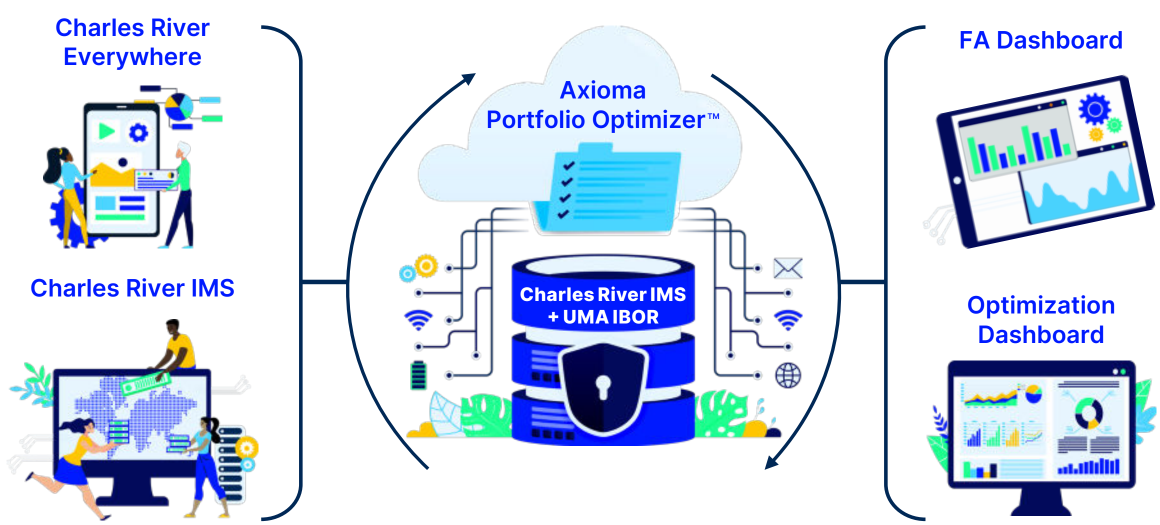
**Direct Indexing** – The risk/return profile of an index can be replicated while adhering to operational constraints such as minimum trade sizes or client requirements like tracking error and position limits. This capability supports custom benchmarks, concentrated positions, and the transition management requirements typically involved with the implementation of complex investment objectives.

**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 objectives and constraints. Employing portfolio optimization provides wealth managers with fit-for-purpose analytics across portfolios, and their corresponding benchmarks.

It all begins with the capture of data containing all the portfolio objectives and specific constraints for customization. Charles River then leverages its optimization technology to build scale and efficiency into the portfolio implementation process either on a real-time basis or as a batch process.




**Customization Setup** | **Portfolio Optimization** | **Review & Trading**

CharlesRiver
A State Street Company

# Charles River Development, A State Street Company

Investment and wealth managers, asset owners and insurers in over 30 countries rely on Charles River IMS to manage USD $59 Trillion in assets. Together with State Street's middle and back office services, Charles River's cloud-based 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.

With more than 120% increase in headcount over the last 5 years, Charles River serves clients in 11 regional offices.

(Statistics as of Q4 2023. Assets are inclusive of clients using the platform for purposes of secondary compliance.)

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