



STATE STREET®

VISION

DATA & ANALYTICS

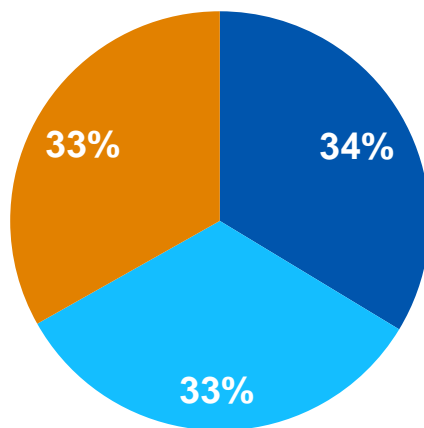
Data and Analytics: A New Toolkit for Asset Managers

**Featuring highlights of the State Street 2013 Data and Analytics Survey
conducted by the Economist Intelligence Unit**

About the Research

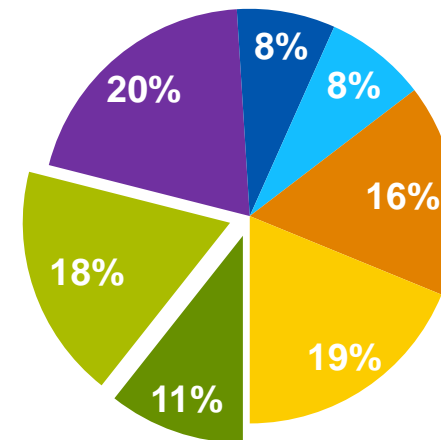
A global survey of more than 400 asset managers and institutional asset owners on investment data and analytics, conducted by the Economist Intelligence Unit on behalf of State Street (August and September 2013). The survey included 74 traditional asset managers (focused on equities or fixed income strategies).

Respondents by Region



- North America
- Europe
- Asia Pacific

Respondents by Type



- Banks
- Insurers
- Pension Funds
- Other
- Diversified Asset Managers
- Traditional Asset Managers
- Alternative Asset Managers

Disruptive Industry Trends Require a Rethink of Data Strategies

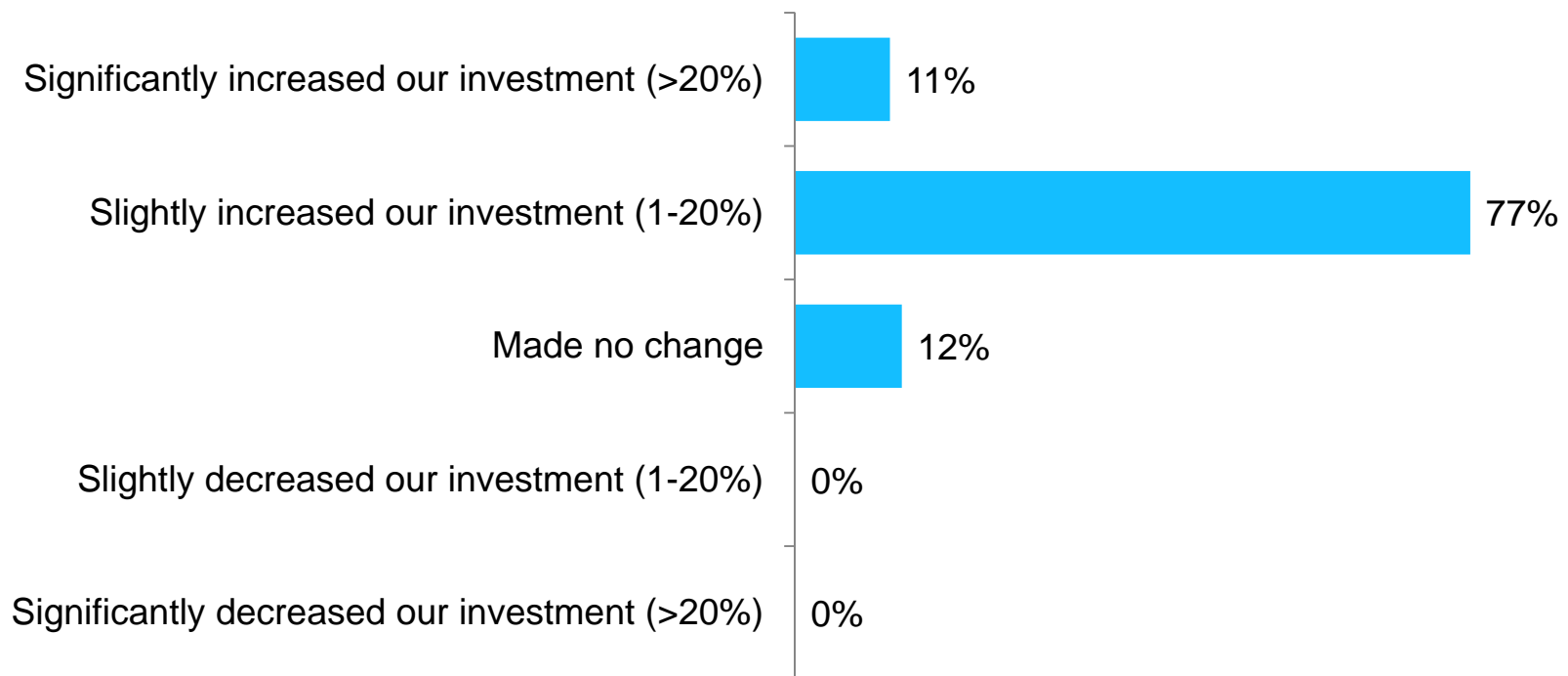
Asset managers are redesigning their operating models and data infrastructures in response to five forces of change

	Strategic impact	Data challenge
New standards on risk	Investors and regulators demand greater transparency	Integrated data analytics across more complex portfolios
Outcome-based investing	Benchmarks will be more personalized around investor goals	Custom benchmarks require new data and tools to measure performance
Regulatory complexity	Increased reporting requirements in multiple jurisdictions	Flexible reporting platforms; compliance rules integrated into operational systems
Electronification of trading	Decision-makers in front office need to be able to act faster on investment insights	Need for real-time data as well as better order management and portfolio optimization tools
Support for new markets	Need broader insights to select investments and ways to service local needs	Systems that can adapt to meet local market demands, while retaining benefits of scale

The Industry is Investing Heavily to Keep Pace

% Change In Investment into Data and Analytics Over Past Three Years

(Traditional asset manager respondents only)

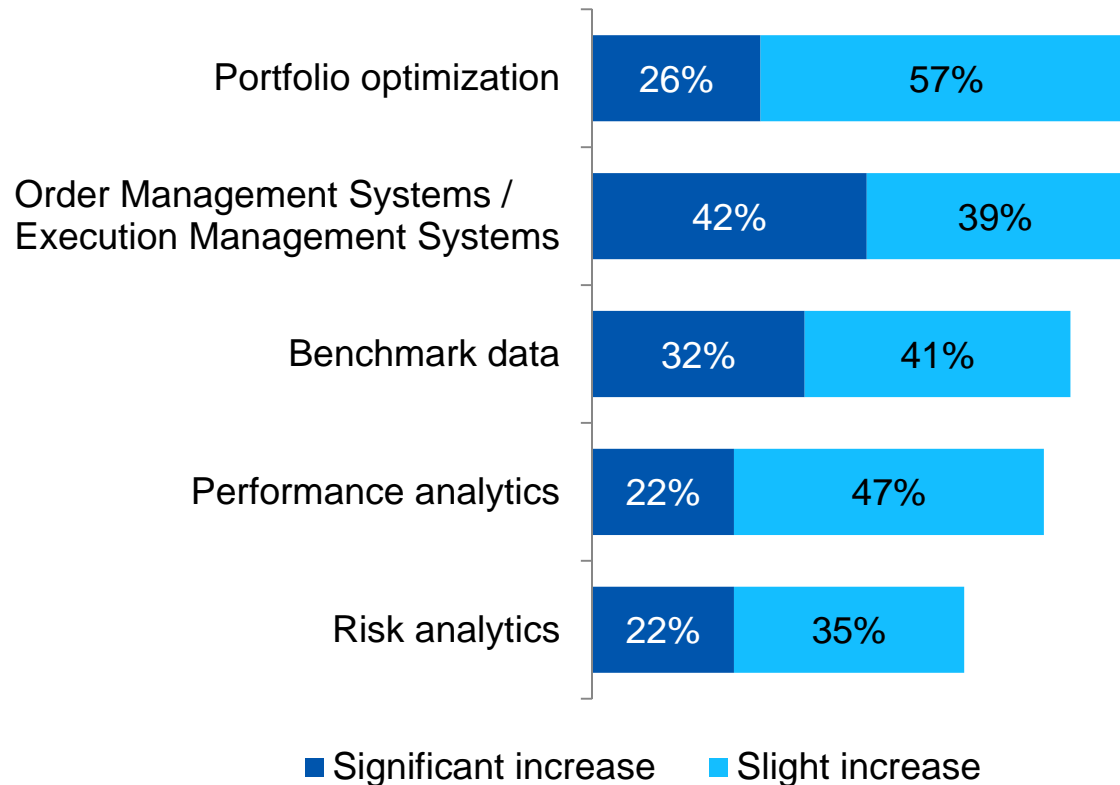


Investment is Targeted at Decision-Making in the Front Office

How Investment Will Be Prioritized Across a Range of Data Tools

(Traditional asset manager respondents only)

- Decision-support for the front office becomes a priority
- Need to move closer to real-time information

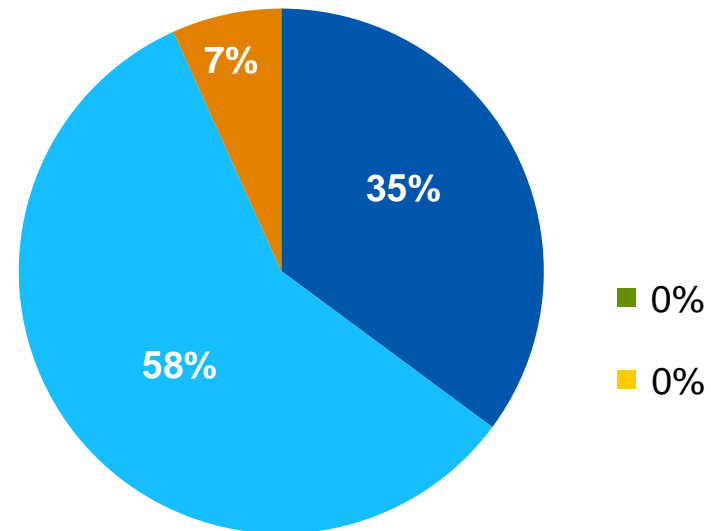


Data and Analytics are Now a Firm Priority for Institutional Investors ...

Data is the Key to Addressing a Wide Range of Strategic Concerns

(Traditional asset manager respondents only)

- More than 9 out of 10 (93 percent) institutional investors view data and analytics as a high strategic priority
- For 35 percent, data and analytics is the most important strategic priority



- It is the most important strategic priority
- It is a high strategic priority (near the top)
- It is a mid-level strategic priority
- It is a low-level strategic priority (near the bottom)
- It is not a strategic priority

Yet the Industry is Polarized by Its Approach

Data is a competitive asset ...

- 66 percent of traditional asset managers believe data will be a key source of competitive advantage *in the future*
- 88 percent increased investment in data infrastructure in the past three years

But few know how to use it

- Only 23 percent of asset managers are reaping the full benefits from their data and analytics capabilities *today*
- Our research reveals that a capability gap is opening up between data leaders and data laggards

An Industry Divided by Data

1. **“Data Leaders”** – Companies in the survey whose data and analytics are already a source of competitive advantage
2. **“Data Laggards”** – Have yet to gain full benefit from their data

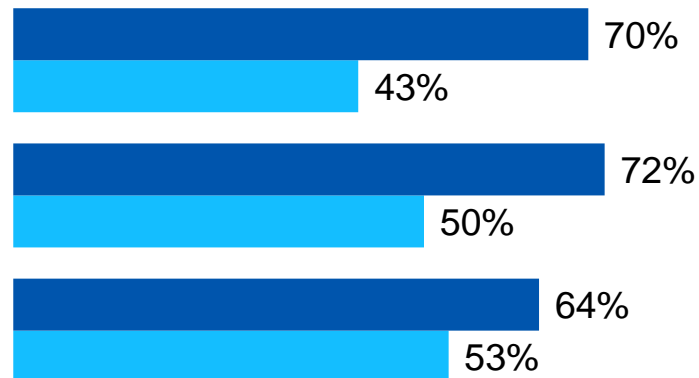
Data Leaders are Better Prepared for the Challenges Ahead

■ Leaders ■ Laggards

Data leaders are more confident in ...

- Generating forward-looking insights from data
- Integrating risk and performance analytics
- Optimizing their electronic trading strategies

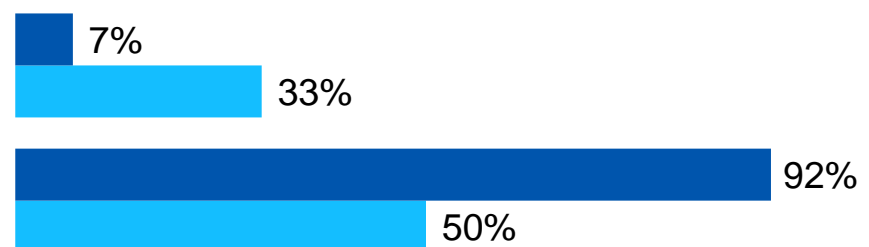
% confident in capability (All respondents)



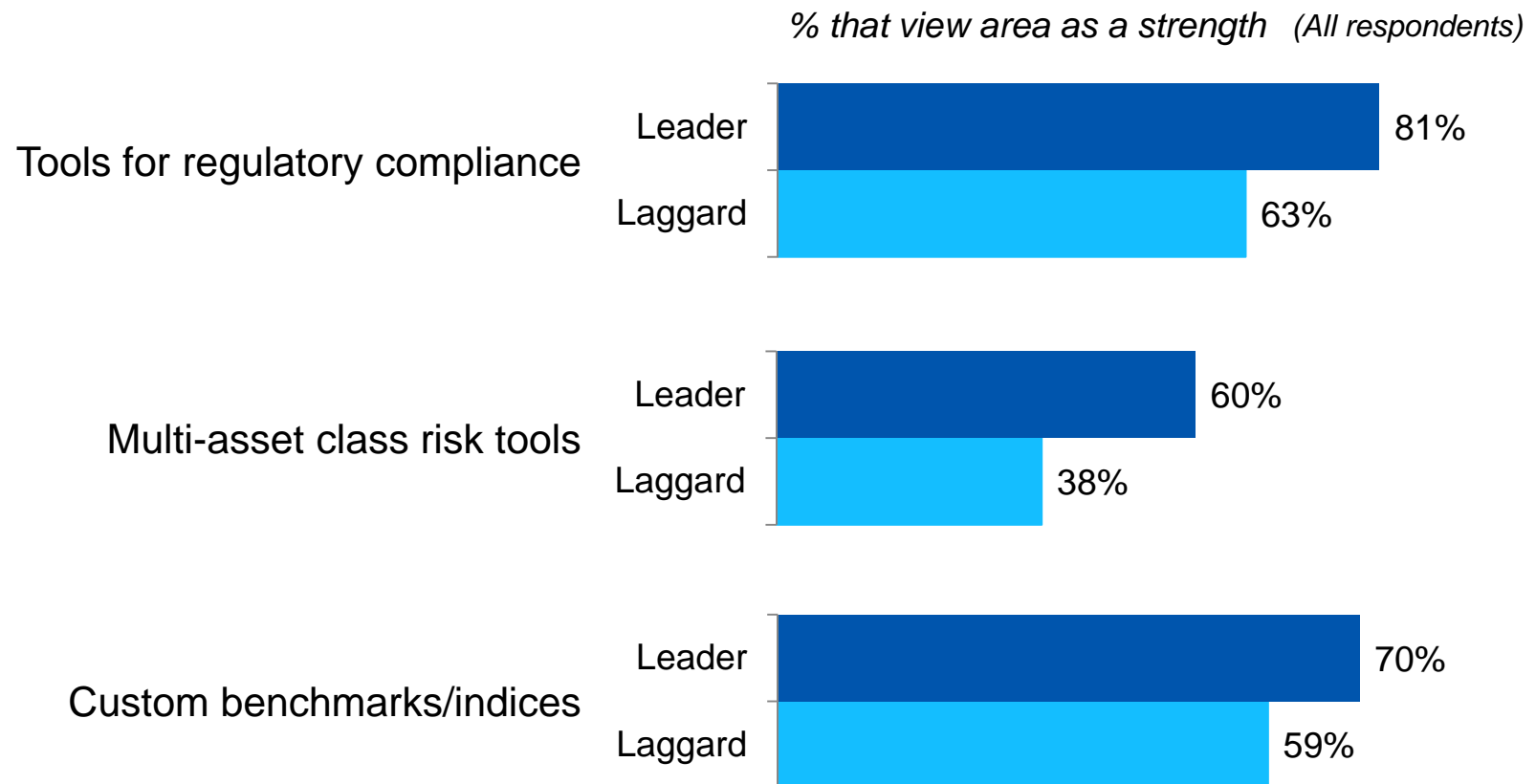
By contrast, data laggards are ...

- More likely to get distracted by the complexity of data management
- Less likely to feel their data capabilities are keeping pace with the growth of their business

% agree with statement (All respondents)



Data Leaders Have Smarter Tools for Managing Risk, Compliance and Performance



Defining a New Service Model

	Data Readily Available	Adaptable Systems	Smarter Insights
Challenge	<ul style="list-style-type: none">• Accuracy of information is the top data challenge for traditional asset managers (cited by 43 percent)	<ul style="list-style-type: none">• Systems must adapt to support multiple geographies, asset classes and regulatory regimes	<ul style="list-style-type: none">• Only 18 percent of traditional asset managers have all of the talent they need to manage data effectively
Solution	<ul style="list-style-type: none">• Trusted data providers• Integrate data to achieve “one version of the truth”	<ul style="list-style-type: none">• Systems that support global reporting• Integrated view on risk and performance	<ul style="list-style-type: none">• New outsourcing models focused on insight as well as cost

In Summary: New toolkit for asset managers

Better risk and performance analytics

- Asset managers moving into more customized solutions will need risk and analytics tools with multi-asset class capabilities

Manage Regulation

- Develop reporting systems with the flexibility to meet evolving regulatory demands across multiple jurisdictions

Integrate Your Data

- Traditional asset management firms need to invest in enterprise data warehouses and better data governance

Accelerate Investment Decisions

- Better, more accurate and timely data is key to making better investment decisions and being able to act on these insights in real time

Future-Proof Your Systems

- Traditional asset managers need flexible systems that can adapt as investment goals and strategies evolve

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