

STATE STREET ALPHA

# From Volatility to Value



STATE STREET®

**Outsourcing technology and operations to a strategic partner with expertise and global scale can provide institutional and wealth management firms the support they need across the investment lifecycle.**

**The unprecedented pace and scale of the COVID-19 pandemic has impacted organizations around the world, leaving many struggling to cope with reduced workforces, limited access to traditional workplace infrastructure and continuing uncertainty.**

Further compounding these challenges, financial markets around the globe sharply declined at the end of March as the effects of the pandemic set in. For example, the US stock market is coming off of its worst quarter since the 2008 financial crisis with the S&P 500 and Dow Jones Industrial Average posting 20 percent and 23 percent losses respectively.

As businesses and the markets assess and adapt to the economic impact of the global health emergency, including declining asset prices and cost pressures, market volatility looks like it is here to stay.

This volatile environment can be especially challenging for institutional and wealth management firms already grappling with fundamental challenges, such as expense management, the rise of passive investing, lower-for-even-longer interest rates, business continuity, and technology and operational resiliency. In times of market stress such as these, institutional and wealth managers need to be hyper-focused on core activities that differentiate them from their peers and help drive investment excellence. One way to do so is to outsource technology and operations to a strategic partner with the depth of expertise and global scale to support their businesses across the investment lifecycle.

Over the past 20 years and with the evolution of our Investment Manager Services business, we have seen many of the largest, and most sophisticated institutional and wealth managers transform their businesses by outsourcing critical operations and technology infrastructure. As a result, these firms have started to realize the benefits of margin improvement, reduced operational risk and more efficient use of their capital utilization. This has served as a significant driver of their growth in a rising market environment and has positioned them to stabilize their business in periods of market turmoil.

**We Can Provide a Harmonized Support Model**



**Capabilities to help implement your strategy**



**Scalability to help grow your business**



**Resiliency to help you stay prepared in any environment**



## The State Street Alpha<sup>SM</sup> Platform

State Street and Charles River Development, a leading provider of multi-asset class front-office technology solutions, have a long-standing history of enabling clients' transformations through the outsourcing of technology and critical operations across the investment lifecycle. With front-, middle- and back-office tools, solutions and expertise, State Street Alpha<sup>SM</sup> can support your businesses across the investment lifecycle.

Backed by deep enterprise data and transaction management capabilities, our interoperable platform enables you to integrate and align your preferred systems using State Street and other third-party provided data.

With access to liquidity, insights and infrastructure, you benefit from the comprehensive services needed to transform and grow your businesses.

Working together, we can help you implement your strategy, scale your business and enhance resiliency so that you are prepared for success in any type of market environment.

**Business transformations are challenging and are not easily undertaken. In this time of uncertainty, we are here to help.**

## Capabilities to help implement your strategy

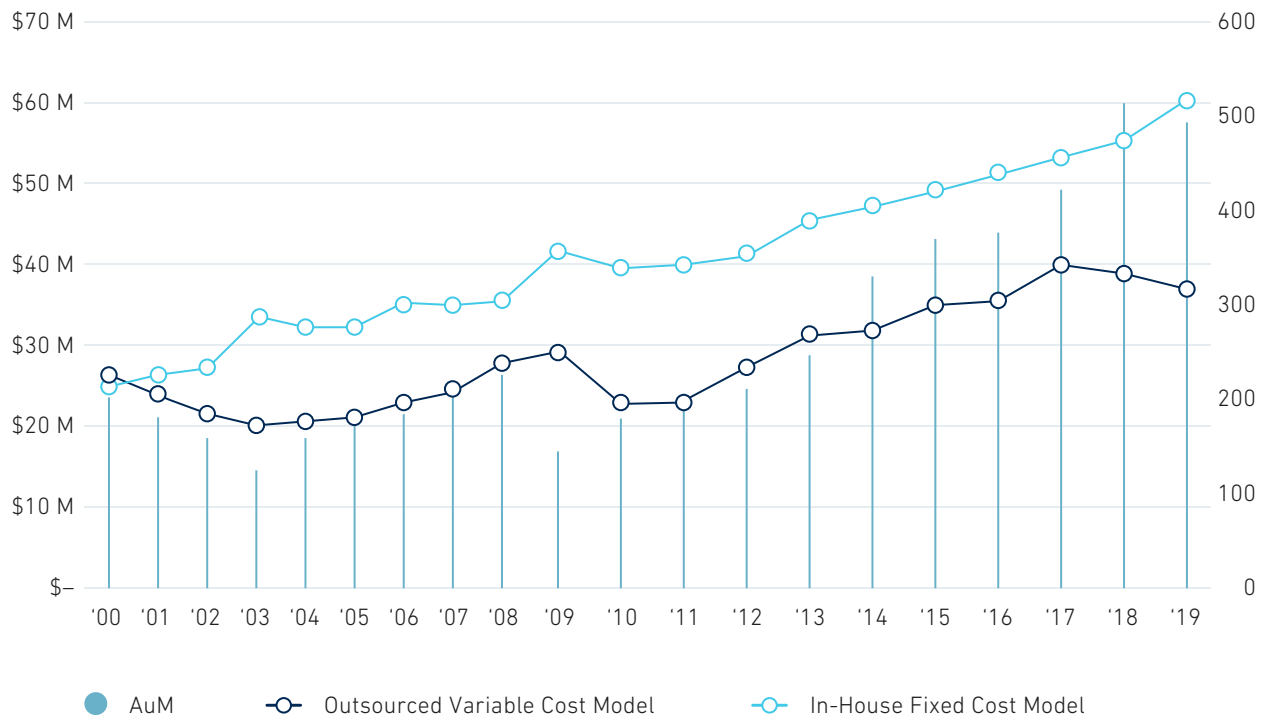
- **Front-office technology.** The Charles River Investment Management System deployed in a software-as-a-service (SaaS) model supports your multi-asset class portfolio management, trading and compliance workflows
- **Outsourced data management.** Through our cloud-native data management platform, you will have seamless integration across your end-to-end workflows
- **Analytics.** Native and integrated third-party, multi-asset class risk, performance and trade-cost analytics support your decision-making processes
- **Middle-office outsourcing.** From transaction processing, corporate actions, collateral management and investment accounting (IBOR), to performance and end-client reporting, our services support your business across the middle office
- **Back-office outsourcing.** Services include custody, fund accounting, fund administration and transfer agency to support all of your back-office processing needs
- **Liquidity.** Access to liquidity through integration with State Street Global Markets products and services, and third-party trading and execution venues, to help you take advantage of investment opportunities
- **Outsourced trading.** Access to State Street traders to provide trade execution services to support your in-house portfolio managers



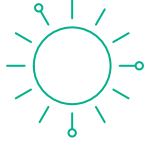
### Scalability to help grow your business

- **Global support.** Scalable technology and global operations that are configurable to your needs, and support your evolving growth objectives
- **Ongoing investment.** To meet our clients' needs, we continue to invest in technology development and operational efficiency. In 2019, we invested US\$100 million across the investment lifecycle, and have committed the same amount in 2020
- **Better expense management.** The ability to migrate from a fixed- to variable-cost model helps to align costs with revenue throughout a market cycle. With consumption-based fees, our model dynamically scales with changes in the market and in your business
- **Strategic focus.** The ability to redeploy capital and enhance strategic focus means that you can concentrate on the activities that truly differentiate your business

### Fixed vs. Variable Cost Structure<sup>1</sup>



<sup>1</sup> Cost analysis correlated to the annual returns of the S&P 500 over a 20-year market cycle (FY 2000-2019). Variable cost model based on a number of factors including a sample client's AuM, number of users, transactions volumes and the number of client portfolios, among other things. Fixed-cost model based annual increases due to inflation, required reinvestment and potential operational losses, among other things.



### **Resiliency to help you stay prepared in any environment**

- **Resilient technology and operations.**  
Our cloud-enabled, scalable and resilient technology is delivered in partnership with Microsoft Azure. With the support of our global operating model, we provide continuous coverage with overlapping hours of operation to deliver your services with faster processing speeds.
- **Enhanced business continuity.**  
State Street's business continuity regulatory requirements as a G-SIFI mean that you benefit from our focus on a globally diversified operating model, adoption of best practices in process and data controls, and systems resiliency. This includes cybersecurity and a split operating model that allows for segmentation of operations across three major hubs and 15 operational sites.

Through our Alpha platform, we offer a full range of technology and operational outsourcing solutions to provide you with the infrastructure and scale necessary to enable your growth regardless of market conditions.

**Volatility is unavoidable. Your ability to manage through it in good and bad times depends on how you prepare. It is never too early to consider the steps you can take to transform your business.**

For more information visit our [Volatility to Value](#) page or [Contact Us](#).

## STATE STREET®

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