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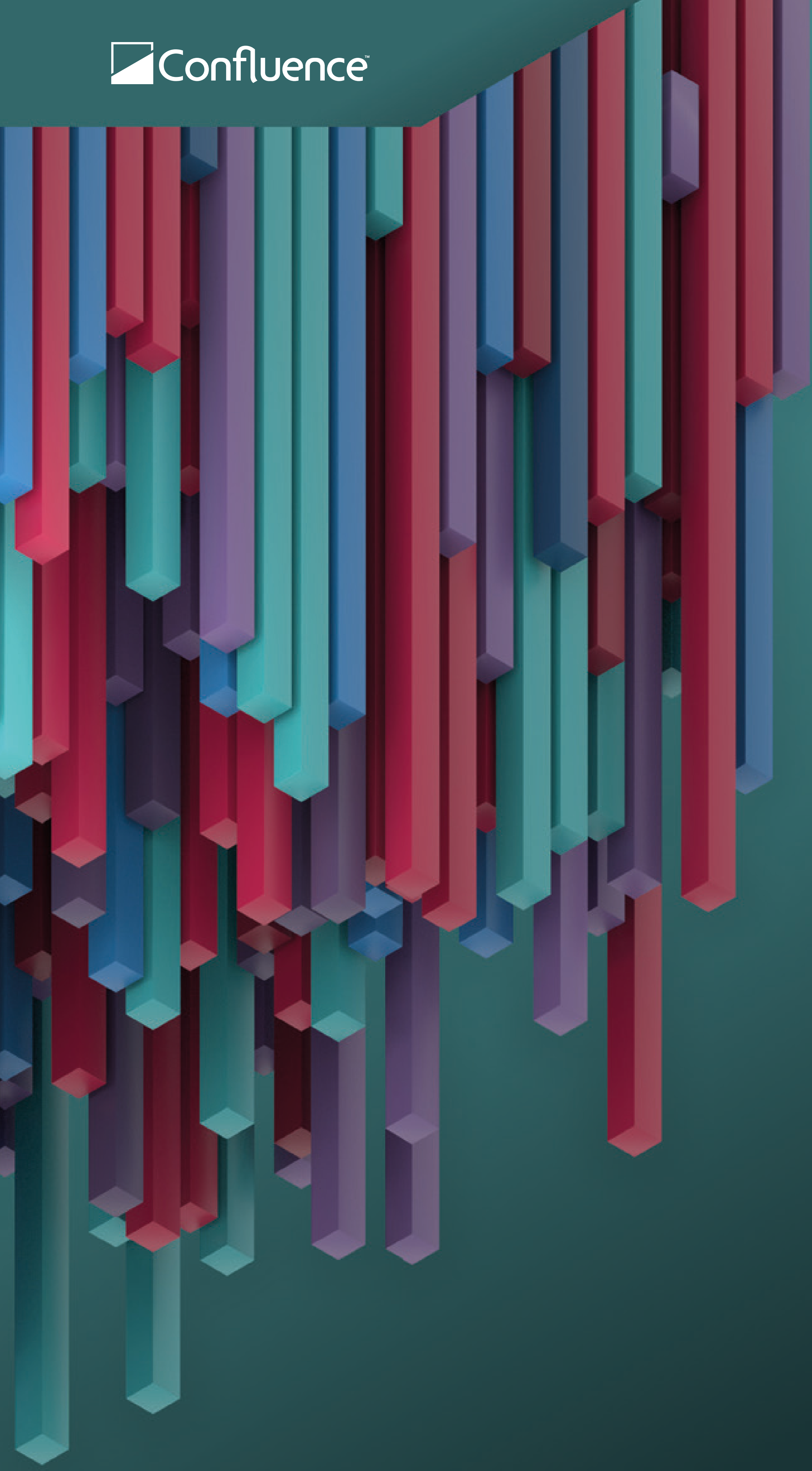

CONNECT

ISSUE 3

Confluence Connect / Issue 3

Complex Challenges, Straightforward Solutions

While we were all busy in 2021 dealing with the global pandemic subsiding in the middle of the year and then roaring back toward the end of the year, our industry was still moving along as it always does, continuing to deal with complex business challenges. As we all know, complex business challenges are nothing new to the global investment management industry as the pace of regulation, the need for scale and efficiency, and intense competition remains omnipresent. While asset owners, asset managers and asset servicers deal with the complexities associated with running their day-to-day businesses, they are always seeking the expertise to help them make the right decisions and the solutions to help them service their customers.

Over these last few months, our internal experts helped frame some very important global issues that our industry has been dealing. We sought to help you understand how to seek balance with Solvency II requirements, deal with SEC Rule 22e-4 challenges, to make sure that you were ready for the end of LIBOR, and we tooted our own horn for being designated as a best-in-class fixed income attribution and analytics provider. We then of course ended the year announcing the amazing news of our acquisitions of best-of-breed providers Investment Metrics and Compliance Solutions Services.

We've achieved a lot over the last six months but are even more excited about the road ahead. We are committed to continuing to partner with our clients, continuously expanding our expertise and depth of industry knowledge, and will bring even more best-of-breed solutions to our markets.

With conferences picking up and face-to-face discussions coming back, albeit slowly, we look forward to seeing you out and about very soon. Until then, stay safe, stay healthy and enjoy this edition of Confluence Connect magazine.

Gary A Casagrande
Vice President of Global Market Strategy

Confluence

Contents:

Confluence Article

Seeking Balance: Managing Insurance Portfolios Under Solvency II

In the post-Solvency II world, asset managers with insurance clients are grappling with additional layers of complexity. In addition to incorporating the cost of capital into the asset allocation process, they are also required to fulfill an extensive set of reporting obligations, leading them to partner with external vendors to implement a cost-effective and efficient workflow.

Looking Ahead

The Solvency II regulation laid out how insurers need to be capitalized and how they need to manage risks, but also changed the way insurers treat their investments by introducing new requirements around governance and accountability. Integrating this regulation across front and middle offices, from both a portfolio construction perspective and a regulatory perspective, requires a robust technology strategy, analytics, data and expertise.

Download Free eGuide >

Download your free eGuide to learn:

- How Solvency II affects asset managers with insurance clients
- The overall Solvency II framework and its three pillars
- How Confluence's Solvency II solution allows clients to implement an efficient, operational product model

Confluence Article

Aite Matrix: Fixed Income Attribution and Analytics

This excerpt from an Aite Impact Report details the Aite Group vendor assessment framework, the market and it's players, and why Confluence was selected as Best-in-Class for Fixed Income Attribution and Analytics.

Best-in-Class Fixed Income Attribution and Analytics

Fixed income attribution has risen in prominence as investors continue to expand their portfolios into new asset classes and products. Investors should be mindful of the flexibility and customization that third-party solutions offer to ensure they align with their internal strategies.

Enter Confluence. Our flexible, scalable and transparent fixed income solution includes best-of-breed fixed income analytical libraries to run precise performance decomposition in addition to fully integrated index vendors risk numbers (subject to entitlement) and the possibility to define custom hierarchies in the risk numbers application. This allows for accurate and fully transparent fixed income results with additional possibility to customize the assignment of each effect.

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Download your free eGuide to learn:

- The methodology behind the Aite Impact Report
- What the overall vendor market looks like
- Why Confluence has been designated as Best-in-Class for Fixed Income Attribution and Analytics

Confluence in the News

Confluence acquires Compliance Solutions Strategies (CSS) and Investment Metrics

Acquisitions strengthen Confluence's suite of best-of-breed solutions, providing clients more intelligence from their data and greater operational efficiency.

Confluence, backed by Clearlake Capital and TA Associates, to acquire Compliance Solutions Strategies (CSS), a global provider of cloud-based RegTech solutions

Confluence Technologies, Inc. ("Confluence"), today announced that it has agreed to acquire **Compliance Solutions Strategies** ("CSS"). Founded in 2017 and headquartered in New York, CSS offers clients a next-generation global RegTech platform underpinned by its proprietary Regulatory Book of Record (RBOR) data management solution. Servicing more than 600 clients globally, including nine of the top 10 global asset managers and six of the top 10 global hedge funds, CSS is a respected and fully integrated Compliance-as-a-Service provider, bringing together innovative SaaS-driven technology solutions, deep regulatory expertise and white-glove managed services to support the investment management community. CSS's extensive solution capabilities span regulatory reporting, investment monitoring, transaction reporting and compliance program management.

Read more >

Confluence, backed by Clearlake Capital and TA Associates, to acquire Investment Metrics for $500m

Confluence Technologies, Inc. ("Confluence"), today announced that it has agreed to acquire Investment Metrics for US$500 million. Founded in 1998 and headquartered in Norwalk, Connecticut, Investment Metrics services more than 400 clients across 30 countries with solutions that drive insights across more than 20,000 institutional asset pools, 28,000 funds, 910,000 portfolios, representing over $14 trillion in AUA. Investment Metrics empowers institutional investment allocators, asset owners and asset managers with reporting and analytical research solutions that are foundational to the institutional investment ecosystem.

Read more >

Confluence Article

Making the Right Adjustments: Managing Liquidity Risk for SEC Rule 22e-4 Compliance

Rule 22e-4 is specifically aimed at quantifying liquidity risk in most mutual fund and ETF portfolios – particularly, the risk of a fund being unable to meet redemption requests without significant impact on its remaining investors. The regulation comes with a host of challenges leaving fund managers looking for an efficient, scalable solution.

Navigating new regulatory waters

Rule 22e-4 has created a raft of compliance headaches for fund managers. These include the development of a liquidity management strategy, monthly classification reviews (incorporating position size, market depth, trading and other investment-specific developments and considerations) and new reporting requirements. To thrive amid these burdens, investment managers must have a quick and simple way to assess the true liquidity of their portfolios.

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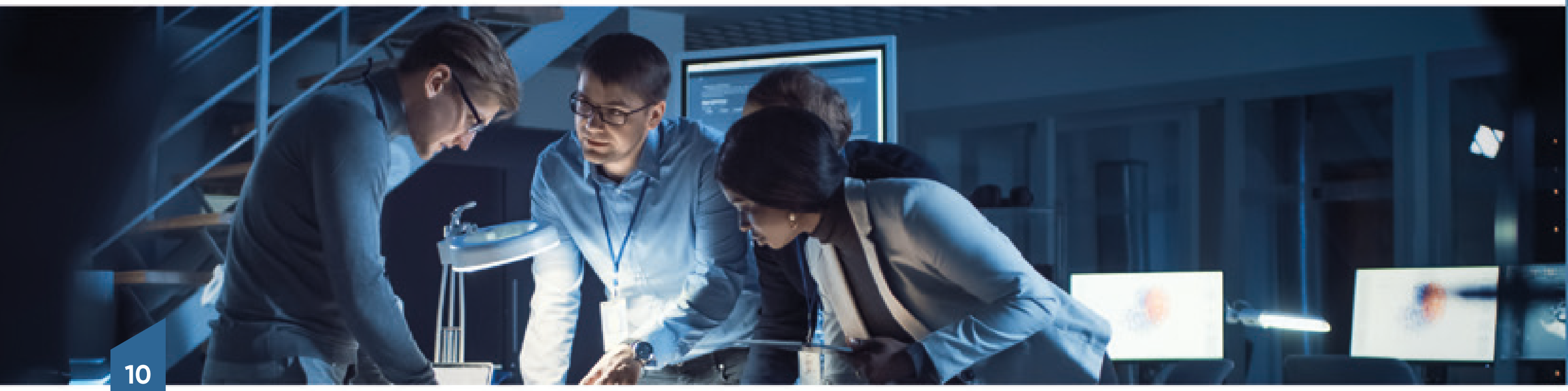


Download your free eGuide to learn:

- The impetus behind SEC Rule 22e-4 and the challenges it poses for fund managers
- The overall SEC Rule 22e-4 framework and the four liquidity buckets
- How Confluence leverages sensible data management and robust analytics to facilitate SEC Rule 22e-4 compliance

Confluence Article

Efficiency in the Aggregate: Why Private Wealth Managers Should Adopt Composites

While building composites is common among institutional asset managers, private wealth managers have not adopted them to the same degree – but a shift is already underway, and this will continue to change as wealth managers face renewed scrutiny..

The Case for Composites

As the wealth management space has advanced, so too have the regulatory and guideline-related frameworks in which these firms operate, as well as the technology that enables them. It all adds up to an increasingly powerful case for private wealth managers to adopt composites.

Download Free eGuide >

Download your free eGuide to learn:

- What market changes have facilitated the adoption of composites in the private wealth space
- The benefits of GIPS® compliance for private wealth managers
- How Confluence's web-based composites solution enables clients to achieve compliance with current and future GIPS standards

Confluence Blog

LIBOR Cessation – One Month to Go – Are You Ready?

LIBOR reform has been on the global agenda since the Financial Stability Board (FSB) issued a report in 2014, which recommended strengthening the existing major interest rate benchmarks along with the development and adoption of alternative nearly risk-free reference rates (RFRs) where appropriate.

In 2017, the head of the UK Financial Conduct Authority (FCA), raised serious questions on the sustainability of the London Interbank Offered Rate (LIBOR) given the absence of active underlying markets and announced that they would no longer compel panel banks to provide LIBOR submissions beyond 2021.

> Consequently, discussions around the transition of LIBOR advanced rapidly and market participants began preparing for a future without LIBOR.

On 5th March 2021, the FCA formally announced the future cessation and loss of representativeness of LIBOR. The announcement triggered the fixing of ISDA's Fallback Spread Adjustment for all settings. The Fallback rate is a combination of the Adjusted RFR (compounded in-arrears RFR, per term) and the fixed Spread Adjustment.

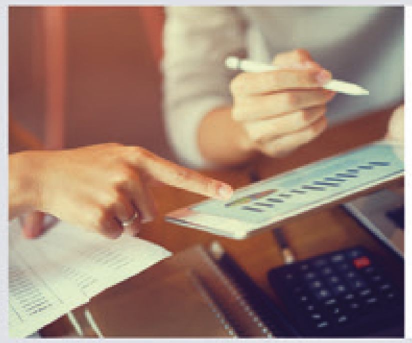
With the 31st December 2021 LIBOR Cessation deadline fast approaching and regulators across the globe repeatedly pushing the same "RFR First" message, the financial industry is finally mobilizing in earnest. October saw record highs in SOFR and SONIA futures open interest, whilst RFR-based swap trade counts across all LIBOR currencies experienced similar trends. Liquidity in RFR-linked vs LIBOR instruments increasingly reflects the market's acceptance of LIBOR's forthcoming demise.

Read more >

Confluence On-Demand Webinars

Interpreting the CFA Institute's New ESG Disclosure Standards for Investment Products

Watch Now



EU SFDR: ESG Disclosures Webinar

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Navigating the SEC's new derivatives rule

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