

Reimagining Investment Operations: A Toolkit for Institutional Asset Managers

Toolkit



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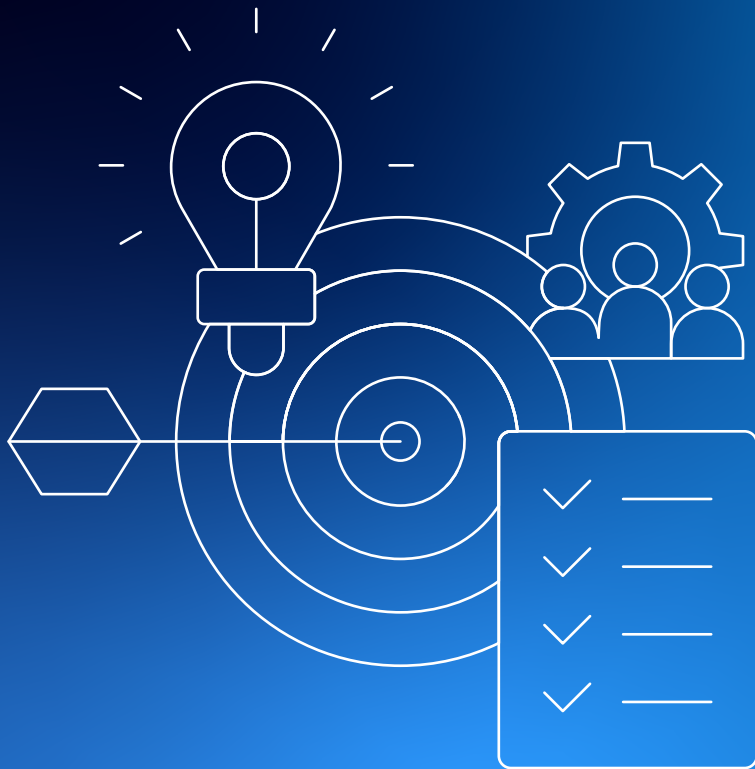
Introduction

Institutional asset managers (IAMs) oversee trillions of dollars on behalf of global investors, deploying capital across multiple asset classes, strategies, and geographies. Yet the true differentiator is no longer just portfolio construction — it is the strength and agility of their investment operations. The firms that can modernize operations are the ones positioned to stay ahead: adapting quickly to regulatory shifts, delivering real-time transparency to increasingly demanding investors, and extracting efficiencies that free up capital and talent for growth.

This toolkit is designed to help asset managers navigate that transformation. It explores practical approaches to rethinking workflows, technology, and data foundations—equipping leaders to turn operational excellence into a source of lasting competitive advantage.



Top Operational Challenges and Solution Criteria



Chapter 02

Top Operational Challenges and Solution Criteria

Challenge #1: Fragmented Systems and Data Inconsistencies

Problem: Legacy systems create isolated data silos, forcing managers to rely on manual reconciliation processes that are slow, error-prone, and resource-intensive. The result is inconsistent records across systems, operational inefficiency, and heightened exposure to risk.

Solution Criteria

Unified data management platform

Centralize disparate data sources into a single, authoritative environment that eliminates duplication, enables consistent record-keeping, and provides a “golden source” of truth for downstream reporting and analytics. This creates a scalable foundation that supports multi-asset and multi-strategy complexity.

Automated data ingestion and normalization

Replace manual uploads and ad-hoc formatting with automated pipelines that can ingest data from custodians, fund administrators, market data providers, and internal systems. Standardized normalization rules ensure consistency across asset classes and geographies, reducing friction in daily workflows.

Exception-based data validation

Integrate built-in controls that continuously validate data quality against pre-defined business rules. Exceptions should be flagged immediately and routed to operations teams with clear context for resolution, minimizing downstream errors and reducing regulatory and reporting risks.

Top Operational Challenges and Solution Criteria

Challenge #2: Inefficient Trade Processing and Settlement

Problem: Reliance on manual trade affirmation, batch-driven processes, and error-prone handling of corporate actions creates operational bottlenecks. These inefficiencies not only delay settlement and increase the risk of breaks but also expose firms to costly regulatory penalties and reputational damage—especially as the industry accelerates toward T+1 and even T+0 settlement cycles.

Solution Criteria

Straight-through processing for trades and corporate actions

Implement a fully automated trade capture and affirmation process that consolidates all transactions into a centralized workflow. Corporate actions should be processed proactively: mandatory events automatically executed, voluntary events driven by automated elections with configurable default settings, and event instructions finalized the night before the ex-date to avoid downstream disruption. This minimizes manual intervention while ensuring timely, accurate event processing.

Automated lifecycle event management across asset classes

Extend automation beyond equities to encompass derivatives, fixed income, and alternative instruments. A single system should handle lifecycle events such as coupon payments, expiries, exercises, resets, and rollovers—reducing reliance on asset-class-specific tools and lowering the risk of breaks or missed events in complex portfolios.

Real-time settlement and position updates

Transition away from batch-driven updates to a continuous processing model. As trades and events are executed, positions should refresh in real time, ensuring accuracy for risk, compliance, and portfolio management systems. Robust data validation and accelerated file ingestion pipelines enable firms to meet aggressive T+1—and eventually T+0—settlement obligations without compromising data quality.

Top Operational Challenges and Solution Criteria

Challenge #3: Disparate and Duplicative Books of Record

Problem: Many asset managers still maintain multiple, siloed books of record—one for investments, another for accounting—resulting in duplicate datasets, reconciliation overhead, and inconsistent reporting across stakeholders. These fragmented approaches slow down close processes, increase the likelihood of breaks, and undermine confidence in reported numbers.

Solution Criteria

Unified investment and accounting book of record

Establish a single platform that consolidates investment and accounting records into one dataset. By storing profit and loss details alongside journal entries, firms eliminate duplication, improve transparency, and ensure alignment between front-, middle-, and back-office functions. This creates a common foundation for both operational workflows and financial reporting.

Streamlined reconciliation with automated components

Replace manual, pairwise reconciliations with automated tools that can link related components across custodians, administrators, and counterparties. This enables teams to resolve breaks more quickly, perform multiple reconciliations simultaneously, and ensure all parties operate from the same authoritative data set—reducing operational risk and accelerating close cycles.

Multi-asset class investment accounting coverage

Implement an investment accounting solution that can natively support all asset classes—public markets, private equity, private credit, structured products, and alternatives. This eliminates the need for asset-class-specific systems and allows for consistent treatment of complex securities, improving accuracy and comparability across the portfolio.

Top Operational Challenges and Solution Criteria

Challenge #4: Suboptimal Treasury and Collateral Management

Problem: Many firms continue to rely on manual spreadsheets and fragmented workflows to track liquidity, collateral, and margin requirements. This lack of automation and visibility exposes firms to funding inefficiencies, excess capital drag, and heightened counterparty risk—especially during periods of market volatility when demands can shift suddenly and without warning.

Solution Criteria

Real-time margin simulation and optimization

Deploy tools that continuously calculate margin requirements across clearinghouses, counterparties, and asset classes. Real-time simulation allows treasury teams to anticipate intraday exposure and test various allocation scenarios, optimizing the use of eligible collateral while reducing the need for excess buffers.

Automated collateral allocation and cash sweep functionality

Implement automated workflows that allocate collateral in accordance with pre-defined eligibility rules, haircuts, and cost hierarchies. Integrated cash sweep functionality ensures idle balances are automatically deployed or recalled, improving liquidity utilization while maintaining compliance with counterparty agreements.

Granular forecasting models for funding needs

Build predictive models that incorporate upcoming settlement obligations, expected margin calls, coupon payments, and corporate actions to forecast short- and long-term liquidity requirements. Enhanced forecasting provides treasury teams with the foresight to reduce funding costs, avoid overdrafts, and strategically manage capital across geographies and counterparties.

Essential Components for Modern Investment Operations



Chapter 03

Essential Components for Modern Investment Operations

Unified Data Management

A single source of truth for reference data, securities, prices, positions, transactions, and all other investment-related data.

Workflow Automation

Streamline manual tasks across trade settlement, reconciliations, corporate actions, and derivatives lifecycle management.

Treasury and Liquidity Optimization

Maximize capital efficiency through real-time margin simulation, automated collateral allocation, and cash sweep functionality.

Advanced Investment Lifecycle Management

Comprehensive asset class support ensures the platform can handle all strategies across public, private, derivatives, and cryptocurrencies

Integration and Ecosystem Connectivity

Connect all systems and enable teams to work off of the same golden source of truth by leveraging technologies with flexible integration, API-first architecture, and connectivity across the financial services industry.

Cloud-Native Infrastructure

Scalable, secure, and compliant infrastructure with elastic compute power and embedded security controls.

04

How Arcesium Can Help

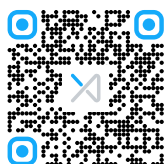
Arcesium supports institutional asset managers by providing advanced technology designed to streamline data management, enhance operational efficiency, and enable scalable growth across diverse asset classes.

Comprehensive Support for Asset Managers

Arcesium platforms enable asset managers to:

- **Manage Diverse Asset Classes:** Support for public, private, derivatives, and cryptocurrency assets, facilitating a unified approach to portfolio management.
- **Scale Operations Efficiently:** Modular and cloud-native infrastructure allows for scalable growth and adaptability to market changes.

- **Enhance Operational Efficiency:** Automation of routine tasks reduces manual errors and improves overall operational efficiency.
- **Elevate Investment Operations:** Strong data management controls, workflow automation, and robust infrastructure that grows alongside strategies enhances investment operations from a cost center into a strategic differentiator.



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