



# Money Fund Intelligence

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## Cachematrix Discusses Portal Technology

As most are aware by now, the trend towards **online money market trading "portals"** has been one of the major new developments in money fund investing over the past decade. While many of the early portals focused on fund lineups and trading, a second wave of entrants is adding compliance, reporting, and fund transparency in order to create a more efficient user experience. A major driver behind this latest wave of technology is Denver-based **Cachematrix**.

Cachematrix now "powers" custom trading solutions for 10 different money fund portals, and is preparing to launch at least two more trading systems in coming months. Below, we discuss the portal marketplace, recent technology, and content enhancements with Cachematrix Managing Director **Jim Etten**.

### Adding Portfolio Holdings

We asked Etten about the trend of displaying portfolio holdings on portals. He says, "Cachematrix now provides portfolio holdings reports alongside existing monthly fact sheets, prospectuses, SAI's, annual and semi-annual reports, as well as other critical money fund information." But he adds, "Portfolio holdings will only be accessible to pre-approved clients, and accessed only through encrypted login and protected password."

He explains, "Portfolio holdings are released per their scheduled guidelines. We collect the documents directly from the fund families and provide them in electronic format for clients.... From the technology side, it is a lot of work because there are thousands of documents we have to warehouse and then refresh every 30 days or so." On frequency, Etten says most portfolio holdings ("over 90%") are updated monthly, but some are twice monthly and some are quarterly. It

completely depends on the fund families stated release policy."

### Institutional Money Fund Experience

Both Etten and Cachematrix founder **George Hagerman** have extensive experience in the institutional money fund business. Etten tells us, "We are very familiar with the cash market and have had exposure to what the end user wants over the past decade.... When we sit down with a global bank

and or large financial institution and they are looking to build a money market portal or a proprietary fund [trading system], we understand what they are trying to provide to their end clients. We've been in that position, and it helps that we can relate to the client."

On technology, Etten says, "Our software is built and deployed in a modular fashion. When we sit down and talk to a prospect, they can build systems based upon the software modules that are needed for their client base. This approach is known as Software as a Service (SaaS). It is completely built, deployed and maintained in an encrypted and secure manner over the web. In addition, once a system is built, Cachematrix provides the hosting, data security and the necessary software upgrades to meet the ever increasing market needs.... Over the last couple of years, we've built up our inventory of software modules."

"For example, we have built a Compliance Trading module, so treasurers can go in and trade in adherence to their investment policy guidelines. We have a module called Future Dated Trading, so clients are able to trade 24/7. If a treasurer needs his trading

activity approved by say the CFO, there is a Dual Authorized Trading component. We are the only firm that can deploy this feature completely over a web-based application."

The company also offers Portfolio Analytics, an "advanced reporting tool" that allows "customized reports to review portfolio performance," and Batch Trading modules.

Etten says, "Again, all these software modules can be built and deployed independently depending on what the bank and or financial institution wants to provide to their clients."

### Opportunity Building Systems

We wanted to know, "How did Cachematrix come about?" Etten says, "Well it started with **Comerica**. Financial institutions were seeking a competitive advantage in growing and retaining their corporate client base and, especially with Sarbanes Oxley, corporate demand for portals was heating up. Banks were calling us and saying, 'Would you be interested in doing a white label of this technology as we need it for our client base?' We looked at the market and set our goal to become the leading technology provider in the space. We still see tremendous growth in this market."

"For mutual fund families, specifically those that have not yet built a system, it's a costly proposition to build internally from scratch. Over the years we have developed the infrastructure and experience to deploy and continually upgrade the software needed for these firms, and in most cases we can do it in half the time and for half the costs they would incur themselves. We definitely have found our niche in the market." Etten says. ♦

