

## J.P. Morgan CARS<sup>SM</sup> Cash Allocation and Rebalancing Solution

### Market-leading, fully automated platform supporting target date funds

J.P. Morgan CARS<sup>SM</sup> is an enterprise class platform that enables investment managers to create and deliver innovative fund of fund structures – particularly custom/open architecture target date funds – with extreme flexibility, efficiency and control. Its open architecture supports the use of any investment product or pool making it feasible for plan sponsors to design and implement highly customized and responsive solutions at scale. This fully automated platform is integrated with our custody, accounting and reporting services, and operates interdependently with plan transfer agents.

CARS supports Custom Target Date Funds by enabling the client to implement a unique glide path with any configuration of underlying investments. CARS enables the efficient and controlled management of the changes to the asset allocation over time as specified by the glide path design.

#### BENEFITS AND FEATURES

Benefit	Features
Cash Allocation	<ul style="list-style-type: none"> <li>Allocates cash flows across multiple investment pools/accounts per policy, allowing separate policies for buys/sells (subs/reds) or to a designated liquidity sleeve</li> </ul>
Rebalancing	<ul style="list-style-type: none"> <li>Periodic rebalancing (e.g., annually, quarterly, monthly, weekly, daily)</li> <li>Triggered Rebalancing based on an “out of tolerance” condition</li> <li>Rebalancing through multiple levels of investment pools and accounts</li> </ul>
Parameter Based	<ul style="list-style-type: none"> <li>Target Weights for all investment pools with upper &amp; lower bounds</li> <li>Minimum Order (and Maximum)</li> <li>Strategic Target Weights</li> </ul>
Operations Integration	<ul style="list-style-type: none"> <li>Calculation of NAVs and unit prices</li> <li>Delivery of unit prices to recordkeeper</li> <li>Receipt of daily shareholder activity from T/A</li> <li>Processing of daily Buy/Sell activity</li> <li>Allocation of cash through multi-tiered investment structures</li> <li>Rebalancing to target weights</li> <li>Delivery of approved orders/trades to routing/execution platform.</li> <li>Order notification</li> <li>Forecasting: Rebalancing calculation for information only</li> </ul>
Open Architecture	<ul style="list-style-type: none"> <li>Supports use of all investment structures/products</li> <li>Mutual Funds</li> <li>Collective Trusts</li> <li>Separate Accounts</li> <li>Pools comprised from any combination of the above</li> <li>Pools comprised from a master trust (i.e. shared DB/DC trust)</li> </ul>

#### Highlights

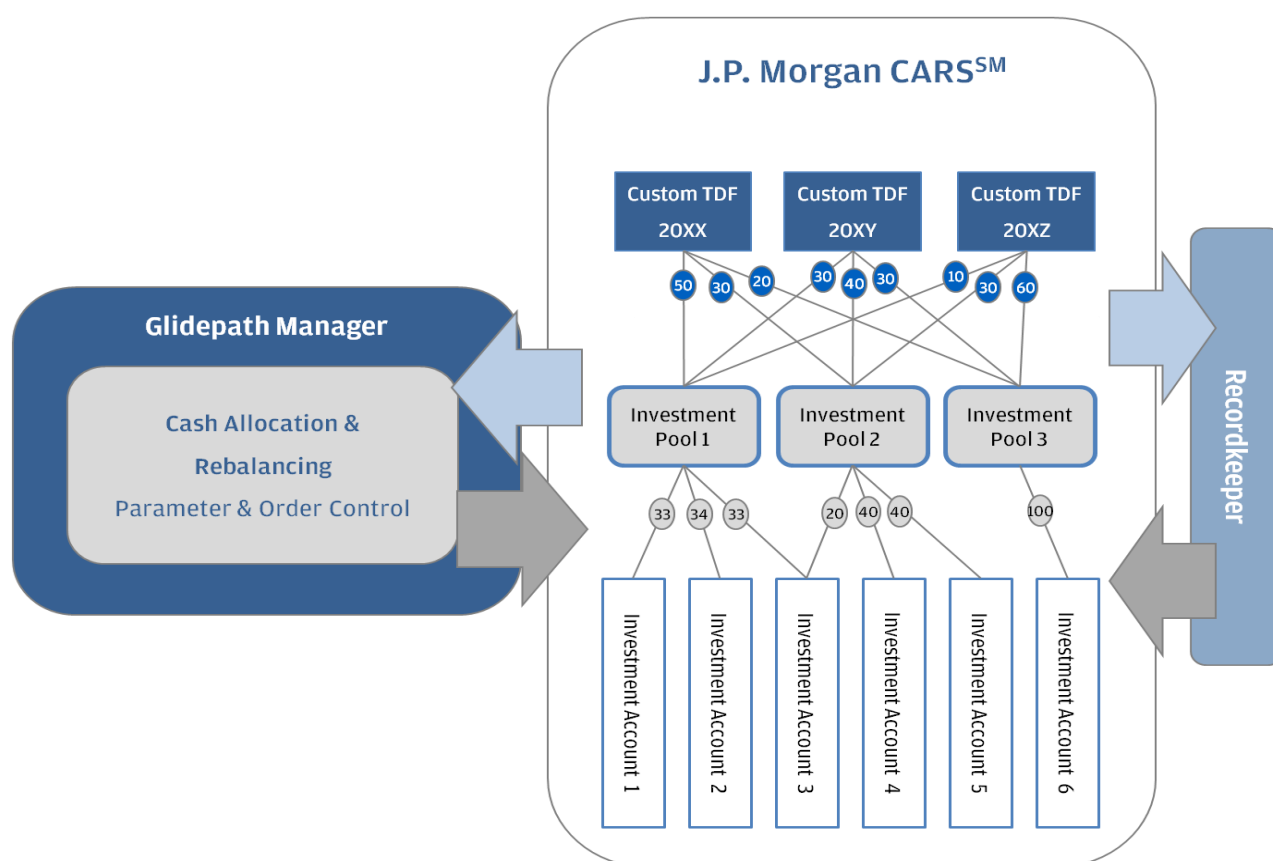
- Enables investment managers to implement and manage custom/open architecture Target Date Funds for their clients
- Provides scalability for glide path managers
- Highly flexible to support differing glidepaths, rebalancing methods and cash allocation policies.
- Embedded system controls
- Improved access administration
- Stability of enterprise platform (scalable, controlled and secure)
- Eliminates reliance on desktop tools for rebalancing

## Market Situation

A fundamental restructuring of the U.S. pensions industry is in progress. Responsibility for retirement savings and income is shifting from plan sponsors to plan participants. The effect of the 2008 financial crisis on defined contribution plan account balances attracted legal, regulatory and fiduciary scrutiny. The market is ripe for innovative solutions that can deliver better outcomes for a greater number of participants. J.P. Morgan CARS<sup>SM</sup> can enable plan sponsors and investment managers to seize that opportunity.

## J.P. Morgan Solution

J.P. Morgan CARS<sup>SM</sup> is an enterprise class platform for the implementation of custom and open architecture target date funds, enabling you to design and deliver the right glide path with the best investment components for your client.



### Parameters

- Target Weights
- Upper/Lower bounds (tolerances +/-%)
- Minimum/Maximum Order Amounts

### Methodologies

- Rebalance to Target
- Straight Percentage
- Other Rules Based Methodologies

### System Integration

- Custody and Accounting platforms (including valuation and unitization)
- Interaction with recordkeepers

### Client interface - next generation

- Administrative control for Glidepath managers
- Instruction portal for parameter maintenance