

IBOR Is Key for Total Portfolio View

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We have spent our careers as management consultants focused on investment performance, where a trade-date view is table stakes. The Investment Book of Record (IBOR) feels straightforward to us, so it always surprises us to find clients who resist it. While institutional asset managers have long embraced IBOR, asset owners sometimes meet it with resistance, skepticism, or even derision. Helping them understand its foundational importance to deliver against CIO objectives is part of the job. Over time, we began jokingly referring to this advisory work as “IBOR therapy.”

Total Portfolio View (TPV) requires timely, accurate, and integrated data across all asset classes. Yet many organizations still struggle to unify this holistic view. Meradia’s TPV series highlights the structural challenges and decisions that shape effective solutions. This installment focuses on IBOR, a long-standing foundation for performance decomposition that also underpins risk analysis, start-of-day cash visibility, and highlights why it serves as a critical enabler.

Historically, many asset owners, with long investment horizons, outsourced internal shadow books in favor of external ABOR services that suited this long-term mindset. The shift, once seen as efficient and scalable, prioritized fund-level reporting over real-time insight. While the Accounting Book of Record (ABOR) remains the foundation for client-facing NAV calculations, it falls short as a tool for portfolio oversight, Chief Investment Officer (CIO) decision-making, and answering the tough questions that arise in today’s boardrooms.

The world has evolved. Generating alpha has become harder, and stakeholders expect more sophisticated, faster answers. Meeting these demands requires a more advanced approach and the data inputs that can support it. IBOR has long provided the basis for effective performance decomposition, and today it forms the foundation for delivering Total Portfolio View.

Common resistance and challenges we tackle in “IBOR Therapy” include:

1. **Perception:** “We invest for the long run; IBOR is for firms with short-term horizons.” This misconception often comes from accounting teams concerned about added workloads or a lack of fit-for-purpose tools. In reality, IBOR is not a single system but a framework that may be supported by multiple platforms designed to suit the specific needs of individual strategies or asset classes.



1. **Perception:** (see previous page)
2. **Performance Team Structure and Mission:** Performance teams' processes may have been built around and for the delivery of NAV-based, top-down analysis. They may lack the skills (and tools) for bottom-up IBOR-based performance decomposition.
3. **Legacy Systems:** Batch-driven, siloed platforms that weren't designed for integration. Best-of-breed front office solutions don't align well with ABOR-based performance analysis.
4. **Fragmented Sources/Outsourcing:** ABOR handled by one vendor, IBOR by another, creates confusion and data gaps. Additionally, Performance teams may not be empowered to negotiate with vendors long controlled by other departments to procure or organize the data they require.
5. **Ownership:** No single team owns (or wants to own) the IBOR, leading to unclear accountability.
6. **Governance:** IBOR views are prevalent in the asset class teams that require this investment basis to make trading decisions. Yet, these front office teams have not needed the discipline/governance to effectively transform this as-at portfolio management view into a back-dated, stored official book of record.
7. **Politics:** Middle or back-office teams could centrally support the function, but routinely lack resources and the ability to politically maneuver critical data or functions away from more powerful front office teams.

These issues don't just delay progress; they can erode trust, inflate costs, and block the very transformation that TPV requires.

IBOR's Role: The Foundation for TPV

Think of IBOR as the central nervous system of a modern investment firm. Without it, TPV is simply a mirage.

A well-implemented IBOR enables:


1. **Real-Time Accuracy:** Positions and exposures are updated as events occur, not after the fact. This gives decision-makers the clarity they need when they need it.
2. **Trade-Date Integrity:** Unlike ABOR's settlement-date accounting, IBOR reflects the portfolio as it exists, empowering timely trading and analysis.

When IBOR is implemented with intention, it becomes the launchpad for TPV, not a parallel dataset that adds noise.

The IBOR-Driven Firm

A well-designed IBOR doesn't just improve data quality; it transforms how the entire organization operates.

- **Performance teams** can attribute returns with confidence, knowing the data reflects the right timing and inputs.
- **Risk teams** can monitor exposures as they evolve, not days later.

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- **Client reporting teams** can rely on consistent inputs, aligned with investment policy and mandates.
 - **Portfolio managers and traders** can act with clarity, backed by a single version of the truth.

IBOR delivers the strategy-aligned view, one that reflects trade-date positions, projected cash, and pending transactions. It's the version of the truth that Performance teams use to build PBOR in support of return measurement and attribution. Risk teams use IBOR and PBOR data to assess exposures, and Investment strategists rely on them to rebalance, model, and allocate capital effectively.

An effective IBOR doesn't need to be one-size-fits-all; it needs to be purpose-built for how your firm invests, operates, and services clients. Whether a firm uses a centralized IBOR or distributed IBORs, the goal is the same: trustworthy, real-time data for investment decision making.

How to Get IBOR (and TPV) Right

As we discussed in [Architect for the End-State](#), designing a scalable TPV infrastructure starts by aligning your architecture to business strategy. IBOR is one of the most critical components in that blueprint.

Successfully enabling TPV through IBOR therapy requires more than technology. It's about aligning people, processes, and platforms to a shared goal and doing so in a way that fits your operating model.

Not every organization needs a centralized, enterprise-wide IBOR solution. Some of the most effective implementations come from right-sizing IBOR, identifying the specific data, timing, and business use cases that matter most, and aggregating IBOR components from across systems to support them.

Here's how firms make IBOR work for TPV:

1. **Define Your TPV Use Cases** - Begin with the outcomes you're trying to support. Who needs what data and when? These answers will shape how your IBOR is structured and what capabilities it must include.
2. **Assess Your Current-State Books** - Conduct a current-state assessment of ABOR, IBOR, PBOR, and reference and market data sources. Where are the gaps, overlaps, and inconsistencies? Understanding the landscape is step one.
3. **Build a Modular, Aggregated Architecture** - Rather than replacing everything, many firms find success by integrating and orchestrating IBOR components from their existing tech stack. The key is aligning data definitions, ownership, and quality across sources.
4. **Establish a Performance Book of Record (PBOR)** - A PBOR ensures that historical performance is stored, version-controlled, and aligned to the appropriate data sources, whether IBOR or ABOR. This avoids confusion over which return is "right" and supports auditability over time.

5. **Automate Where It Counts** - Look for opportunities to automate data ingestion, validation, and exception handling, especially across vendor platforms. APIs, real-time dashboards, and integrated workflows are essential.

6. **Drive Cross-Functional Ownership** - TPV and IBOR can't live in isolation. Involve performance, data governance, IT, risk, and the front office in ongoing design and oversight. Successful implementations require collaboration and shared accountability from investments, operations, performance, risk, and technology.

From Fragmentation to Clarity

The promise of Total Portfolio View is achievable, but only for firms willing to address the root causes of operational disconnect. Without a unified and real-time IBOR as the foundation, even the most sophisticated tools and reporting frameworks fall short.

WHY MERADIA



At Meradia, we understand what it takes to bridge the gap between strategy and execution, between what your investment teams need and what your operations can deliver. We've helped leading asset managers, OCIOs, and service providers design and implement IBOR frameworks that not only capture data but also power informed decisions.

Whether you're evaluating your current-state architecture, building a new operational model, or working toward a Total Portfolio View, Meradia brings the expertise, cross-functional perspective, and industry insight to move you forward, faster and with confidence.

Let's make clarity your competitive advantage.

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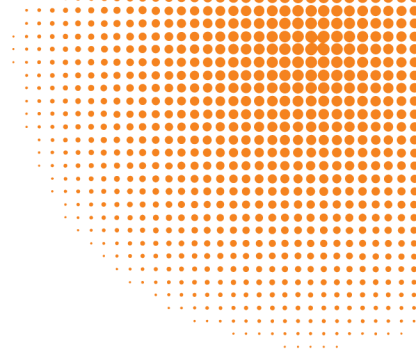
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