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State Street-backed fintech to double Boston headcount with \$100M

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With \$100 million in the bank, a fintech company that can already count on State Street Corp. among its customers and backers is eyeing its next target: Boston's asset-management landscape.

FundGuard, an asset management software provider launched in 2018 in Tel Aviv, Israel, is planning to double its existing headcount of 25 in Massachusetts by the end of the year.

The fuel for the expansion? A \$100 million Series C round the company announced this week amid a general decline in mega-round financing.

Financial services behemoth State Street Corp. (NYSE: STT) is FundGuard's anchor client in Boston, or at least the only customer FundGuard President John Lehner – who worked for State Street until 2021 – would name in a Tuesday interview.

Yet he made it clear that FundGuard's presence in Boston is "largely to service the clients" and "the marketplace" of asset managers.

Boston's "concentration" of players such as Eaton Vance, Putnam, Fidelity and Wellington led FundGuard to choose Boston over New York City for its planned expansion, Lehner said. He added that the Big Apple's admittedly broad fintech scene has some components that are less relevant to FundGuard's business – think investment banking, capital markets and retail banking.

"This is the center of the industry, especially for



John Lehner, president of fintech company FundGuard, is a State Street Corp. alum.

the U.S., if not the world," Lehner said of Boston.

FundGuard makes a software-as-a-service platform for investment managers that is powered by AI. The software helps asset managers and their service providers to manage mutual funds, hedge funds, insurance products and pension funds.

About two years ago, the company started working with State Street to integrate its software into State Street's Alpha data platform. The way Lehner described the integration is that Alpha brings together many sources of data and analytics, while FundGuard adds the investment accounting piece.

State Street ended up co-leading FundGuard's \$40 million Series B round, announced in 2022. The latest fundraising, which brought FundGuard's total funding to date to \$150 million,

was a whopping \$100 million led by Key1 Capital and new investors including Euclidean Capital and funds managed by Hamilton Lane (Nasdaq: HLNE).

FundGuard opened its first Boston office at One Marina Park Drive in the Seaport in July 2023, and added another outpost in Dedham before the end of last year. The company plans to hire software developers and experts in asset management, concentrating most of its research and development hires in Dedham's current 500-square-foot rented space at Industrious.

"The location facilitates a broader appeal to people not just directly in Boston," Lehner said.

Lehner declined to comment on FundGuard's revenue or valuation. Israeli media cited by Reuters reported that the latest round was made at a company value of up to \$400 million.