

# Managing Bank Loans in Charles River IMS

Bank loans are a unique and complex asset class that require significant resources and expertise to manage. Unlike conventional bonds where all bond holders receive the full term's interest, loan holders receive only the prorated portion applicable to the holding period, since accrued interest is not exchanged at the time of trade. Security setup often involves a complex hierarchy and flexible terms that must be properly reflected in the firm's security master. Loan trade settlement can take months for new issues and weeks for secondary market trades, introducing operational risks. As a highly illiquid asset class, loans require current and accurate analytics to help inform portfolio management and risk decisions.

## Key Benefits

- Full trade lifecycle support
- Integration with bank loan data providers
- Expedited post-trade processing and settlement

Charles River IMS provides a single front to back platform for managing the bank loan trade lifecycle



Security  
Setup



Portfolio  
Management



Compliance



Order  
Management

# Bank Loans Management



## SECURITY SETUP

Managing bank loans requires a number of specific data elements that must be properly sourced and reflected in the security master to support trading and portfolio management workflows. These include total and current loan commitment, historical amortization, qualifiers and agreement type. Charles River Investment Management Solution (Charles River IMS) streamlines security setup for term and revolving loans, either manually or via supported reference data vendors. A single, cross-platform security master helps ensure that portfolio managers, traders, and risk and compliance officers share a consistent and accurate view of loan terms and conditions.



## PORTFOLIO MANAGEMENT

Charles River offers a full suite of portfolio management and risk analytics capabilities, helping portfolio managers track loans against benchmarks, perform “what-if” analysis to gauge the impact of allocation and de-risking decisions, and rebalance portfolios efficiently. Charles River’s Manager Workbench sources position values directly from the accounting system once position level accrued interest has been calculated.



## COMPLIANCE

Charles River IMS helps automate bank loan compliance workflows and provides centralized compliance monitoring and management. The solution supports compliance rule-building that incorporates the complexities of this asset class, rule testing and maintenance, customizable reporting, and a complete audit history. A powerful data administration facility helps monitor and improve data quality.



## ORDER MANAGEMENT

Because security details such as CUSIP and spread are typically not readily available for new loans, the front office performs security setup at trade time. Charles River IMS accommodates this workflow by relaxing data requirements, and enables portfolio managers to register interest in new issues using house accounts. For existing loans trading in the secondary market, Charles River enables expedited trade creation in the Manager Workbench, supported by real-time reference data. Integrated pre- and post-trade compliance supports more informed trade and allocation decisions.

# Charles River Development, A State Street Company

Investment firms, asset owners, wealth managers, hedge funds and insurers in more than 30 countries rely on Charles River's front and middle office investment management platform to manage more than US\$30 Trillion in assets. Together with State Street's middle and back office capabilities, Charles River's cloud-deployed software technology forms the foundation of State Street Alpha<sup>SM</sup>. The Charles River Investment Management Solution (Charles River IMS) is designed to automate and simplify the institutional investment process across asset classes, from portfolio management and risk analytics through trading and post-trade settlement, with integrated compliance and managed data throughout. Charles River's growing partner ecosystem enables clients to seamlessly access external data and analytics, applications and liquidity venues that support the demands of their product and asset class mix. Headquartered in Burlington, Massachusetts, we serve clients globally with more than 1,000 employees in 11 regional offices.

(Statistics as of Q3 2020)

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