

# Case Study

## Transaction Advisory

### Client Profile

A bulge bracket investment bank's playing the role of a CLO arranger

### Transaction Snapshot

Size - €280 million

Jurisdiction - Europe

Asset Type – Collateralized Loan

Obligations (CLOs)

### About Oxane Partners

Oxane Partners provides bespoke solutions to alternative investment firms throughout their investment lifecycle. Since inception, Oxane has supported more than 40 financial institutions of all sizes including hedge funds, private equity funds, asset managers and investment banks across all major asset classes and jurisdictions.

To talk about our expertise and solutions offering, please reach us at: [info@oxanepartners.com](mailto:info@oxanepartners.com)

### Background

The investment bank, acting as a CLO arranger, wanted to convert an existing single currency CLO model into a multi-currency model while also incorporating rating agency criteria overlay.

### Oxane's Approach

Oxane reviewed the current model including the VBA excel macro code to understand the structure and the payment waterfall. The client wanted to implement dual currency support for both asset and liability side waterfalls. Also, the capital structure was to be optimized for two of the rating agencies.

Oxane updated the existing model and the associated VBA code within the short span of one week.

### Oxane supported the client under the following areas :

#### Deal Structure Analysis

- Created a future compliant model by analysing and incorporating various structures and scenarios from the investor which were likely to be used in the future

#### Rating Agency Criteria

- Analysed the criteria used by Moody's and S & P for rating multi-currency CLOs and followed an industry standard methodology in modelling multi-currency CLOs

#### Asset Side Modelling

- Implemented various asset side cash flow stresses (like interest and currency movement) for rating agencies and investor scenarios

#### Liability Side Modelling

- Modelled principal and interest waterfalls after taking into account complex cash flow distributions between tranches of different currencies

#### Capital Structure Optimization

- Worked with the investor to optimize the capital structure for S & P and Moody's to maximize leverage