

HFM

SPECIAL REPORT



**AltCredit
European
Awards 2021**



Kanav Kalia is a senior sales and marketing executive with over 15 years of experience spearheading marketing and sales functions for financial services and technology organizations. He brings in a depth of functional expertise in capital markets and alternative investments industry across the front, middle and back office functions. Kalia has experience of working with both buy side and sell side participants across various asset classes, investment strategies and geographies. His core expertise lies in aligning marketing and sales initiatives to drive revenues.

How technology is shaping up private credit portfolio management

Private credit has emerged as one of the most promising asset classes within alternative investments in recent years. Kanav Kalia, chief sales and marketing officer at Oxane Partners, a technology-driven solutions provider to the private markets and winner of this year's Best Portfolio Management System award at AltCredit European Awards 2021, explains how laying the right data and technology foundation is the cornerstone of building and managing private credit investments

Although private credit has been around for several decades, interest in the asset class has accelerated considerably since the Global Financial Crisis. As banks were forced to restrict lending after the global financial systems almost collapsed, new lenders stepped in to fill that gap – leading to the rise of private credit. The coverage of private credit varies but can be broadly defined into three major categories: direct lending to corporates or lending against real assets; opportunistic credit strategies involving distressed debt, both single asset situations and portfolio trades; and specialty lending that includes lending to origination platforms, non-traditional borrowers, and venture debt.

As a relatively newer asset class that emerged in the aftermath of the Global Financial Crisis, private credit still has plenty of room for growth. With the growing interest from investors in search of higher yield and the burgeoning size of the market, the level of activity/deal flows is also growing. As the transactions grow more nuanced so does the complexity in managing a growing book.

Growing pains

Some of the most significant challenges private credit investors face is scalability while maintaining tight portfolio controls and keeping operational risk at abeyance. Unlike traditional investments, every private credit transaction presents a different data model, deal counterparties and a need for an appropriate reporting framework. With no real data standardisation, multiple reporting formats, and varied data frequency, fund managers and trading desks face considerable challenges in ingesting and analysing data swiftly, investing at scale, and managing their growing portfolios.

As the volume of private lending has soared over the past decade or so, there has also been greater interest from regulators around the world who are keen to prevent a re-run of the Global Financial Crisis. Internal risk teams are just as keen to identify and understand risk exposure within their portfolios while still keeping overall cost controls. The stricter reporting and disclosure requirements that have emerged from both regulators and investors since then have further increased the operational

overheads shouldered by private credit investors.

Experience and innovation

Founded in 2013 by Sumit Gupta and Vishal Soni, former credit traders from Deutsche Bank, Oxane Partners has been working towards simplifying, digitalising and transforming private markets investments. Since launching, Oxane has expanded to more than 200 financial, technology and data experts and is now a trusted partner for more than 85 institutions around the world.

Technology as a harbinger of change

The advancement in technology has opened new possibilities across the investment lifecycle. With the evolution of technology, investment managers are now able to tap into more complex investment strategies and portfolio data. The emergence of neo-banking, peer to peer lending and fintech platforms have bolstered sourcing avenues while the ability to leverage technology beyond spreadsheets to analyse large and granular datasets is enabling managers to

Private Credit
Portfolio Management

Technology
Multi-asset technology platform providing a unified portfolio view

Data
Centralised data management with a rigorous focus on data validation

People
Swift transition, ongoing data management and middle office support

underwrite these complex transactions confidently. On the portfolio management side too, technology is helping investment managers manage a portfolio of diversified exposures seamlessly with higher confidence, accuracy, and agility thereby enhancing decision-making capabilities.

Breaking down the winning formula

Having been recognised as the best portfolio management system for alternative credit investments, signing up more than ten new clients within the first half of the year and with over €250bn private credit investments being managed on their solutions, the industry is sitting up and taking notice of what makes Oxane's portfolio management offering tick.

Sharing the secret sauce behind what's driving private credit investment managers to their solutions, Kanav Kalia,

chief sales and marketing officer at Oxane Partners, says: "Any portfolio management solution needs to holistically address the 'right data', 'robust technology', and 'streamlined operations' needs to drive meaningful transformation in private credit. Our solution brings together data, technology and people in one ecosystem which helps investment firms cross the digital divide and create a competitive advantage with digitalisation. It's the result of our first-hand investment experience and a dedicated focus on building a solution exclusively for private credit."

Oxane's proprietary technology platform, Oxane Panorama, is a multi-asset solution that gives portfolio managers a unified portfolio view across all their private credit investments. The platform covers data management, portfolio surveillance, reporting and analytics. The firm drives a rigorous focus on data

validation that goes beyond cursory formulaic checks including independently validating agent reports and portfolio data for accuracy and deviations, to ensure clients have a reliable data foundation. Bringing it all together is a team of domain experts who enable a swift transition, provide ongoing data management and middle office support as needed to make it a truly one-stop solution for private credit portfolio management.

Private credit is expected to continue growing at a tremendous pace, particularly as many of the drivers that have accelerated its growth following the Global Financial Crisis remain in place. As the asset class continues to grow, Oxane envisions that solutions underpinned by data, technology and core asset expertise will lead the transition of private credit from an alternative to a mainstream asset class.