



# Forecasting the Future to Win

SOLVING THE MODELING AND FORECASTING CHALLENGES FOR CREDIT FUNDS



**Anaplan**  
Partner

Gold

# LIONPOINT

## Contents

# The context for credit funds

Credit investments continue to be a strong fixture in the makeup of institutional investor's portfolios, but as markets have evolved, so have the expectations of how GPs are tracking and measuring their fundamental credit risk.

The complexities of accrual options, leverage strategies, financial reporting and covenant triggers have made transparent reporting and forecasting near impossible given the myriad of outcomes that can present themselves.

Credit funds need tools that will help them unify the complex aspects of their investments, giving them the ability to run 'what-if?' scenarios to monitor the expected outcome of their investments and drive the portfolio construction decisions to maximize the risk/return profile of their portfolios.

**Lionpoint partners with Anaplan to enable firms to automate processes, integrate data and drive dynamic real-time updates to their calculations, modeling and forecasting.**



# The technical challenges facing credit investors

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## **SLOW UPTAKE OF NEW TECHNOLOGY**

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Software solutions available to alternative investment funds tend to address only parts of the business and have proven ineffective in critical areas like planning and modeling. Information lies isolated across asset financial models, portfolio monitoring tools and investment accounting solutions, resulting in no 'single source of truth' that incorporates all data sources. Instead, many Excel spreadsheets need to be refreshed manually to consolidate data and recalibrate the financial models that inform the firm's decision making.



# The technical challenges facing credit investors

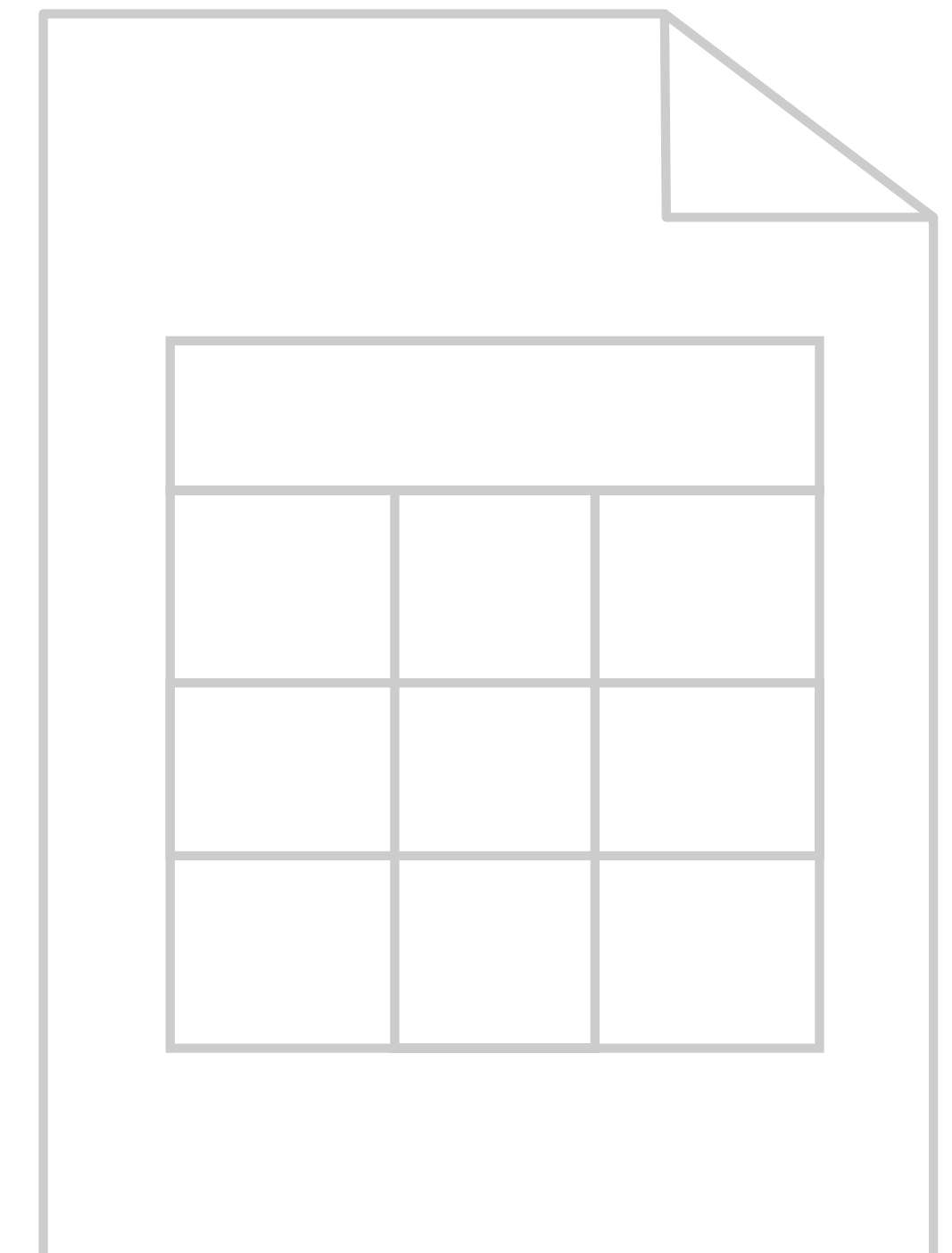
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## DEPENDENCE ON SPREADSHEETS

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Detailed financial modeling has long been an integral part of credit funds. Data sets tend to be fragmented and a spreadsheet-based approach poses significant challenges at the portfolio level due to an inherent lack of scalability. Core tasks such as portfolio valuation, re-forecasting and performance monitoring are slow and cumbersome, particularly when dealing with long term complex assets.

Investment professionals can find themselves focused on lower value work, such as reconciling and aggregating data from multiple models, fixing spreadsheets, and developing reporting workarounds, rather than generating analysis and management insights.



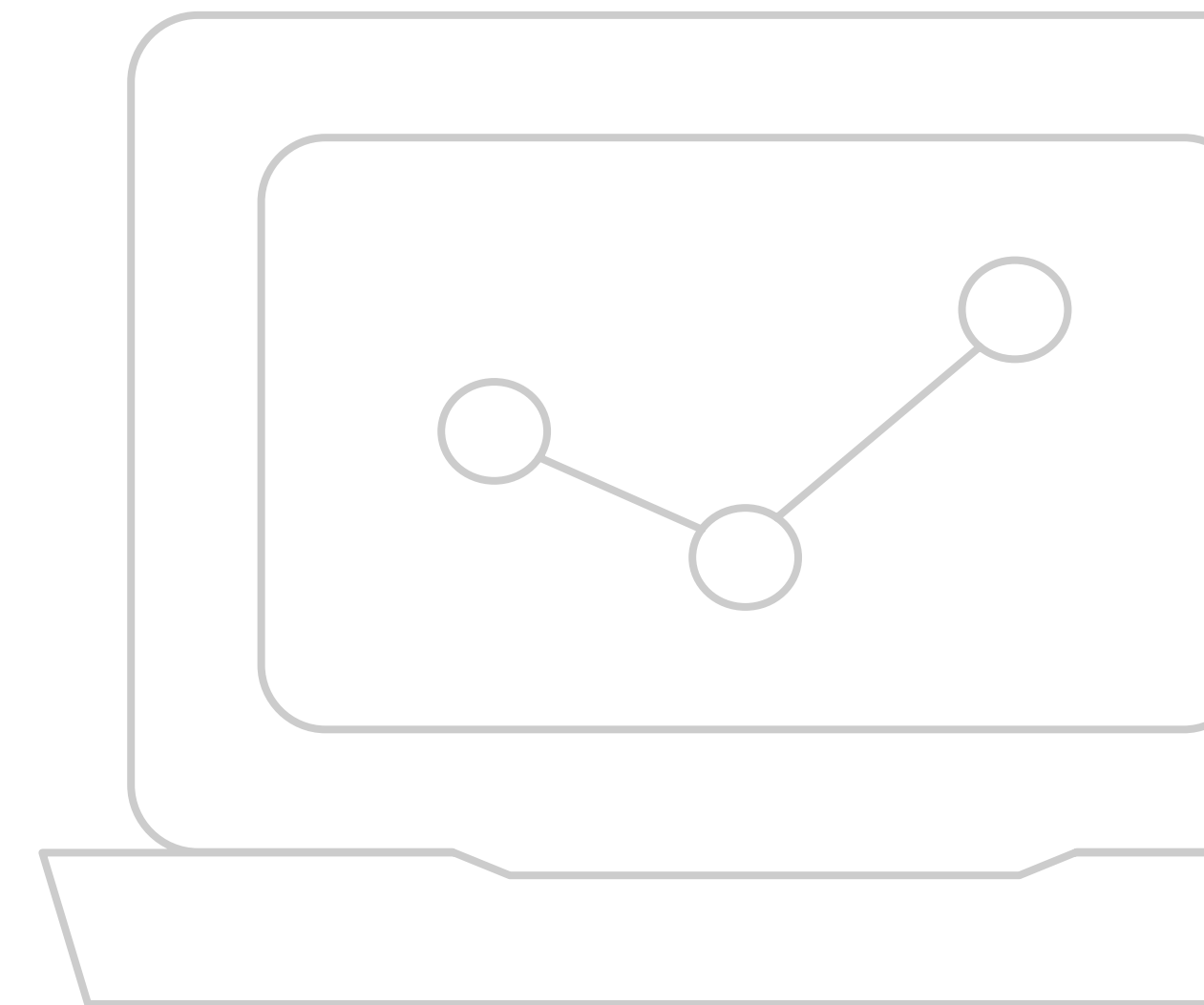
# The technical challenges facing credit investors

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## LIMITED INTEGRATION CAPABILITIES WITH LEGACY SYSTEMS

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New technology often requires complex, lengthy and expensive data builds to 'talk' to existing or legacy systems and offer a unified data set. Managers end up spending a huge amount of time pulling data and incorporating assumptions from different systems (or local files) into multiple Excel spreadsheets to analyze and model the data and measure their credit risk.



# The technical challenges facing credit investors

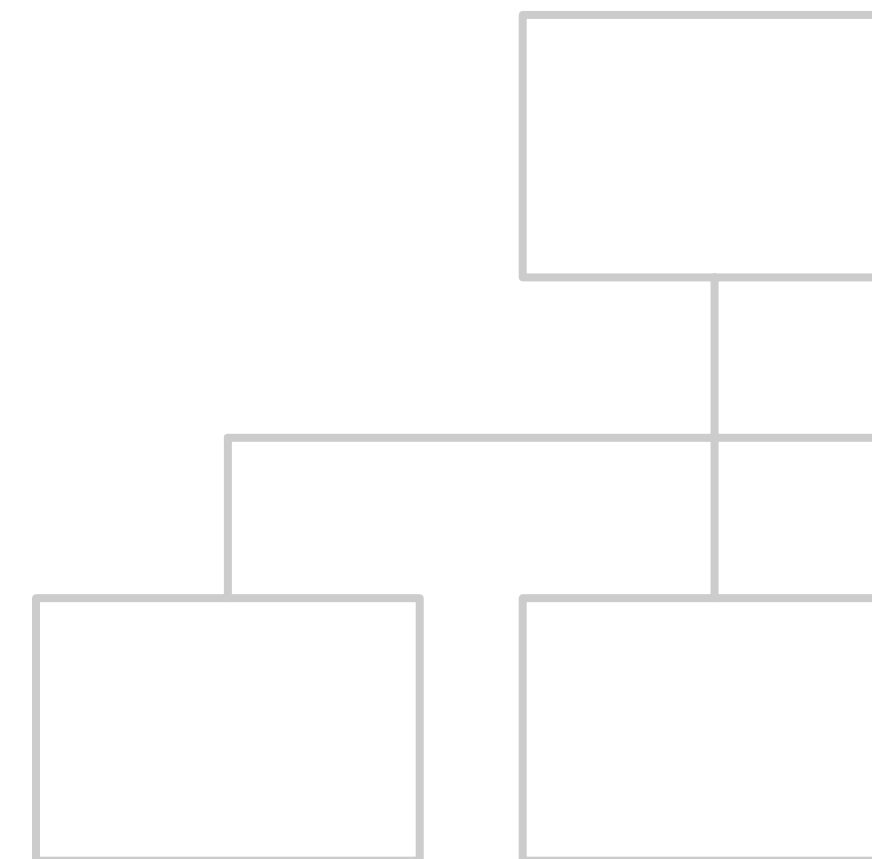
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## DATA MANAGEMENT

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The absolute number of data points measured across funds has substantially increased, leading to a massive data management challenge. From internal rates of return (IRR), debt coverage ratios and waterfall and carry metrics, investment data needs to be tracked and reported. Legacy systems are incapable of dealing with the sheer scale of the data set.

As a result, asset managers find themselves manually extracting data and working from spreadsheets. This Excel-centric approach produces an offline and siloed world, where information is isolated to a single process and can only inform a single question, and the risk of inconsistency needs to be rigorously managed.





# Anaplan:

## Orchestrating performance with one platform

Business performance in the credit sector requires cross-functional, continuous planning and is dependent on leaders to plot the right actions, pivot as conditions change and build organizational resilience.

Combining the flexibility of a spreadsheet, the scalability of a database and rapid calculation speed in a single cloud-based solution, Anaplan's multi-dimensional platform has a wide range of use cases for infrastructure investors. This enables investors to view scenario analyses in real-time at any level in the organization whether at the asset, portfolio, fund or corporate level. Its ease of use and flexibility allows the solutions to be tailored to each investor's requirements.



# How does Anaplan help evolve your current operating model?

## **Anaplan works across your entire business**

by connecting the front, middle and back office to create a line of sight for collaborative, agile and IT-independent modeling and decision making. From corporate and fund modeling, valuation, portfolio monitoring and operational asset modeling, Anaplan provides a holistic platform to support all facets of a credit investor.



## **Anaplan can plug into any existing ecosystem**

via its flexible data model and calculation engine, connecting and unifying your CRM, portfolio monitoring and investment accounting solutions to empower the entire organization with a single data ecosystem.



# How does Anaplan help evolve your current operating model?

## **Anaplan complements your existing technology options**

as it integrates with your existing, foundational systems and combines traditionally offline data sources, such as Excel. Anaplan de-risks modeling processes through applying a common framework across portfolios and seamlessly updating actuals with source system data feeds, whilst ensuring high data security standards and configurable user access controls.



## **Anaplan is a cloudbased, scalable digital platform**

that sits across your core systems and provides a centrally connected source for all planning, forecasting and modeling. Anaplan provides a simple user interface with familiar Excel-like functionality. Internal and external teams are able to collaboratively access the software and make data-driven decisions in real time.



The client: Multi-strategy credit fund with \$11+ billion AUM

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# Fund performance forecasting

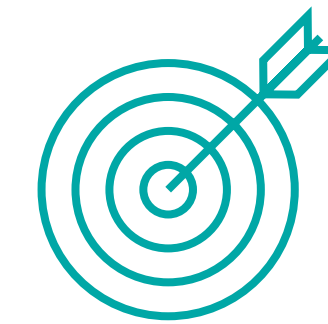
## CASE STUDY



### The Challenge

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- › A disparate portfolio of asset spreadsheet models was increasingly difficult to manage.
- › Time consuming and inefficient processes to generate forecasted levered and un-levered cash flows.
- › Limited ability to run cash flow sensitivities across the portfolio.



### The Impact

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- › Established a single model across all funds that updated in real time as positions and P&L moved within the fund.
- › Unified a single cash flow model for un-levered and levered cash flows that informed each position size accordingly.
- › Allowed for real time sensitivity analysis across exit value, exit timing, prepayment, default, and distribution pacing to calculate forecasted fund performance.

The client: Multi-strategy debt and equity manager with \$45+ billion AUM

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# Track record reporting

## CASE STUDY



### The Challenge

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- › Multiple sources of historical cash flow and valuation data sets with no unified structure across strategies/funds/borrowers/securities.
- › Time consuming process to stitch together all data to perform performance reporting across the entire book.
- › No ability to compute performance across different cohorts of investments (by strategy, industry, vintage, etc).



### The Impact

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- › Unified all investment attributes, valuations, and cash flow detail into a single structure for simplified performance calculation and roll up.
- › Achieved real time performance measurement from the investment level all the way through the fund level including un-levered/levered and gross/net returns.
- › Created scenario framework that allows users to filter by strategy, fund, industry etc. and run a performance report across funds for ad-how reporting requests.

The client: Private debt fund with \$4+ billion AUM

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# Portfolio monitoring

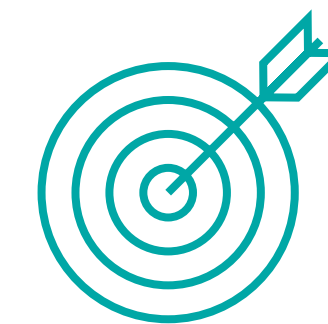
## CASE STUDY



### The Challenge

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- › Consolidation of portfolio company KPIs and financial metrics had frequent 'version control' issues.
- › Cumbersome processes to report portfolio company, fund and firm level financials.
- › Numerous queries from Investor Relations to access and verify data.



### The Impact

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- › A structured single repository of portfolio company financial data with At-Close, Monthly, and LTM records.
- › Customizable operating KPI reporting detail and financial capabilities for each portfolio company including leverage levels, LTV's, and fixed charge coverage.
- › Unified positional reporting which included all active positions, at-close financials, and current LTM financial KPIs.

# Transform your operating model with Anaplan and Lionpoint

Lionpoint is a global consulting firm with market-leading expertise and experience to help alternative investments and financial services organizations gain operational and technology efficiency. We help our clients transform their operating models and successfully select, implement, enhance and integrate innovative technology solutions throughout the front, middle and back offices.

Lionpoint is a global Anaplan Gold Partner. Gold-tier status recognizes a partner's ability to drive high-value transformation and deliver exceptional customer success. Lionpoint's expertise with Anaplan includes its own IP in the implementation and integration of Anaplan's technology into existing technology systems of client organizations.

Industry specific Anaplan models address company budgeting and forecasting, investment, fund and waterfall modelling and other key areas of the credit fund life cycle.





# START THE CONVERSATION WITH LIONPOINT

Get in touch for a conversation to discuss your organization's circumstances.

[info@lionpointgroup.com](mailto:info@lionpointgroup.com) | [lionpointgroup.com](https://lionpointgroup.com)

The Anaplan solution is dependent on the organization's strategy and existing technology stack.  
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