

# CASE STUDY: STRUCTURE UNWINDING

Updated: 12<sup>th</sup> October ,2011

**Client Background**

- 68 yrs old SME owner
- Well diversified across debt MF, Structured Products and a Private Equity

**Current status**

- Structure was of a 3 year tenure maturing in 2012
- PE fund was of 7 years maturing in 2015
- Debt MFs were spread across 1-3 year horizons but were grossly underperforming the benchmark.

**Key issues/Concerns to be addressed in portfolio:**

- Emergency requirement for funds for marriages of two grand daughter
- Cost effective revamp of debt portfolio
- Avoiding exits loads in revamp.

## Structure unwinding advisory

### Our Analysis

- Valuation of structure product was done. The structure was in 40% profit. Exit could only be made upon arranging a buyer.
- In prevailing market condition a revamped debt portfolio revamp could give better yields.

### The changes suggested in portfolio were :

- Unwinding the structure (Buyer was arranged within three weeks) ( 55% of funding requirement was generated through this option)
- The debt MF portfolio was revamped and we gave a detailed presentation on the fund portfolios to explain the reasons for underperformance as well as rationale for entering better performers with easier liquidity. (45% of funding was arranged this option)

**The client had the funds required for the event .**