

# Alternative Financing Solutions

**Many investment managers rely on debt facilities to generate alpha. Regulations have increased capital and liquidity requirements for global banks, making it harder for investment managers to secure stable funding at cost-effective pricing. Their priority is to find solutions that are low in cost and high in transparency, with a financially sound institution.**

Our Alternative Financing Solutions business is designed to address the financing needs of institutional investors that hold liquid and marketable securities including equities, fixed income and High-Quality Liquid Assets (HQLA). It is an innovative and cost-effective platform that leverages our industry leading Agency Lending business, to provide simple and complete solutions to our clients.

- Stable long-term financing, tailored to our clients' needs
- Leverages our Agency Lending service, as a funding tool to allow for better economics
- A lower-cost alternative to traditional credit facilities



**Cost-effective leverage facilities combining our credit and Agency Lending platform(s)**



**Lower-risk alternative to traditional re-hypothecation methods, with increased transparency**



**An attractive option for institutional investors holding equities and fixed income and HQLA assets**



**Access global market coverage from five trading desks in multiple geographies**



## Product Overview

Our Alternative Financing Solutions platform is used by investment managers seeking capital-efficient, stable financing facilities. The service integrates custody and financing platforms, providing clients with a managed facility that offers oversight reporting on a real-time basis. Whether you manage a closed-ended fund that requires financing for leverage or a hedge fund in need of a credit facility, we can offer long-term, customized financing that is tailored to your funding needs.

Our service is multi-faceted in nature and uses a traditional committed credit facility, supplemented by agency lending and repo. We simplify client operations by taking over all aspects of collateral management, including exposure calculation, margin call movements, marked to market and daily pledging.

Long positions within the custody account are pledged to access cash from our balance sheet. Securities are re-hypothecated through our Agency Lending business, which is a transparent and lower-risk alternative to traditional re-hypothecation. This enables us to offer the operational safeguards of an established agency lending program not normally associated with credit facilities.

Institutional investors that use our Alternative Financing Solutions benefit from lower costs than traditional bank facilities and greater transparency of their assets. Backed by our well-capitalized bank, our unique structure enables us to raise cash as an agent, as opposed to doing so as a principal. For '40 Act registered close-ended funds, this provides more competitive loan pricing, while hedge funds benefit from greater flexibility in having a pre-approved financing line.

## Why State Street?

### Specialist Support

When you work with us, you benefit from specialized and experienced agency lending trading professionals with access to more than 30 markets around the globe.

### Increased Financing Opportunities

Our market profile and 40 years of experience in securities lending means clients benefit from a pool of more than 100 counterparties to facilitate off-balance sheet financing and diversify counterparty exposure.

### A Strong Partner

Finance a diverse asset pool with one partner that offers depth and breadth in the marketplace as well as a well-capitalized bank and stable funding profile.

The image shows the credit rating 'AA-' in a large, bold, blue font. The 'A's are significantly larger than the hyphen, and the hyphen is a solid blue bar.

**Optional borrower default indemnification transfers credit risk to us, which carries a strong credit rating.\***

\*Standard & Poor's, December 2020

To learn more about our Alternative  
Financing Solutions, contact:  
[SecuritiesFinanceSolutions@statestreet.com](mailto:SecuritiesFinanceSolutions@statestreet.com)

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