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Yield Book

Yield Book **Structuring Tool**

Pre-market Agency CMOs

The Yield Book Structuring Tool is an application designed for traders who wish to structure new Agency Collateralized Mortgage Obligation (CMO) deals in the primary market.

This tool allows users to group collateralized securities, cut the collateral into tranches, evaluate each tranche's price, and identify any deal arbitrage opportunities using Yield Book's trusted analytics.

Your requirement	Our solution
Ease of use	• Access the application easily via Yield Book Add-In toolbar (Microsoft Excel® environment) • Specify generic collateral or import mortgage pools or REMICs. Slice up the cash flows into individual CMO tranches, based on waterfall rules, in an intuitive "point–and-click" interface. • Focus on structure and pricing, while the Yield Book Structuring Tool automatically writes the tranche speak file
Integrated prepayment and OAS models	• Use Yield Book's prepayment model to structure a deal incorporating OAS into the pricing
Power and efficiency	• Handle large-volume deals and arbitrage calculations with Yield Book Structuring Tool's Excel-based functionality • Perform several tasks simultaneously without heavy application memory consumption
Flexible reporting	• Save new deals in Yield Book's database for instant internal or buy-side access • After the structuring is complete, run various tests and generate agency tie-out files

Creating new Agency CMO deals in four steps

Step 1

Import the collateral. Enter generics, specified pools, or REMIC tranches in the Yield Book Structuring Tool.

Step 2

Slice up cash flows into tranches and define each tranche's characteristics, such as coupon, pay order, notional, and more.

Step 3

Price these tranches using your own prepayment assumptions (CPRs or PSAs) or use Yield Book's prepayment model.

Step 4

Create reports and share the output instantly both with colleagues internally and with the buy-side.

Source: Yield Book. For illustrative purposes only.

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Creating a New Agency CMO Deal

Step 1: Importing securities

- Input data manually (by ticker name) or import specified pools or REMICs directly from your spreadsheet

- Handle large volumes of data thanks to Yield Book Structuring Tool's spreadsheet-based functionality

- Get an individual and summarized display of security-related characteristics such as coupon, WAC, LTVs, and FICO scores, all in one screen. Security-related information is pulled directly from Yield Book's database

Step 2: Slicing up cash flows into tranches

- Define the parameters for slicing the cash flows: upper and lower bounds, target average life, coupon strip, floater cap, and margin

- Based on your defined parameters, the Yield Book Structuring Tool will generate output including: tranche balance, WAL, principal window, OAS, and Effective DV01

Step 3: Pricing tranches

- Insert your own prepayment assumptions (CPRs or PSAs) to price the deal tranches and use Yield Book's prepayment models to calculate price and risk measures

- Select from a range of options regarding the volatility model and prepayment model speed

- Get prices that incorporate OAS in the calculations

Step 4: Reporting and sharing

- Easily share the newly created deals both internally with colleagues and externally with the buy-side, by saving the deals to Yield Book's database

- Generate cash flows, Price/Yield, and Decrement Tables, as well as Agency XML tie-out files
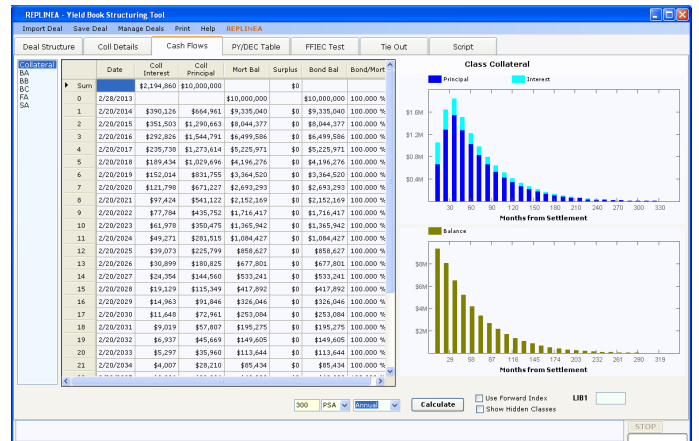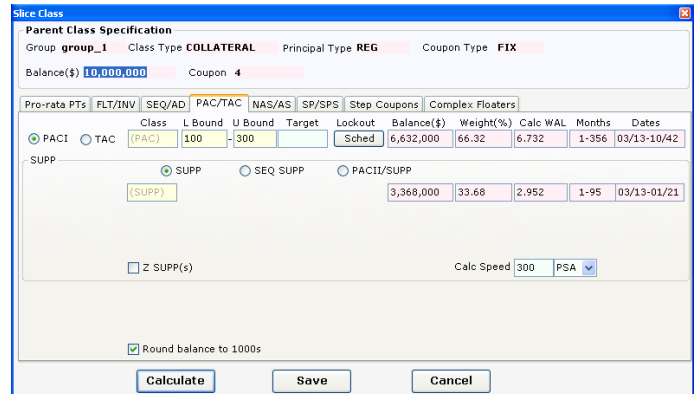
Source: Yield Book. For illustrative purposes only.

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