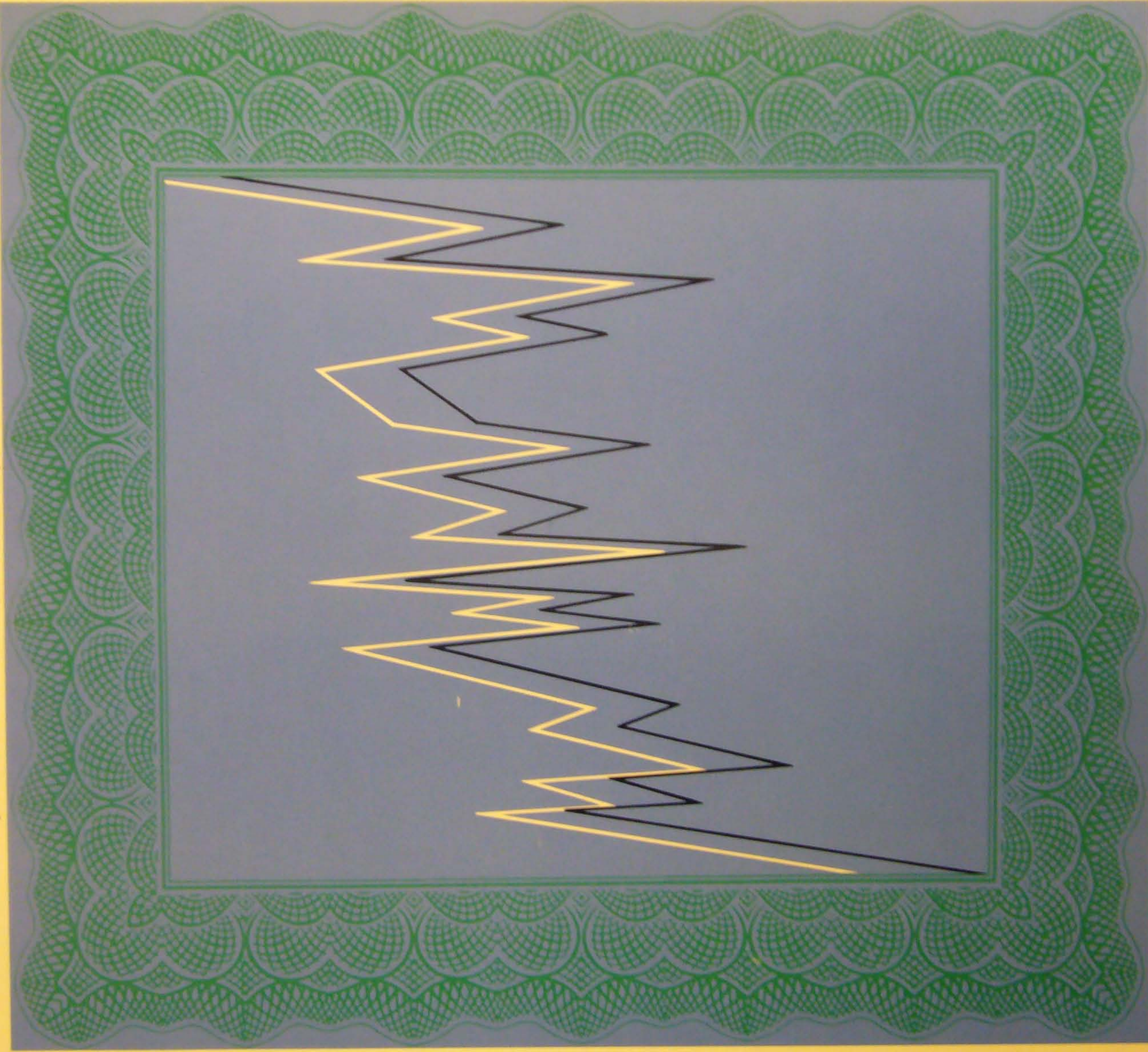


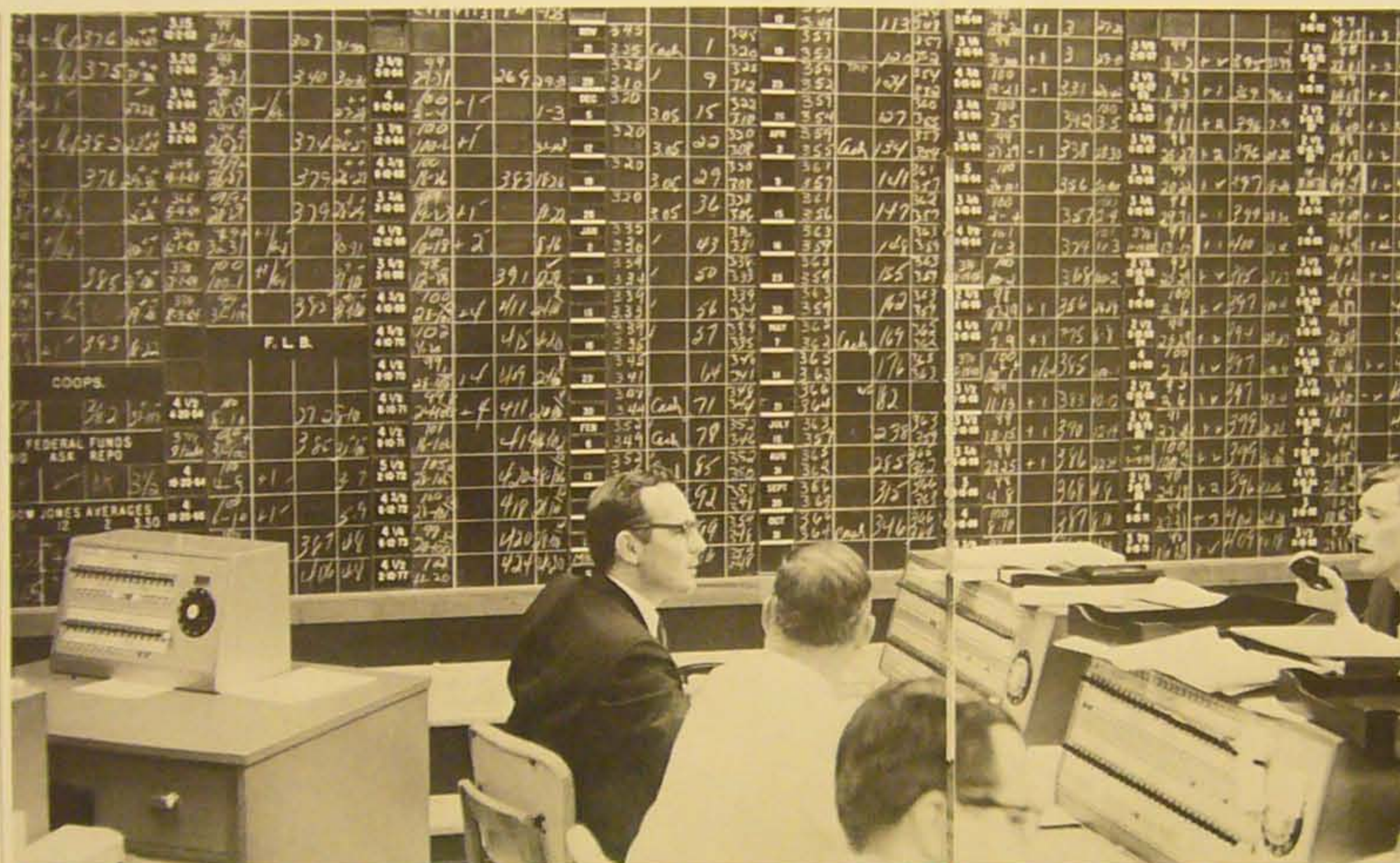
Your bond portfolio—can its yield be increased?

Filecoin, no! system

IBM

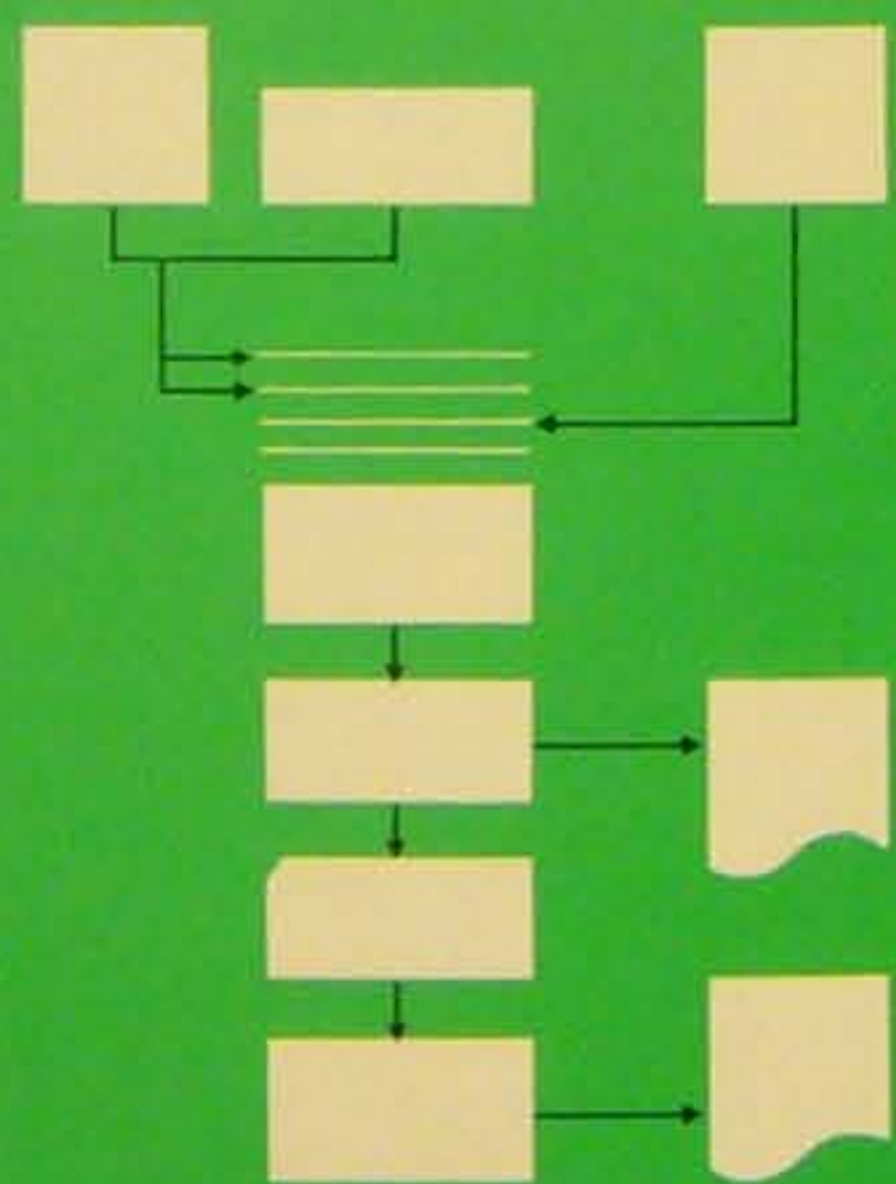


Presenting bond trade analysis by computer



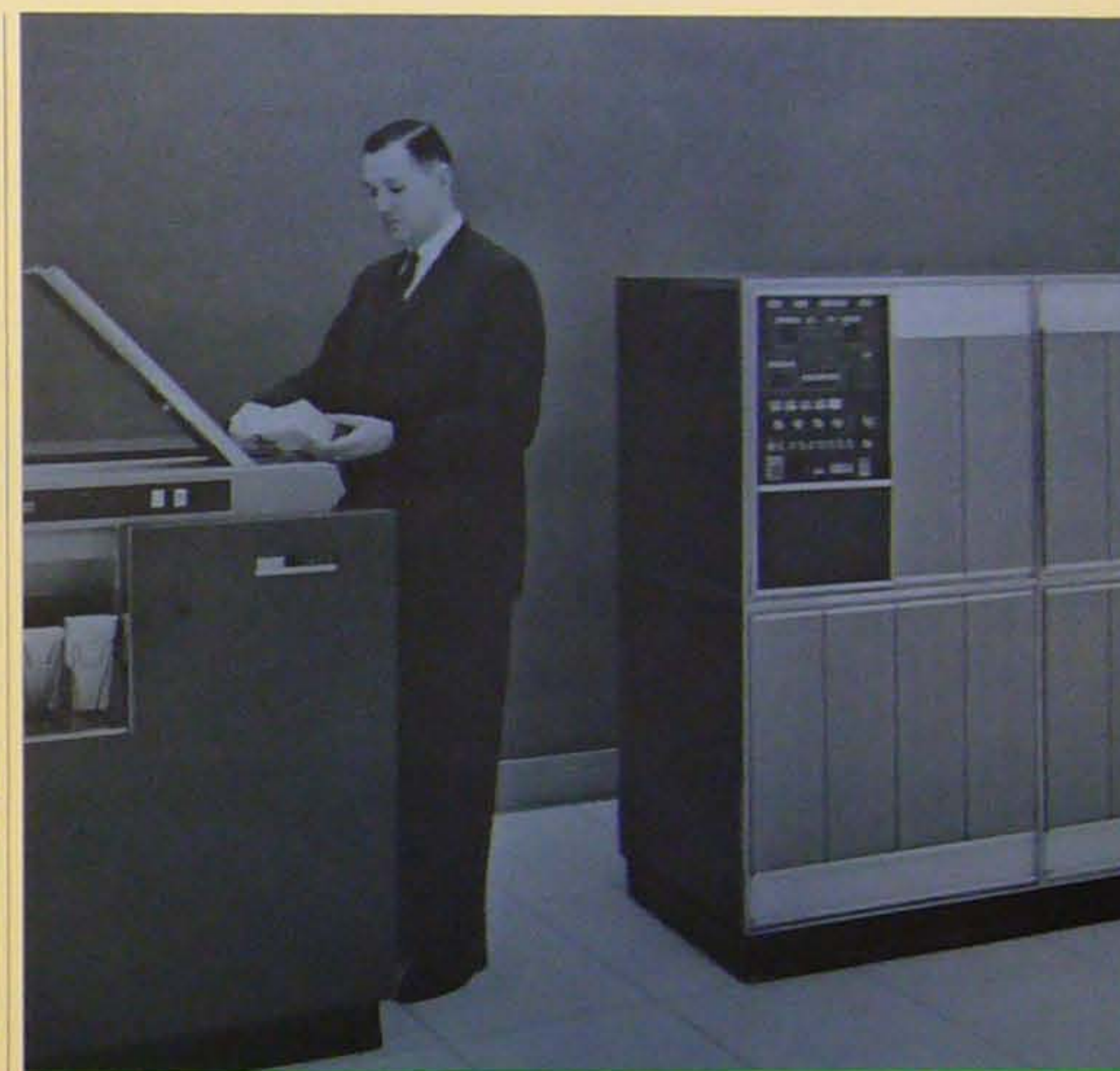
IBM has developed a new computer program to assist banks in their bond-trading operations.

Working closely with professional bankers and financial experts, IBM has created a method of analyzing possible bond trades by computer. The new Bond Trade Analysis program enables the IBM 1401 computer to analyze in depth the essential aspects of contemplated trades. Information relating to bonds in your inventory and possible purchases is punched into cards. The computer processes the information and prints out the analyses.



It helps the security analyst investigate actual and potential trades more systematically, more thoroughly, and more quickly than was previously possible.

The daily question every security analyst must ponder is whether future income might be improved by making a particular trade. Before this program was developed, only a moderate number of possible trades could be analyzed in depth because of the complexity of the calculations. With the development of Bond Trade Analysis by computer, it becomes possible to analyze many more possibilities, and perhaps improve the performance of your bond portfolio.



Each separate analysis takes approximately two seconds of computer time.

Not only can more trades be investigated, but your approach to bond trading can be made more efficient and systematic through this program. Yet the program calls for no sweeping changes in present operations.

In addition to detailed analyses of possible trades, the computer can also prepare convenient summaries of the analyses made.

IBM bond trade analysis assists you in nine different ways

Designed specifically for bond-trading in banks, the IBM Bond Trade Analysis program offers these nine benefits in your day-to-day trading operations:

- 1 Helps you utilize tax provisions designed especially for banks.
- 2 Helps you reinvest funds of near maturities.
- 3 Helps you convert present coupon income to future capital gains.
- 4 Helps you convert future capital gains to present coupon income.
- 5 Helps you compare alternate trade possibilities.
- 6 Helps you realign the maturities of your security portfolio.
- 7 Helps you avoid capital gain and capital loss off-sets.
- 8 Helps you prevent inadvertent short-term sale.
- 9 Helps you account for security trades.

BOND TRADE ANALYSIS

52	25	GAIN	US	0001	BOND TRADERS BANK				001	10	28	63
Tax Rate		Tax Year	ABA Number		BANK NAME				Analysis No.		Trade Date	
PRESENTLY HELD SECURITY												
U S NOTES												
Description		Type	Rate	Maturity	Callable	Par Value	Current Bid Price					
		11 103	4.750000	05 15 64		1,000.00	100.687500					
Security Number	Safekeeping	Pledged to Secure	Yield at Purchase	Purchased	No. of Sec.	Purchase Price						
NONE			36.4	08 31 61	1,000	102.687500						
CONTEMPLATED PURCHASE												
U S BONDS												
Description		Type	Rate	Maturity	Callable	Par Value	Current Ask Price					
		11 104	2.625000	02 15 65		1,000.00	98.843750					
RETURN IF PRESENTLY HELD SECURITY RETAINED TO												
05 15 64 TERMINAL DATE												
Coupon Interest Income		Premium Amortization	Ordinary Tax	Net Income								
26,027.39		5,440.28	10,705.30	9,881.81								
Maturity Value	Book Value (tax basis)	Capital Gain at Maturity	Capital Gain Tax	Net Gain	Amount Applicable to Trade Period							
RETURN IF PRESENTLY HELD SECURITY IS CONVERTED												
Result of Sale of Presently Held Security												
Proceeds of Sale	Present Book Value (tax basis)	Capital Gain or Loss (-)	Capital Gain Tax or Tax Savings (-)	Net Profit or Loss (-)	Effect on This Trade							
1,006,875.00	1,005,440.28	1,434.72	358.68	1,076.04	1,076.04							
Return on Contemplated Purchase to Terminal Date												
Coupon Interest Income		Premium Amortization	Ordinary Tax	Net Income								
14,646.64			7,616.25	7,030.39								
Maturity Value	Book Value (tax basis)	Capital Gain at Maturity	Capital Gain Tax	Net Gain	Amount Applicable to Trade Period							
1,018,290.30	1,006,516.32	11,773.98	2,943.50	8,830.48	3,725.94							
NOTE: 1. Computations are based upon 200 days to earliest MATURITY date.						1,950.56	3.5405					
2. If the newly purchased security matures in a year when capital gains are offset by capital losses, the net effect of the contemplated trade would be						609.22						
						ADVANTAGE +						

This is the Bond Trade Analysis Form as printed out by the IBM 1401 computer. It wraps up the essential data concerning the effect of a contemplated trade between now and the terminal date of the analysis.

This section tells you the tax rate, the tax year, the ABA number, name of the bank, analysis number and the date of the proposed trade.

This section carries data on the presently held security. Originally purchased at \$102.69, the present price of this bond is \$100.69.

In this section, you can read data on the contemplated purchase—a full description of it and its current price. In this case, price of contemplated purchase is \$98.84.

This section describes what happens during the trade period if you make no trade. Entry at far right gives you the worth of the note per \$1000 of present book value per annum—\$17.94 after taxes.

How successful have you been in achieving your anticipated return on the presently held security? This section tells you. Proceeds, present book value and capital gain are computed. Net profit after taxes, in this case, would be \$1,076.04.

This section computes the return on the contemplated purchase if presently held security is converted. In this example, a capital gain will accrue at maturity. Net gain is calculated and the amount applicable to this trade period—in this case, \$3,725.94.

This section gives you the advantage of the trade in total, in this case, \$1,950.56.

If the newly purchased security matures in a year when capital gains are offset by capital losses, the net effect of the trade will be \$609.22.

**Bond trade analysis:
a responsive
new tool for
the security analyst**



This new program in no way performs any of the professional functions of the security analyst. Selecting the securities to buy and the securities to sell remains his responsibility. He will continue to make projections into the future, and determine the adequacy of the return resulting from a trade.

The IBM program of Bond Trade Analysis actually enhances and enlarges the role of the security analyst. It provides him with more information upon which to base decisions and relieves him of calculating chores. The security analyst gets more complete data on more potential trades, and more quickly.

How would you use this program?

Bond Trade Analysis is an information-producing program, which lends itself equally well to any approach to security analysis. One bond can be selected from your portfolio and compared against all reasonable and possible purchases. Or several bonds may be matched against one or a group of possible purchases. When a particular conversion looks promising, the security analyst can test other possibilities, and explore alternate ideas.

You will find that the analyses and summaries produced by the computer are valuable accounting documents as well. In making reports to the Investment Committee, the Board of Directors, or others, you will have in hand a complete appraisal of the trades actually executed and the effect of these trades.

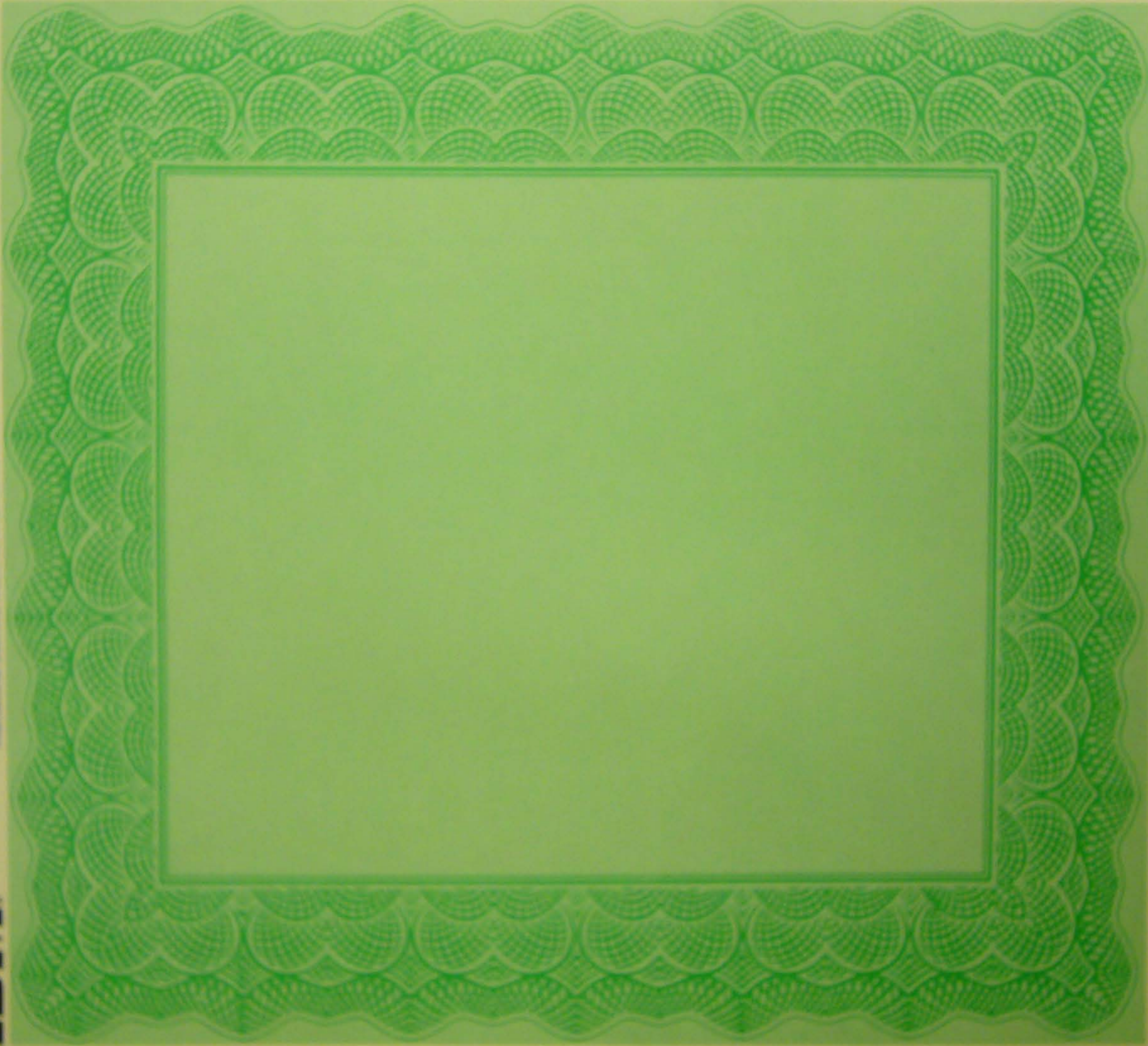
May we demonstrate bond trade analysis?

IBM would like to demonstrate that Bond Trade Analysis can be an effective tool to assist you in improving yield in the competitive climate of the '60's. Your IBM representative will show you how it works, without obligation—using data you provide from securities in your own inventory, and contemplated purchases of your choice. Only in this way can you evaluate the effectiveness of Bond Trade Analysis in improving the performance of your portfolio over the coming years.



IBM

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