Abstract
Securitization is a modality of structured finance which allows a company to raise funds based on its receivables through capital markets. In Brazil, securitization was developed mostly in the form of mutual funds – the FIDC, which raise money by issuing senior cotes for qualified investors, and subordinated cotes, usually bought by the company that originated the receivables. This paper evaluates the risk and return for both kinds of investors through a stochastic model with two main variables: interest rates and default rates. The model is still sensible to the characteristics of the fund, like the amount of subordinated cotes, the type of asset being securitized; and the amount of receivables in relation to the assets. Regarding the case of senior cotes, the risk of returns under the basic level of interest rates is highly improbable; and in the case of subordinated cotes, the risk of returns under the basic interest rate may be considered still low, due to the high spreads observed in the Brazilian financial market. The simulations indicated that under historically mean interest rate volatility the default rates are the main component of the total risk. Accordingly to the developed analysis of international standards of regulation, the Brazilian Central Bank imposes very strong capital requirements to banks that securitize their assets and purchase the corresponding subordinated cotes.

Keywords
Securitization, FIDC, receivables, credit risk, structured finance.