



REUTERS/Mariana Bazo

# LEVERAGED LOAN MONTHLY

THOMSON REUTERS LPC

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# LEVERAGED LOAN MONTHLY

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CLO Market Analysis

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REUTERS/Petar Kujundzic

## LEVERAGED LOAN MARKET OVERVIEW

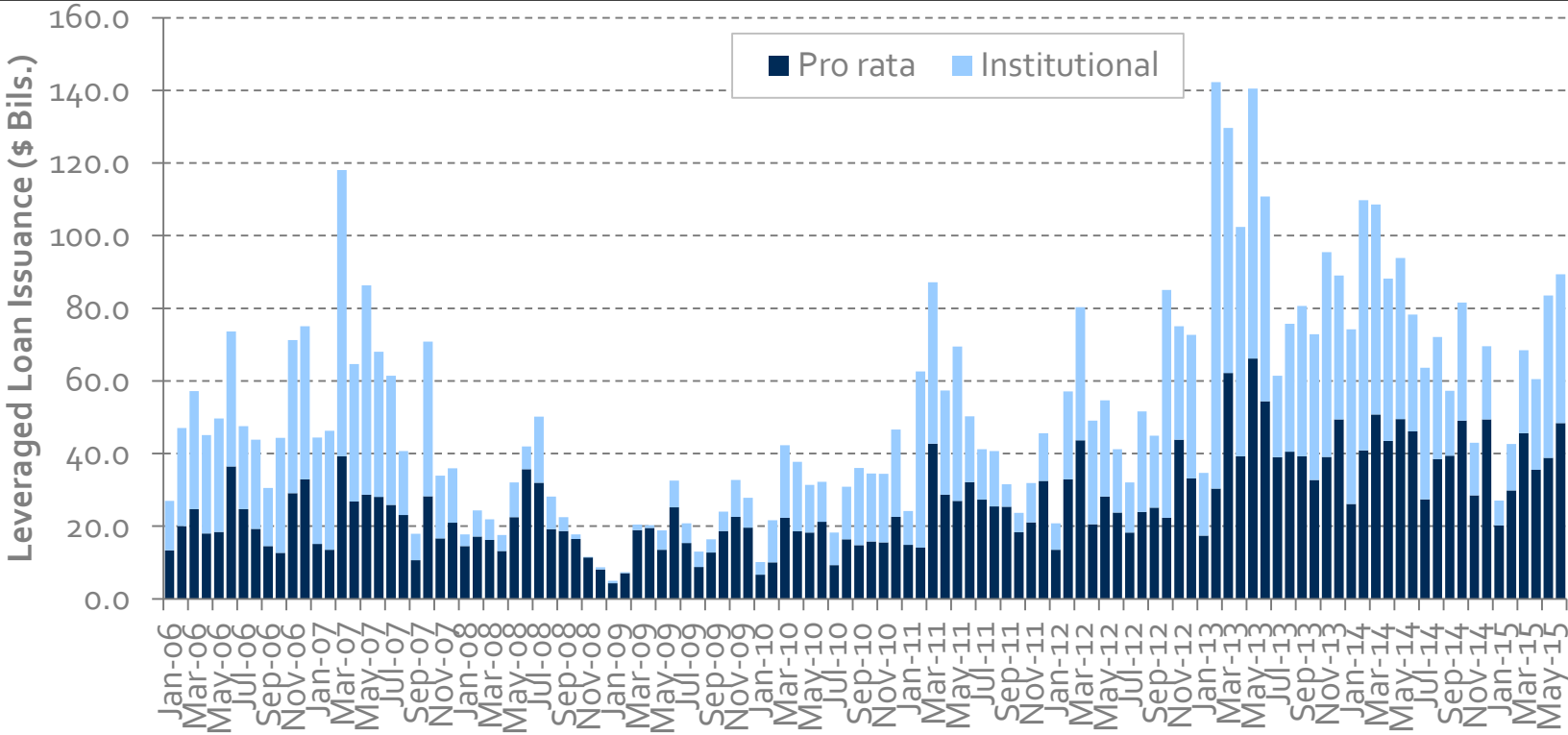
\*2015 loan volumes are based on the most recently available data and is subject to updates throughout the quarter.



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# LEVERAGED LOAN ISSUANCE: PRO RATA VS. INSTITUTIONAL

### U.S. LEVERAGED LOAN ISSUANCE



- Leveraged loan issuance increased to \$233 billion in the second quarter, driven by a jump in institutional issuance. YTD there has been \$371 billion of leveraged loans issued, markedly lower when compared over the same period last year.
- Pro rata has accounted for close to 60% of issuance so far this year, up from 46% in first half 2014.

# 1H 2015 LEVERAGED LOAN ISSUANCE BY INDUSTRY

<b>Industry</b>	<b>Lev. Vol. (\$Bils.)</b>	<b>% of Lev. Vol.</b>
Healthcare	46.66	12.6%
Retail & Supermarkets	42.50	11.4%
General Manufacturing	32.37	8.7%
Oil and Gas	29.74	8.0%
Technology	26.46	7.1%
Wholesale	17.32	4.7%
N/A	15.97	4.3%
Financial Services	14.63	3.9%
Chemicals, Plastics & Rubber	14.24	3.8%
Media	12.05	3.2%
Business Services	11.93	3.2%
Services	11.76	3.2%
Telecommunications	11.00	3.0%
Transportation	10.34	2.8%
Utilities	10.21	2.7%
Leisure and Entertainment	8.95	2.4%
Restaurants	8.54	2.3%
Automotive	7.78	2.1%
REITS	7.15	1.9%
Mining	5.29	1.4%
Paper & Packaging	5.17	1.4%
Shipping	5.10	1.4%
Beverage, Food, & Tobacco	5.01	1.3%
Aerospace and Defense	4.21	1.1%
Construction	3.64	1.0%
Textiles and Apparel	2.71	0.7%
Agriculture	0.41	0.1%
Hotel & Gaming	0.28	0.1%
Government	0.08	0.02%

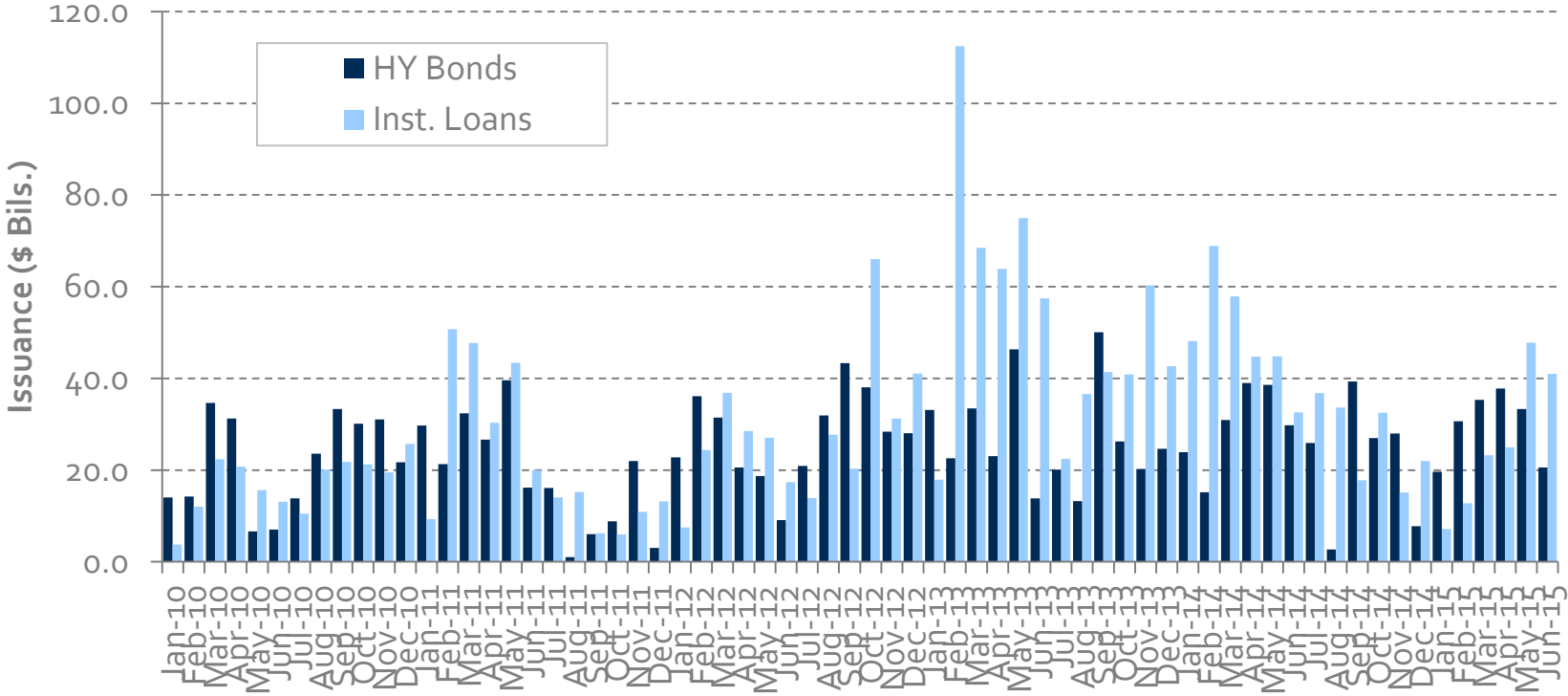
# 1H 2015 INSTITUTIONAL LOAN ISSUANCE BY INDUSTRY

<b>Industry</b>	<b>Inst. Vol. (\$Bils.)</b>	<b>% of Inst. Vol.</b>
Healthcare	27.91	17.8%
Retail & Supermarkets	20.72	13.2%
Technology	15.54	9.9%
Media	9.18	5.8%
Telecommunications	9.02	5.7%
Chemicals, Plastics & Rubber	8.88	5.7%
N/A	7.84	5.0%
General Manufacturing	7.77	5.0%
Leisure and Entertainment	6.05	3.9%
Services	5.52	3.5%
Oil and Gas	5.42	3.5%
Business Services	4.49	2.9%
Wholesale	4.14	2.6%
Transportation	4.12	2.6%
Automotive	3.71	2.4%
Utilities	2.66	1.7%
Financial Services	2.54	1.6%
REITS	2.14	1.4%
Mining	2.14	1.4%
Shipping	1.69	1.1%
Aerospace and Defense	1.66	1.1%
Construction	1.37	0.9%
Beverage, Food & Tobacco	0.98	0.6%
Textiles and Apparel	0.87	0.6%
Restaurants	0.21	0.1%
Paper & Packaging	0.19	0.1%
Agriculture	0.08	0.1%
Government	0.07	0.04%



# U.S. INSTITUTIONAL LOAN AND HY BOND ISSUANCE

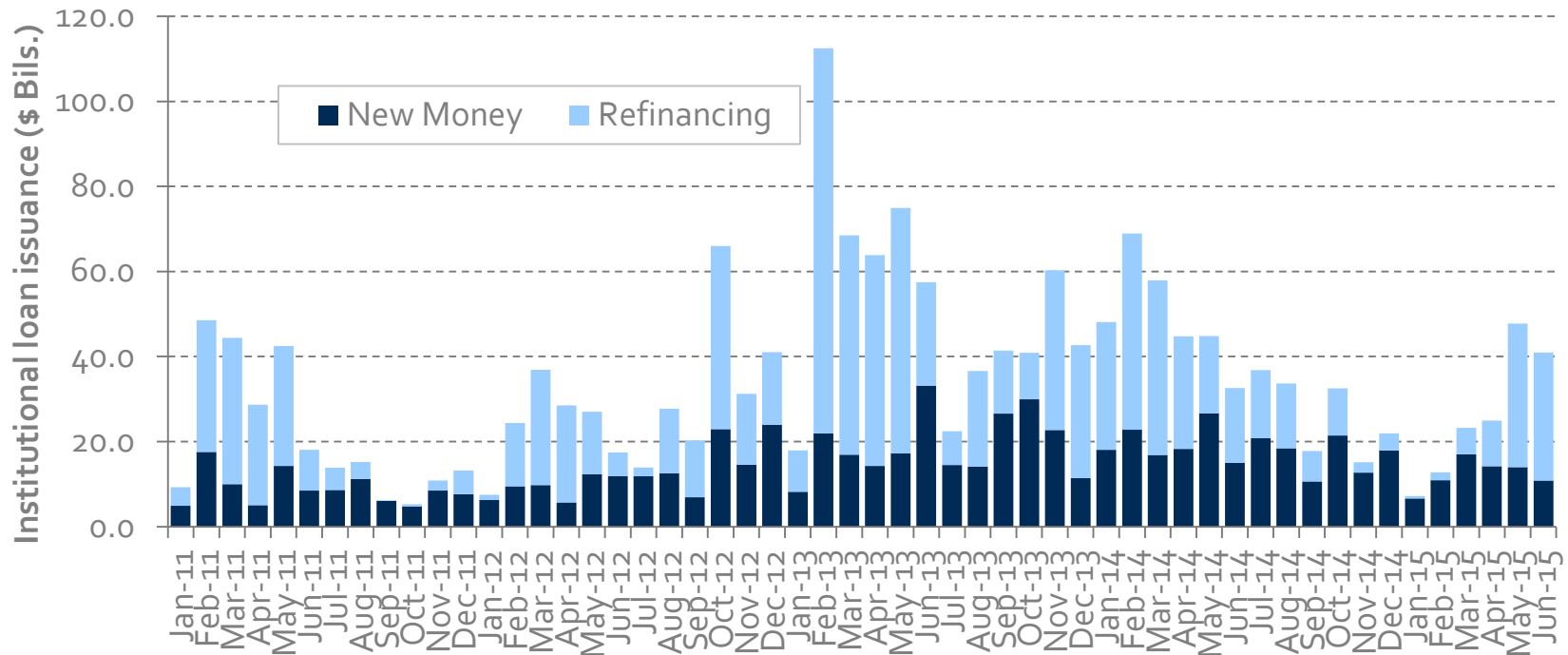
### U.S. LOAN AND BOND ISSUANCE



- There was a sharp jump in institutional loan issuance in the second quarter to \$114 billion (driven by refinancing activity), bringing YTD issuance to \$156 billion, but volume still stands well below last years level.
- High yield bond issuance slipped to \$20.6 billion in June, with year to date volume now at \$177 billion.

# U.S. INSTITUTIONAL ISSUANCE: NEW MONEY VS. REFINANCING

## U.S. INSTITUTIONAL LOAN ISSUANCE

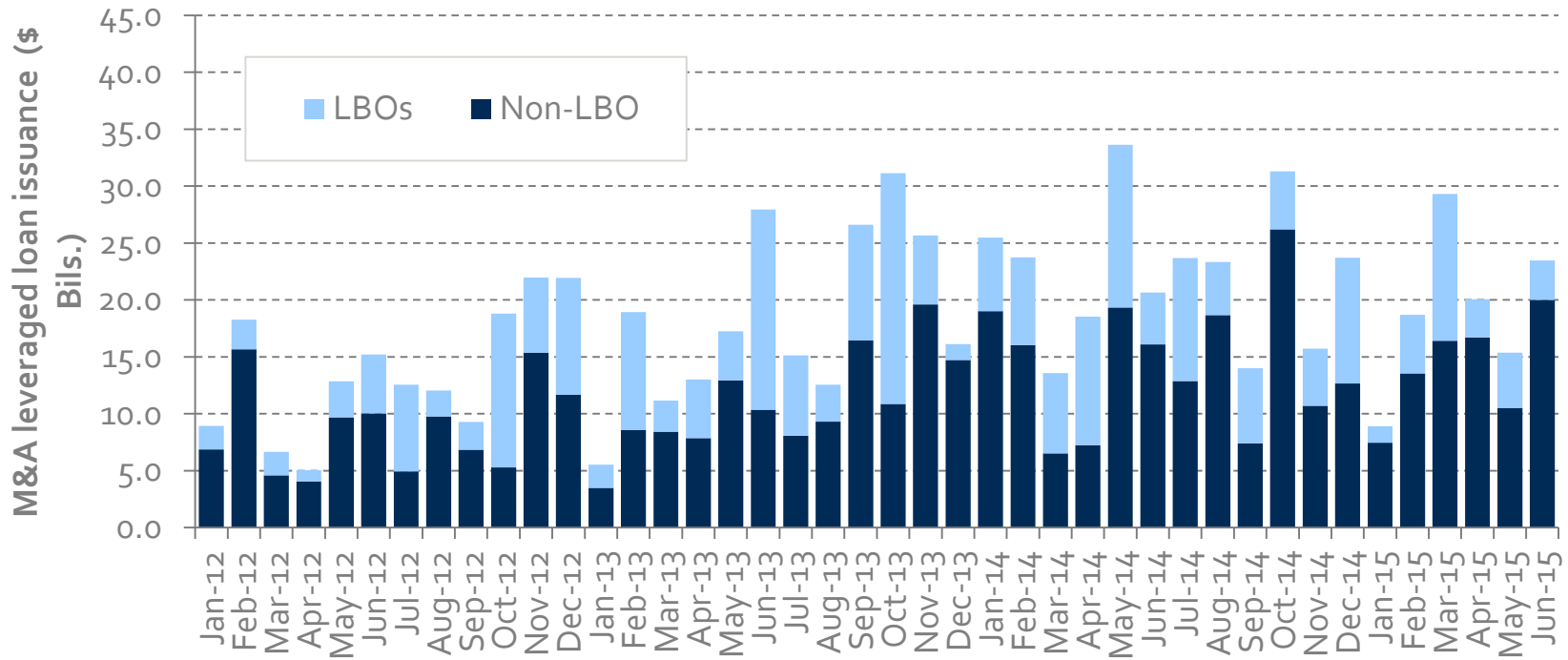


- Institutional issuance jumped sharply in the second quarter on the back of a surge in refinancings and repricings.
- So far this year, refinancings have accounted for over half (53%) of institutional volume, down from a 61% share in the same period last year.



# M&A LEVERAGED LOAN ISSUANCE

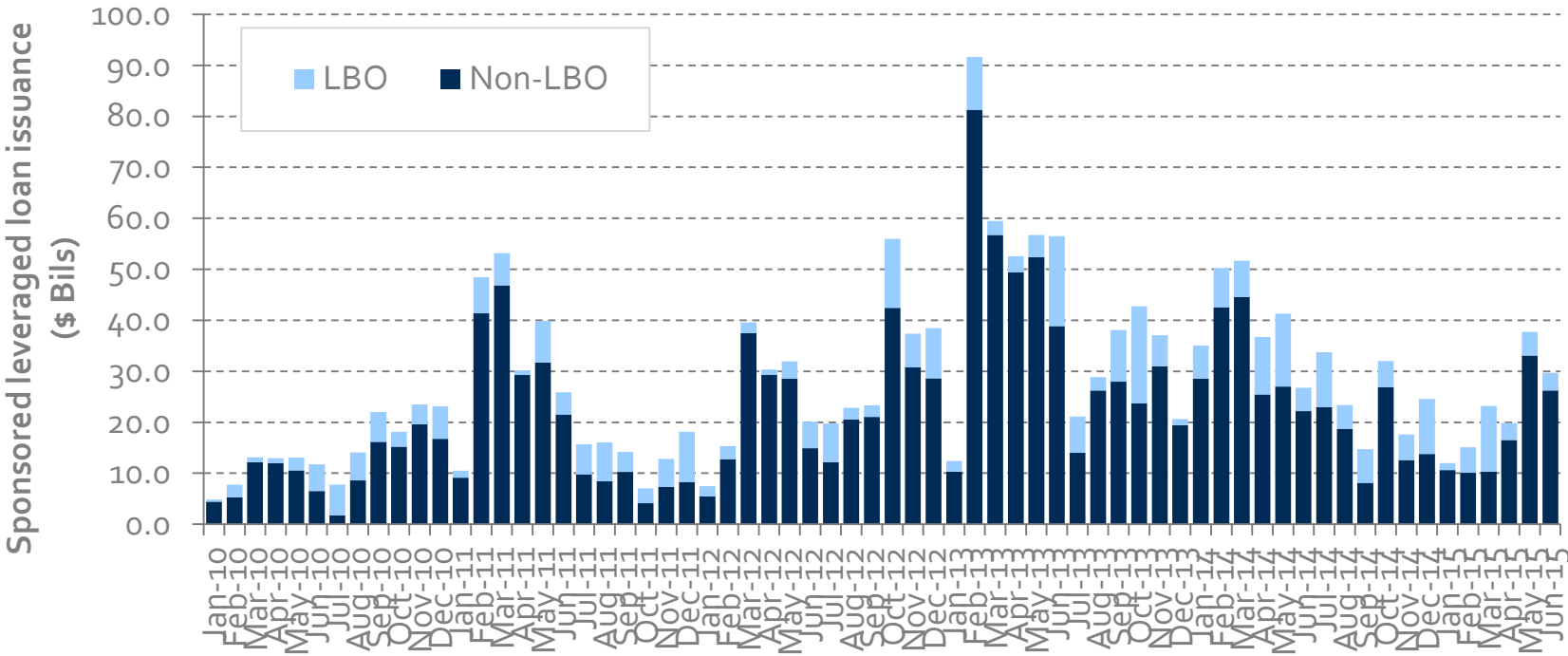
U.S. M&A LEVERAGED LOAN ISSUANCE



- There was \$59 billion of M&A leveraged loan issuance in the second quarter with LBO activity accounting for \$12 billion of this volume.
- YTD, there has been \$31 billion of LBO issuance, down \$20 billion relative to the volume recorded over the same period last year.

# SPONSORED LEVERAGED LOAN ISSUANCE: LBO VS. NON-LBO

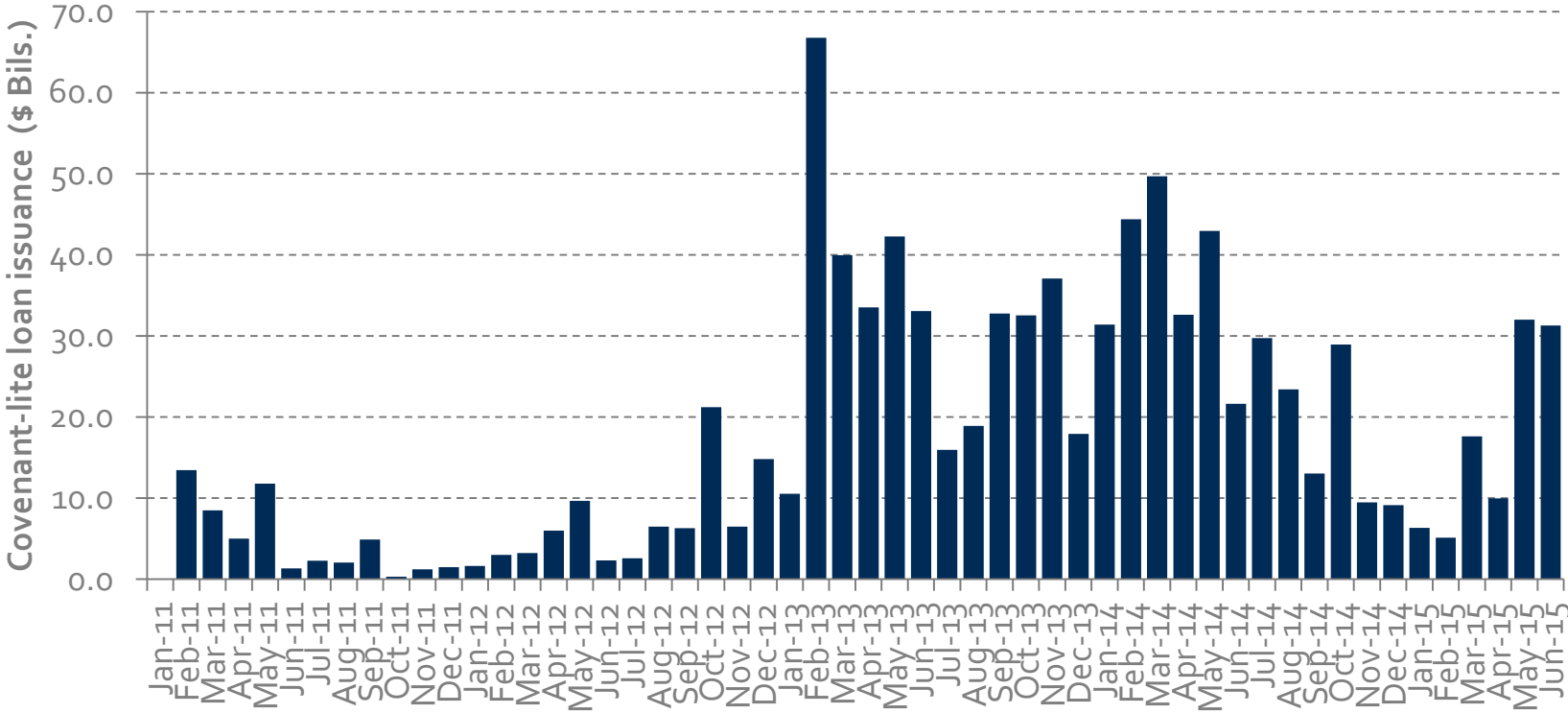
SPONSORED LOAN ISSUANCE: LBO VS. NON-LBO



- There was \$138 billion of sponsored leveraged loan issuance added in the first half of 2015, with non-LBO related loans making up the majority (\$106 billion) of this volume.
- Overall sponsored volume is down 43% from the level seen in the first half of 2014.

# COVENANT LITE LEVERAGED LOAN ISSUANCE

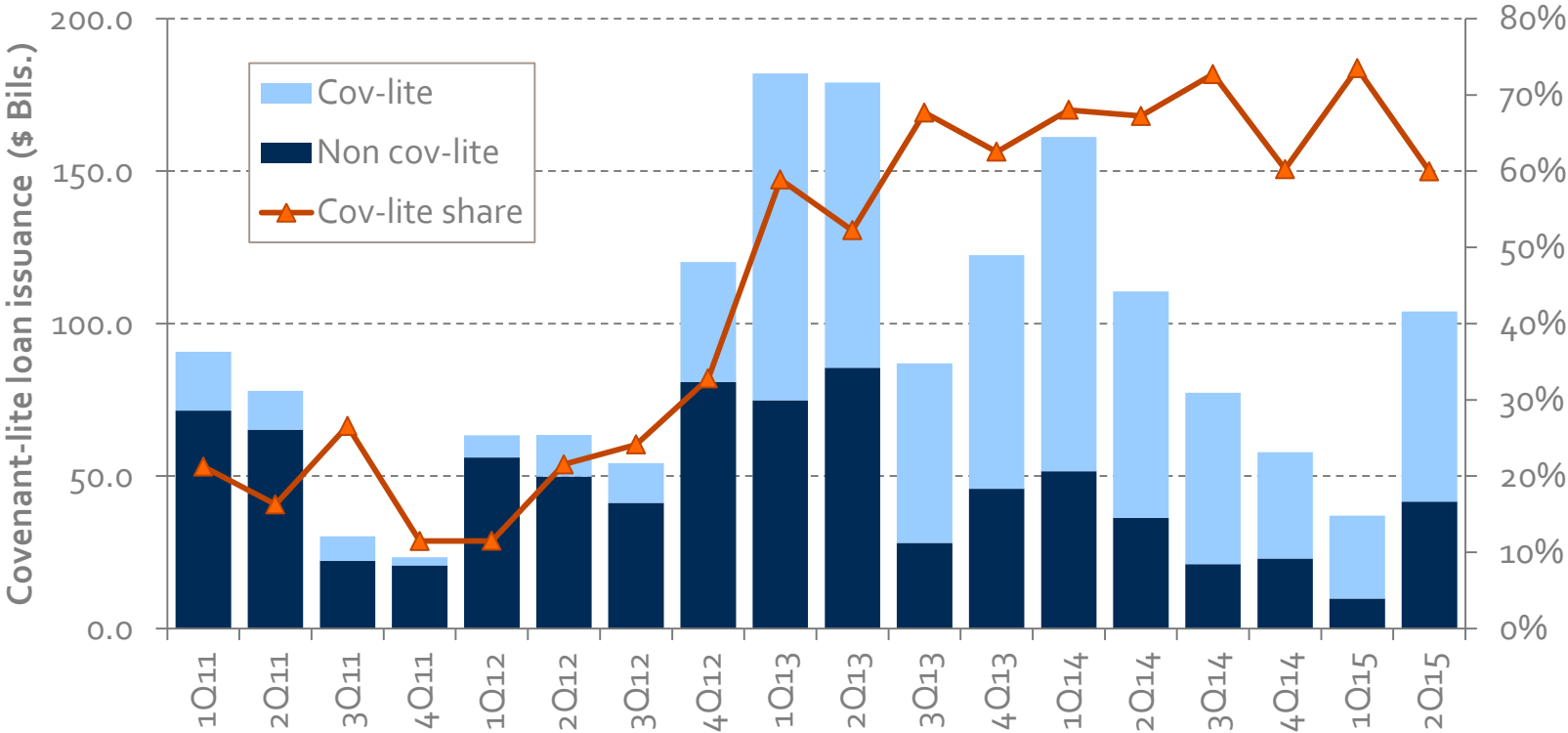
## U.S. COVENANT-LITE LEVERAGED LOAN ISSUANCE



- Covenant-lite issuance spiked in the second quarter adding \$73 billion of volume, YTD issuance stands at \$102 billion.

# COVENANT LITE SHARE OF INSTITUTIONAL LOAN ISSUANCE

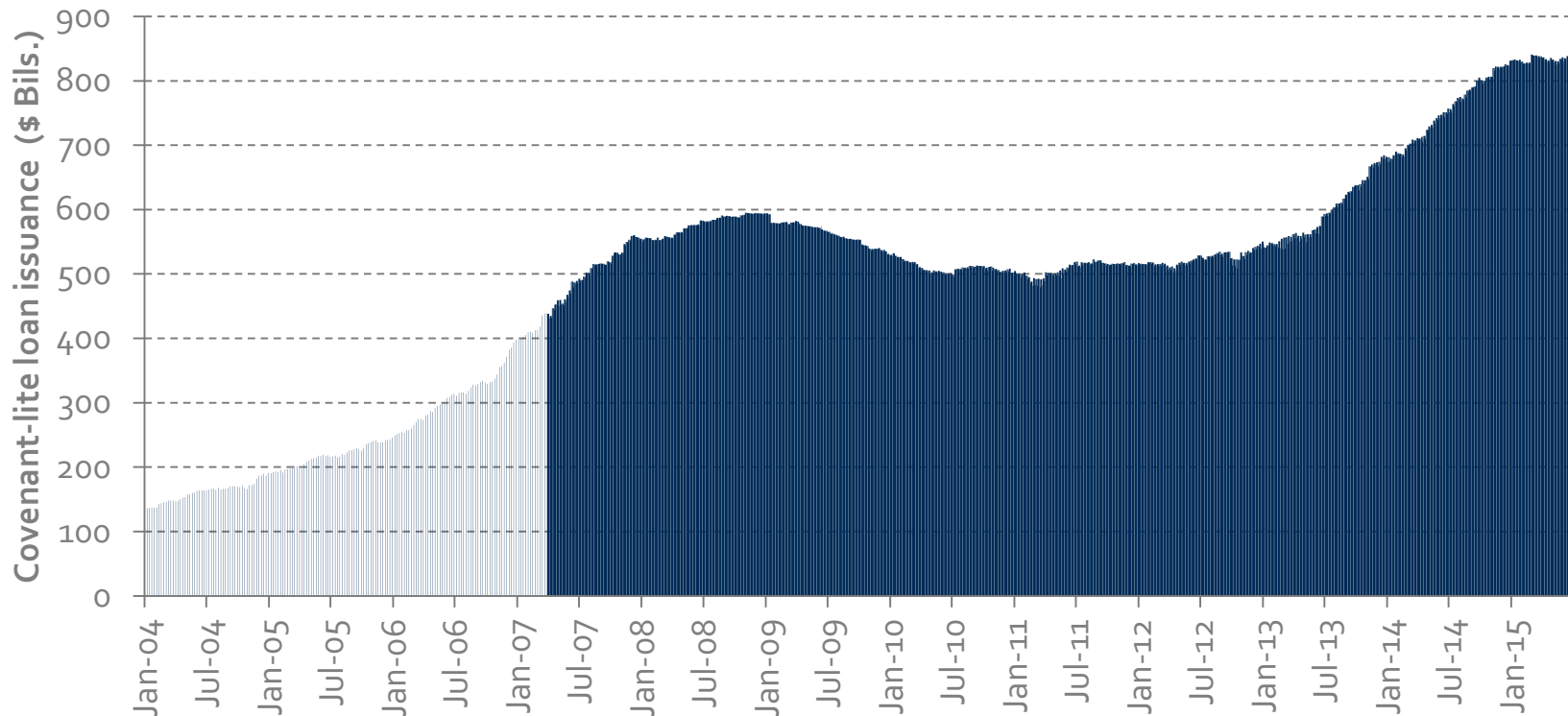
### U.S. COV-LITE SHARE OF INSTITUTIONAL LOAN ISSUANCE



■ Roughly two-thirds of institutional loan issuance was cov-lite in 1H15.

# INSTITUTIONAL LOAN OUTSTANDINGS

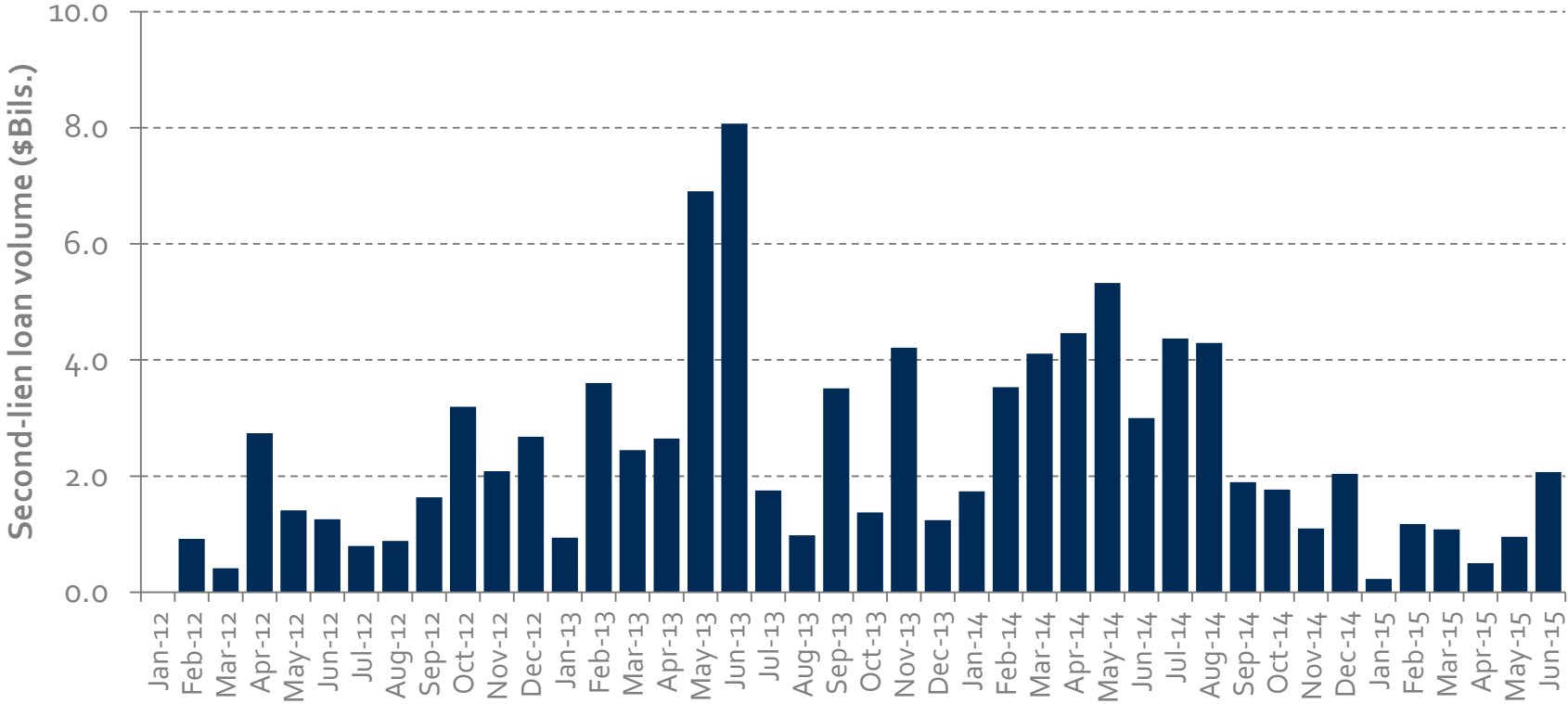
## INSTITUTIONAL LOAN OUTSTANDINGS



- Given the constrained supply this year, the institutional loan market has struggled to grow, with outstandings up only \$3.4 billion (0.40%) in the first half of the year.

# SECOND-LIEN LOAN VOLUME

### U.S. SECOND-LIEN LOAN VOLUME

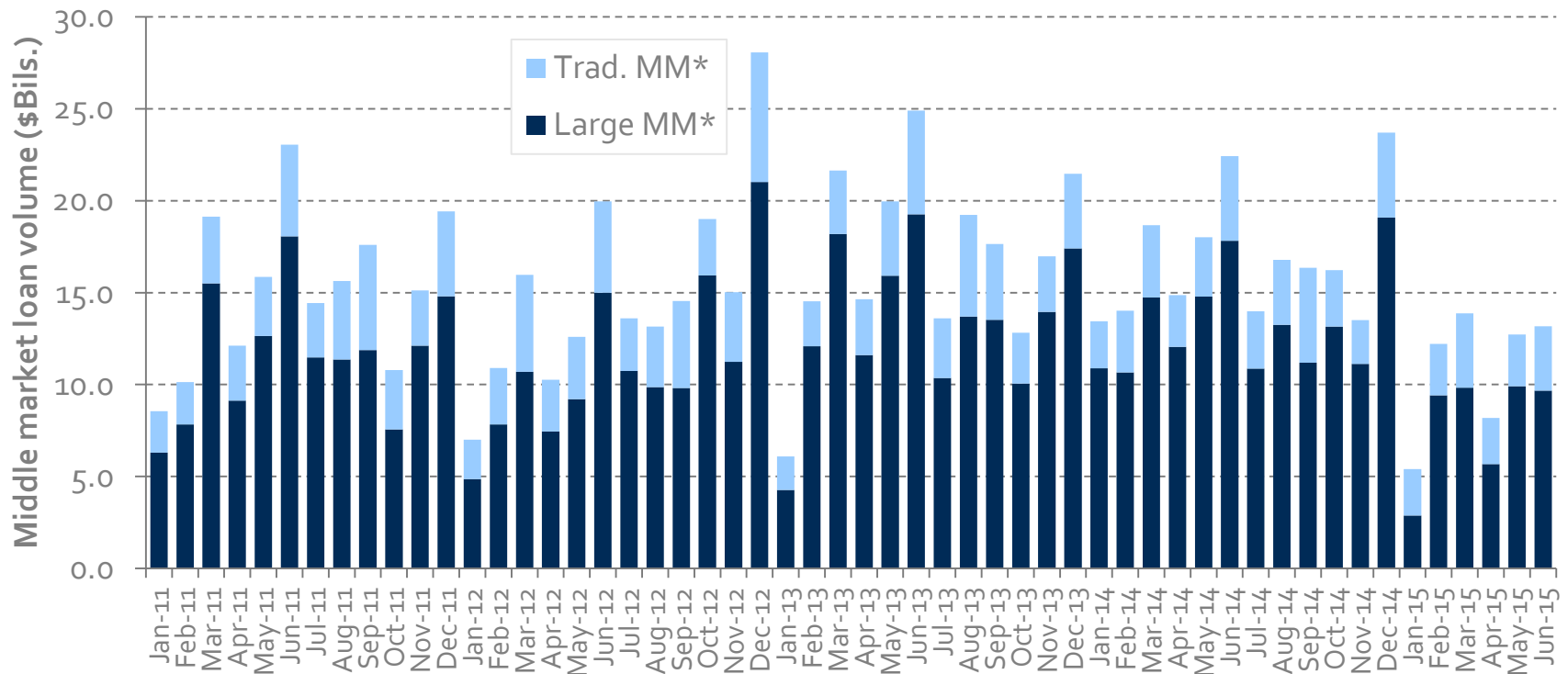


- Second-lien issuance was higher in the second quarter at \$3.5 billion but overall remains limited this year with YTD volume of \$6 billion, down from \$22 billion in the same period a year ago.



# MIDDLE MARKET LOAN ISSUANCE

U.S. MIDDLE MARKET LOAN VOLUME

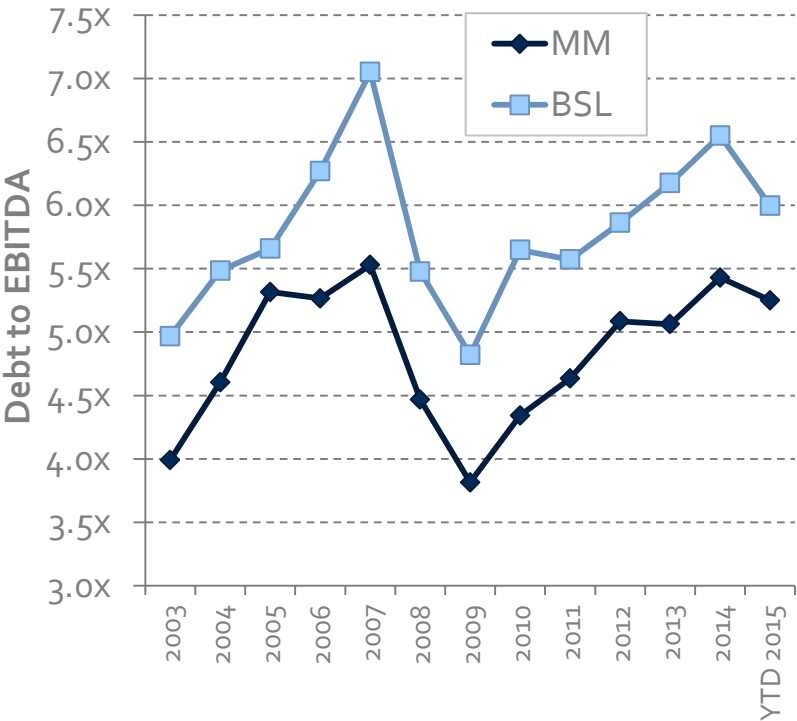


\*Traditional MM: Deal Size <=\$100M, Large MM: Deal Size >\$100M to \$500M, For all: Borrower Sales <\$500M

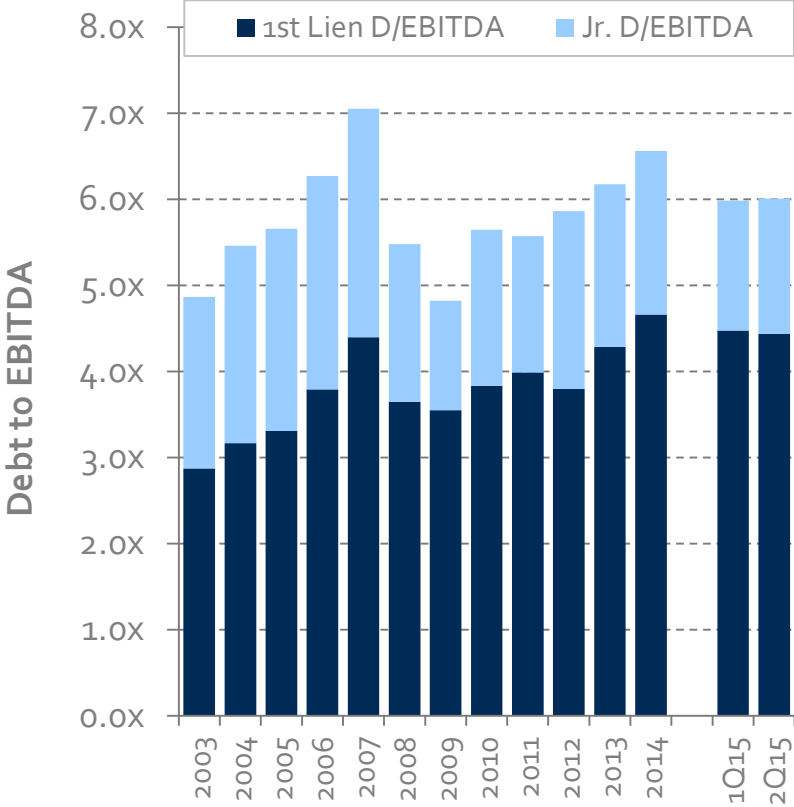
- Middle market lending stands at \$65.5 billion for the first half of this year. This is mostly comprised of large middle market issuance (\$47 billion), with traditional MM volume at \$18 billion.
- New money has represented less than half of MM volume so far this year.

# LBO DEBT TO EBITDA LEVELS

**BROADLY SYNDICATED VS. INST. MIDDLE MARKET**



**LARGE CORP. LBOs**

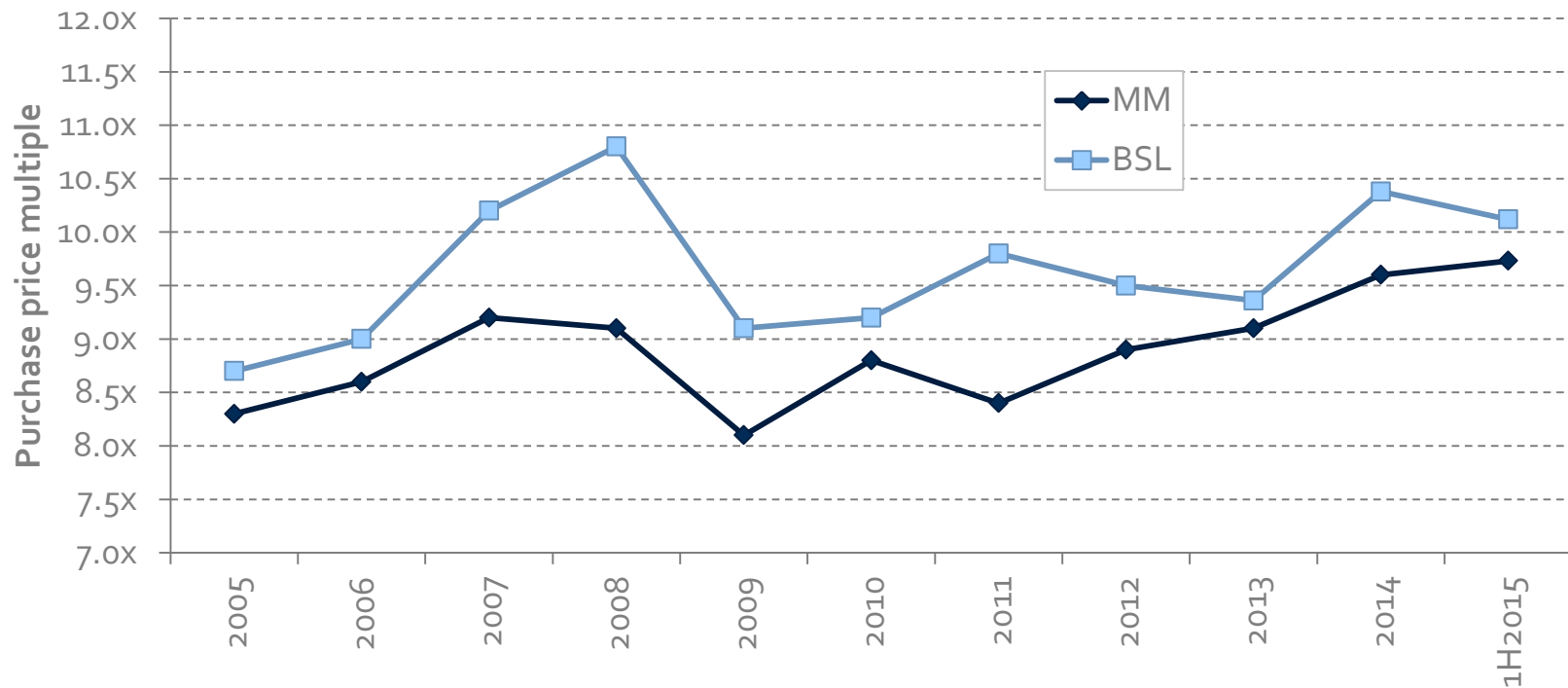


- Debt to EBITDA levels on LBO deals have fallen this year.
- Average debt to EBITDA levels have declined to 6 times for broadly syndicated LBO transactions, and 5.25 times for institutional middle market LBOs.

# LBO PURCHASE PRICE MULTIPLES

## BROADLY SYNDICATED VS. INSTITUTIONAL MIDDLE MARKET

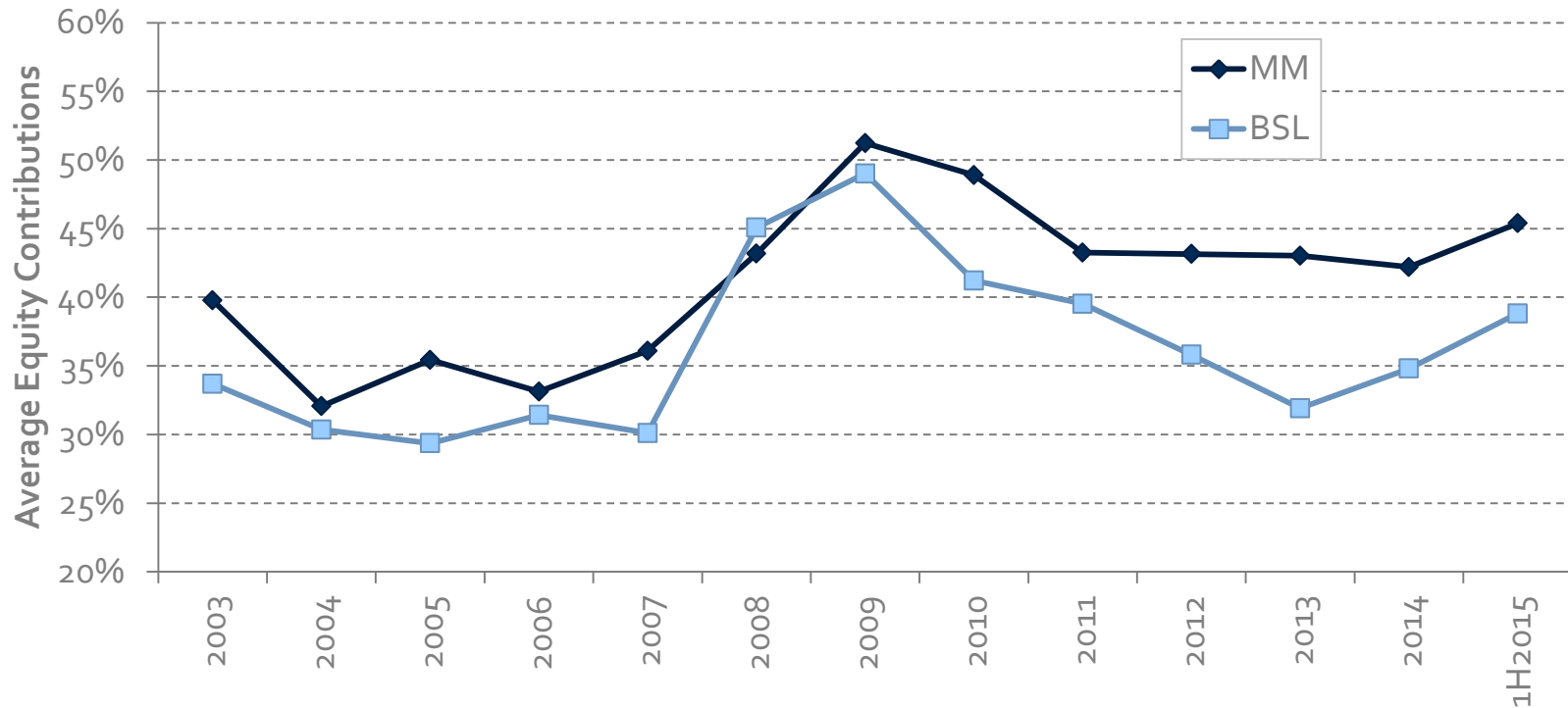
LBO PURCHASE PRICE MULTIPLES



- Year to date average purchase price multiples have decreased to 10.1 times (from 10.4 times) for broadly syndicated LBOs and increased marginally to 9.7 times for institutional middle market LBOs.

# LBO EQUITY CONTRIBUTIONS: BROADLY SYNDICATED VS. INSTITUTIONAL MIDDLE MARKET

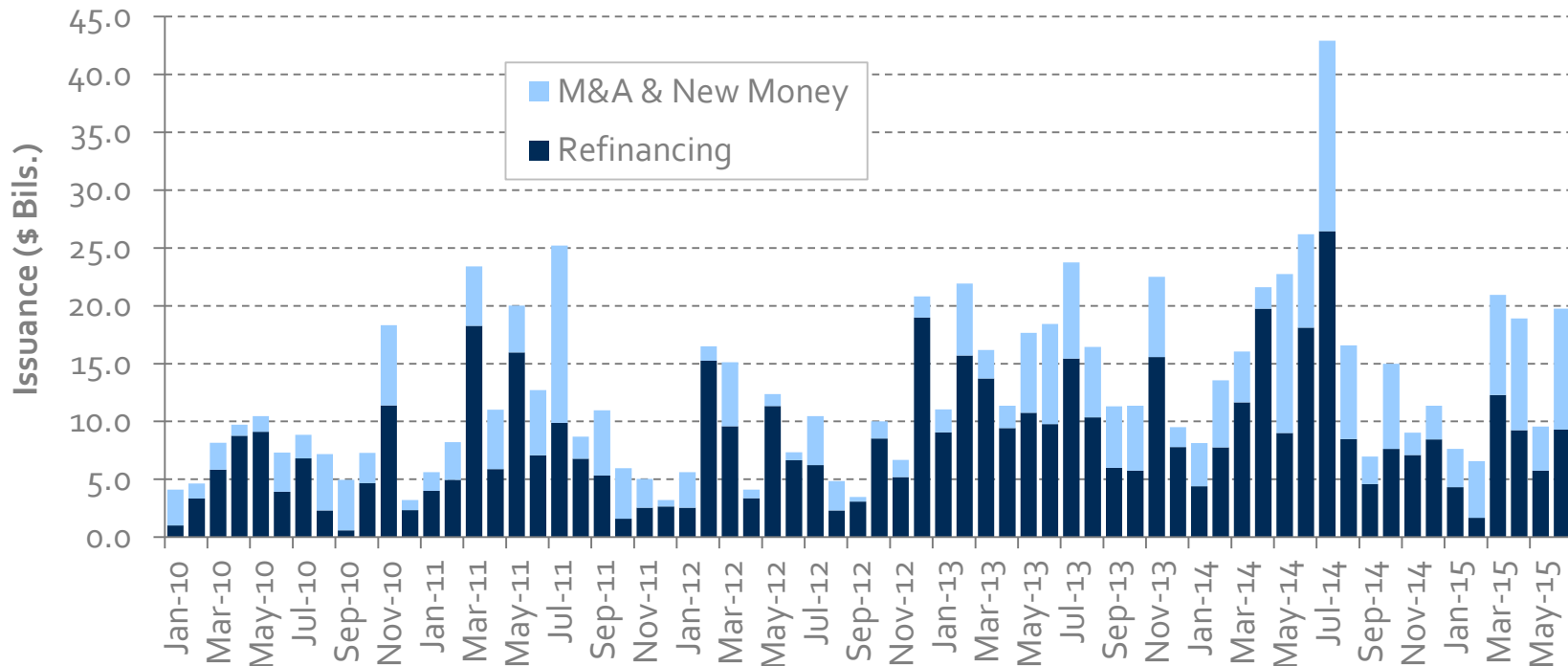
LBO EQUITY CONTRIBUTIONS



- So far this year, the average equity contribution has increased to 39% (from 35%) for broadly syndicated LBOs, and 45% (from 42%) for institutional middle market LBOs.

# EUROPEAN LEVERAGED LOAN ISSUANCE

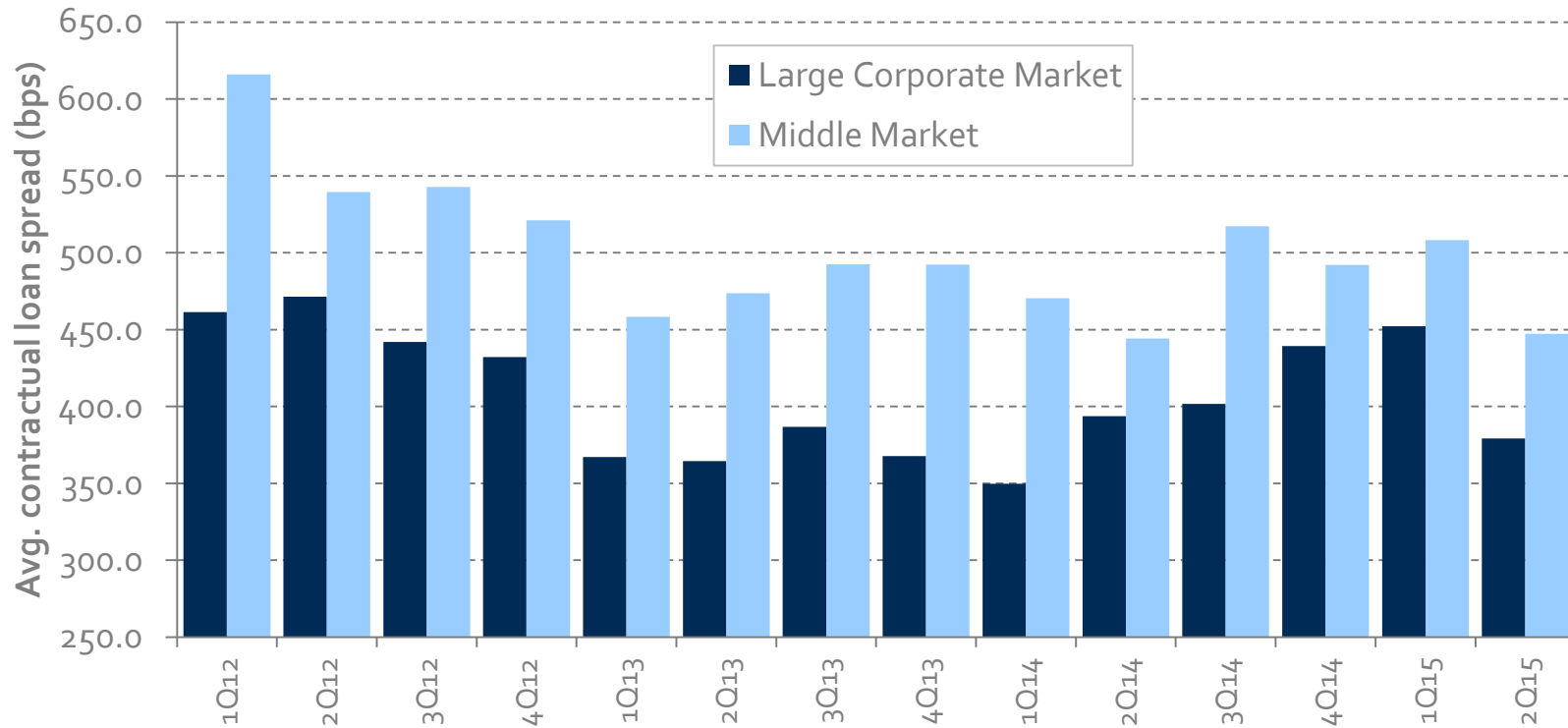
## EUROPEAN LEVERAGED LOAN ISSUANCE



- European leveraged loan issuance is at \$83 billion YTD, down from the \$108 billion posted in the same period a year ago.
- Refinancing has accounted for just over half of issuance this year.

# PRIMARY MARKET INSTITUTIONAL FIRST-LIEN LOAN SPREADS

## PRIMARY MARKET INSTITUTIONAL FIRST-LIEN LOAN SPREADS

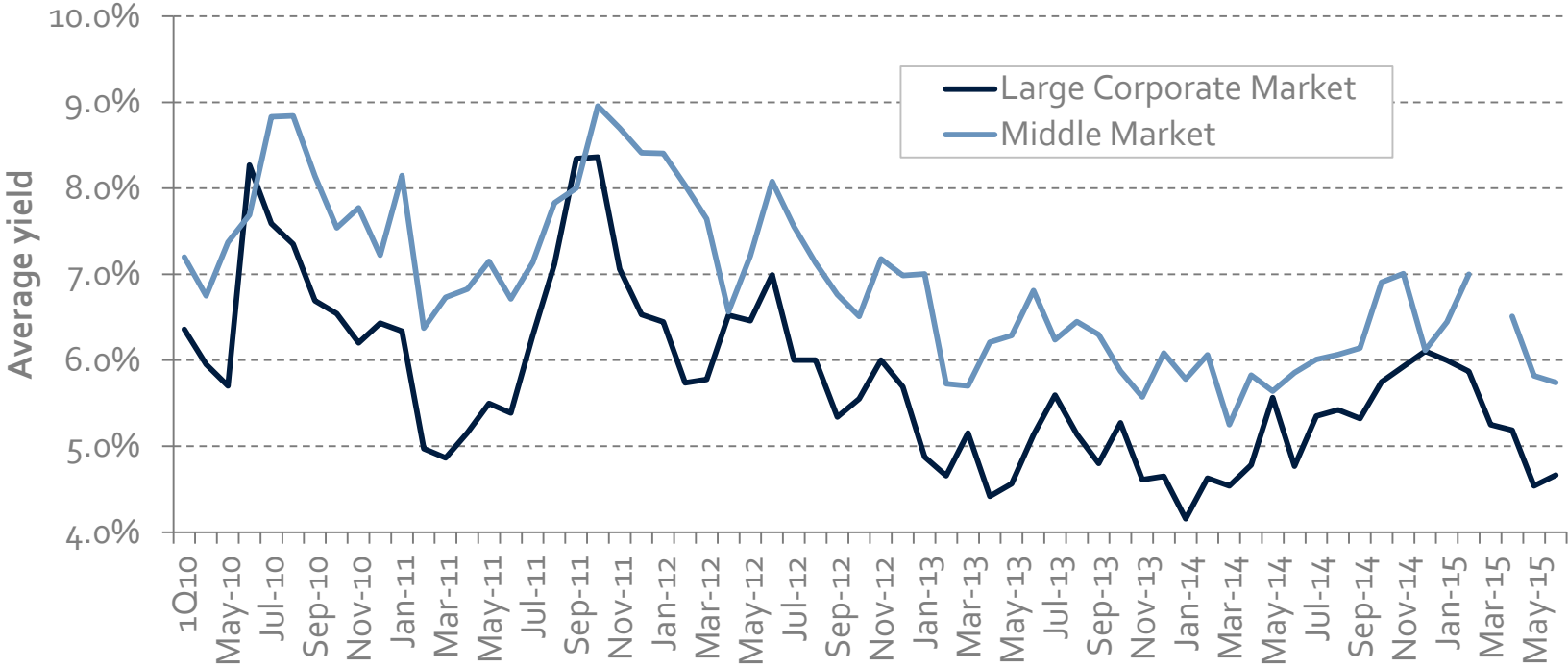


- Loan spreads have tightened in each of the last four months, bringing 2Q15 average first-lien institutional contractual spreads down to 379 bps in the large corporate market, and 447 bps in the middle market.



# PRIMARY MARKET YIELDS

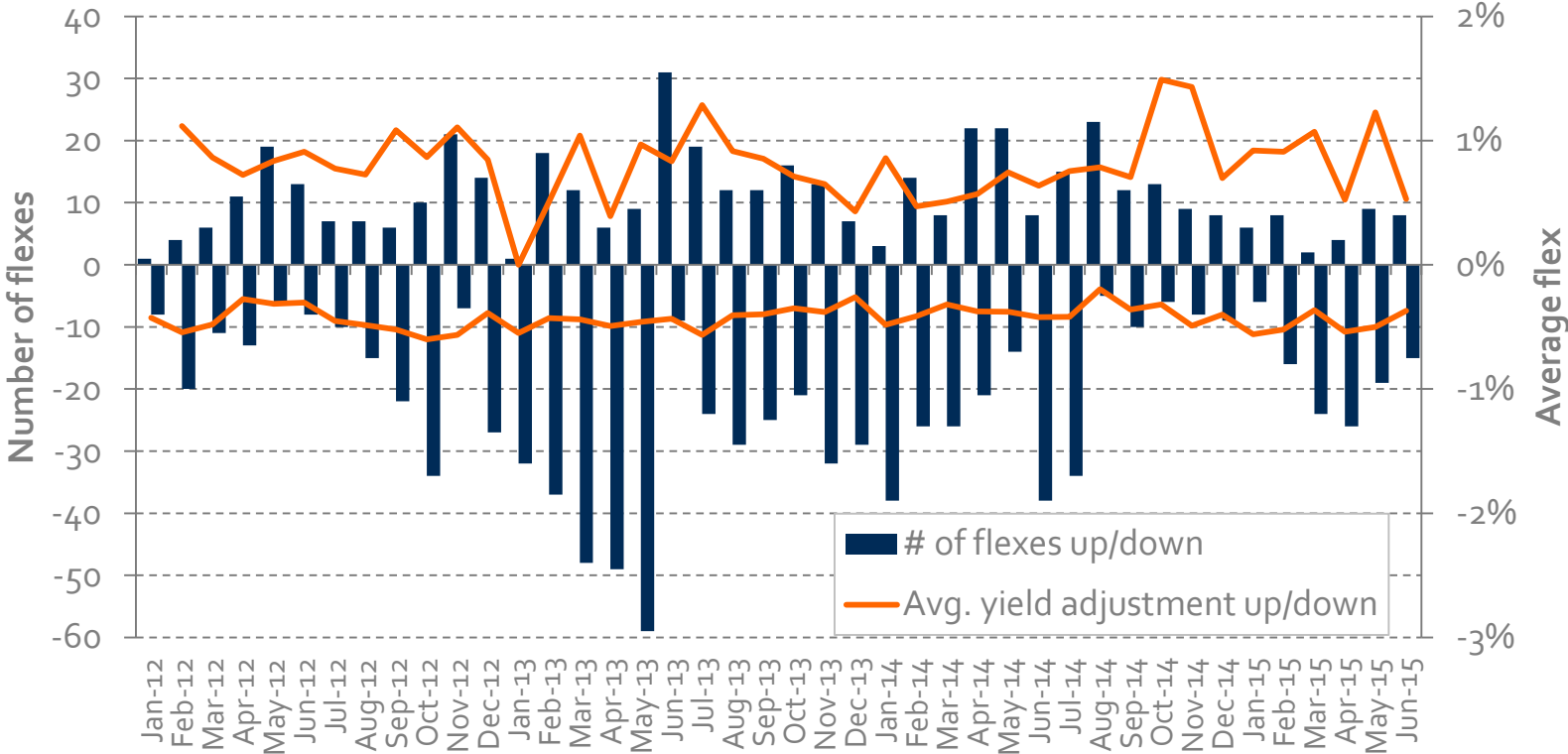
## U.S. PRIMARY MARKET INSTITUTIONAL LOAN YIELDS



- Large corporate market yields widened in June, averaging 4.66%. Middle market loan yields narrowed to 5.74%.
- Quarterly, large corporate yields averaged 4.78% in the second quarter, down from 5.58% in 1Q15. Middle market yields averaged 5.95% in 2Q15, down from 6.71% in 1Q15.

# INSTITUTIONAL LOAN FLEX ACTIVITY

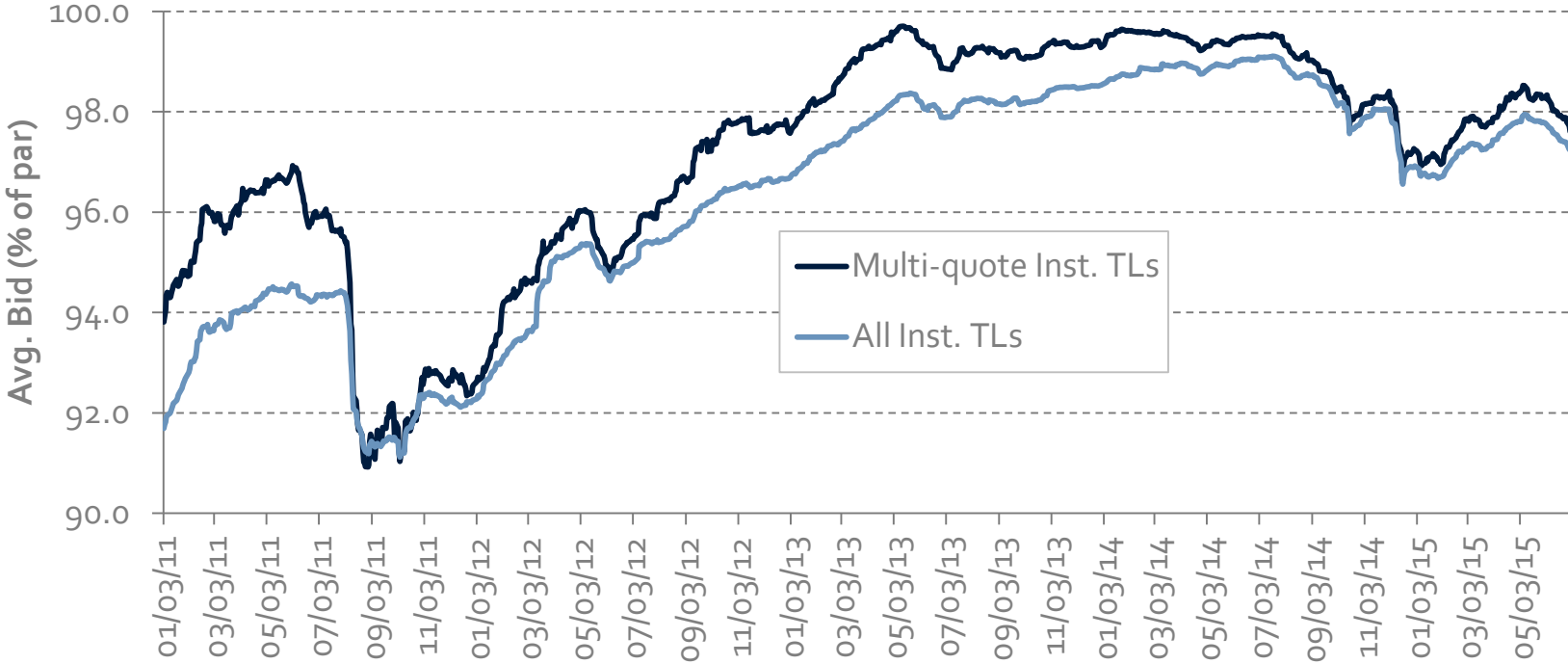
INSTITUTIONAL LOAN FLEX ACTIVITY



- The number of downward price flexes easily outnumbered upward price flexes again in June.
- The average downward flex was 37 bps, while the average upward flex was 53 bps.

# U.S. SECONDARY MARKET BID LEVELS

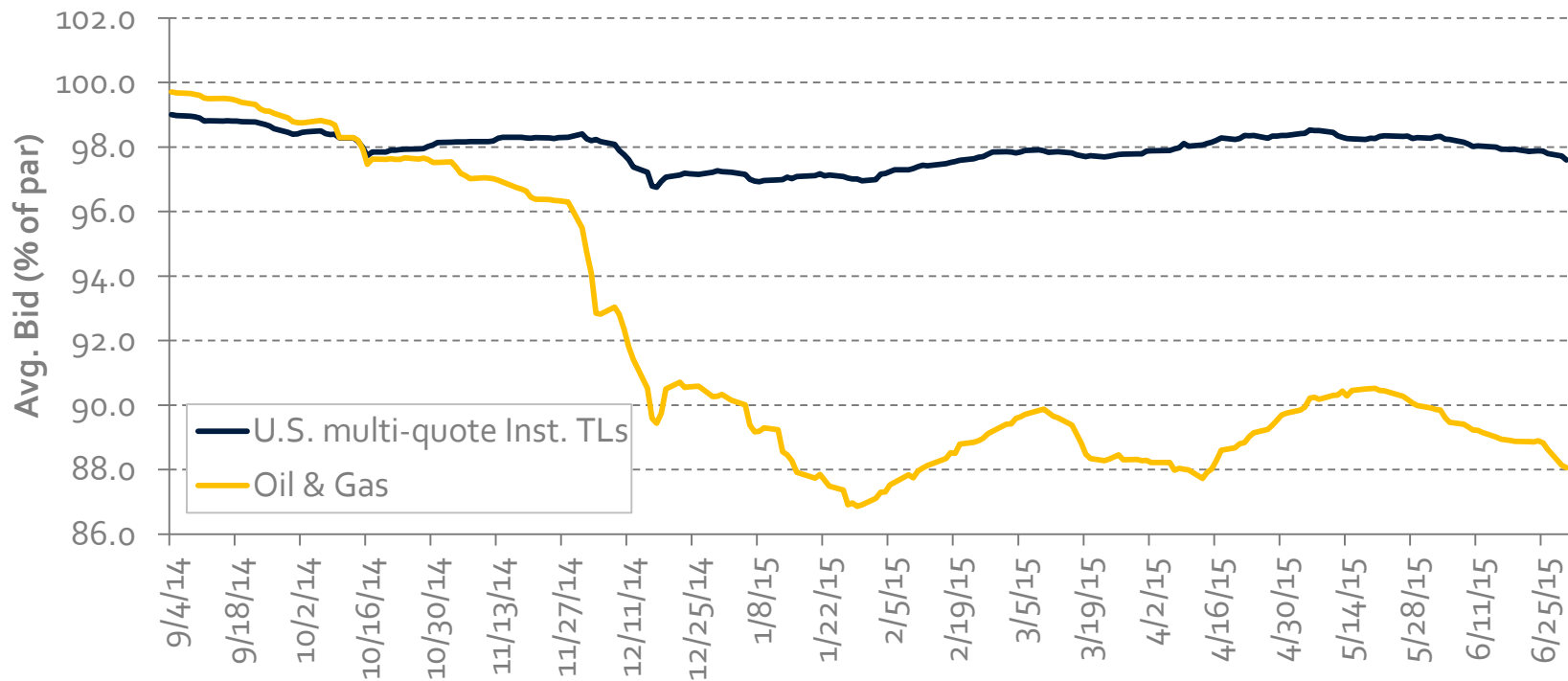
### U.S. SECONDARY MARKET AVERAGE BID



- Loan bids fell in June., with multi-quote institutional term loans down 69 bps to 97.60.
- For the quarter, bids were down by 18 bps.

# U.S. OIL & GAS BID LEVELS

## U.S. OIL & GAS BID LEVELS

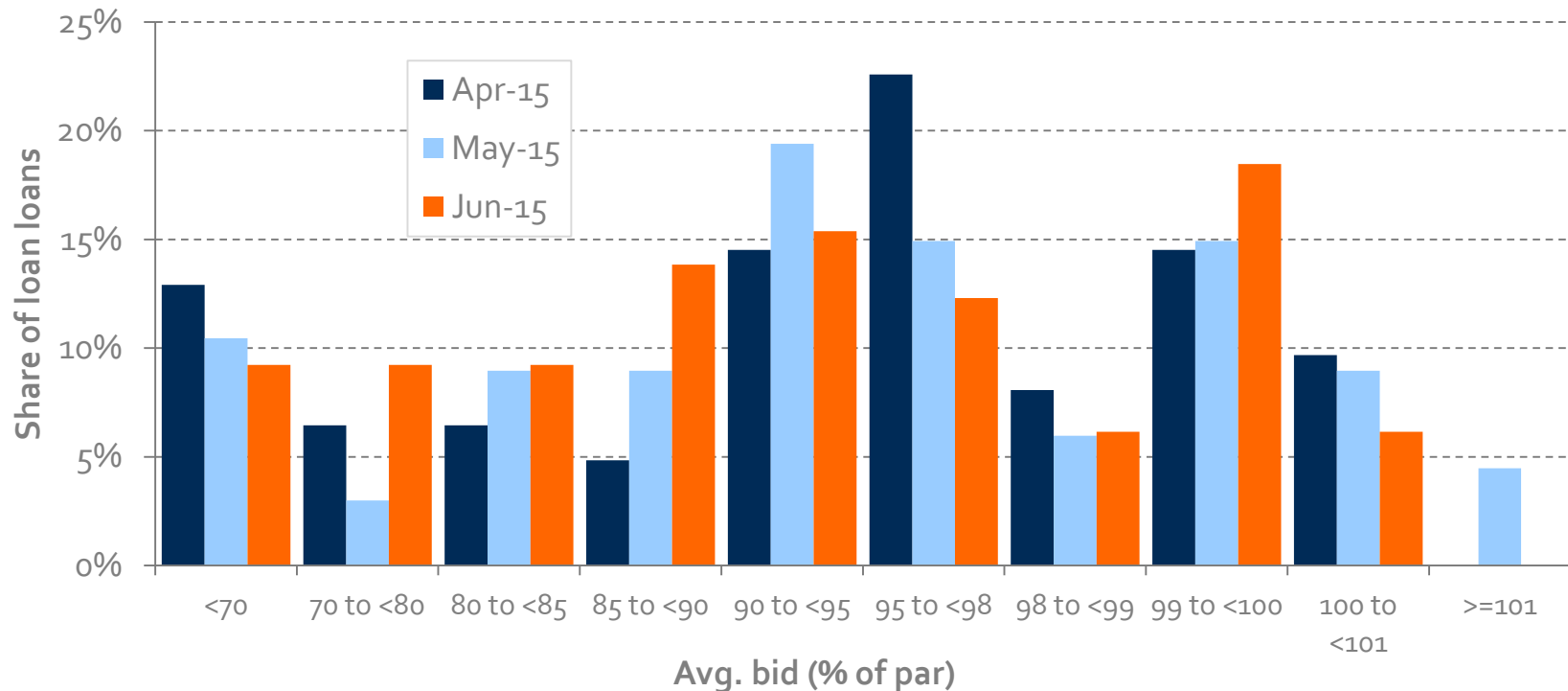


- Oil & Gas loan bids dropped by nearly 200 bps in June, but were down only 22 bps overall in 2Q15. Year-to-date, oil & gas bids are down 227 bps.
- The average oil & gas bid is now at 88.06.



# DISTRIBUTION OF OIL & GAS SECONDARY MARKET BIDS

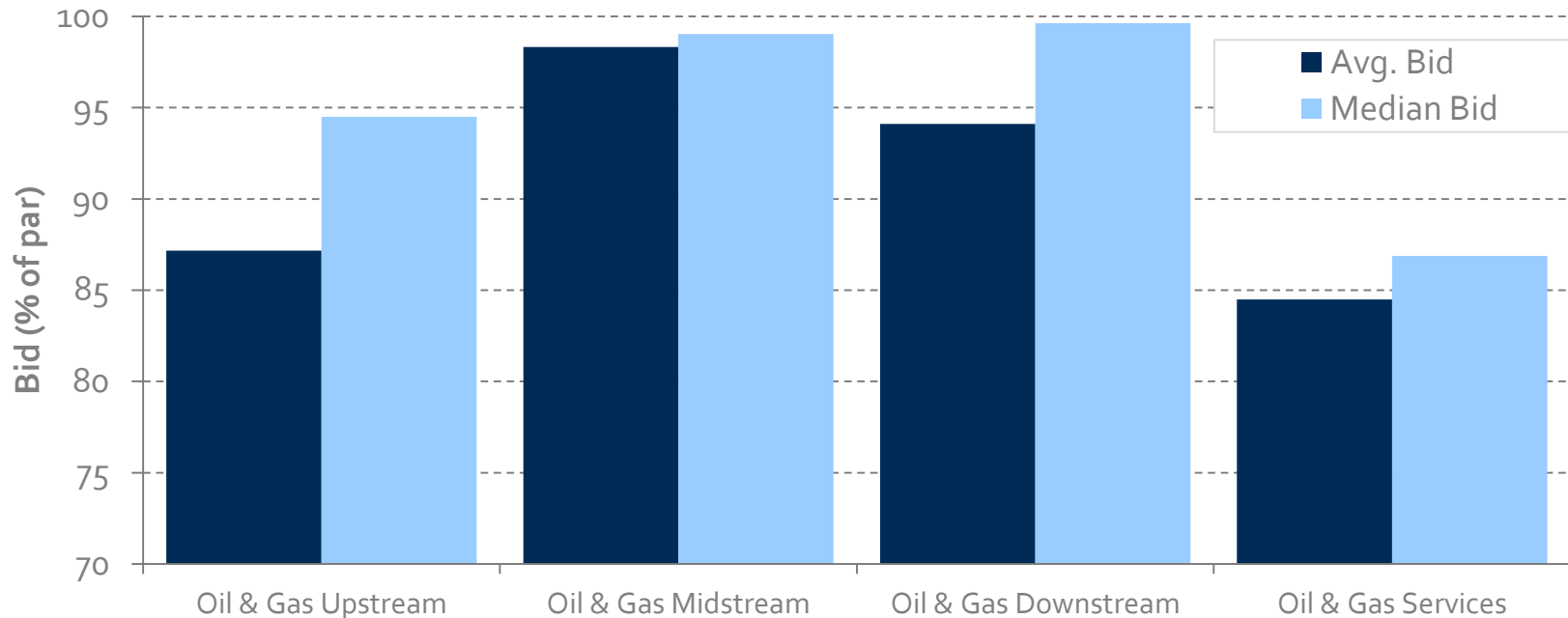
## DISTRIBUTION OF OIL & GAS INSTITUTIONAL TERM LOAN BIDS



- As prices shifted lower in June, the oil & gas sector finished the month with 42% of loans bid below 90, compared to 31% a month earlier.
- At the other end of the scale, the share of oil & gas loans bid above 95 fell to 43% from 49%.

# OIL & GAS SECONDARY MARKET BIDS – BY SUBSECTOR

## OIL & GAS LOAN BIDS – BY SUBSECTOR

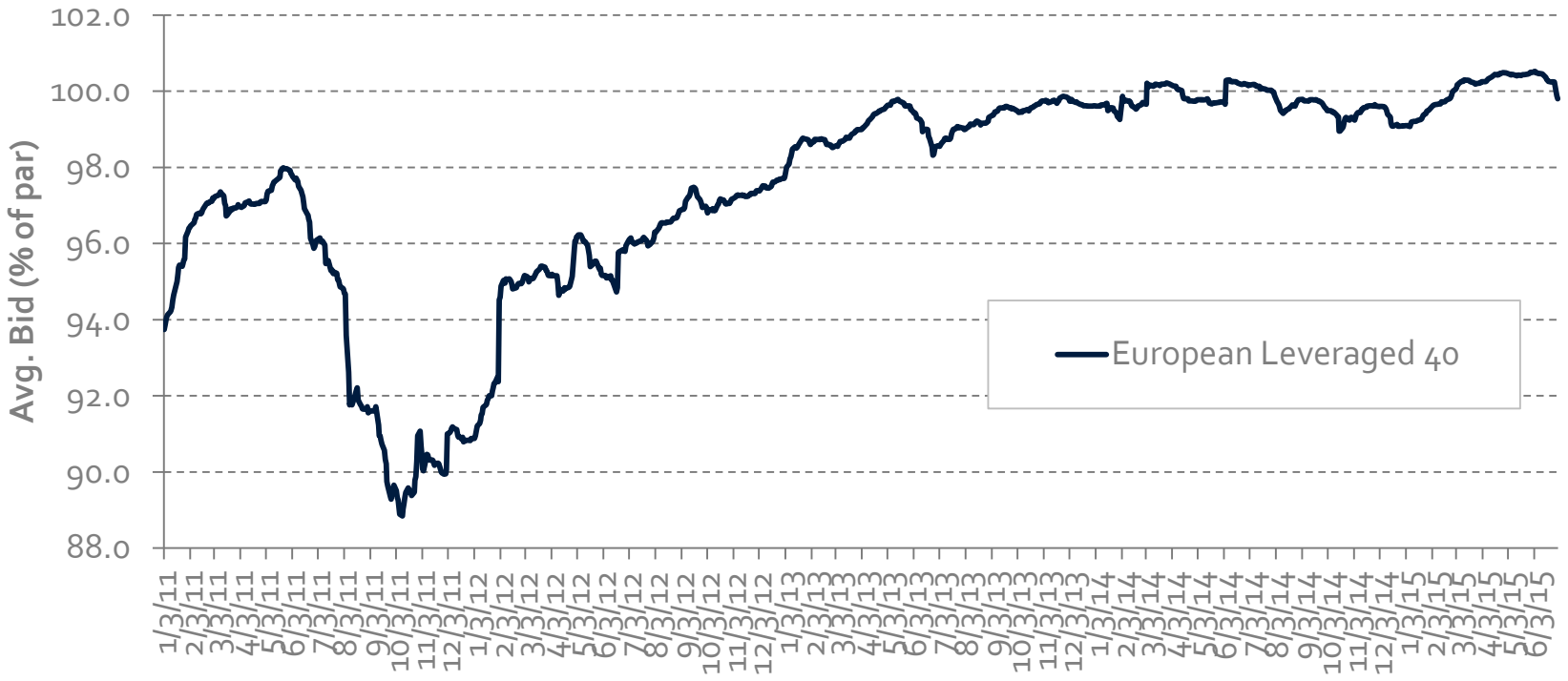


- Oil & Gas loan bids vary widely by subsector.
- Average loan bids are lowest for issuers in the Services subsector, followed those in the Upstream subsector.



# SECONDARY MARKET BID LEVELS: EUROPE

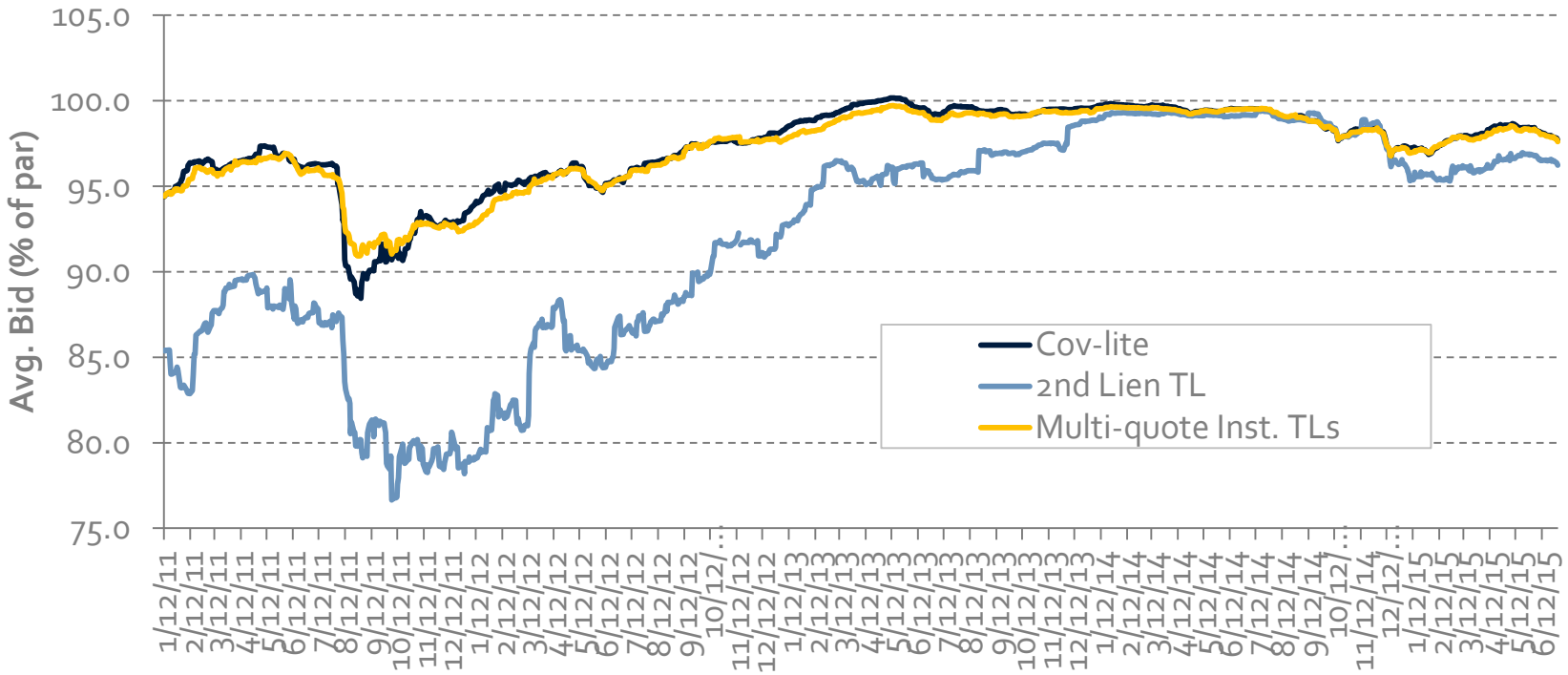
SECONDARY MARKET AVERAGE BIDS



- The European Lev40 (which is comprised of flow names) softened in June, finishing the month down 70 bps to 99.80, with most of that decline coming near the end of the month.
- The Lev40 par-plus share fell sharply at the end of the month to 44%.

# SECONDARY MARKET BID LEVELS: COVENANT-LITE & SECOND-LIENS

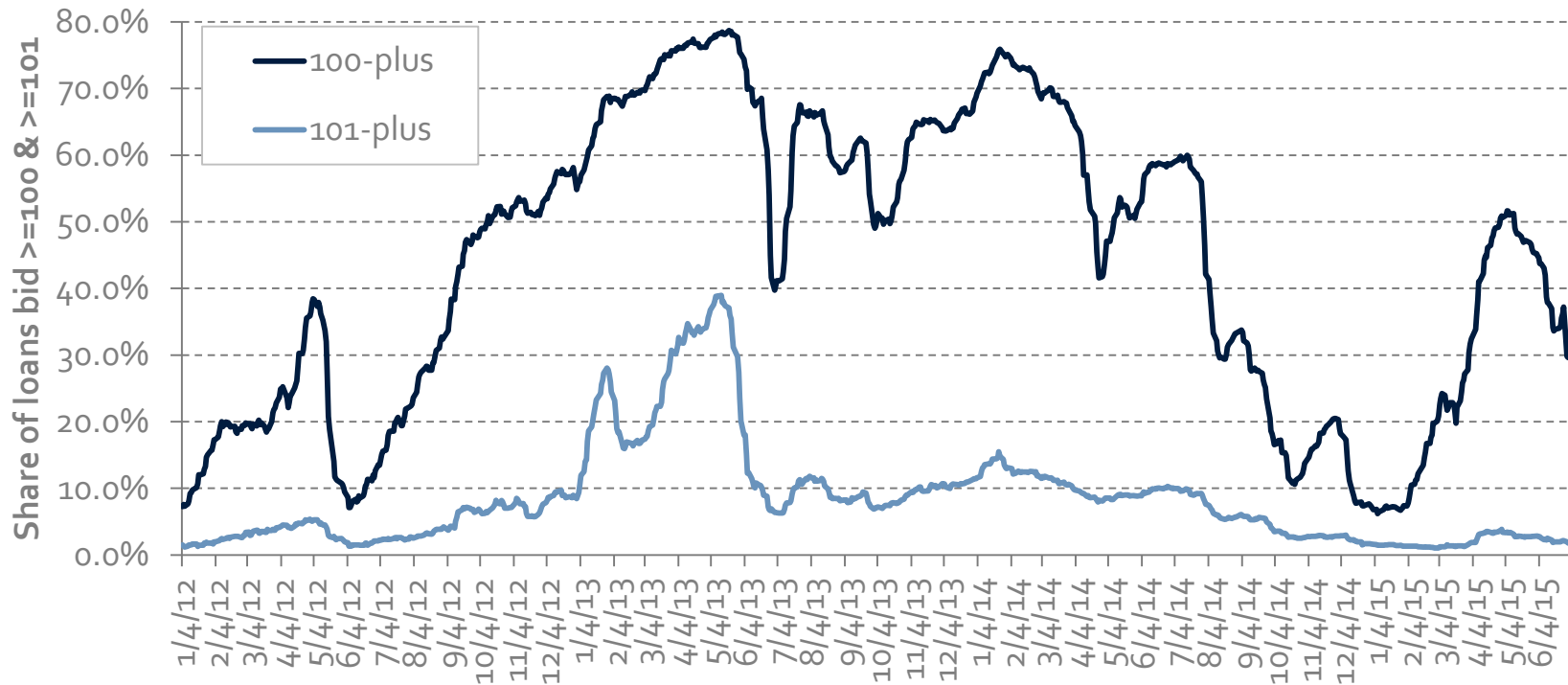
### U.S. COV-LITE AND SECOND LIEN LOAN BIDS



- The average bid on covenant-lite loans slipped 73 bps in June, ending the month at 97.68.
- Second-lien bids also dropped 65bps to 96.23.

# PAR-PLUS & 101-PLUS MARKET SHARE

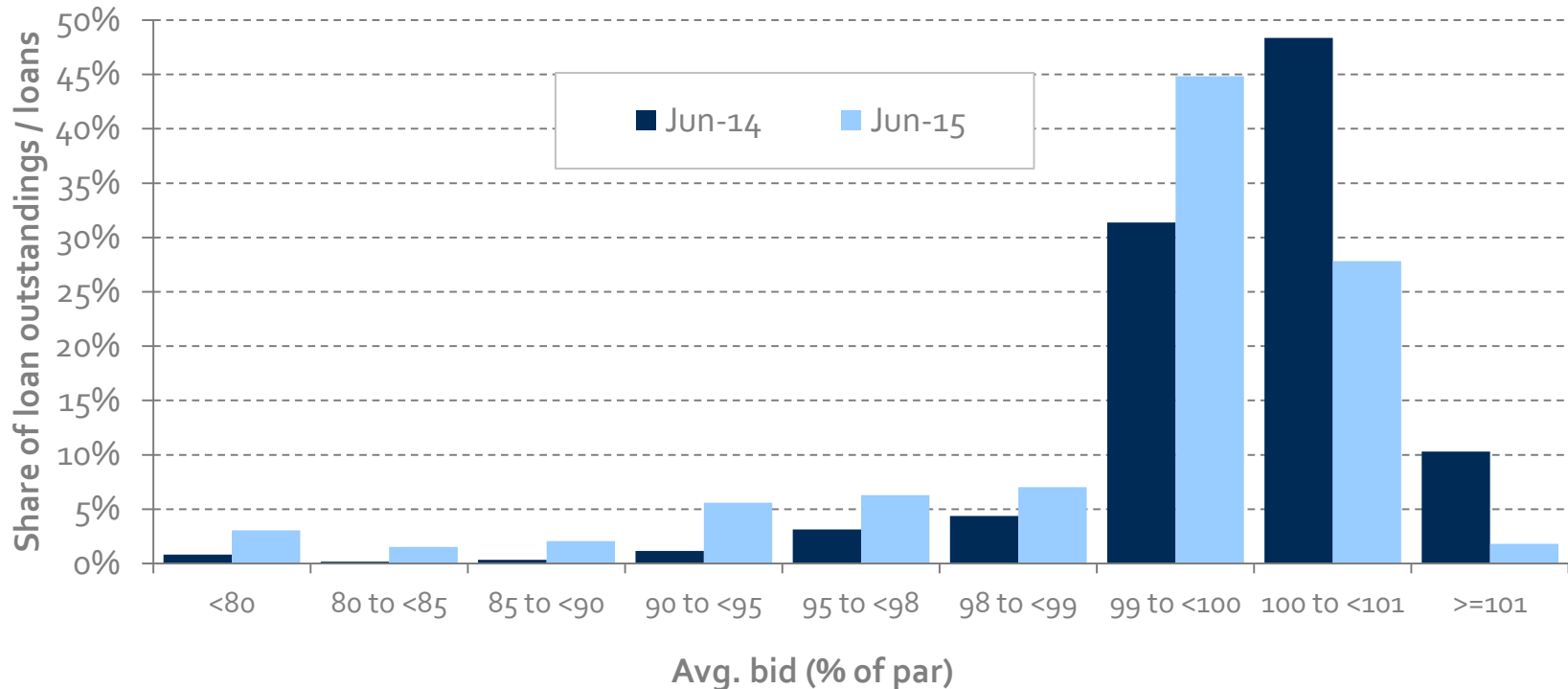
## U.S. 100-PLUS & 101-PLUS SHARE: MULTI-QUOTE INSTITUTIONAL TERM LOANS



- The softer secondary market saw the share of par-plus loans fall by 16 percentage points in June to finish the month at 30%.

# DISTRIBUTION OF SECONDARY MARKET BIDS: JUNE 2014 VS. JUNE 2015

## MULTI-QUOTE INSTITUTIONAL TERM LOAN BIDS



- Bids have shifted lower in the past year. At this time last year, more than half (59%) of loans were bid in the par-plus area compared to 30% now.
- Just over a quarter of loans are now bid below 99 compared to 10% at the same time a year ago.



REUTERS/Petar Kujundzic

# U.S. HIGH YIELD BOND MARKET OVERVIEW

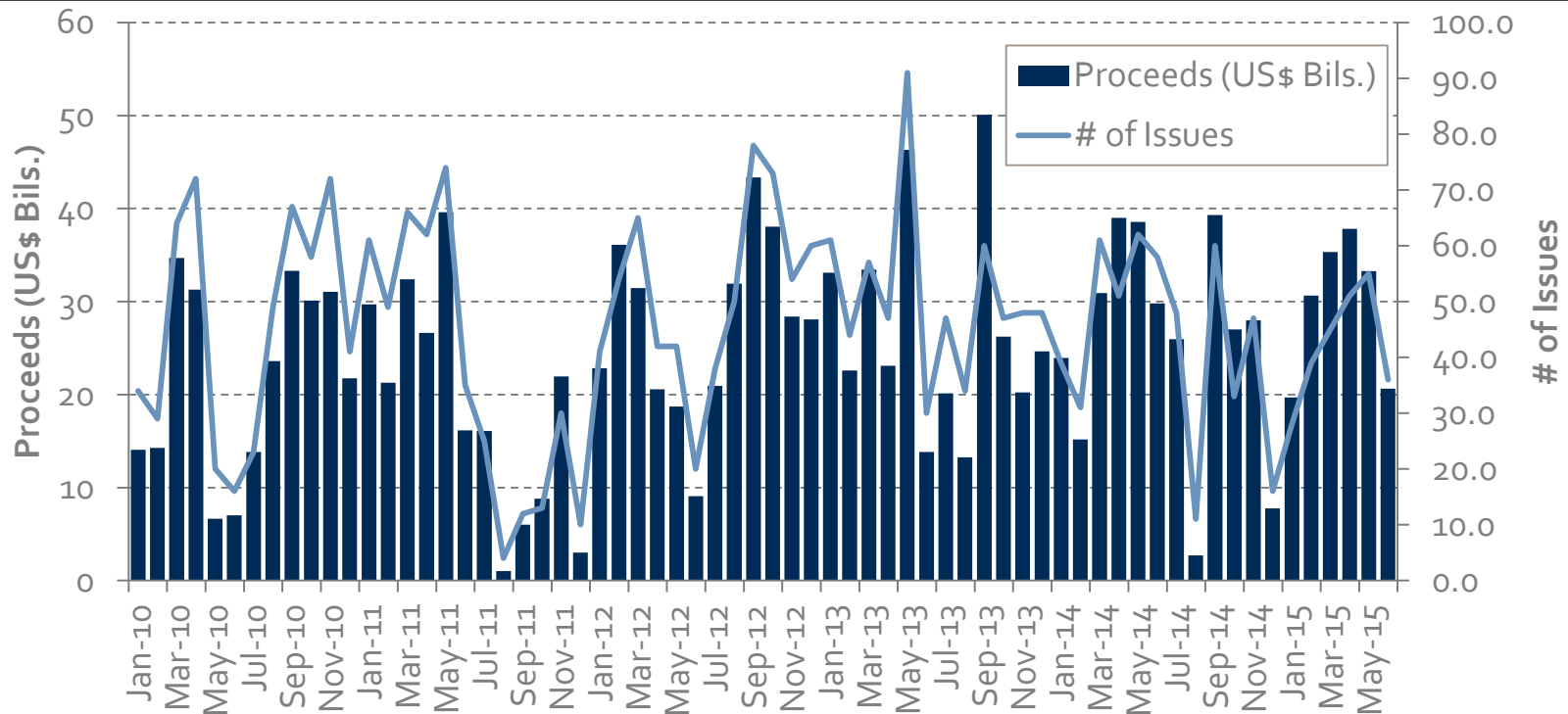
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# HIGH YIELD CORPORATE BOND ISSUANCE

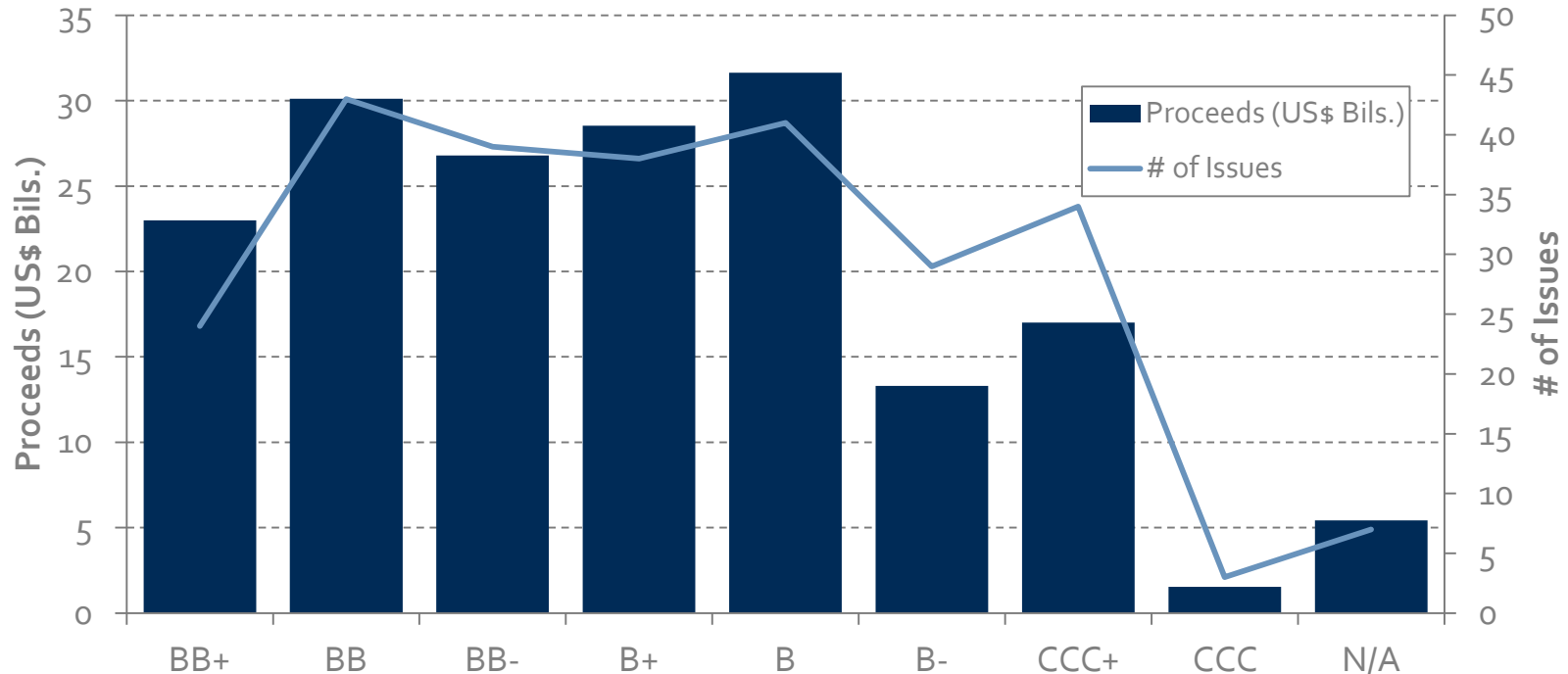
## U.S. HIGH YIELD CORPORATE BONDS



- U.S. high-yield issuance slipped again in June to \$21 billion spread over 36 issues.
- Volume for the first half of the year was flat year-to-year at \$177 billion.

# U.S. HIGH YIELD CORPORATE BONDS ISSUED YTD 2015—BY RATING

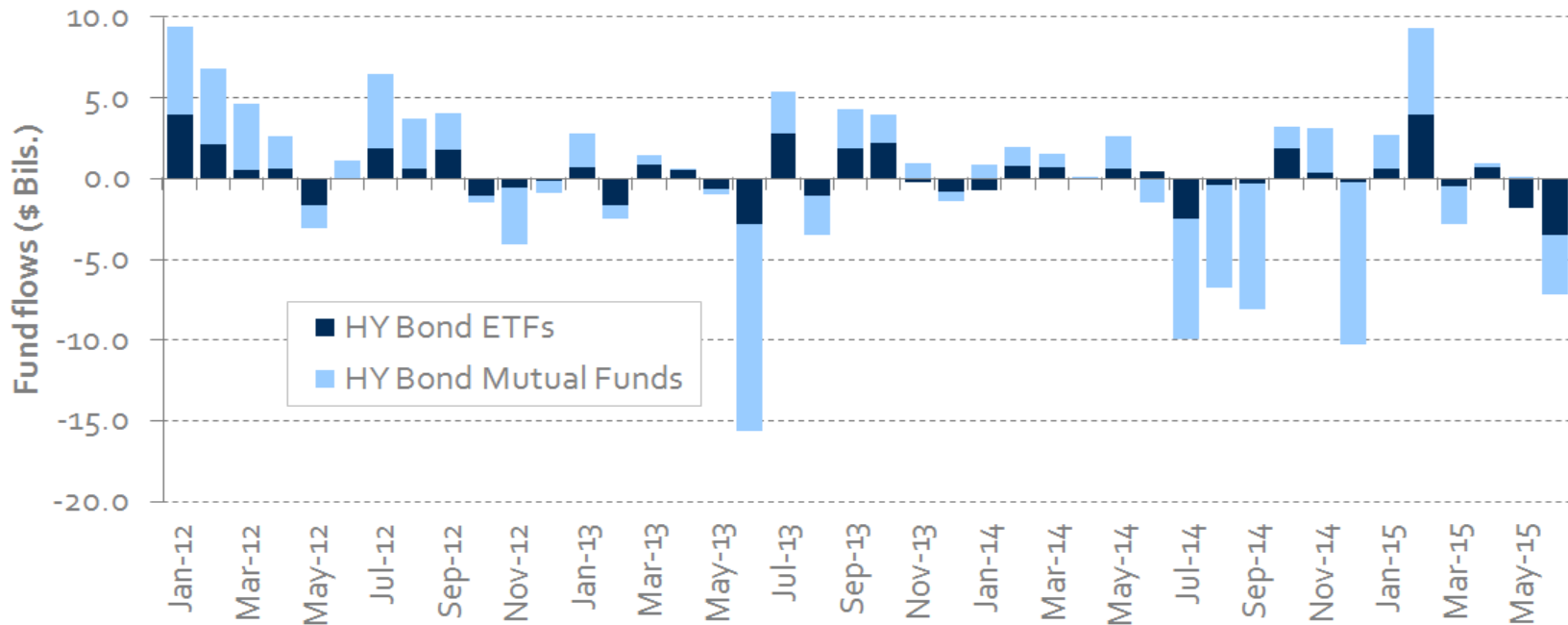
## U.S. HIGH YIELD CORPORATE BONDS



- For rated HY bonds issued year to date, 46% were rated between BB+ and BB-, 54% were rated B+ or lower.

# HY BOND FUND FLOWS – MUTUAL FUND VS. ETF BREAKOUT

HY BOND FUND FLOWS – MUTUAL FUND VS. ETF BREAKOUT

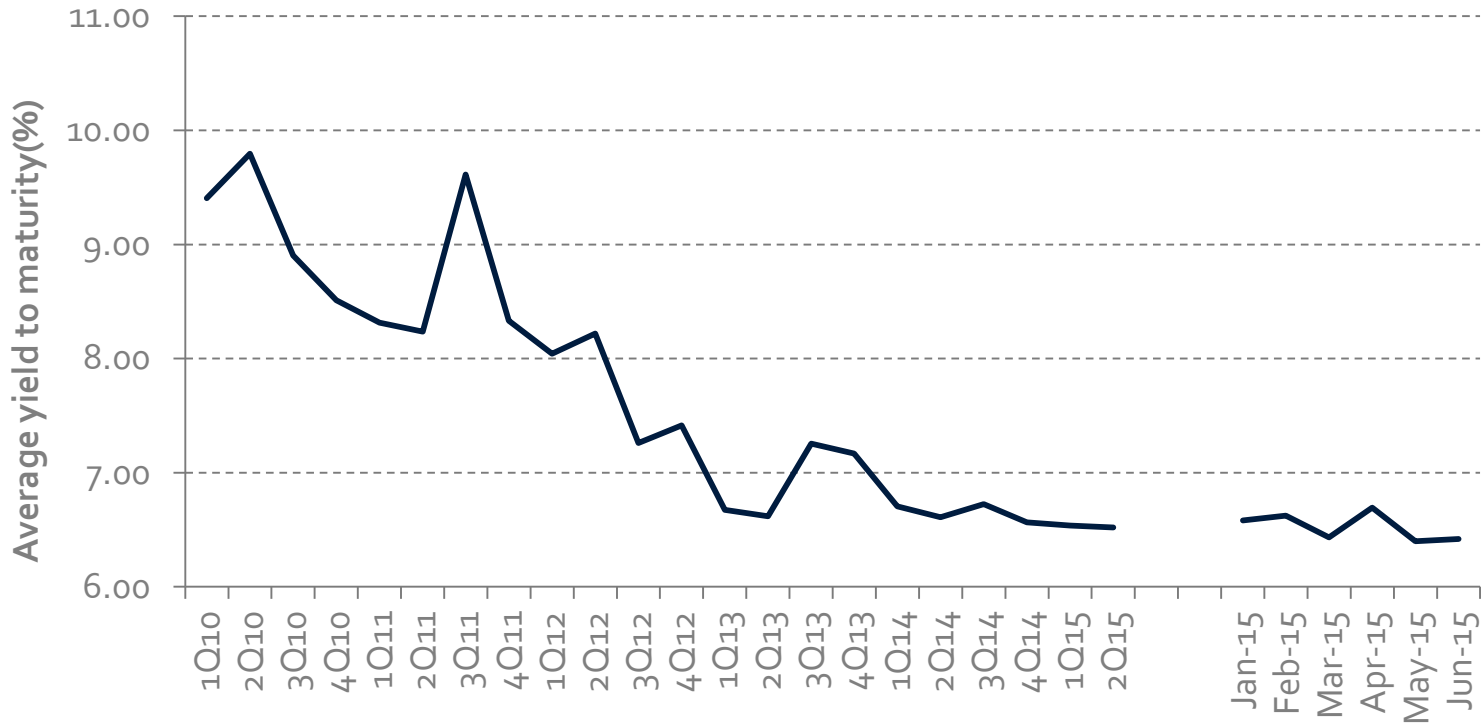


- High yield bond mutual funds posted outflows of \$3.7 billion in June, while ETFs experienced outflows amounting to \$3.5 billion.



# U.S. HIGH YIELD CORPORATE BONDS – NEW ISSUE YIELDS\*

U.S. HIGH YIELD CORPORATE BONDS



\*excludes floating rate bonds

- The average new issue yield for U.S. high-yield corporate bonds ticked lower in 2Q15 to 6.52%.
- The average yield in June was 6.42%, flat over the previous month.

# HY BOND YIELDS

## BARCLAYS U.S. HIGH YIELD BOND INDEX



- Yields on the Barclays U.S. Corporate High Yield index widened by 65 bps in June to finish the month at 6.57%, its highest level since January.



REUTERS/Petar Kujundzic

# INVESTOR OVERVIEW

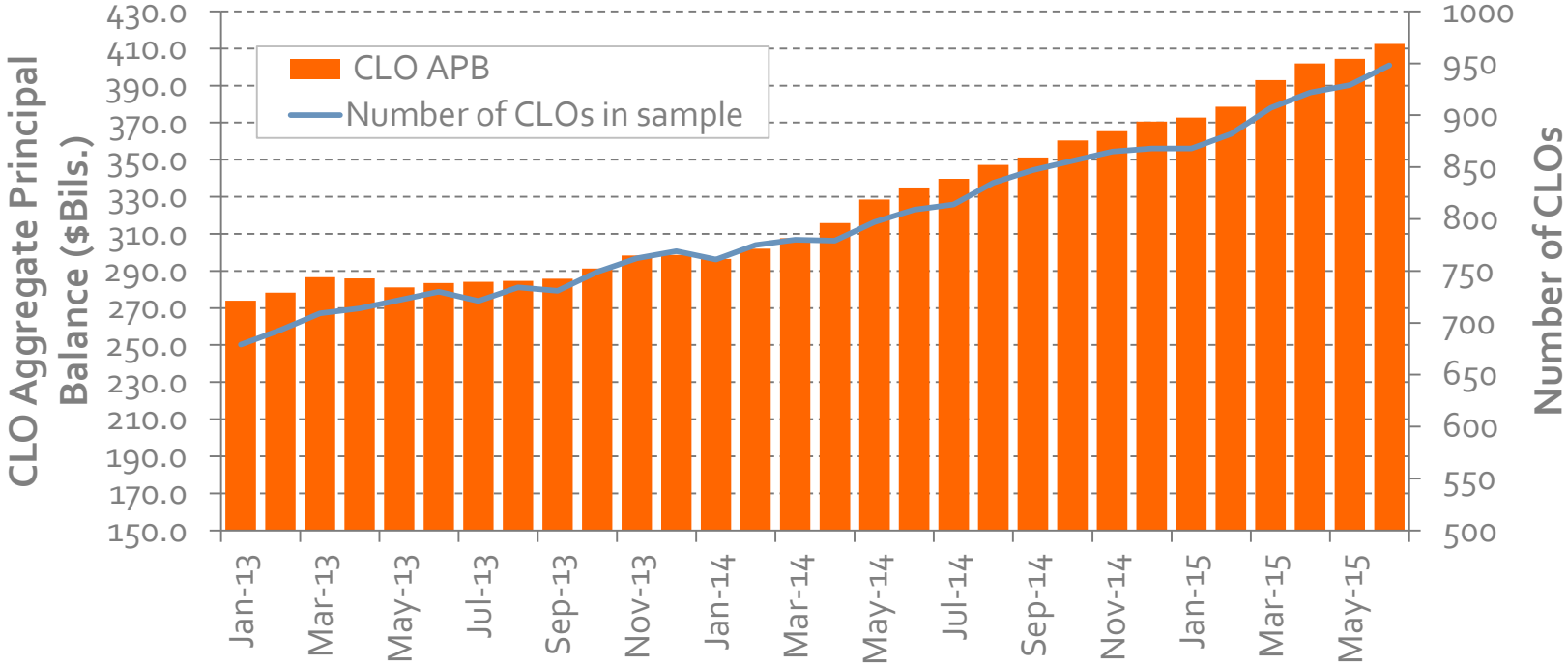
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# U.S. CLO ASSETS UNDER MANAGEMENT

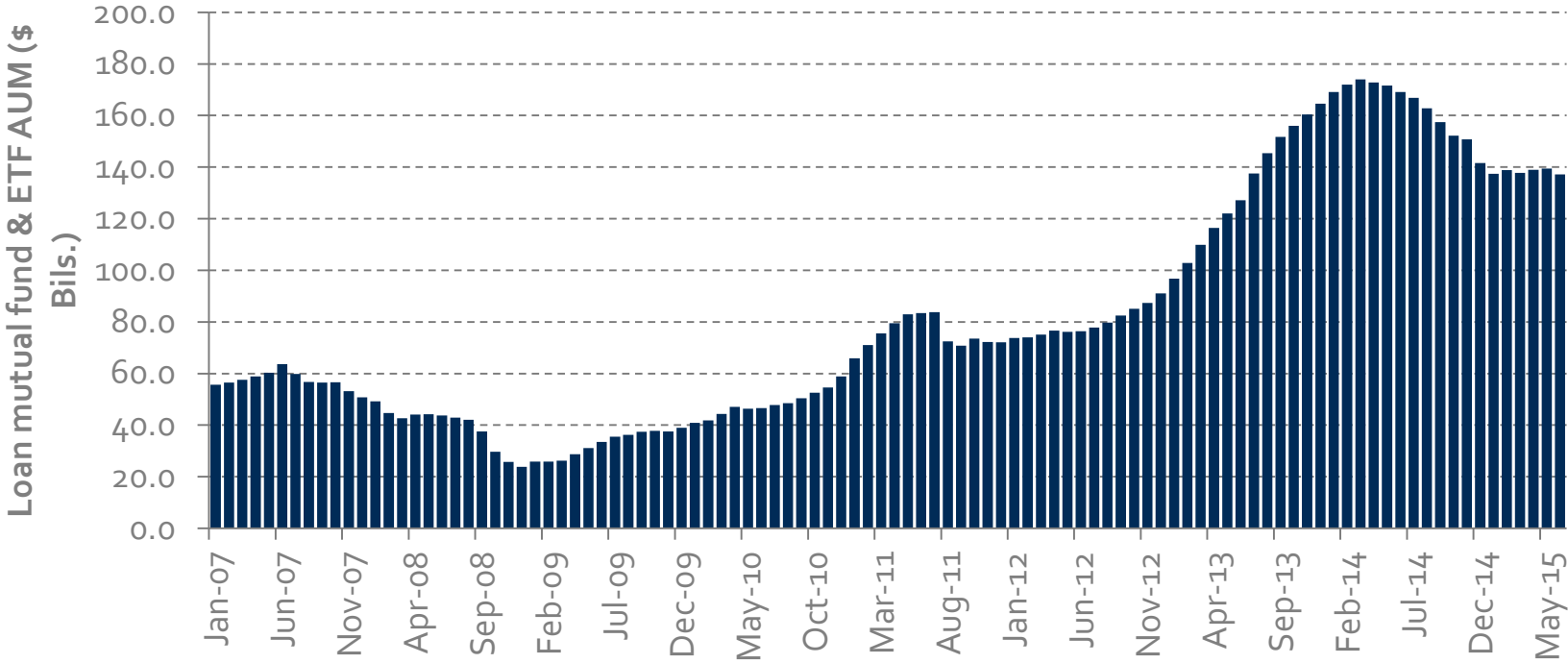
## ASSETS UNDER MANAGEMENT



- U.S. CLO assets under management climbed again in June, reaching \$413 billion (based on a universe of 948 CLOs), up over \$77 billion in the last year.

# LOAN FUNDS AUM

## U.S. LOAN MUTUAL FUND & ETF ASSETS UNDER MANAGEMENT\*

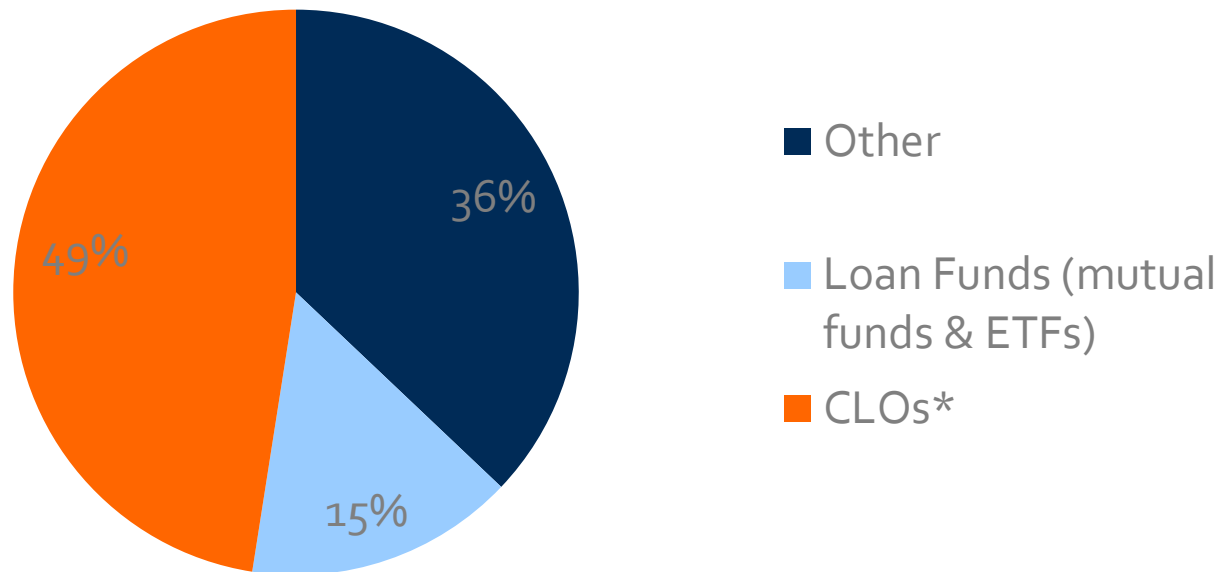


\*Based on the most recent data available

- Loan mutual fund & ETF assets under management slipped to \$137 billion in June.
- Year-to-date, AUM are down 3%.

# INVESTOR SHARE OF INSTITUTIONAL LOAN OUTSTANDINGS

SHARE OF U.S. LEVERAGED INSTITUTIONAL LOAN MARKET OUTSTANDINGS\*

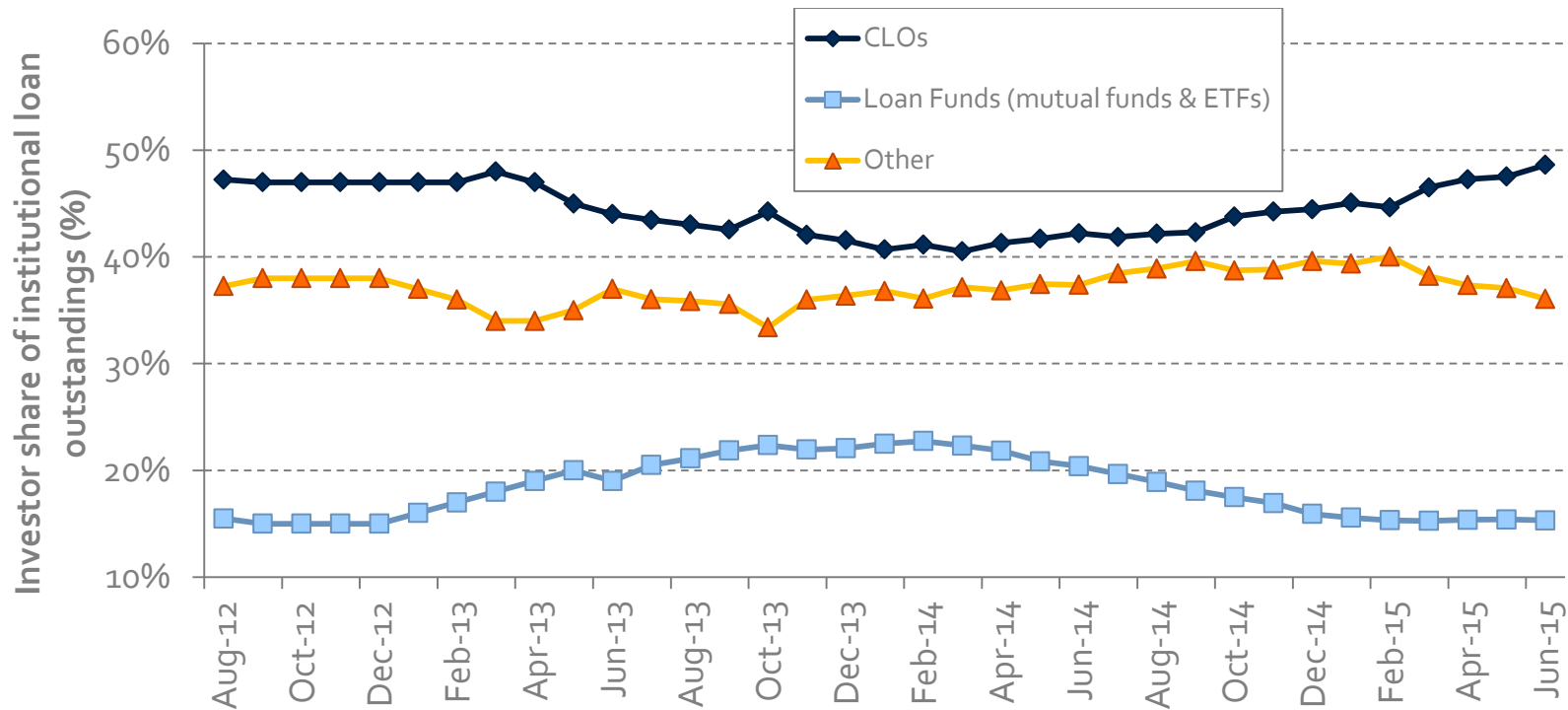


\*Based on a universe of 948 U.S. CLOs

- CLOs share of the institutional loan market is now at 49%, while loan mutual funds & ETFs currently account for 15%.

# INVESTOR SHARE OF INSTITUTIONAL LOAN OUTSTANDINGS

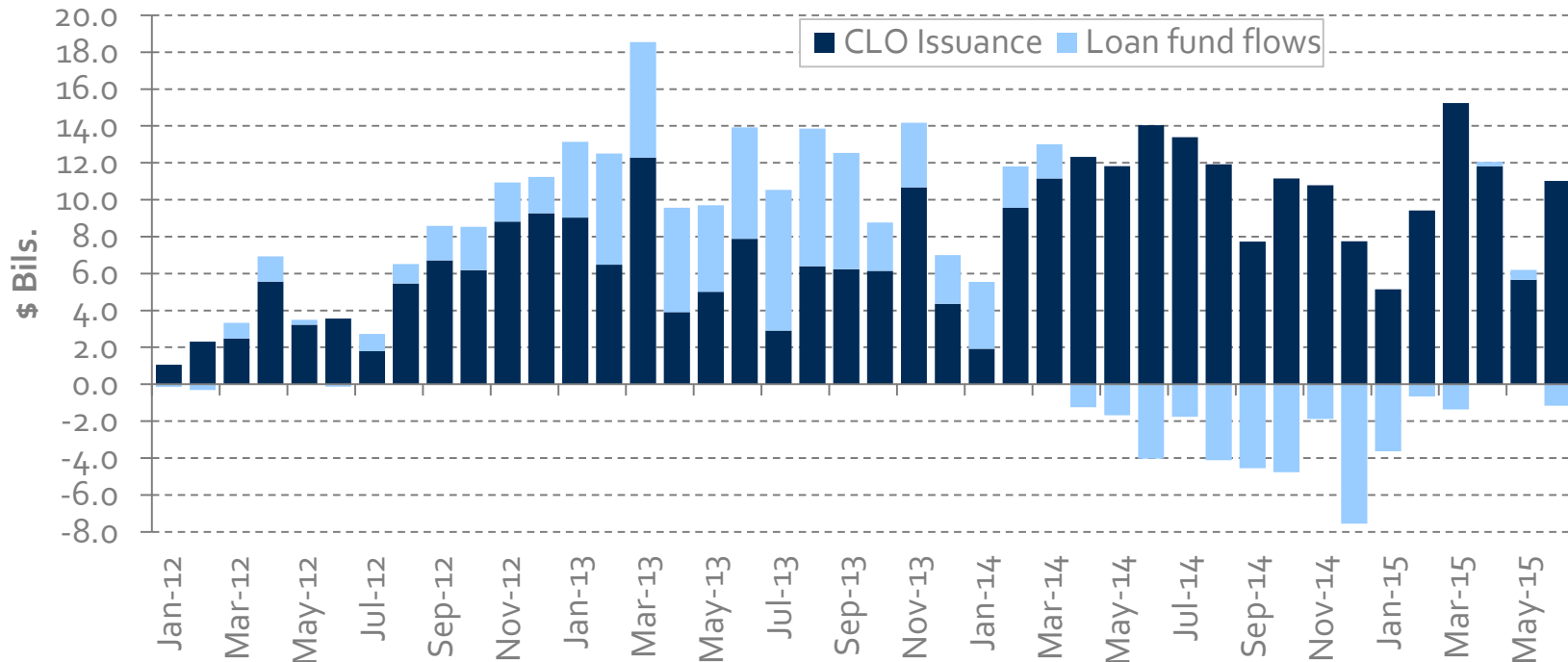
## INVESTOR SHARE OF INSTITUTIONAL LOAN OUTSTANDINGS



- The CLO share of institutional loan outstandings has increased to 49%, up four percentage points since the start of the year.

# CLO ISSUANCE VS. LOAN FUND FLOWS - MONTHLY

## MONTHLY CLO ISSUANCE VS. LOAN FUND FLOWS



- After slowing in May, CLO issuance bounced back to \$11 billion in June, bringing YTD volume to \$58.3 billion.
- After two straight months of inflows, loans funds suffered outflows of \$1.2 billion in June. Outflows this year have amounted to \$6 billion.





REUTERS/Petar Kujundzic

## CLO MARKET ANALYSIS\*

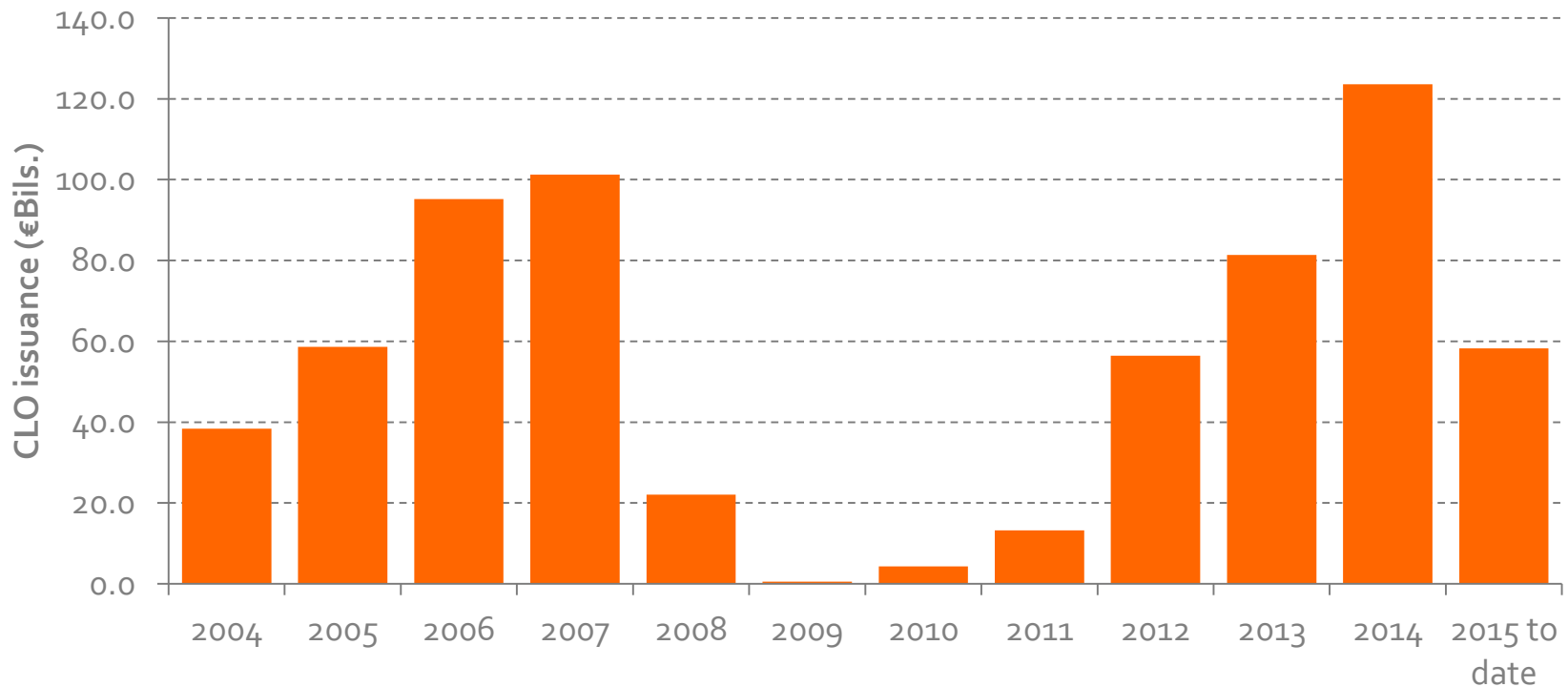
\*Based on the most recently available data in Thomson Reuters LPC Collateral



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# U.S CLO ISSUANCE - ANNUAL

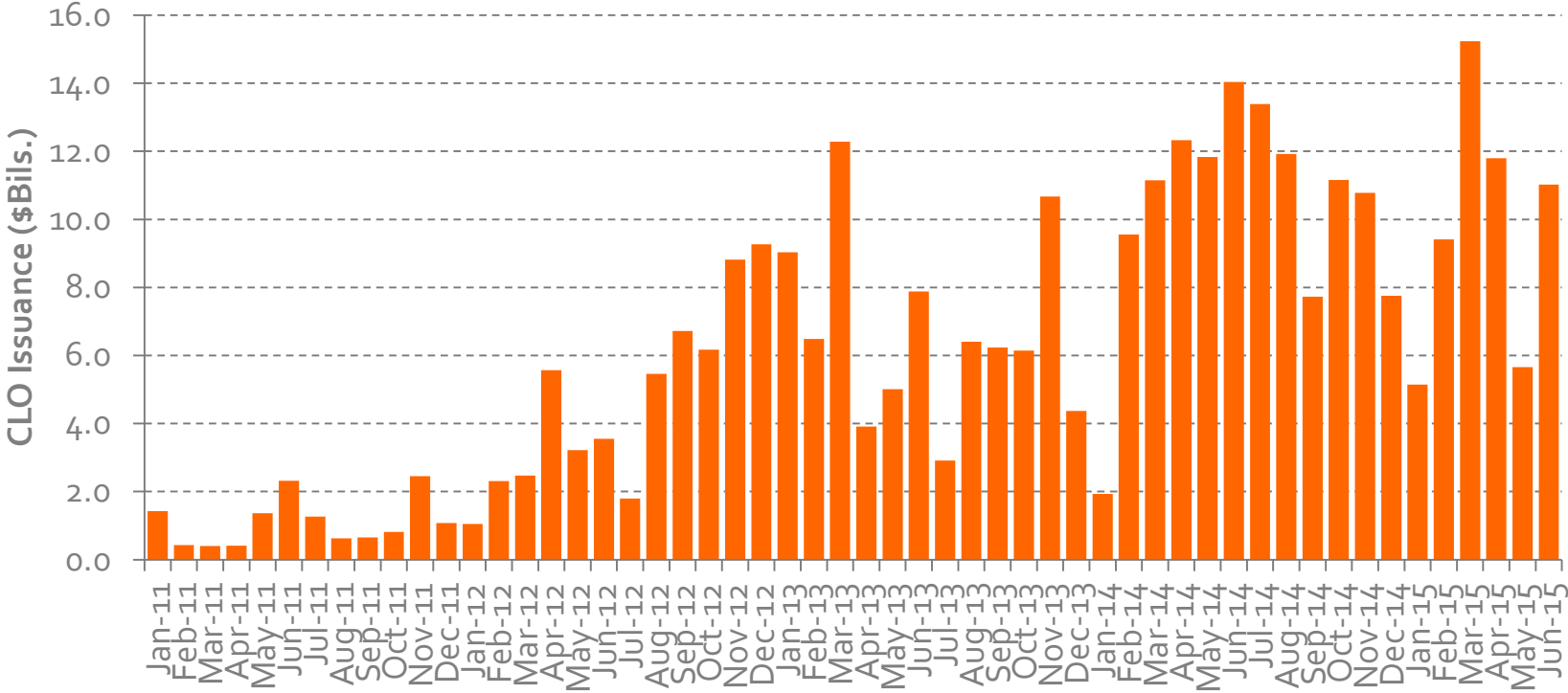
## U.S CLO ISSUANCE



- U.S. CLO issuance this year through June is at \$58.3 billion. At this time last year, issuance was at \$60.8 billion.

# U.S. CLO ISSUANCE - MONTHLY

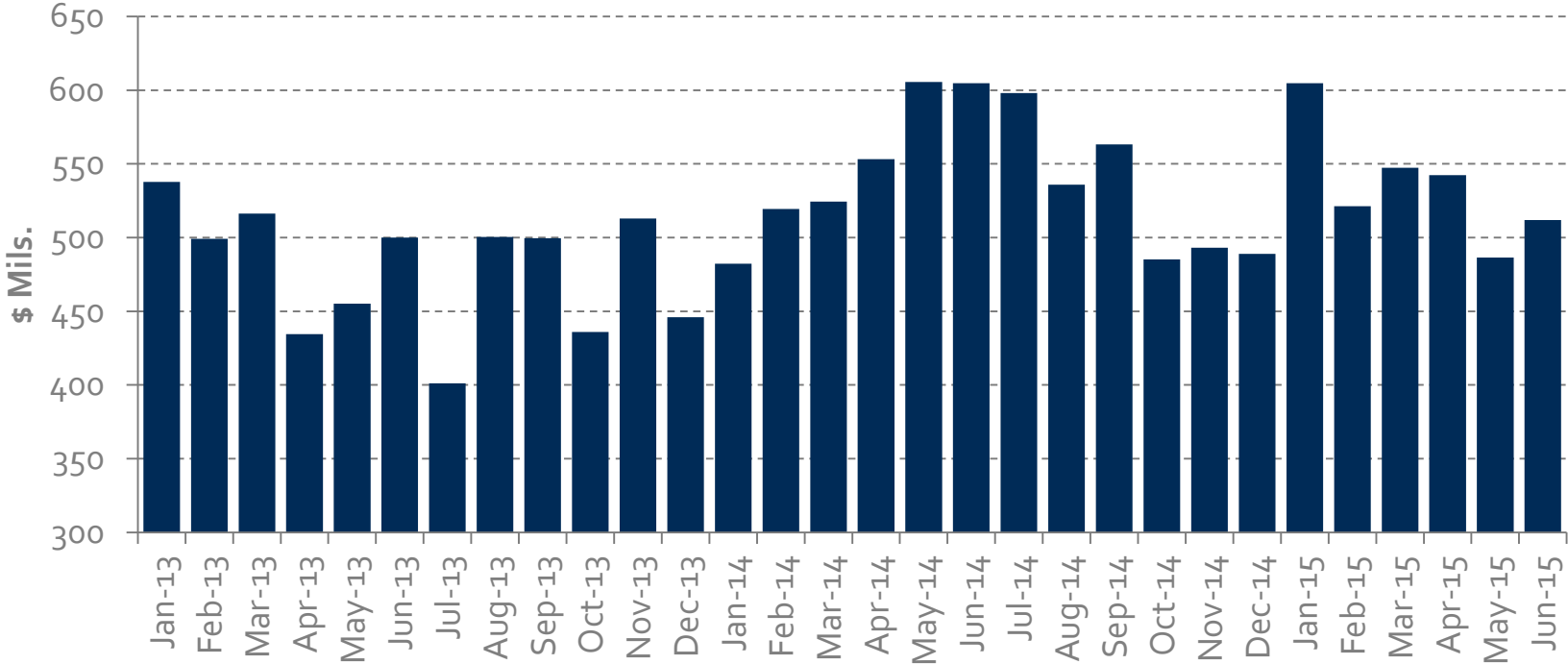
## CLO ISSUANCE



- Looking at CLO deal flow on a monthly basis, issuance rebounded to \$11 billion in June, the third highest monthly total this year, and nearly double the \$5.7 billion recorded in May.

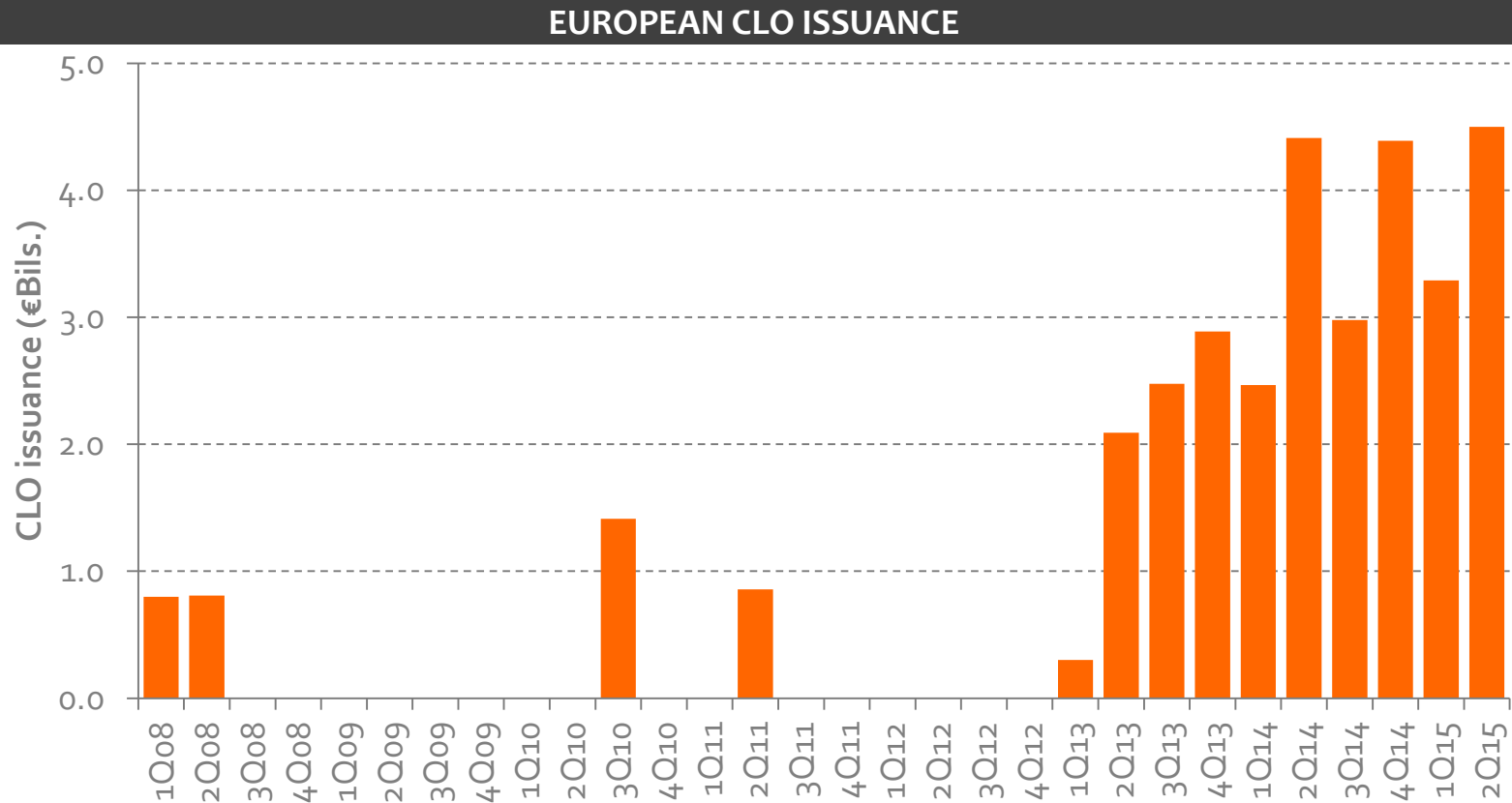
# U.S. CLO AVERAGE SIZE

U.S. BSL CLO AVERAGE SIZE



- The average size of BSL CLOs increased to \$512 million in June but was still the second lowest monthly level this year.

# EUROPEAN CLO ISSUANCE - QUARTERLY

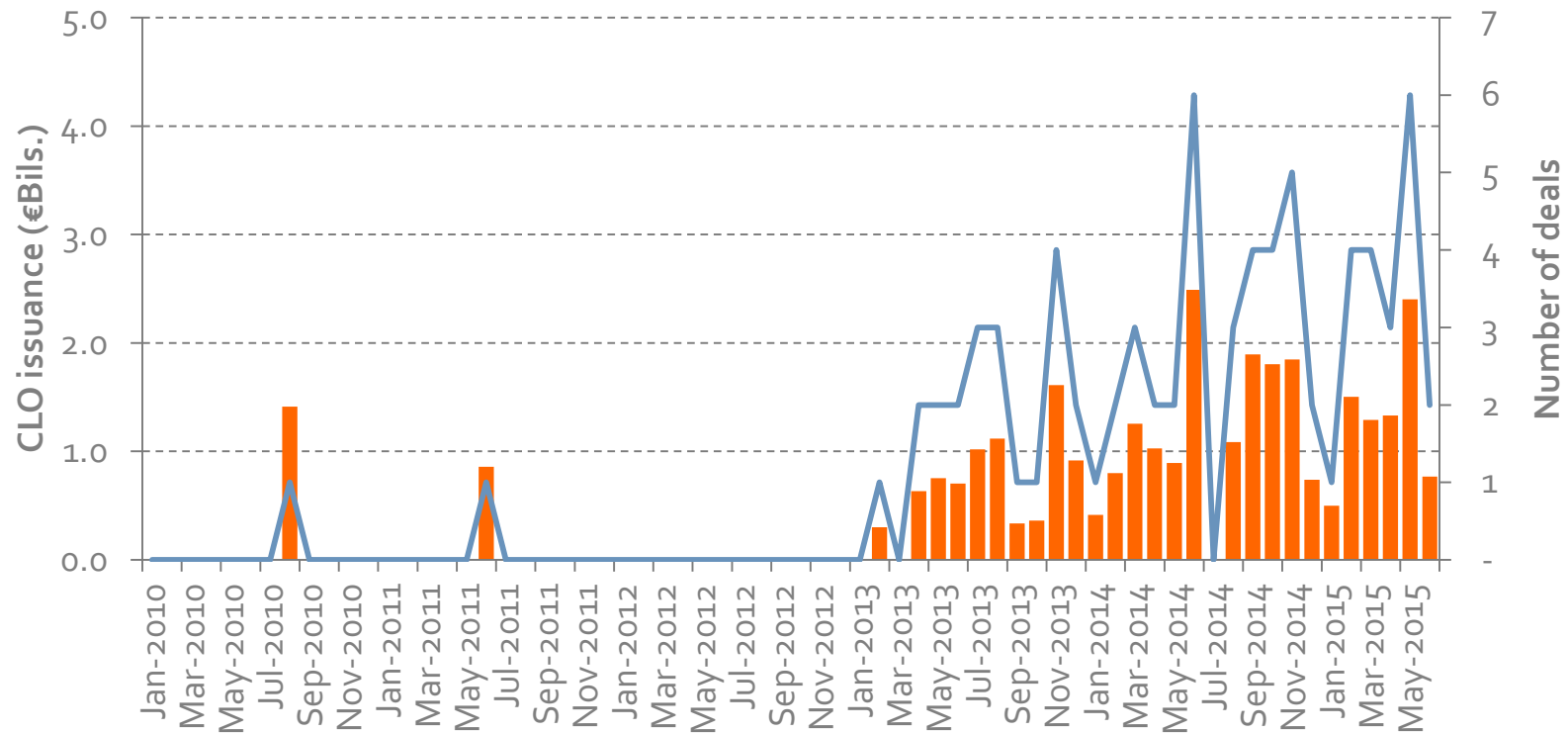


- European CLO issuance amounted to €4.5 billion in 2Q15, exceeding the figure of €3.3 billion recorded in 1Q15.
- Volume in 1H15 totaled €7.8 billion, up from €6.9 billion in the year ago period.



# EUROPEAN CLO ISSUANCE - MONTHLY

## EUROPEAN CLO ISSUANCE

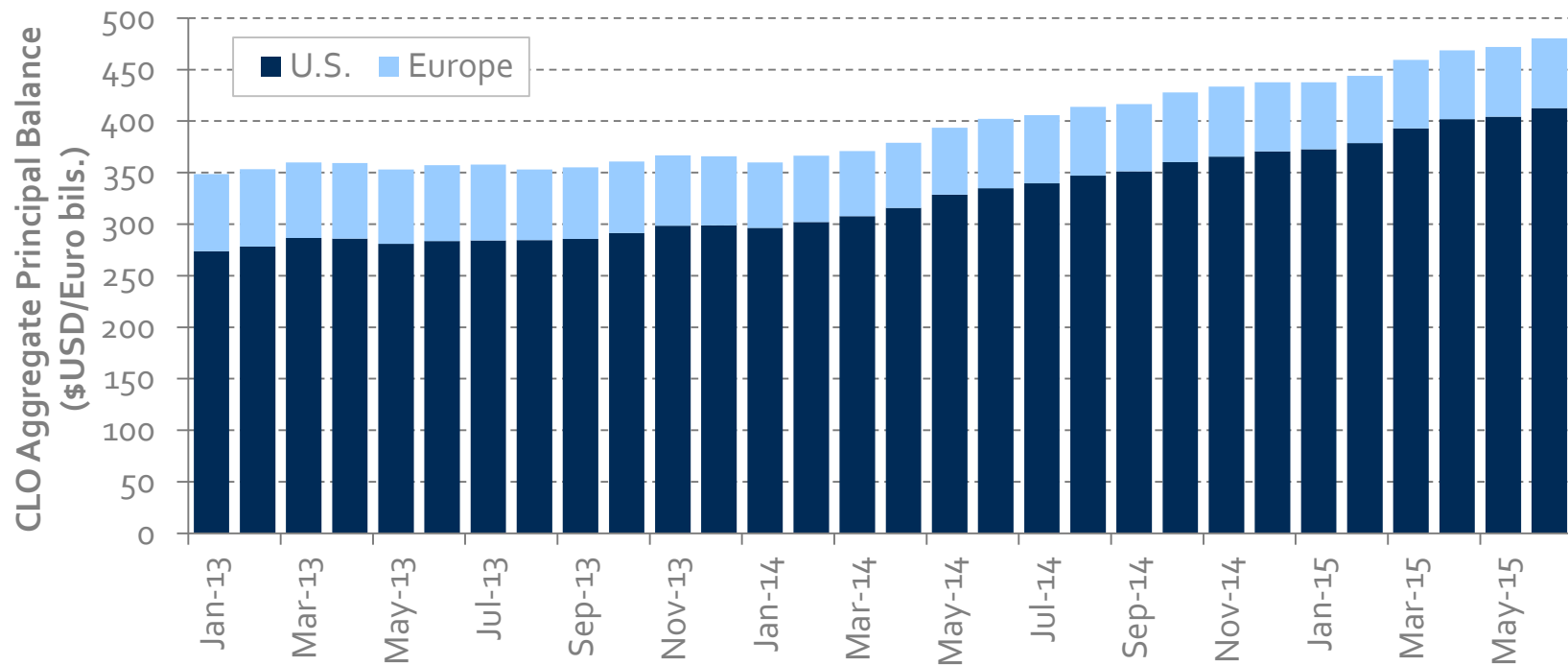


- On a monthly basis, European CLO issuance fell to €767 million in June (based on two deals), down from €2.4 billion (and six deals) a month earlier.



# CLO ASSETS UNDER MANAGEMENT

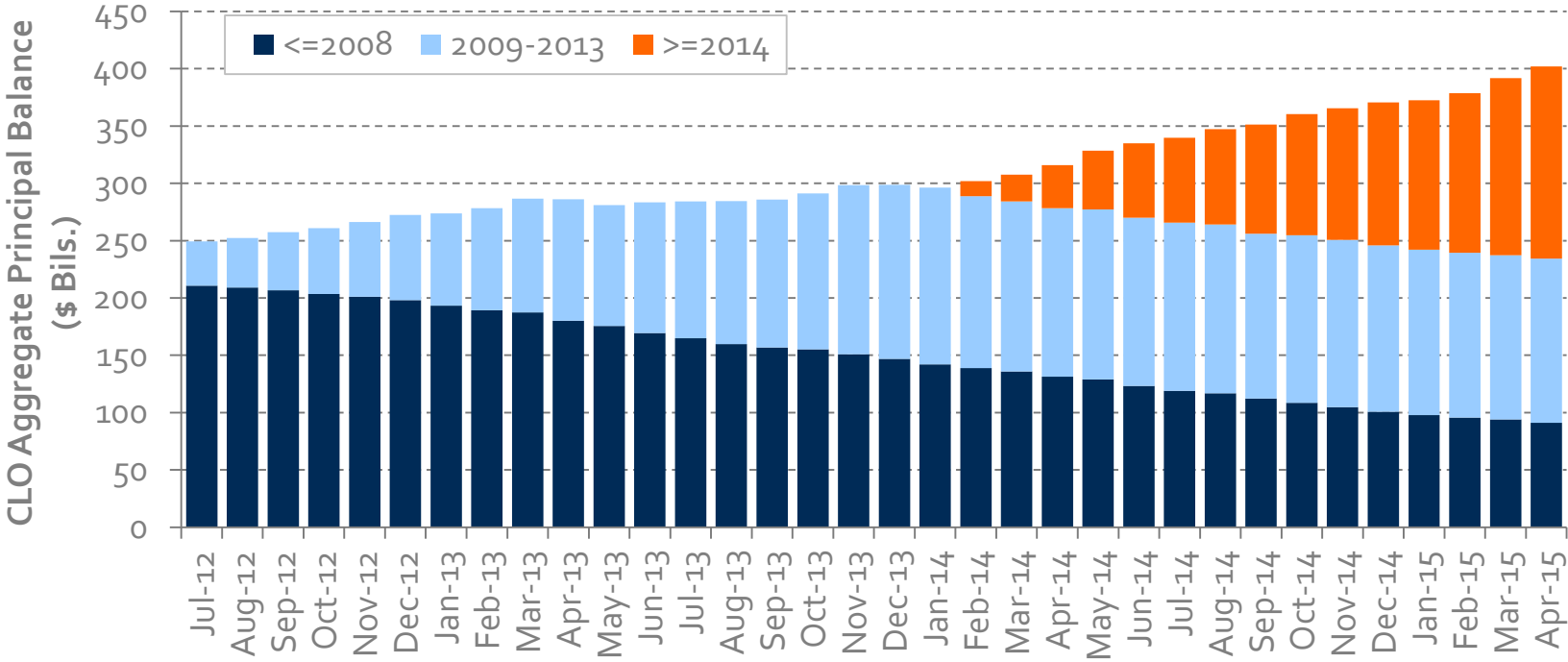
## CLO AGGREGATE PRINCIPAL BALANCE: U.S. & EUROPE



- U.S. CLO assets under management have increased to \$413 billion, while European CLOs edged up to 68 billion euros (based on a universe of 948 U.S. CLOs and 246 European CLOs).

# CLO APB BY VINTAGE\*

## U.S. CLO AGGREGATE PRINCIPAL BALANCE BY VINTAGE



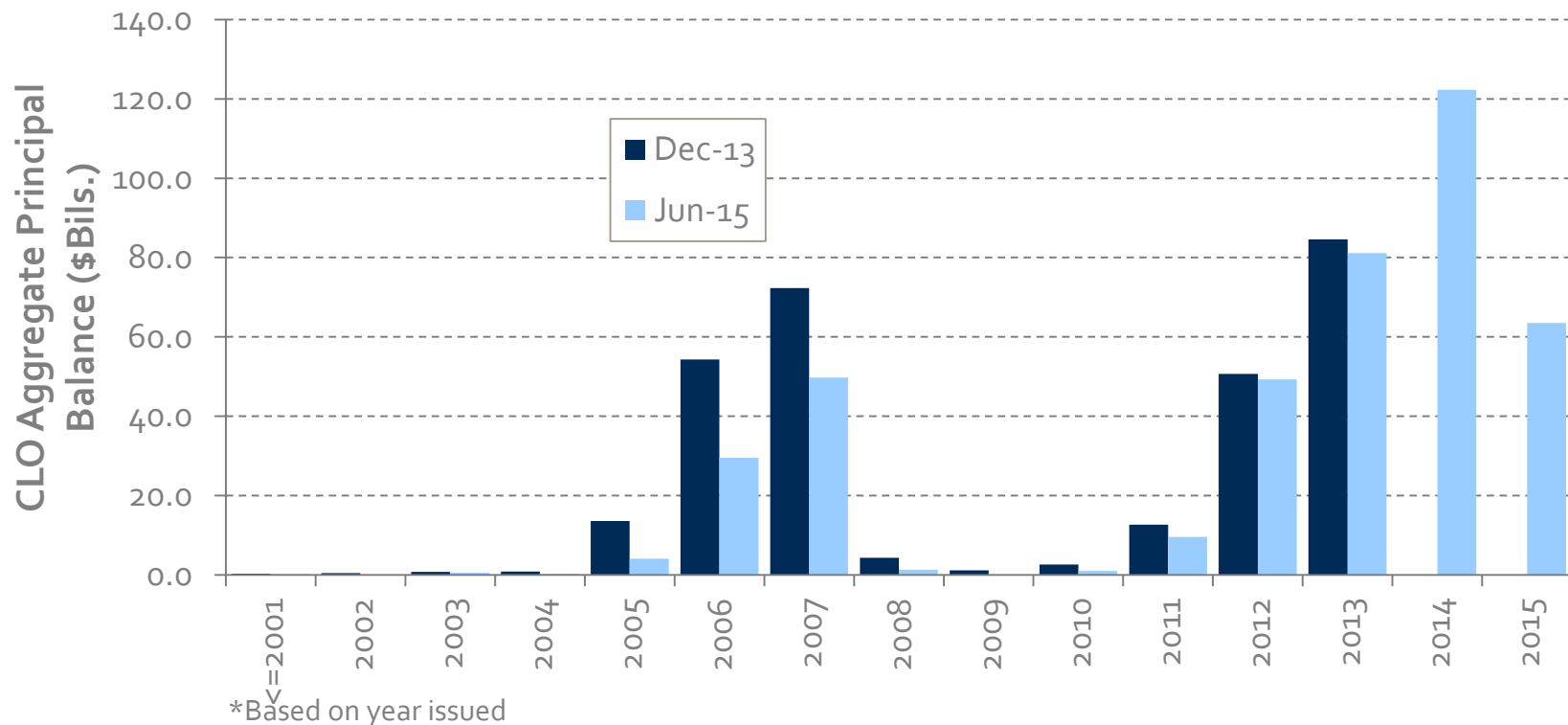
\*Based on year issued

- The CLO 1.0 share of the market continues to shrink and now represents only 21% of CLO assets under management.
- CLOs issued in 2014/2015 now account for 45% of CLO AUM.



# U.S. CLO ASSETS UNDER MANAGEMENT BY VINTAGE\*

## ASSETS UNDER MANAGEMENT

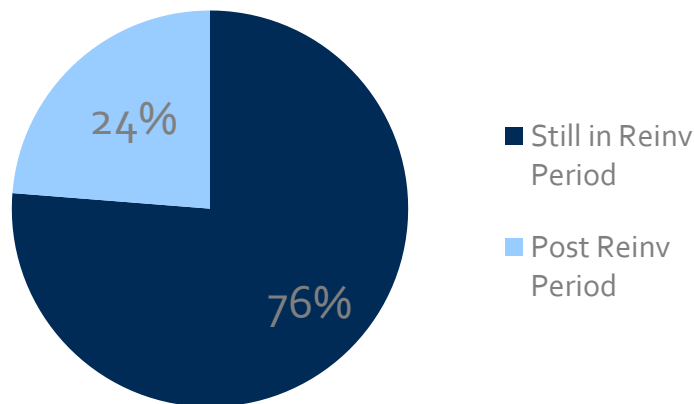


- CLOs issued since the beginning of 2012 now account for 77% of CLO assets under management, up from 45% at the end of 2013.

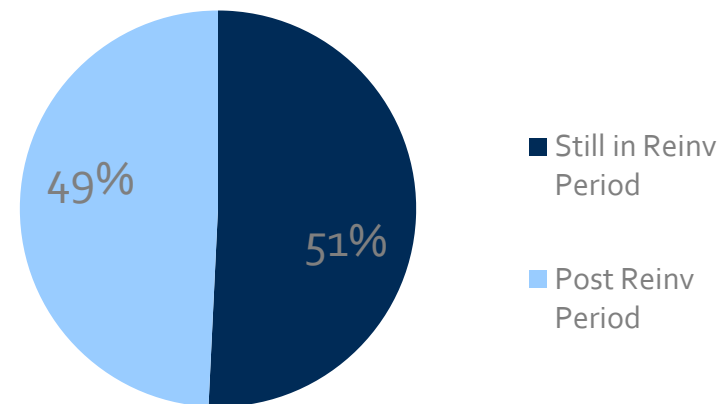
# SHARE OF ASSETS HELD BY CLOs THAT ARE STILL IN / PAST THEIR STATED REINVESTMENT PERIOD

SHARE OF ASSETS HELD BY CLOs THAT ARE STILL IN THEIR STATED REINVESTMENT PERIOD

U.S. CLOs



European CLOs



- 76% of U.S. CLO assets are held in CLOs that are still in their stated reinvestment period.
- For European CLOs, a slight majority (51%) of assets are held in CLOs still in their reinvestment period.

# TOP LOAN HOLDINGS IN U.S. CLO PORTFOLIOS

Rank	Issuer	Approximate Amount (\$ Bils.)*	Rank	Issuer	Approximate Amount (\$ Bils.)*
1	First Data Corp	3.26	21	Dell Inc	1.35
2	Valeant Pharmaceuticals	3.18	22	Formula One Group	1.34
3	Asurion Corp	2.81	23	Sabre Holdings Corp	1.34
4	Community Health	2.39	24	Petsmart Inc	1.32
5	Albertson	2.18	25	Mediacom Broadband	1.32
6	Chrysler Corp	1.97	26	Huntsman ICI	1.31
7	Fortescue Metals Group Ltd	1.76	27	Univar NV	1.30
8	HCA Inc.	1.75	28	West Corp	1.27
9	Calpine Corp	1.75	29	Avaya Inc	1.27
10	TXU Corp	1.68	30	Dollar Tree Stores	1.24
11	Delta Airlines	1.65	31	HERTZ CORP	1.21
12	Univision Communications	1.62	32	Level 3 Communications	1.19
13	Tribune Co	1.60	33	Infor Global Solutions	1.18
14	Scientific Games	1.59	34	American Airlines	1.15
15	Ineos Group Ltd	1.58	35	Avago Technologies	1.14
16	Aramark Corporation	1.57	36	US Airways Group	1.14
17	Numericable SAS	1.47	37	Federal-Mogul Corp	1.14
18	Transdigm	1.44	38	SunGard Data Systems Inc	1.10
19	Freescale Semiconductor	1.39	39	Advantage Sales & Marketing	1.09
20	Royalty Pharma	1.38	40	BMC Software	1.09

\*Excludes CLOs not yet in TR LPC Collateral

# TOP LOAN HOLDINGS IN EUROPEAN CLO PORTFOLIOS

Rank	Issuer	Approximate Amount (\$ Bils.)*
1	Numericable SAS	1.04
2	ZIGGO BV	1.01
3	eircom Group Plc	0.96
4	Ineos Group Ltd	0.84
5	Ista International GmbH	0.80
6	Telenet Operatives NV	0.74
7	IDCSalud Quiron	0.65
8	Flint Group	0.59
9	Parques Reunidos SA	0.54
10	Springer Science & Business Media	0.54
11	SPIE SA	0.54
12	WorldPay Ltd	0.52
13	Wind Telecomunicazione Spa	0.50
14	IMS Healthcare	0.48
15	Iglo Foods Group Ltd	0.48
16	Jacobs Douwe Egberts	0.47
17	First Data Corp	0.46
18	VWR International Inc	0.44
19	Gala Coral Group Ltd	0.42
20	Ahlsell AB	0.41

Rank	Issuer	Approximate Amount (\$ Bils.)*
21	Vitalia	0.37
22	Intertrust Group Ltd	0.37
23	Amdipharm Mercury Co Ltd	0.37
24	Autobahn Tank & Rast	0.36
25	Diaverum AB [Ex-Gambro Healthcare]	0.36
26	Schaeffler KG	0.35
27	Compagnie Europeene De Prevoyance	0.35
28	CBR Holding GmbH & Co	0.35
29	Cortefiel SA	0.35
30	Douglas Holding AG	0.34
31	SIG Combibloc Group AG	0.33
32	Nets Holding A/S	0.31
33	OGF(Pompes Funebres Generale)	0.30
34	Patheon Inc	0.29
35	Dell Inc	0.29
36	Ceva Sante Animale SA	0.29
37	Infor Global Solutions	0.29
38	BSN Medical GmbH & Co KG	0.29
39	Action Nederland BV	0.28
40	Sebia International SA	0.28

\*Excludes CLOs not yet in TR LPC Collateral

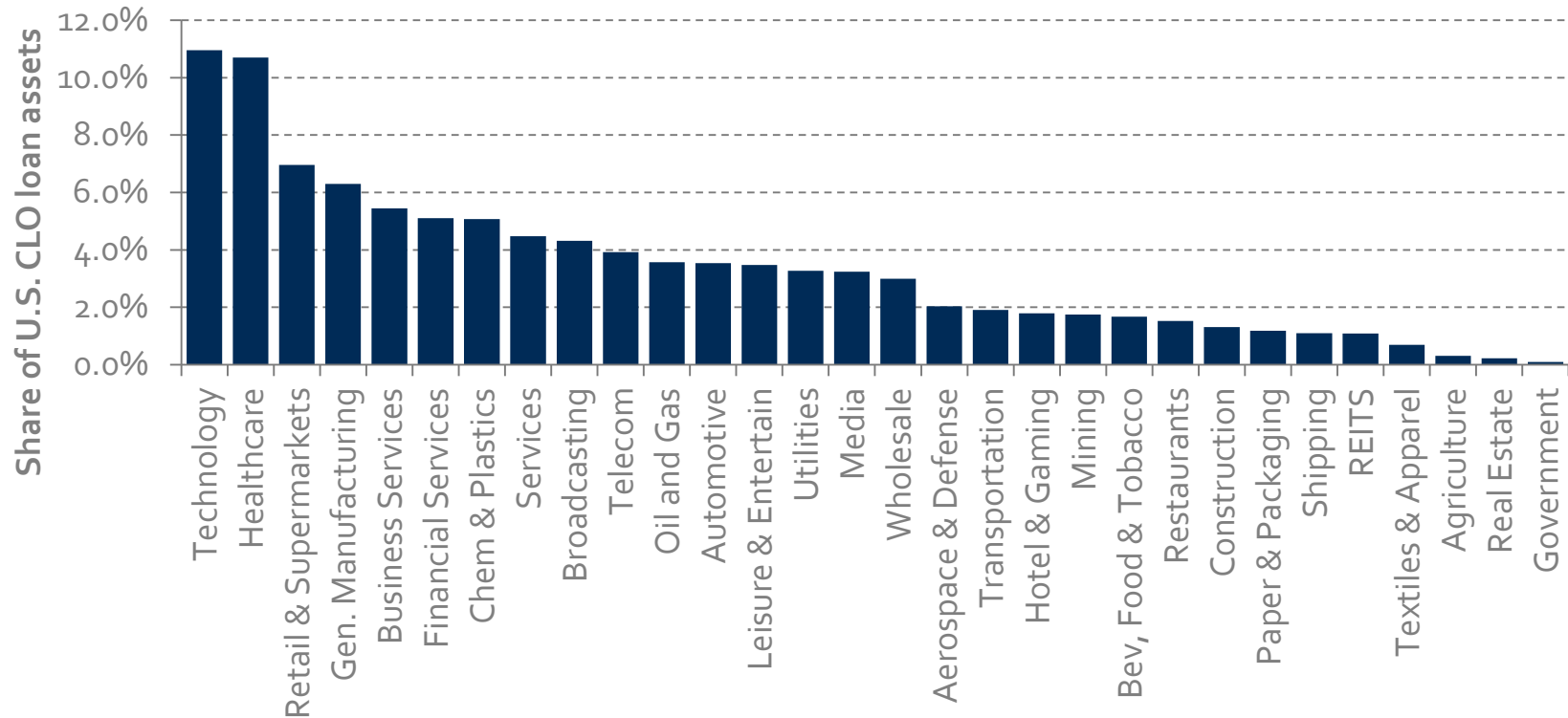


THOMSON REUTERS

SOURCE: THOMSON REUTERS LPC

# TOP INDUSTRIES – U.S. CLOs

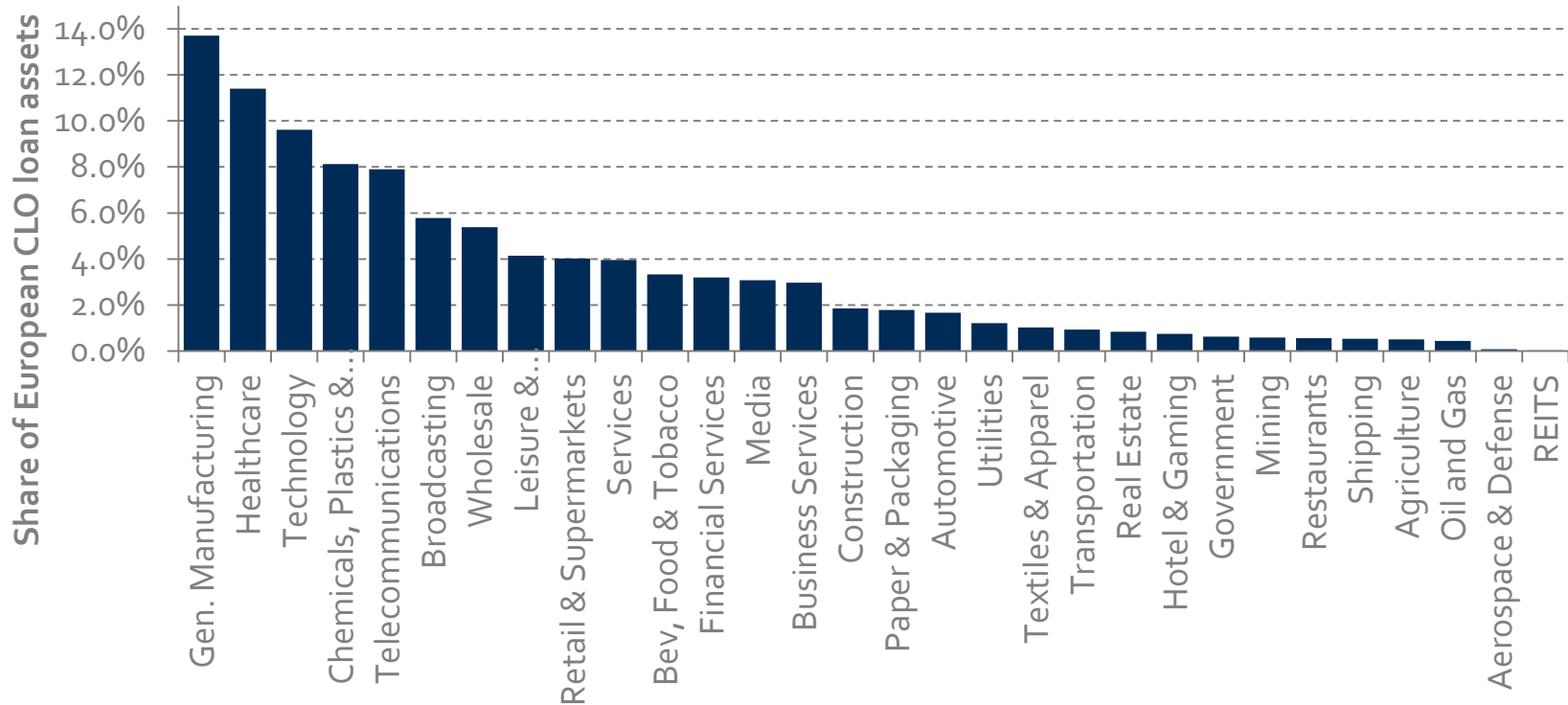
## TOP INDUSTRIES – U.S. CLOS



- For U.S. CLO loan holdings, the top sectors are Technology (11%), Healthcare (10.7%), and Retail & Supermarkets (7%).
- The top 10 sectors account for 63% of overall U.S. CLO loan holdings.

# TOP INDUSTRIES – EUROPEAN CLOs

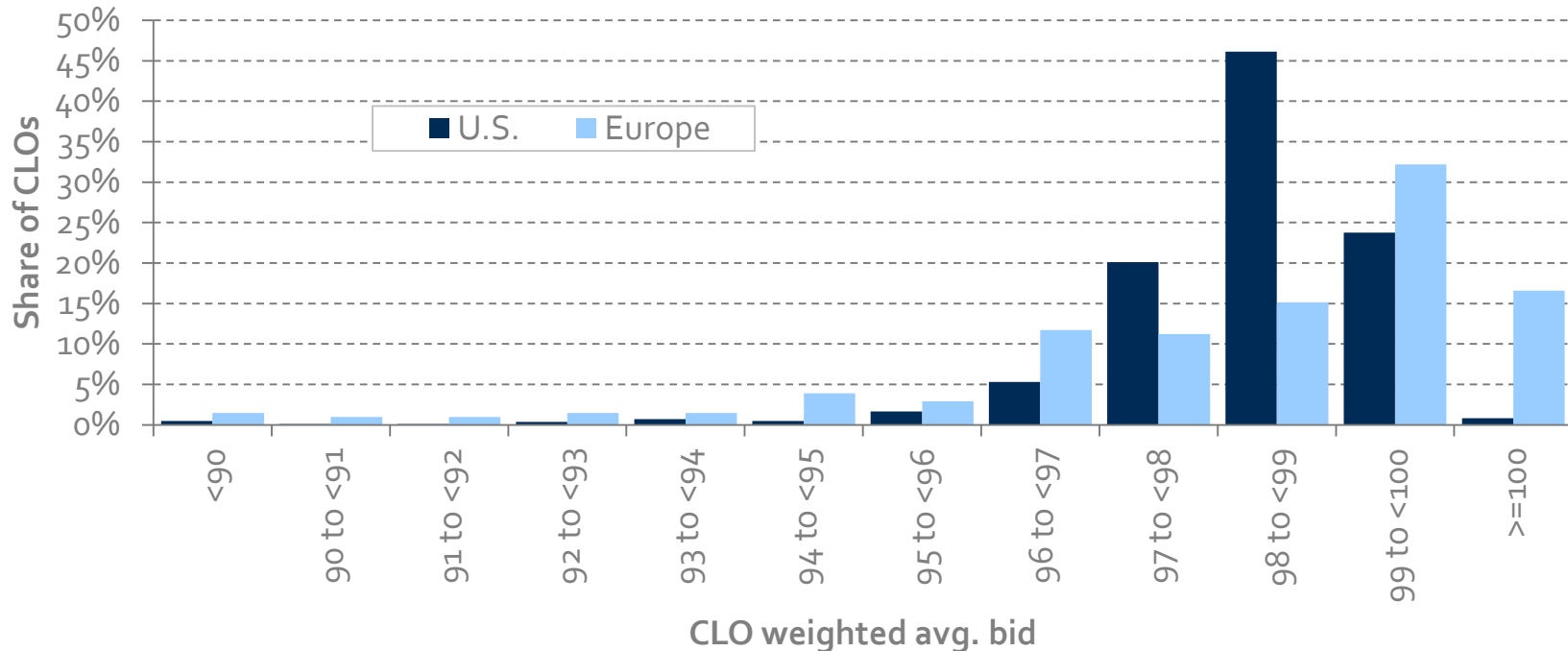
## TOP INDUSTRIES – EUROPEAN CLOs



- For European CLO loan holdings, the top sectors are General Manufacturing (13.7%), Healthcare (11.4%), and Technology (9.6%).
- The top 10 sectors account for 74% of European CLO loan holdings.

# WEIGHTED AVERAGE BIDS OF UNDERLYING CLO ASSETS: U.S. VS. EUROPE

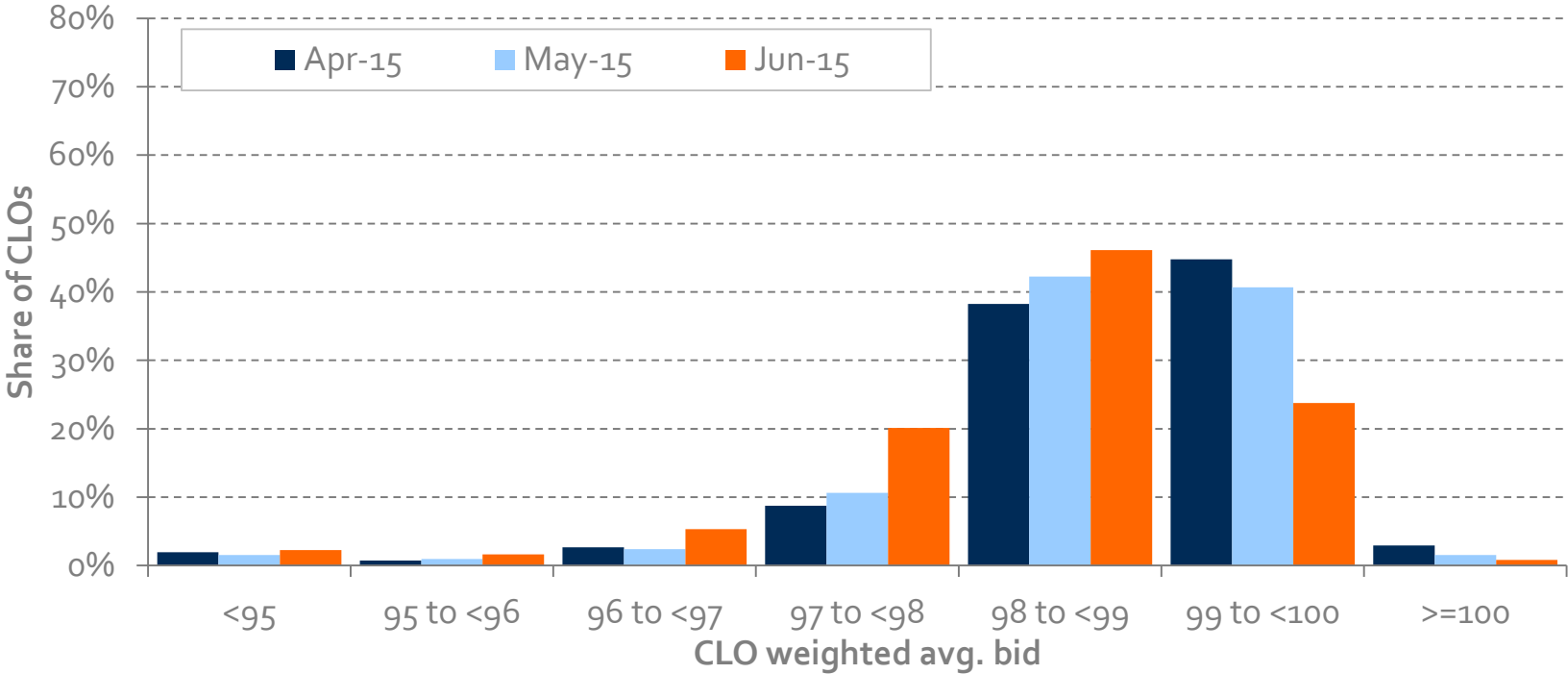
## CLO WEIGHTED AVERAGE BID DISTRIBUTION



- Nearly half of European CLOs now have a weighted average bid (on their underlying assets) in the 99-plus range, compared to one-quarter of U.S. CLOs.
- The most popular price point for U.S. CLOs (46% of deals) is in the 98-99 range.

# WEIGHTED AVERAGE BIDS OF UNDERLYING U.S. CLO ASSETS

U.S. CLO WEIGHTED AVERAGE BID DISTRIBUTION

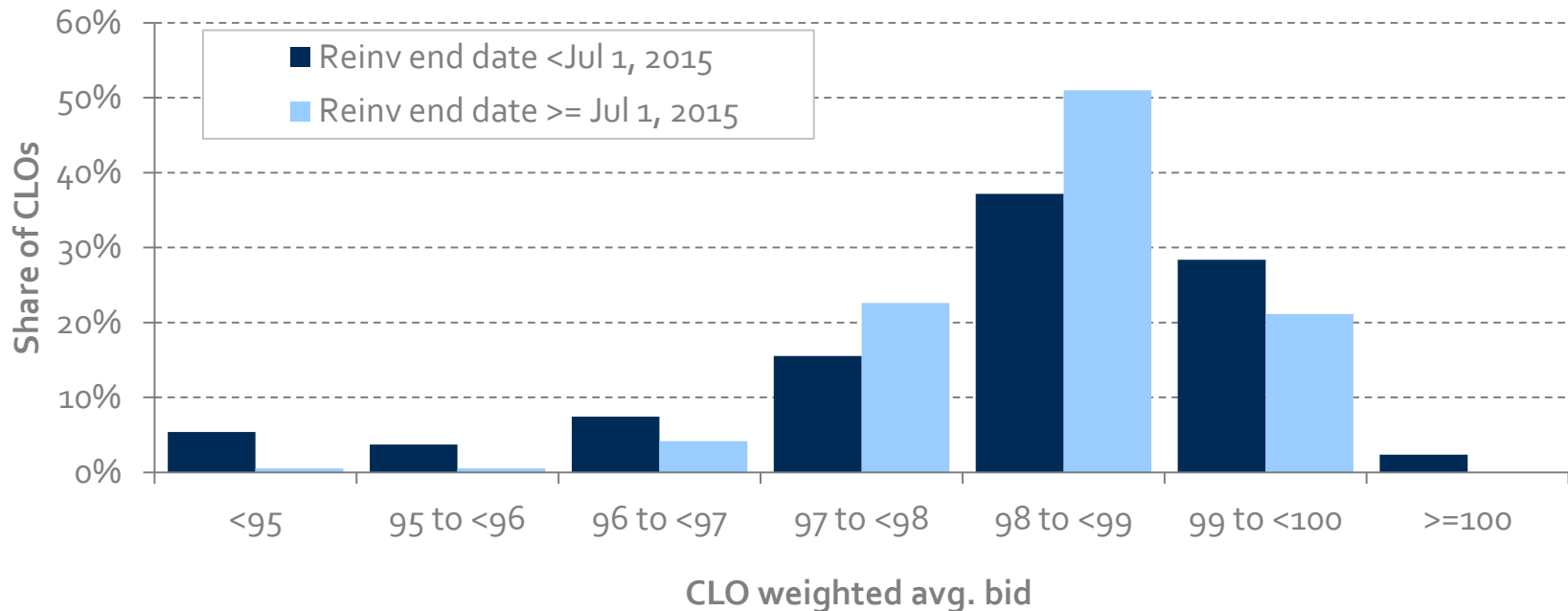


- U.S. asset prices moved lower in June, with the 99-plus share slipping to 25% from 42% a month earlier.



# WEIGHTED AVERAGE BIDS OF UNDERLYING U.S. CLO ASSETS – BY REINVESTMENT DATE

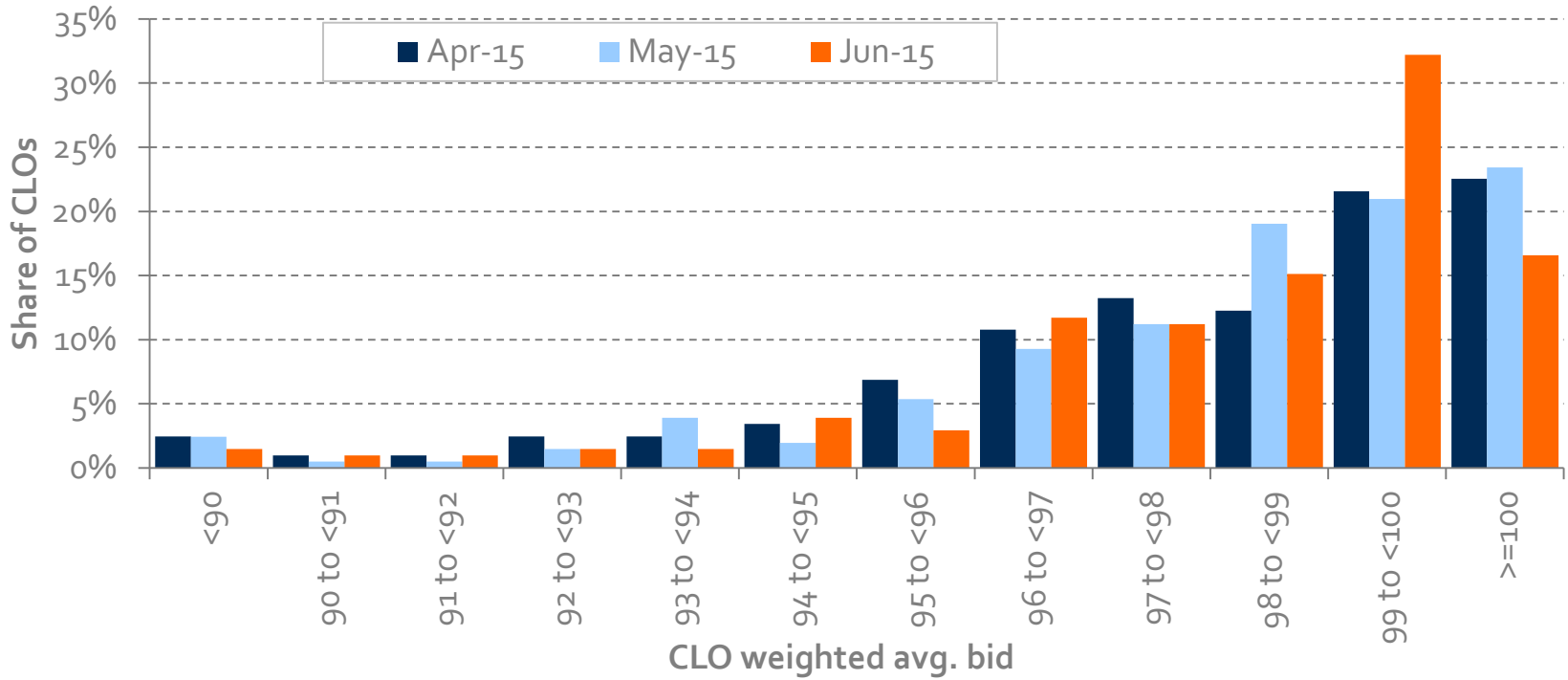
## U.S. CLO WEIGHTED AVERAGE BID DISTRIBUTION



- For most U.S. deals still in their reinvestment period (72%), underlying asset prices are concentrated in the 98-plus range.
- In comparison, a slightly lower share (68%) of post reinvestment CLOs assets are bid in the 98-plus area.

# WEIGHTED AVERAGE BIDS OF UNDERLYING EUROPEAN CLO ASSETS

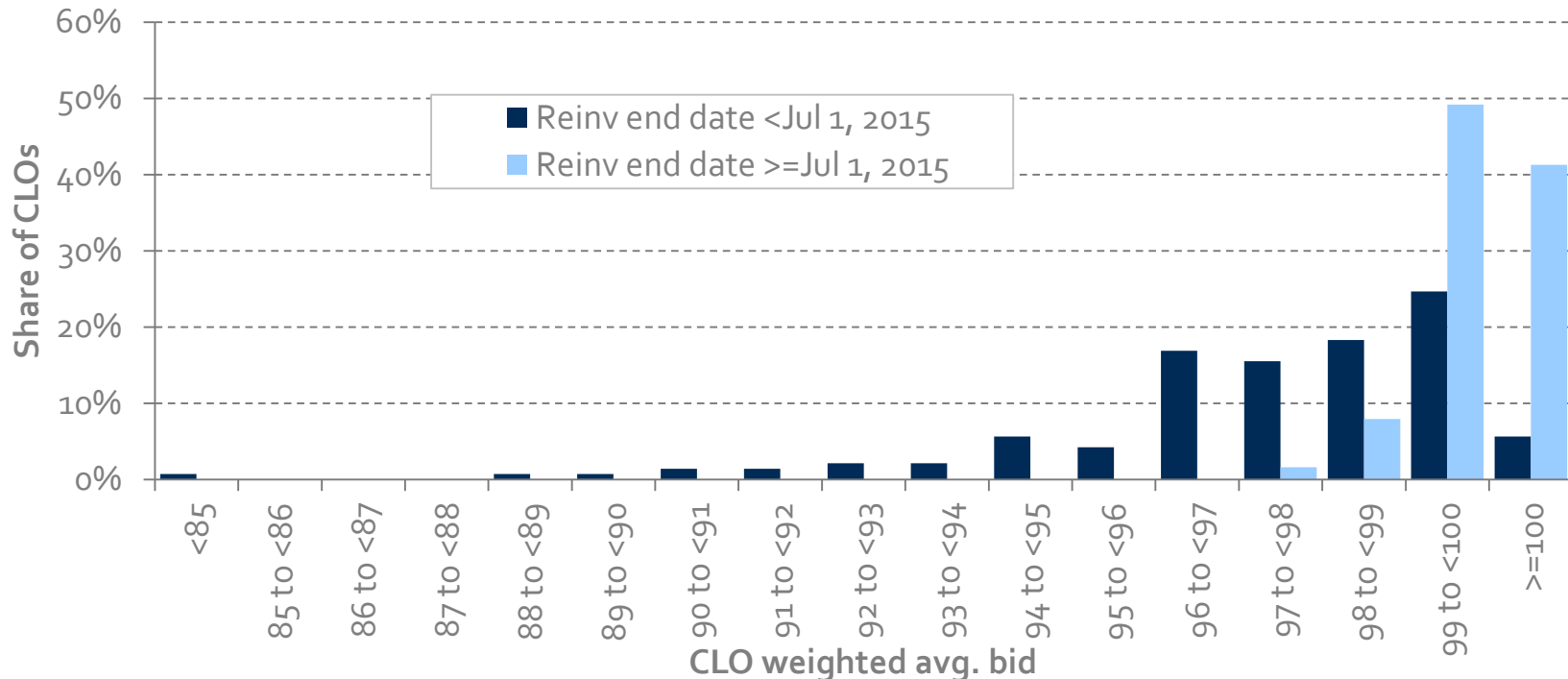
EUROPEAN CLO WEIGHTED AVERAGE BID DISTRIBUTION



- The share of European CLOs with a weighted average bid (on their assets) in the par-plus area slipped to 17% in June. The share in the 98-plus category (64%) was relatively flat.

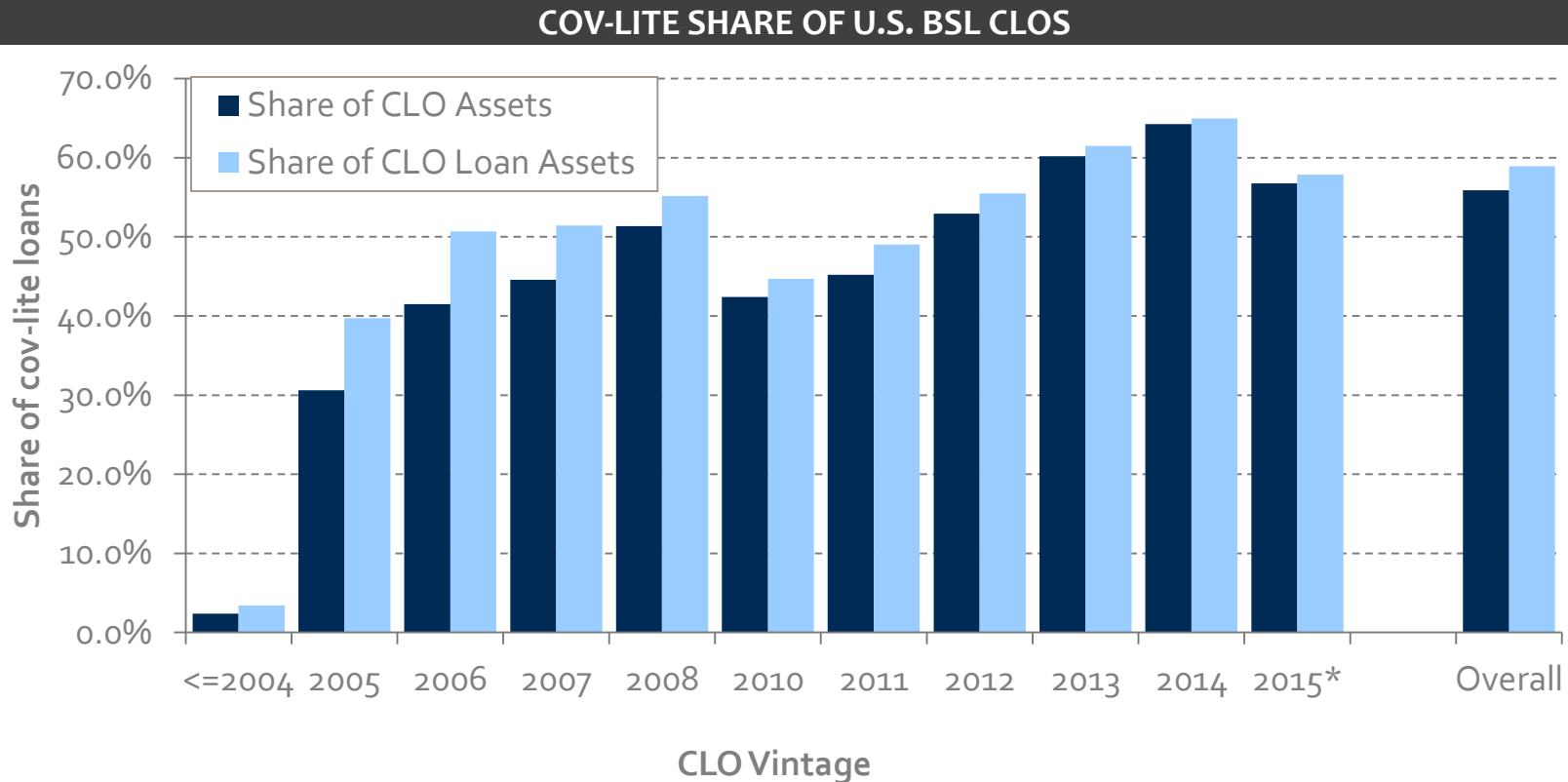
# WEIGHTED AVERAGE BIDS OF UNDERLYING EUROPEAN CLO ASSETS – BY REINVESTMENT DATE

## EUROPEAN CLO WEIGHTED AVERAGE BID DISTRIBUTION



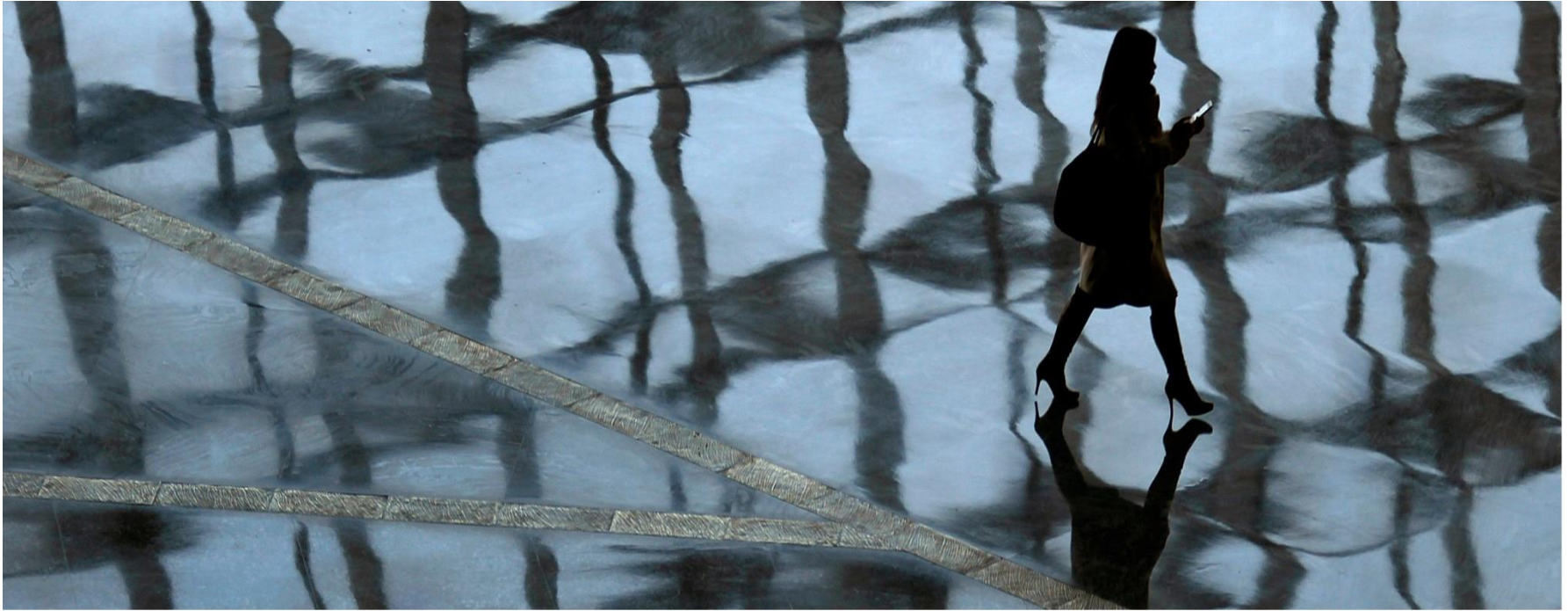
- The weighted average bid of assets in European CLOs still in their stated reinvestment period is much higher than those past their reinvestment date.
- 90% of CLOs in their reinvestment period have a weighted average bid above 99 versus a 30% share for CLOs past their stated reinvestment date.

# COV-LITE SHARE OF U.S. BSL CLOS



\*Excludes recently issued CLOs not yet in TR LPC Collateral

- The cov-lite share of BSL CLO loan assets is 59% and the share of total assets is 56%.
- Cov-lite loans represent 60% of CLO 2.0 total assets compared to 43% for 1.0 CLOs.



REUTERS/Petar Kujundzic

# LIST OF CLOs / U.S. CLO LEAGUE TABLES



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# JUNE / EARLY JULY 2015 U.S. CLOs

Date priced	CLO name	CLO manager	Arranger	Trustee	Deal size (\$ Mils.)
2-Jun-15	GoldenTree Loan Opportunities 2015-X	GoldenTree Asset Management	Morgan Stanley	US Bank	720.25
3-Jun-15	Halcyon Loan Advisors Funding 2015-II	Halcyon Asset Management	Wells Fargo	Deutsche Bank	512.46
3-Jun-15	Z-Capital CLO 2015-1	Z Capital Credit Partners	Jefferies	US Bank	400.25
4-Jun-15	Carlyle GMS Finance MM CLO 2015-I	Carlyle Investment Management	Citi	State Street	398.9
4-Jun-15	Venture CLO 2015-XXI	MJX Asset Management	Credit Suisse	Citi/Virtus	718.75
4-Jun-15	OCP CLO 2015-9	Onex Credit Partners	Citi	Citi/Virtus	757.05
9-Jun-15	Fortress Credit Investments CLO 2015-IV	Fortress	Bank of America Merrill Lynch	US Bank	408
11-Jun-15	Cathedral Lake II	Carlson Capital	Jefferies	US Bank	410.6
11-Jun-15	ICG US 2015-1	ICG Debt Advisors	Credit Suisse	US Bank	410.75
11-Jun-15	Wind River 2015-I	THL Credit	Credit Suisse	Wells Fargo	616.25
15-Jun-15	Parallel 2015-I	Doubleline Capital	Morgan Stanley	US Bank	415
15-Jun-15	Octagon Investment Partners XXIII	Octagon Credit Investors	Wells Fargo	US Bank	608.965
15-Jun-15	Marathon CLO 2015-VIII	Marathon Asset Management	JP Morgan	BNY Mellon	461.37
16-Jun-15	Neuberger Berman CLO 2015-19	Neuberger Berman	BNP	Wells Fargo	410.15
18-Jun-15	Sound Point 2015-II	Sound Point Capital Management	Bank of America Merrill Lynch	US Bank	515
23-Jun-15	CIFC Funding 2015-III	CIFC	BNP	US Bank	515.6
23-Jun-15	Voya CLO 2015-II	Voya Alternative Asset Management	Morgan Stanley	BNY Mellon	569
23-Jun-15	Palmer Square CLO 2015-II	Palmer Square Capital Management	Citi	Citi/Virtus	408.15
30-Jun-15	Hildene CLO IV	Hildene Capital Management	Citi	Deutsche Bank	358.3
30-Jun-15	Jamestown CLO VII	3i Debt Management	Credit Suisse	Citi/Virtus	510.5
30-Jun-15	Ivy Hill Middle Market Credit Fund X	Ivy Hill Asset Management	Citi	US Bank	384.65
30-Jun-15	OZLM XIII	Och Ziff Capital Management	Citi	Citi/Virtus	511.6
1-Jul-15	Benefit Street Partners CLO VII	Benefit Street Partners	JP Morgan	US Bank	512.5
1-Jul-15	Carlyle Global Market Strategies 2015-3	Carlyle Investment Management	JP Morgan	State Street	589.58
1-Jul-15	LCM 19	LCM Asset Management	Morgan Stanley	Deutsche Bank	617.5
2-Jul-15	Dryden 40	Prudential	Wells Fargo	Deutsche Bank	611.922

# JUNE / EARLY JULY 2015 U.S. CLOS - PRICING

CLO name	AAA coupon	AAA DM	AA coupon	AA DM	A coupon	A DM	BBB coupon	BBB DM	BB coupon	BB DM	B coupon	B DM
GoldenTree Loan Opportunities 2015-X	133	141	190	190	265	265	335	375	520	600	610	
Halcyon Loan Advisors Funding 2015-II	139		210		315		365		570		723	
Z-Capital CLO 2015-1	133		204		320		400		597		645	
Carlyle GMS Finance MM CLO 2015-I	185	185	270	270								
Venture CLO 2015-XXI	149		190		280		360		480		660	
OCP CLO 2015-9	150	150	200	200	290	290	370	385	454	605	640	800
Fortress Credit Investments CLO 2015-IV	125		190		290		350		510			
Cathedral Lake II	159	159	221	240	320	342	365	440	551	665		
ICG US 2015-1	150		205		310		375		545			
Wind River 2015-I	150		210		315		425		555		685	
Parallel 2015-I	145	150	205	220	275	300	365	440	515	655	660	860
Octagon Investment Partners XXIII	142	142	200	200	275	275	375	390	545	610	660	775
Marathon CLO 2015-VIII	149		200		295		405		605			
Neuberger Berman CLO 2015-19	142	142	180	180	260	260	355	370	525	630	600	830
Sound Point 2015-II	152		200		300		355		550		650	
CIFC Funding 2015-III	142	142	210	210	290	290	380		605		690	
Voya CLO 2015-II	140	140	198	198	270	270	340	404	530	645		
Palmer Square CLO 2015-II	150	153	223	223	310	310	365	425	545	650	635	800
Hildene CLO IV	150		225		310		380		550			
Jamestown CLO VII	155		215		320		375		550		675	
Ivy Hill Middle Market Credit Fund X	175		255		340		425					
OZLM XIII	141	145	210	225	270	290	450	450	545	650	650	850
Benefit Street Partners CLO VII	153		215		295		355		535			
Carlyle Global Market Strategies 2015-3	140		200		270		355		570		735	
LCM 19	147	148	200	200	270	270	345	400				
Dryden 40	140	140	217	217	290	290	370		595			



# YTD 2015 EUROPEAN CLOs

Date Priced	CLO Name	CLO Manager	Deal Size (€Mils.)	Agent Bank	Liability Spread (bps)					
					AAA	AA	A	BBB	BB	B
1/30/15	Carlyle GMS Euro CLO 2015-1	Carlyle Investment Mgm't	500.00	Barclays	130	210	300	415	625	840
2/6/15	Bosphorus CLO I	Commerzbank	233.40	Sterne, Agee & Leach	115					
2/13/15	Dryden 35 Euro CLO 2014	Pramerica Inv Mgm't	442.60	Goldman Sachs	130	205				
2/18/15	Dartry Park CLO	Blackstone/GSO	411.10	Citi	130	210	300	410	625	840
2/25/15	Harvest CLO XI	3i Debt Management	414.70	Natixis	130	225	315	420	635	830
3/3/15	Aurium CLO I	Spire Partners	308.77	Deutsche Bank	135	220	315	420	635	830
3/20/15	Grosvenor Place CLO 2015-1	CQS Investment Mgm't	361.96	Deutsche Bank	130	210	305	385	600	800
3/24/15	BNPP IP Euro CLO 2015-1	BNP Paribas Asset Mgm't	308.50	RBS/Greensledge	135	225	325	420	630	830
3/26/15	GLG Euro CLO I	GLG Partners	309.20	Morgan Stanley	140	220	315	415	615	815
4/2/15	CVC Cordatus Loan Fund V	CVC Credit Partners	463.45	Citi	130	200				
4/24/15	Jubilee CLO 2015-XV	Alcentra	450.75	BAML	130	200				
4/30/15	Oak Hill European CP III	Oakhill Capital Partners	416.70	Goldman Sachs	130	200	300	350	525	700
5/6/15	Penta CLO 2	Penta Capital	414.10	BAML		200				
5/13/15	Orwell Park	Blackstone/GSO	415.00	BNP Paribas	130	200				
5/15/15	Avoca CLO XIV	KKR Credit Advisors	516.10	Morgan Stanley	130	200	275	355	510	685
5/21/15	Cadogan Square CLO VI	Credit Suisse Asset Mgm't	413.50	Credit Suisse						
5/21/15	Cairn CLO V	Cairn Capital	308.55	Citi	130	195	275	340	515	675
5/22/15	Euro-Galaxy IV CLO	Pinebridge Inv Europe	335.05	Barclays	120	200	275	350	520	700
6/11/15	Tikehau CLO	Tikehau Investment Mgm't	354.20	Goldman Sachs	140	205	290	375	580	725
6/26/15	Harvest CLO XII	3i Debt Management	413.00	BAML						



# YTD 2015 U.S. CLO ARRANGER LEAGUE TABLE (BY VOLUME)

(THROUGH JULY 2, 2015)

Rank	Bank Holding Company	Arranger Volume	# of Deals	Market Share
1	Citi	10,416.20	18	17.2%
2	Morgan Stanley	8,434.40	15	13.9%
3	JP Morgan	7,367.56	14	12.2%
4	Wells Fargo	6,491.39	12	10.7%
5	Credit Suisse	5,830.10	11	9.6%
6	Bank of America Merrill Lynch	4,407.13	8	7.3%
7	Deutsche Bank	3,254.36	6	5.4%
8	BNP	3,239.73	7	5.3%
9	Goldman Sachs	3,116.40	6	5.1%
10	Jefferies	2,918.51	7	4.8%
11	Natixis	1,488.66	4	2.5%
12	Barclays	977.20	2	1.6%
13	MUFJ	558.90	1	0.9%
14	Greensledge	551.05	1	0.9%
15	Mizuho	477.00	1	0.8%
16	RBC	462.10	1	0.8%
17	Nomura	409.38	1	0.7%
18	BMO	204.30	1	0.3%

# YTD 2015 U.S. CLO MANAGER LEAGUE TABLE (BY VOLUME)

(THROUGH JULY 2, 2015)

Rank	CLO Manager	CLO Volume	# of Deals	Market Share
1	Carlyle Investment Management	2,268.28	4	3.7%
2	Guggenheim Investment Management	2,261.75	3	3.7%
3	GSO Blackstone	1,787.07	3	2.9%
4	Golub Capital	1,669.29	3	2.8%
5	CIFC	1,643.00	3	2.7%
6	Prudential	1,636.17	3	2.7%
7	Och Ziff Capital Management	1,587.75	3	2.6%
8	Onex Credit Partners	1,521.05	2	2.5%
9	Credit Suisse Asset Management	1,427.64	2	2.4%
10	Octagon Credit Investors	1,367.87	2	2.3%
11	MJX Asset Management	1,335.05	2	2.2%
12	GoldenTree Asset Management	1,271.30	2	2.1%
13	3i Debt Management	1,270.40	2	2.1%
14	Apollo Credit Management	1,263.20	2	2.1%
15	LCM Asset Management	1,254.86	2	2.1%
16	BlackRock Financial Management	1,144.30	2	1.9%
17	Sound Point Capital Management	1,140.00	2	1.9%
18	Benefit Street Partners	1,123.99	2	1.9%
19	PineBridge Investments	1,065.40	2	1.8%
20	Halcyon Asset Management	1,030.46	2	1.7%
21	Sankaty Advisors	1,023.40	3	1.7%
22	CVC Credit Partners	1,022.15	2	1.7%
23	BlueMountain Capital Management	1,016.10	2	1.7%
24	Palmer Square Capital Management	844.15	2	1.4%
25	Fortress	758.00	2	1.3%

# YTD 2015 U.S. CLO MANAGER LEAGUE TABLE (BY VOLUME)

(THROUGH JULY 2, 2015)

Rank	CLO Manager	CLO Volume	# of Deals	Market Share
26	GreyWolf	658.90	1	1.1%
27	Oak Hill Advisors	656.03	1	1.1%
28	Fifth Street Asset Management Inc	618.43	2	1.0%
29	Invesco	618.00	1	1.0%
30	THL Credit	616.25	1	1.0%
31	Ares Management	613.00	1	1.0%
32	ING Alternative Asset Management	612.50	1	1.0%
33	Kramer Van Kirk Credit Strategies Inc	612.00	1	1.0%
34	Jefferies Finance LLC	610.00	2	1.0%
35	ACIS Capital Management	578.35	1	1.0%
36	Columbia Management Investment Advisers	578.00	1	1.0%
37	Anchorage Capital Group	569.93	1	0.9%
38	Voya Alternative Asset Management	569.00	1	0.9%
39	Seix Advisors	565.50	1	0.9%
40	KKR	564.50	1	0.9%
41	Shenkman Capital Management	559.50	1	0.9%
42	American Capital Asset Management	552.50	1	0.9%
43	Highbridge Principal Strategies	519.75	1	0.9%
44	TPG Capital	515.50	1	0.9%
45	HIG WhiteHorse Capital	512.70	1	0.8%
46	Apex Credit Partners	512.60	1	0.8%
47	Silvermine Capital Management	512.40	1	0.8%
48	Babson Capital	512.30	1	0.8%
49	American Money Management Corp	510.81	1	0.8%
50	Alcentra	508.00	1	0.8%

# YTD 2015 U.S. CLO MANAGER LEAGUE TABLE (BY VOLUME)

(THROUGH JULY 2, 2015)

Rank	CLO Manager	CLO Volume	# of Deals	Market Share
51	Brigade Capital Management	504.90	1	0.8%
51	<i>Mariner Investment Group</i>	504.90	1	0.8%
53	Oaktree Capital Management	498.89	1	0.8%
54	NewStar Financial	496.10	1	0.8%
55	Trimaran Advisors	463.80	1	0.8%
56	Cutwater Asset Management	462.10	1	0.8%
57	Marathon Asset Management	461.37	1	0.8%
58	Valcour Capital Management	416.00	1	0.7%
59	New York Life Investment Management	415.00	1	0.7%
59	Doubleline Capital	415.00	1	0.7%
61	DFG Investment Advisors	414.40	1	0.7%
62	AXA Investment Managers	414.00	1	0.7%
63	Garrison Capital	413.70	1	0.7%
64	Denali Capital	413.68	1	0.7%
65	Canyon Capital	412.10	1	0.7%
66	Monroe Capital	412.00	1	0.7%
67	MidOcean Credit Partners	411.10	1	0.7%
68	ICG Debt Advisors	410.75	1	0.7%
69	Carlson Capital	410.60	1	0.7%
70	Neuberger Berman	410.15	1	0.7%
71	Triumph Capital Advisors	409.38	1	0.7%
72	Zais Group	409.00	1	0.7%
73	NXT Capital	408.60	1	0.7%
74	Credit Value Partners	408.50	1	0.7%
75	Arrowpoint Asset Management	408.10	1	0.7%

# YTD 2015 U.S. CLO MANAGER LEAGUE TABLE (BY VOLUME)

*(THROUGH JULY 2, 2015)*

Rank	CLO Manager	CLO Volume	# of Deals	Market Share
76	Z Capital Credit Partners	400.25	1	0.7%
76	Ivy Hill Asset Management	384.65	1	0.6%
77	Steele Creek Investment Management	360.98	1	0.6%
78	Hildene Capital Management	358.30	1	0.6%
79	CreekSource LLC	307.00	1	0.5%

## 2015 U.S. CLO TRUSTEE LEAGUE TABLE (BY VOLUME) (THROUGH JULY 2, 2015)

Rank	Trustee	Trustee Volume	# of Deals	Market Share
1	US Bank	25,979.53	50	43%
2	Citi/Virtus	10,787.39	19	18%
3	Wells Fargo	7,909.34	15	13%
4	Bank of New York	7,245.09	14	12%
5	Deutsche Bank	4,679.64	9	8%
6	State Street	4,003.38	8	7%



REUTERS/Petar Kujundzic

# LOAN MUTUAL FUND FLOWS & RETURNS

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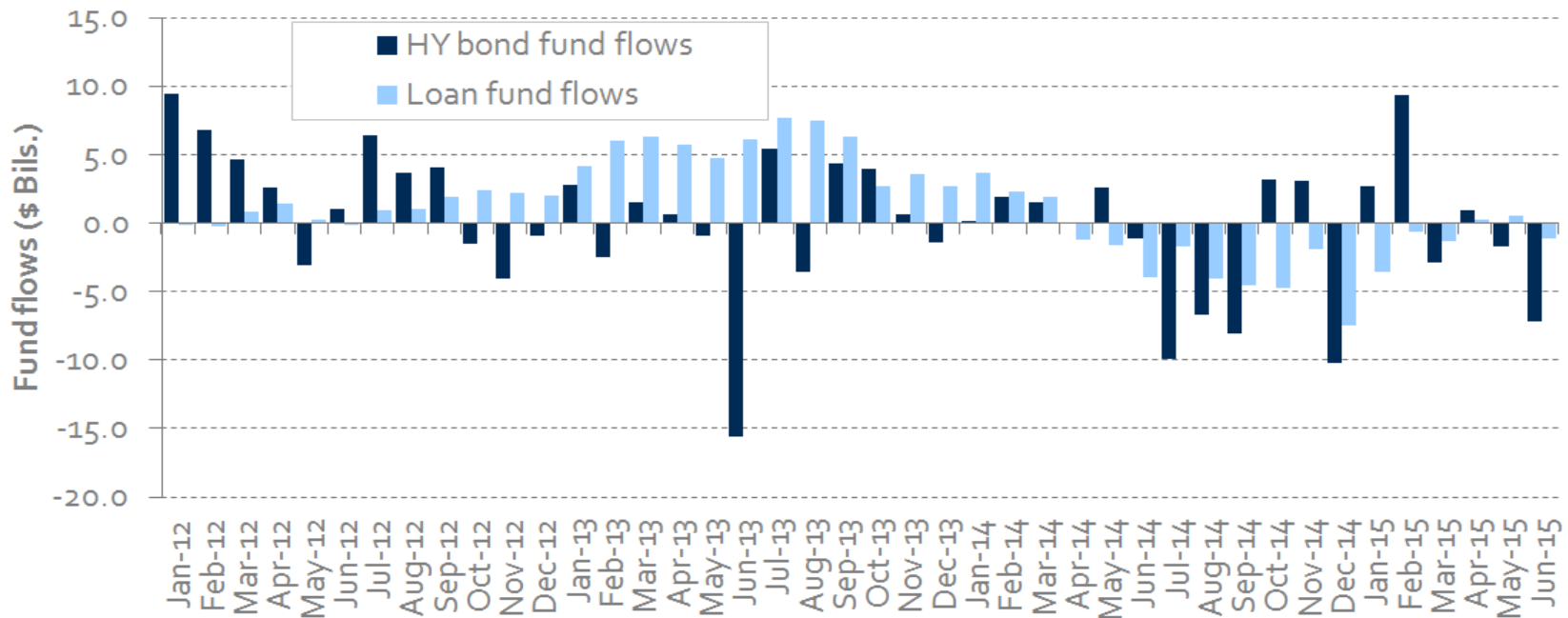


THOMSON REUTERS



# LOAN VS. HY BOND FUND FLOWS - MONTHLY

MONTHLY LOAN VS. HY BOND FUND FLOWS

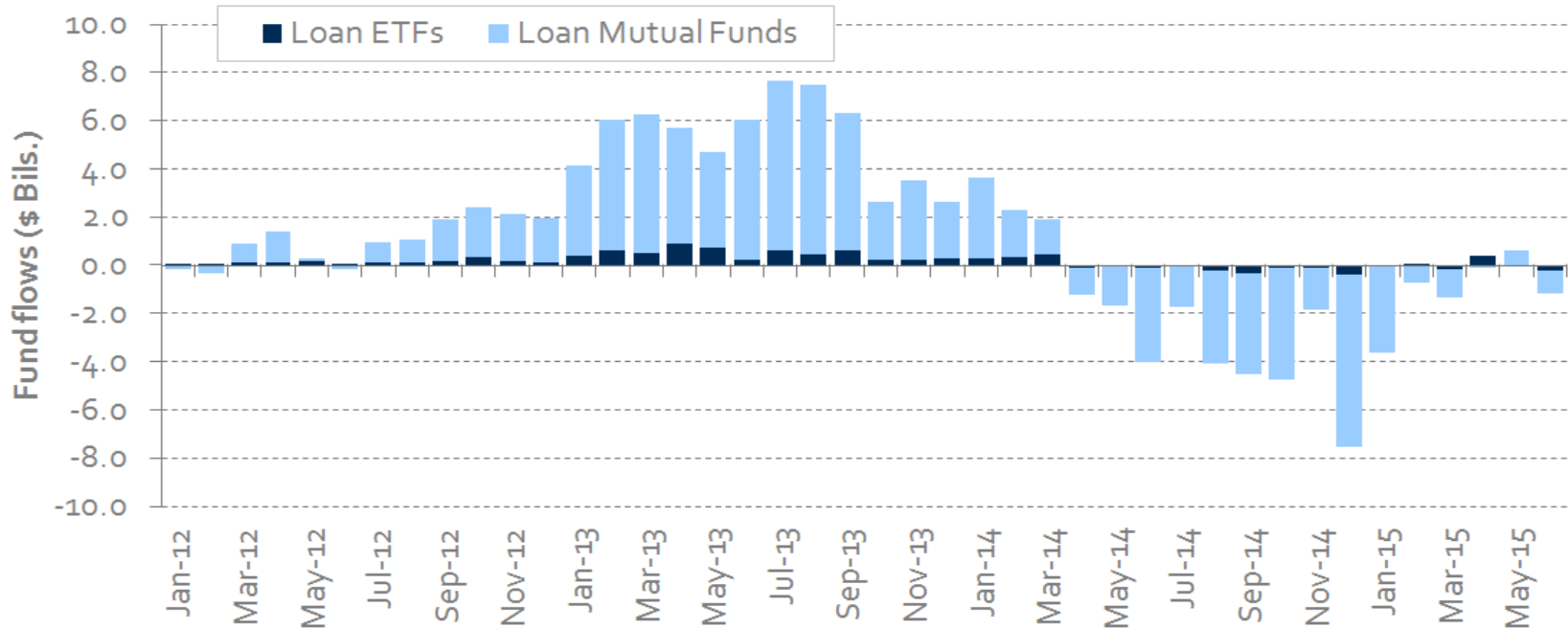


- After two straight months of inflows, loans funds suffered outflows of \$1.2 billion in June. Outflows this year have amounted to \$6 billion.
- HY bond funds had a big month of outflows, with \$7.2 billion exiting in June. Despite this large outflow, HY bond funds have seen \$1.1 billion of inflows year to date.



# LOAN FUND FLOWS – MUTUAL FUND VS. ETF BREAKOUT

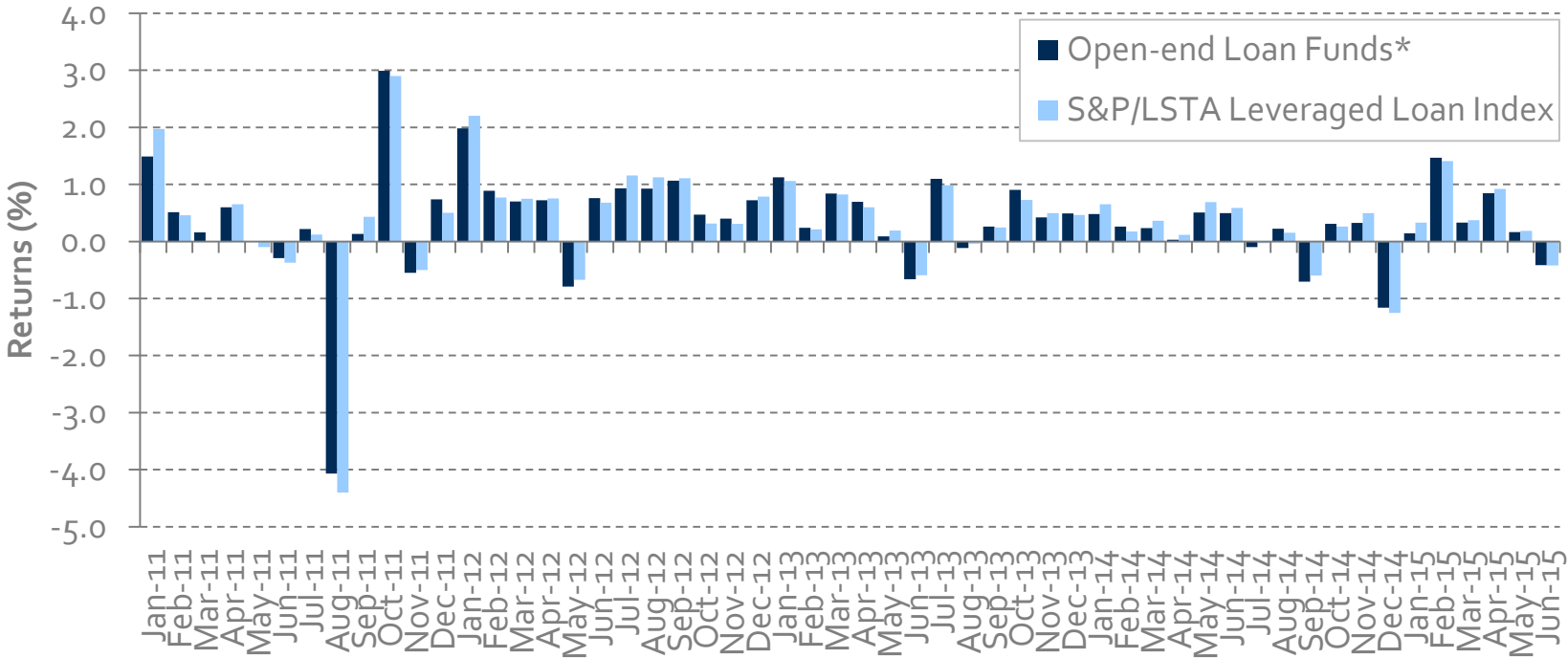
LOAN FUND FLOWS – MUTUAL FUND VS. ETF BREAKOUT



- Breaking out loan fund flows into the mutual fund and ETF categories, \$238 million exited ETFs in June while the much larger mutual fund segment saw \$929 million of outflows.

# LOAN FUNDS VS. LOAN INDEX – MONTHLY RETURNS

### MONTHLY FUND VS. INDEX RETURNS

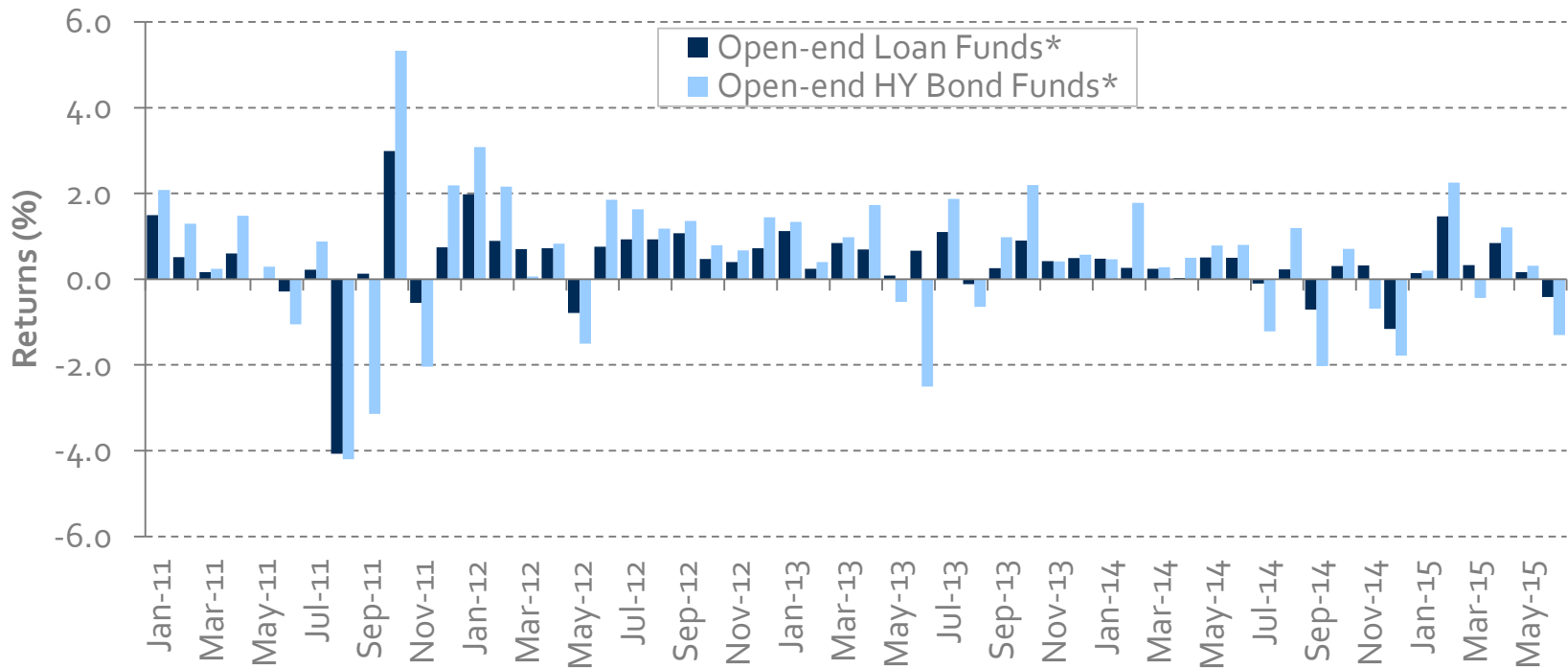


\*Based on a straight average of all open-end loan fund returns.

- Open-end funds were down 0.41% on average in June versus a loss of 0.42% for the S&P/LSTA index.
- YTD, open-end loan funds have returned an average of 2.56% , compared to a gain of 2.83% for the index.

# LOAN VS. HY BOND FUNDS – MONTHLY RETURNS

## MONTHLY FUND RETURNS



\*Based on a straight average of all open-end fund returns.

- Open-end HY bond funds fell 1.31% in June, pushing YTD returns down to an average of 2.22%.