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Oil and gas is the top defaulted sector in U.S. CLOs as of January

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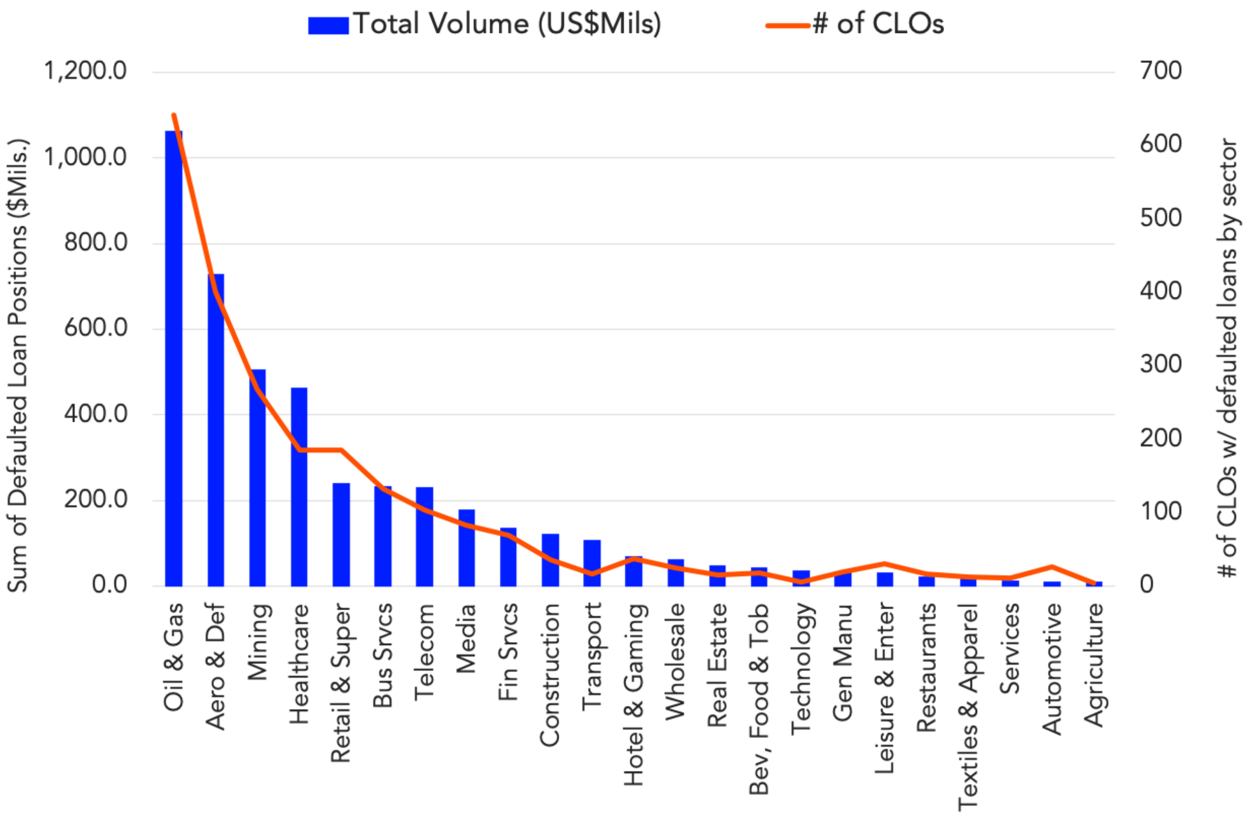

At the end of January 2020, oil & gas, aerospace and defense, and mining were the top defaulted sectors in active US CLOs on a volume basis. Oil and gas had US$1.06bn of loan debt in 642 CLOs, of which US$602m is McDermott loan debt. Aerospace and defense had US$729.4m across 401 CLOs, the majority of which were Constellis loans, and mining had US$506bn of loan debt across 268 CLOs, with Murray Energy as the primary loan. While Murray Energy initially defaulted in October 2019 with a missed interest payment, McDermott and Constellis both defaulted on their loan debt in the last month, with McDermott filing Ch. 11 on Jan 21, and Constellis missing an interest payment on Jan 8. McDermott’s TL due 2025 is currently bid at 58.83, while Constellis loans due 2024 and 2025 and pricing at 17.50 and 0.50, respectively. Murray Energy TLs due 2020 and 2022 range in pricing from 11-16.85. Oil and gas has been the top defaulted sector in CLOs for the past 2 months, and Coronavirus fears may further exacerbate this as oil prices fall. WTI is priced today at $48.70, down 22% since January 7th when China announced the Coronavirus outbreak in Wuhan, according to data in Eikon.