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Leveraged Loan Insight & Analysis – 4/6/2015

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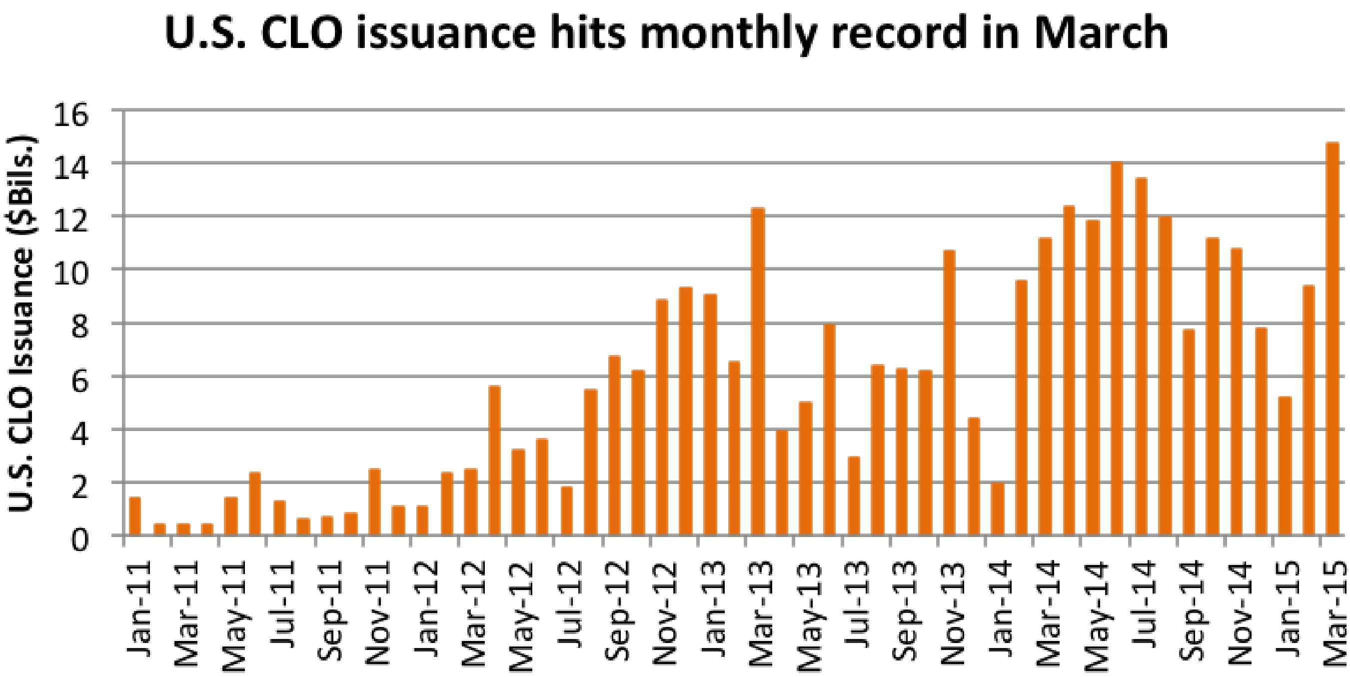
CLO issuance hit a monthly record of $14.7 billion in March as managers overcame uncertainty around the onset of risk retention to finish the quarter in strong fashion. Issuance increased in each month of the quarter and total 1Q15 volume of $29.3 billion even exceeded last year's first quarter figure of $22.6 billion.



Investor appetite was robust as AAA spreads averaged around 150bp in March. The new issuance pushed U.S. CLO assets under management to $393 billion as of month-end March. There was also steady new issue activity in Europe as CLO issuance amounted to €3.3 billion during the first quarter, bringing European CLO assets under management to €66.5 billion. CLO creation in both markets helped keep the demand for loan assets above that of the limited new supply in the first quarter, therefore increasing the technical pressures in the loan market.

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