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Lower rated credits post largest declines in secondary market

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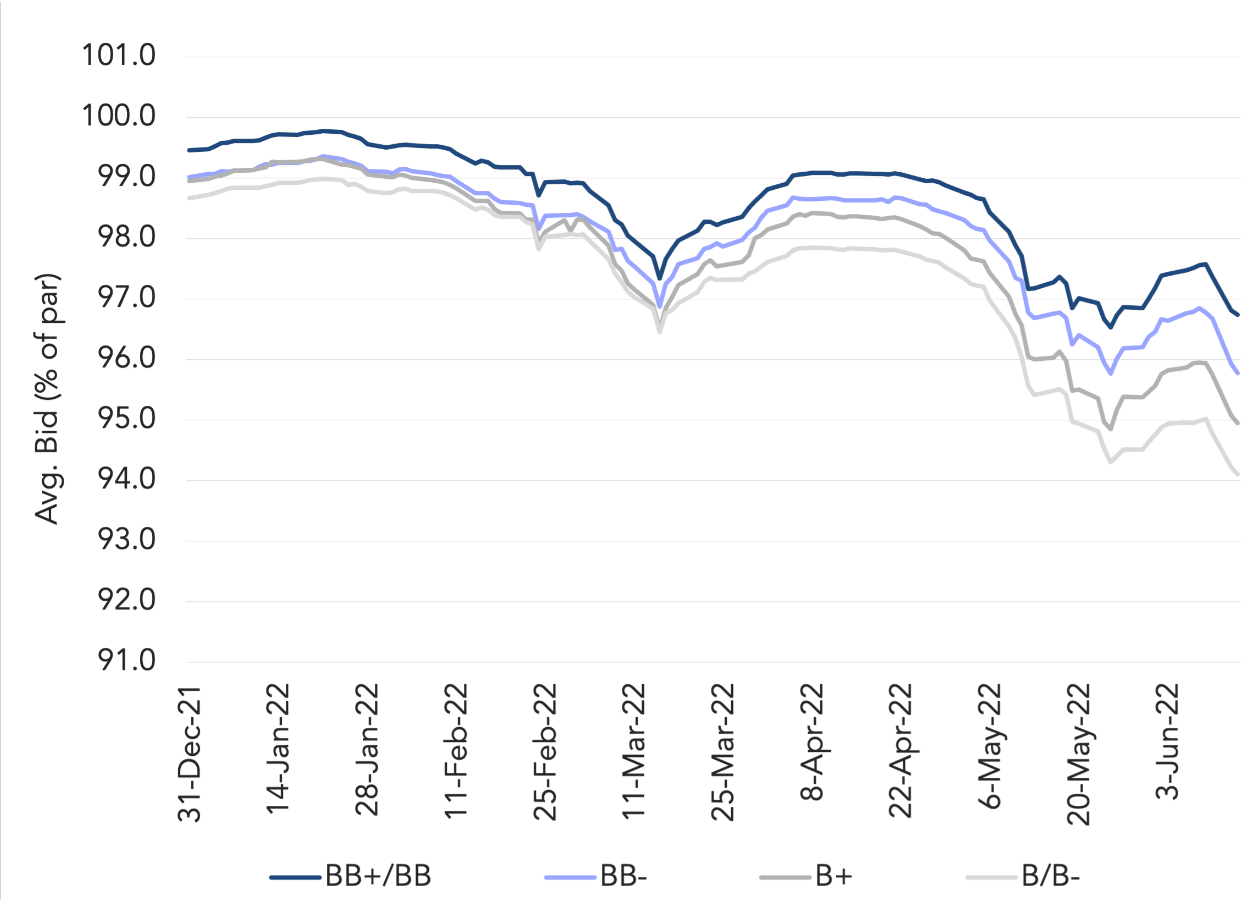

Risk assets have come under renewed pressure in recent days as rising inflation has prompted expectations of a more aggressive monetary tightening by the Federal Reserve.

Though equities and high yield bonds have been hit more severely, leveraged loans have not escaped market pressure with the overall secondary market average bid down by 82bp in the last week and 326bp year-to-date through June 14.

The more liquid LPC 100 is down by even more, retreating 149bp in the last week and 463bp year-to-date. In keeping with the more risk averse market conditions, lower rated loans have posted the largest declines this year, with B/B- credits down 457bp and B+ loans off by 400bp. Higher rated loans have held up relatively better, with BB+/BB credits down 272bp year-to-date and BB- loans declining by 323bp.

(Past performance is no guarantee of future results.)