European CLO Weekly

CLO manager & collateral performance

21 July 2025

Structured Finance
Europe
CLO

Market update: Strong primary supply, quiet secondary

On the CLO primary, 5 new issue deals and 2 resets priced. This brings gross new issuance to close to €36bn YTD. Meanwhile, YTD reset/refi volume is inching closer to €26bn.

On the CLO secondary, BWIC supply declined sharply to around €80mn Mon-Thurs vs. around €400mn the week prior. Spreads finished the week unchanged.

Most deals have had negative par build YTD

74% and 85% of deals inside the RP have had negative par build on a notional and adjusted basis YTD, respectively. We attribute this mainly to continued lack of OID on the loan primary, some par erosion from CCC selling, and a few defaults.

The OC test breach rate remains very low

Only 1 deal inside the RP is failing its ID test. Furthermore, around 2% of deals outside the RP are breaching their single-B OC tests. Most deals inside the RP continue to have thick OC test cushions, though there has been some erosion given negative par build, of course. We do not anticipate any meaningful deterioration in OC test performance as our base case.

Not all resets are made equal

We have seen a slight decline in CCC buckets YTD, albeit mainly due to CCC selling as well as 2 large CCC names defaulting. 2% and 28% of deals inside and outside the RP exceed 7.5% CCCs, respectively. For deals with CCCs > 7.5%, the CCC Excess is often quite small and hence the haircuts to the OC ratio not as steep. Deals that have been reset since 2024 have lower CCC buckets on average. For example, for the 2018 vintage, deals that have been reset over the last 18 months have 3.2 ppts lower CCC than deals from the same vintage not reset on average. However, not all deals have been cleaned up pre-reset, and hence even some deals recently reset have elevated CCCs.

We make 2 detailed on-request files on CLO manager performance and collateral performance by vintage available. Please email us if you'd like to receive them.

For further developments in the European SF markets, please see **European SF Weekly: S2 amendment = marginal benefit,** and **European SF Data Addendum: Seeking beta**, both dated 21 July 2025.

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Common Acronyms (link)

Market update

CLO

The ***European CLO primary market*** remained very active, with 5 new issue deals – **Fidelity Grand Harbour CLO 2025-1**, **Bain Capital Euro CLO 2025-2**, **CVC Cordatus Loan Fund XXXVI**, **Canyon Euro CLO 2025-2**, and **Rockford Tower Europe CLO 2025-2** – and 2 resets – **AB CarVal Euro CLO I-C** and **OCP Euro CLO 2020-4.** In addition, 1 more new issue deal – **CIFC European Funding VII** - and 1 reset – **AB CarVal Euro CLO I-V** – priced the week prior, but information only became available the following Monday.

This brings YTD gross new issuance to almost €26bn. Meanwhile, reset/refi supply is inching closer to €26bn, mostly in the form of resets. We expect full year gross new issuance of €48bn as well as reset/refi volume of €45bn for 2025.

Last week's deals priced as follows:

- CIFC European Funding VII new issue (priced the week prior) (S&P/Fitch): (AAA/AAA) 131, (AA/AA) 195, (A/A) 235, (BBB-/BBB-) 310, (BB-/BB-) 560, and (B-/B-) 850.
- Fidelity Grand Harbour CLO 2025-1 new issue (S&P/Fitch): (AAA/AAA) 131, (AA/AA) 185, (A/A) 240, (BBB-/BBB-) 315, (BB-/BB-) 580, and (B-/B-) 860. The deal also has a fixed-rate double-A tranche paying a 5% coupon. The triple-A tranche was issued both in loan and note format.
- Bain Capital Euro CLO 2025-2 new issue (S&P/Fitch): (AAA/AAA) 135, (AA/AA) 200, (A/A) 230, (BBB-/BBB-) 340, (BB-/BB-) 585, and (B-/B-) 885. The triple-A tranche was issued in loan and note format.
- CVC Cordatus Loan Fund XXXVI new issue (S&P/Fitch): (AAA/AAA) 132, (AA/AA) 200, (A/A) 235, (BBB-/BBB-) 325, (BB-/BB-) 575, and (B-/B-) 860.
- Canyon Euro CLO 2025-2 new issue (S&P/Fitch): (AAA/AAA) 135, (AA/AA) 200, (A/A) 230, (BBB-/BBB-) 325, (BB-/BB-) 570, and (B-/B-) 870.
- Rockford Tower Europe CLO 2025-2 new issue (S&P/Fitch): (AAA/AAA) 135, (AA/AA) 200, (A/A) 240, (BBB-/BBB-) 335, and (BB-/BB-) 580. The deal also has a single-B tranche paying a 852 bps coupon spread, but the cash price and DM were not made public.
- AB CarVal Euro CLO I-C reset (priced the week prior) (S&P/Fitch): (AAA/AAA) 142, (AA/AA) 205, (A/A) 255, (BBB-/BBB-) 360, (BB-/BB-) 600, and (B-/B-) 915. The deal also has a junior triple-A tranche priced at 180 bps.
- OCP Euro CLO 2020-4 reset (S&P/Fitch): (AAA/AAA) 123, (AA/AA) 195, (A/A) 225, (BBB-/BBB-) 325, (BB-/BB-) 560, and (B-/B-) 880. The deal is shorter-dated, with a 1 year non-call and 3 years reinvestment period.
- BlackRock European CLO XII reset (S&P/Fitch): (AAA/AAA) 137, (AA/AA) 200, (A/A) 240, (BBB-/BBB-) 335, (BB-/BB-) 580, and (B-/B-) 860. The deal also has a faster-amortizing Class X tranche priced at 95 bps.

Strong CLO creation & reset activity continues to pose a technical headwind for primary triple-A spreads, with triple-As for standard BSL deals struggling to break inside 130 bps. This leaves new issue triple-As around 10-15 bps wider vs. pre-April levels, and 15-20 bps wider vs. their YTD tights in late February.

The ***CLO pipeline*** remains busy and we expect a very active primary market throughout the last 2 weeks of July and probably some activity even into August. The visible new issue pipeline includes deals by debut manager LGT, Partners Group, ICG, Voya, Five Arrows, and Blackstone, among others. The visible reset/refi pipeline (including potential refis) includes deals by Arini, Carlyle, Hayfin Emerald, and Signal, among others.

On the secondary, the European Leveraged Loan Index (ELLI) finished the week more or less unchanged at 97.67, about 1 point below its YTD high in late February. CLO BWIC volume declined sharply to just around €80mn Monday through Thursday vs. €400mn the week prior. Spreads finished the week unchanged.

Commentary

Manager performance – lack of OID, negative par build

We provide an update on both CLO manager and collateral performance, including par build, coverage test performance, CCC buckets, and collateral quality.

We make 2 detailed data files available upon request.

- ***Par build both on an adjusted & notional basis, by CLO manager; and***
- ***Key collateral performance metrics by manager & vintage.***

Please email us if you'd like to receive either of them or both.

85% of CLOs have had negative par build on an adjusted basis YTD

CLOs continue to struggle to build par, with par build negative for 85% and 74% of deals inside the RP on an adjusted and notional basis YTD, respectively.

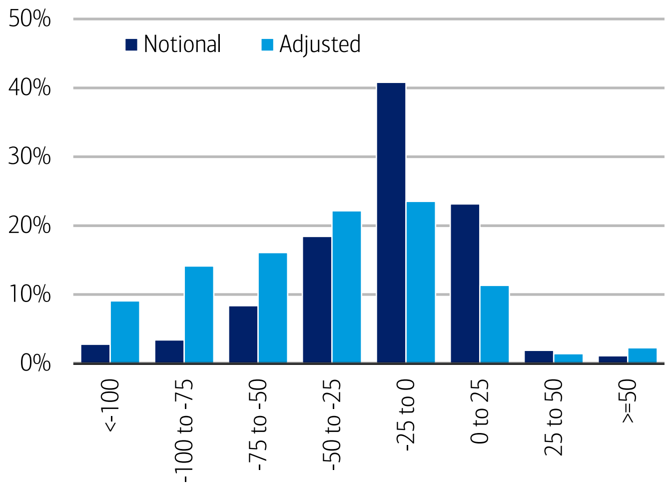
We attribute this to several factors: First of all, amid strong CLO creation and thus demand for loans, OID has almost disappeared from the leveraged loan primary market. The vast majority of loans have been issued either at par or just at a negligible discount to par (e.g., 99.5 cash price). The only period with some meaningful OID was in late April/early May, but on very slim volume.

Second, with somewhat elevated CCCs, we have seen some CCC selling as well as selling of stressed/distressed names especially earlier this year (see European CLO Weekly: CLO manager trading: Decline in sales volumes from 7 July 2025), and thus some additional par burn. The gap between the WA prices for loans & bonds purchased vs. sold by CLO managers has been wider than historically since 2023.

In addition, for adjusted par build specifically, we note 2 large CCC names got downgraded further this year and are now carried as Defaulted Obligations, and therefore carried at a haircut when calculating the Adjusted Collateral Principal Amount.

Exhibit 1: Par build YTD, in bps

74% and 85% of deals inside the RP have had negative par build on a notional and an adjusted basis YTD, respectively



Source: BofA Global Research, Intex

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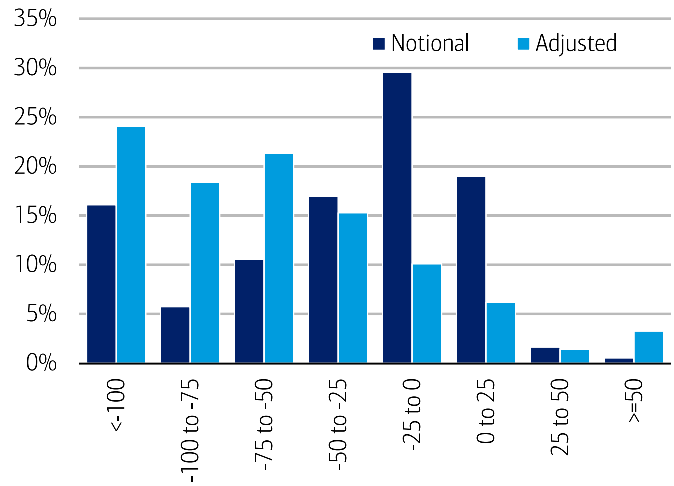
Exhibit 2: Par build LTM, in bps

79% and 89% of deals inside the RP have had negative par build on a notional and an adjusted basis LTM, respectively



Source: BofA Global Research, Intex

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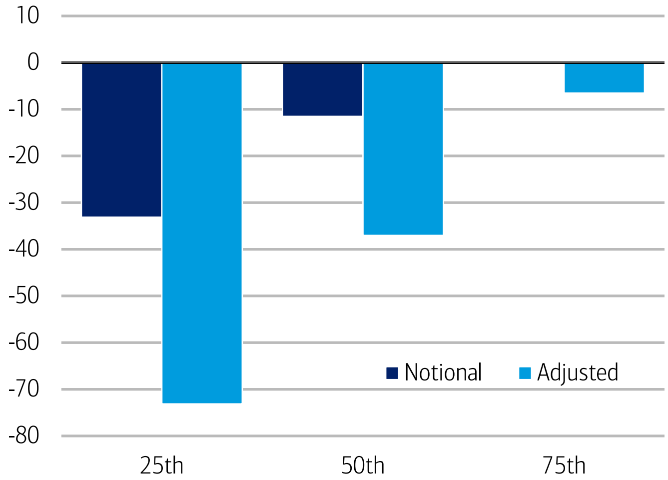
Exhibit 3: Par build percentiles YTD, in bps
The median notional par build YTD is -12 bps



Source: BofA Global Research, Intex

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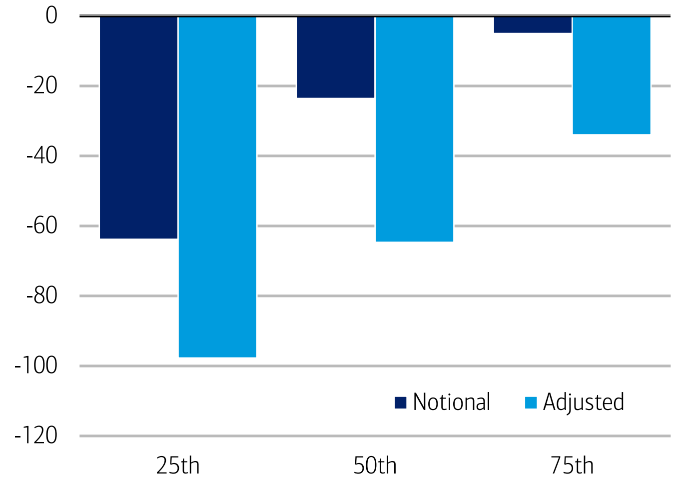
Exhibit 4: Par build percentiles LTM, in bps
The median notional par build LTM is -24 bps



Source: BofA Global Research, Intex

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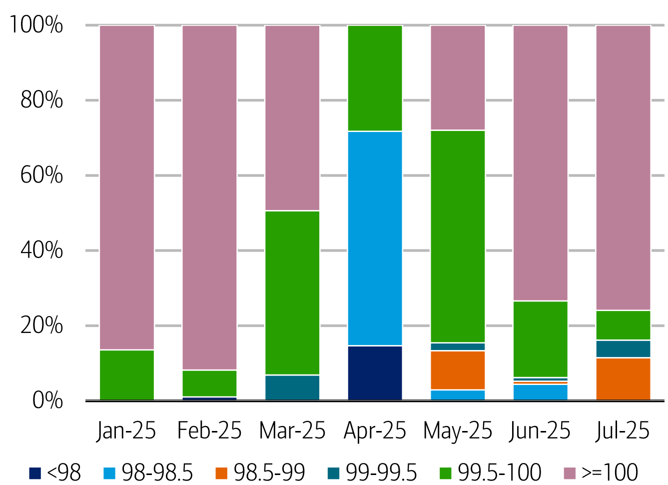
Exhibit 5: Euro loan issuance price distribution
Most loans have been issued at par YTD



Source: BofA Global Research, 9Fin

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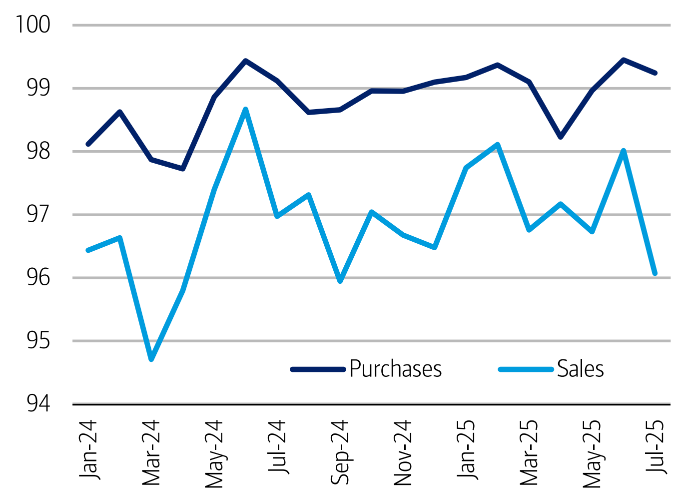
Exhibit 6: CLO WA sales & purchase prices over time
A large gap between WA sales and purchase prices reflective of par burn



Source: BofA Global Research, Bloomberg

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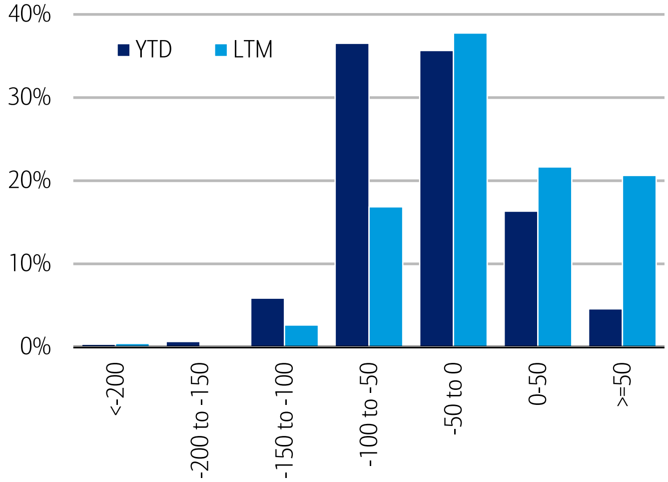
Decline in MVOC ratios YTD

MVOC ratios have declined a bit as well YTD for the vast majority of deals, though the picture is more mixed when looking at the last 12 months. We think this is in part due to loan repricings (i.e., loans above par getting repriced and thus trading at par), some defaults and a few credits becoming distressed, and loans still being a little bit below their YTD high in late February.

Exhibit 7: MVOC AAA ratio changes, in bps
MVOC ratio have marginally declined YTD for many deals



Source: BofA Global Research, Intex

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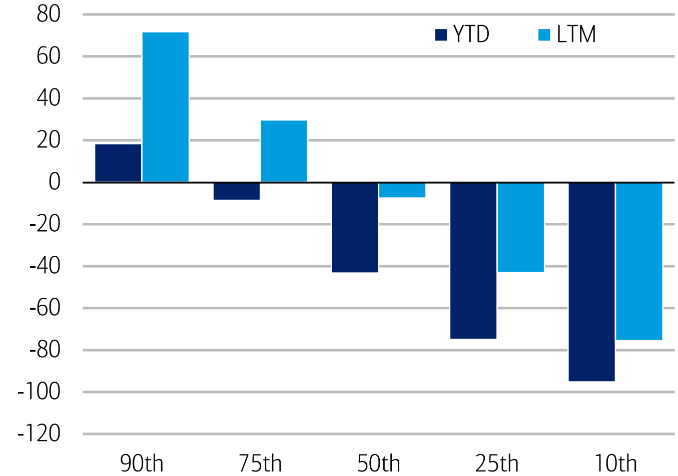
Exhibit 8: MVOC AAA ratio changes percentiles, in bps
The median deal inside the RP saw its MVOC ratio decline by 43 bps YTD



Source: BofA Global Research, Intex

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CLO collateral performance – only few OC test breaches

CLO collateral performance generally remains robust, with only a very few OC and no IC test breaches. CCC buckets remain elevated but have declined YTD. We highlight the difference in CCC exposure for older vintage deals in particular, distinguishing between deals that got reset vs. those that were not.

Only 2% of deals outside the RP are breaching their single-B OC test

OC test breaches remain minimal, though OC test cushions have declined a bit further YTD given negative par build.

- Only 1 deal inside the RP is breaching its reinvestment OC/ID test, down from 2 deals in the May trustee reports. We note the trustee report for that deal is from June, with the July numbers including payments not uploaded yet for that specific deal (meaning the test breach may be cured by now and thus potentially not impact the cash payments to equity for the July payment date).

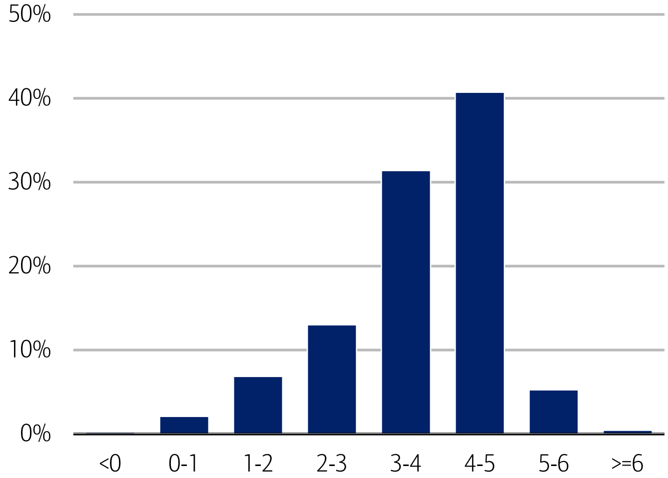
- 2% of deals inside the RP have very slim ID test cushions of less than 1%. Another 7% of deals have ID test cushions between 1-2%. The remaining 93% of deals or so have thick ID test cushions above 2%.

- Only 2% of deals outside the RP are breaching their single-B OC test. Another 23% of deals outside the RP have slim single-B OC test cushions in the 0-2% range, though.

- There are no double-B OC test breaches at the time of writing, neither inside nor outside the RP. In fact, 98%, 90% and 100% of deals inside the RP, outside the RP, and static have double-B OC test cushions above 2%, respectively.

Exhibit 9: ID/ reinvestment OC test cushion distribution

There are almost no ID test breaches



Source: BofA Global Research, Intex

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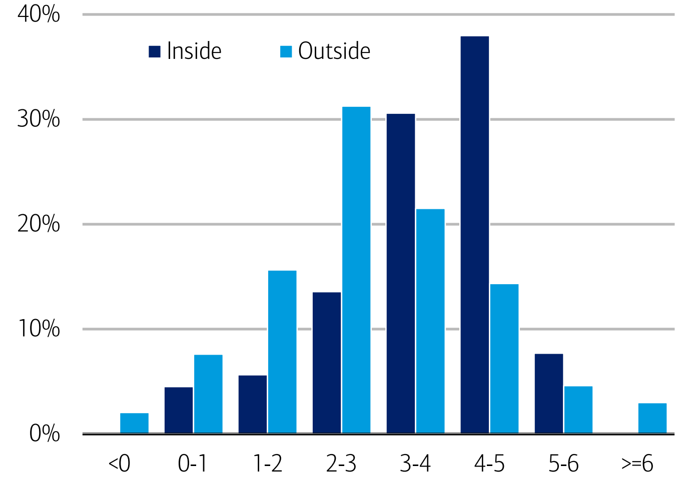
Exhibit 10: Single-B OC test cushion distribution

Only 2% of deals outside the RP are failing their single-B OC test



Source: BofA Global Research, Intex

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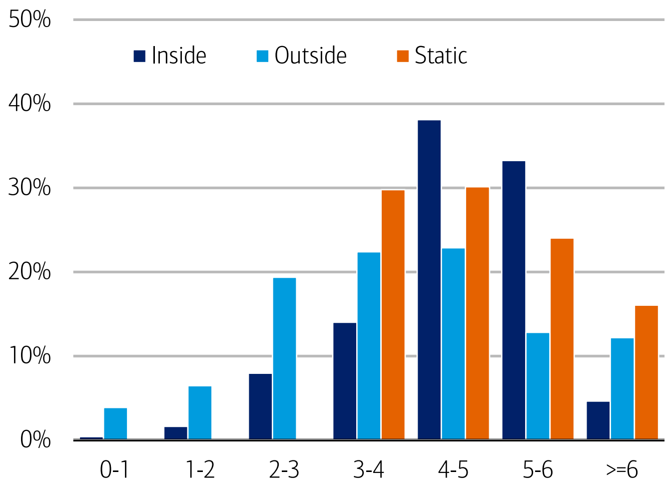
Exhibit 11: Double-B OC test cushion distribution

There are no double-B OC test breaches currently



Source: BofA Global Research, Intex

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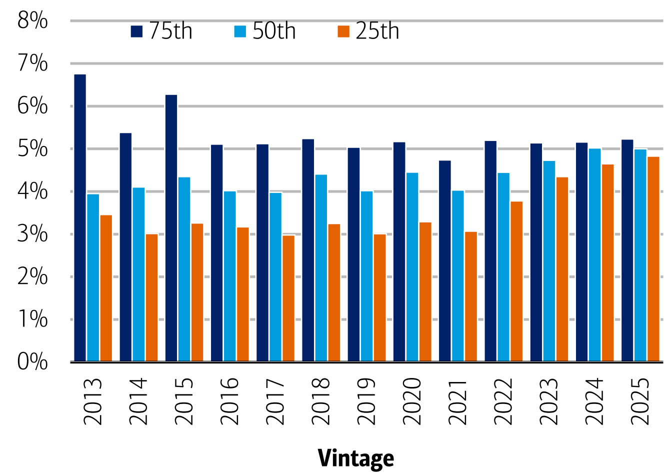
Exhibit 12: Double-B OC test cushion percentiles by vintage

Dispersion in OC cushions is naturally higher for older vintages



Source: BofA Global Research, Intex

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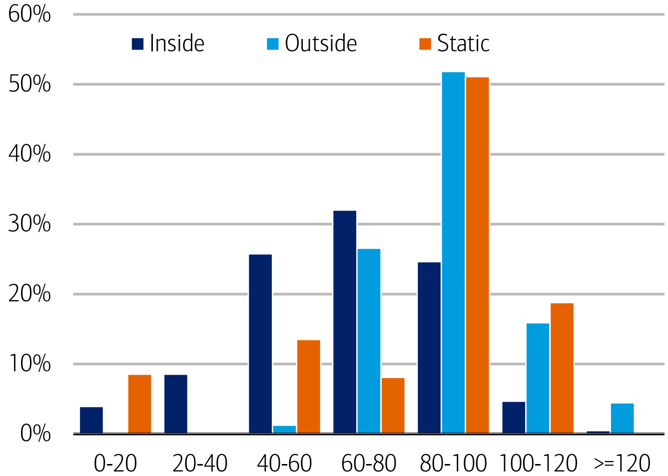
There continue to be no IC test breaches

There are no IC test breaches, though some deals have fairly slim IC test cushions, as has been the case since late 2022. We attribute this mainly to tight loan spreads given heavy repricing volumes over the last 18 months as well as still relatively wide liability spreads for some deals, especially 2022 & 2023 vintage deals that have not gotten reset or refinanced yet.

Exhibit 13: Triple-B IC test cushion distribution
There are no triple-B IC test breaches



Source: BofA Global Research, Intex

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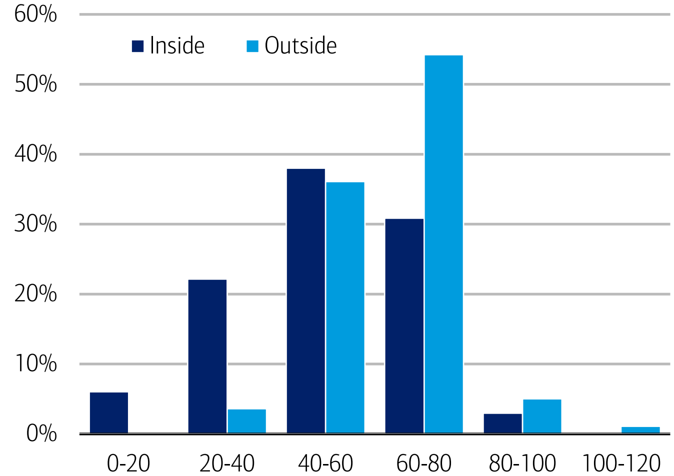
Exhibit 14: Double-B IC test cushion distribution
Double-B IC test cushions are mostly in the 20-80% range



Source: BofA Global Research, Intex

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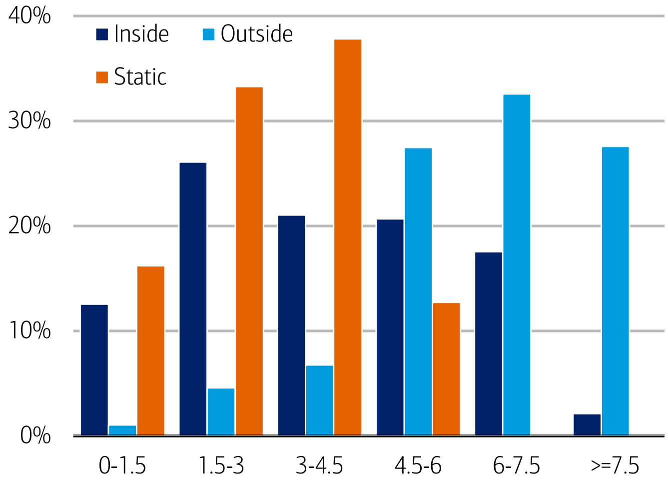
CCC buckets have declined YTD

CCC buckets have declined a bit YTD, although this has mainly been the case due to 2 large CCC names defaulting as well as some CCC selling, including in the run-up to resets (which we elaborate on further below).

- 2% and 28% of deals inside and outside the RP exceed 7.5% CCCs, respectively. There are no static deals with CCC buckets above 7.5% currently.
- For deals with CCCs above 7.5%, the Excess is usually quite small. For example, for the small number of deals inside the RP exceeding 7.5% CCCs, around 77% have a CCC Excess of less than 2 ppts. Consequently, CCC haircuts are usually quite small, in part explaining the continued strong OC test performance described in the first section.
- However, around 18% and 33% of deals inside and outside the RP have CCC buckets in the 6-7.5% range, respectively. Such deals may be at risk of CCC haircuts if we experience more CCC downgrades and they slip into the >7.5% area.
- Deal balance-weighted average CCC buckets are generally above 5% for pre-2022 vintages, though with meaningful dispersion between deals of the same vintage.

Exhibit 15: CCC bucket distribution
Only 2% of deals inside the RP exceed 7.5% CCCs, and no static deal does



Source: BofA Global Research, Intex

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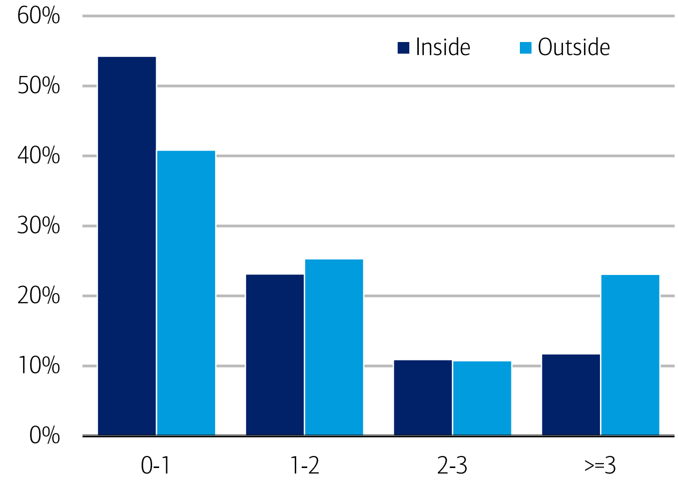
Exhibit 16: Excess CCC for deals with CCC > 7.5%
For deals inside the RP, the CCC Excess is usually quite small



Source: BofA Global Research, Intex

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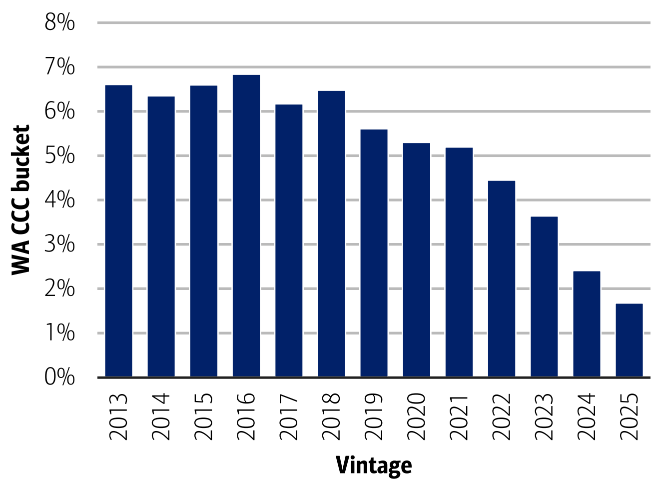
Exhibit 17: WA CCC bucket by vintage
Avg CCC buckets are above 5% for deals from pre-2022 vintages



Source: BofA Global Research, Intex

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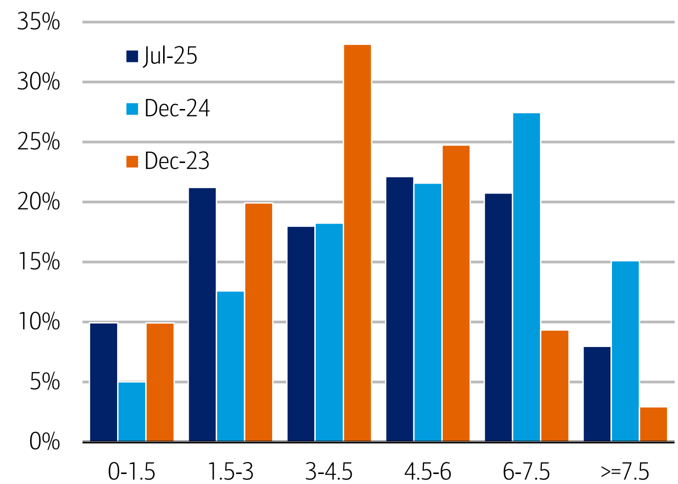
Exhibit 18: CCC bucket distribution over time, all RP
The share of deals exceeding 7.5% CCCs has declined YTD



Source: BofA Global Research, Intex

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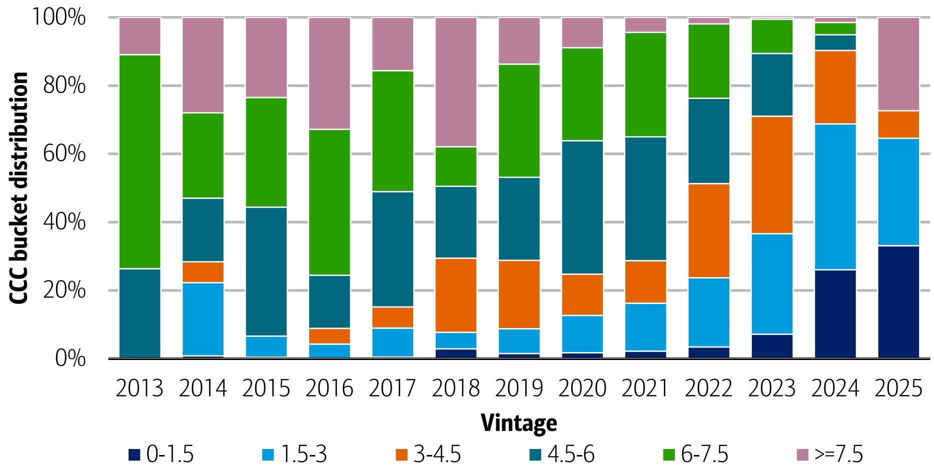
Exhibit 19: CCC bucket distribution by vintage
Around 38% of CLOs from 2018 have CCC buckets of > 7.5%



Source: BofA Global Research, Intex

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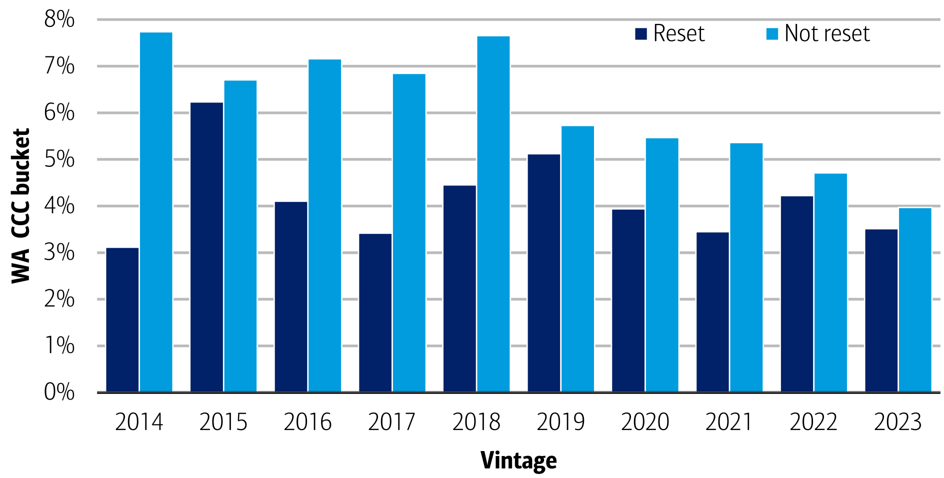
Cleaning up before a reset?

In the chart below, we show the weighted average CCC buckets for each vintage, separately for deals reset since 2024 and those not reset. In the second chart further below, we show the % of deals exceeding 5% CCCs by vintage, also split into deals reset vs. those not reset since 2024.

- On average, CCC buckets are lower for deals that got reset vs. those not reset. For example, for the 2018 vintage, the WA CCC bucket is 3.2 ppts lower for deals that got reset vs. those that haven't been reset since 2024.
- We attribute this to CLO managers selling some stressed credits/CCC names pre-reset. Furthermore, for more credit impaired deals, sometimes there is an equity-injection as part of the reset.
- However, not all CLO managers necessarily clean up collateral pools meaningfully pre-reset, and hence we still see some unclean resets from time to time. For instance, for the 2018 vintage, 84% of deals not reset from the 2018 vintage have CCC buckets exceeding 5%, but also 26% of deals from that vintage that have been reset do.
- In particular, we note almost half of deals from the 2015 and 2016 vintages that have been reset in the last 18 months have CCC buckets above 5%.
- We generally view unclean resets as less attractive for sub-IG investors and especially for single-B even if they come with a spread pick-up given low par subordination and long WAL for reset deals (with recent deals usually structured with 6.5% par subordination and 10 years WAL for single-Bs).

Exhibit 20: WA CCC bucket by vintage, deals reset since 2024 vs. deals not reset since

For the 2018 vintage, the WA CCC bucket is 3.2 ppts lower for deals reset vs. those not reset



Source: BofA Global Research, Intex

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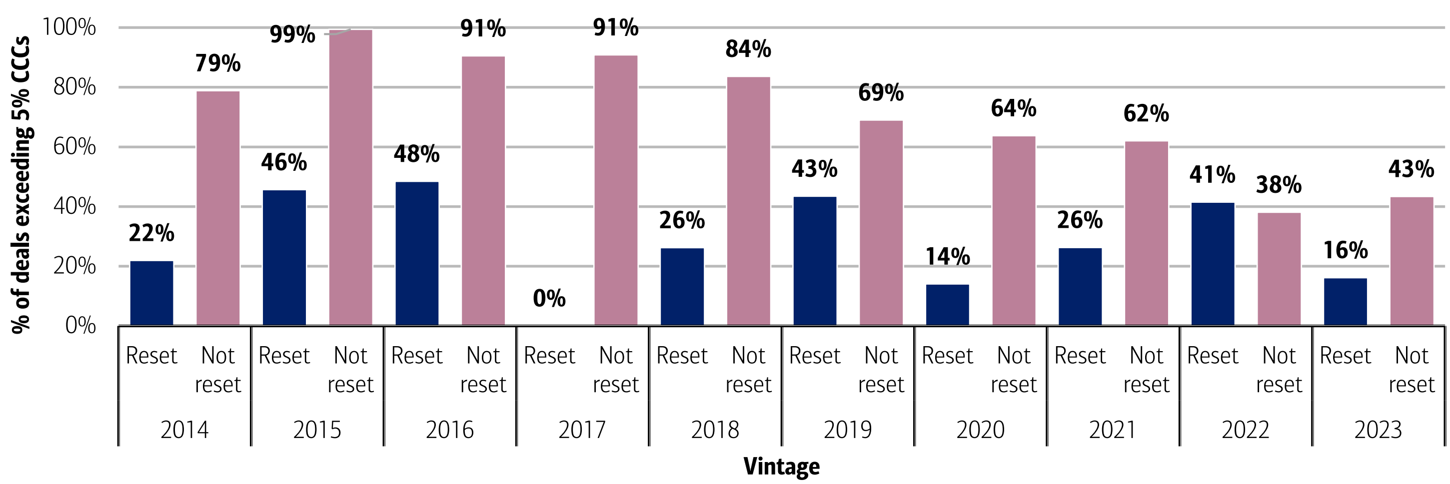
Exhibit 21: % of deals exceeding 5% CCCs, by vintage and reset status (reset since 2024 vs. those not reset since)

The % of deals with elevated CCCs is usually low for deals that got reset, but there are some, i.e., we have seen some unclean resets over the last 18 months



Source: BofA Global Research, Intex

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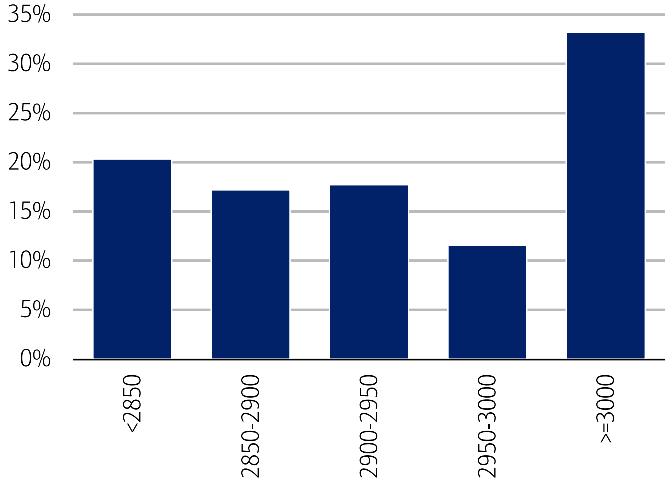
WARF has declined YTD

In line with the decline in CCC buckets, CLOs have seen a slight decline in Moody's WARF YTD. The 2017, 2018, and 2019 vintages have seen particularly pronounced declines in WARF, likely due to managers cleaning up collateral pools for resets, as discussed above. Still, around one third of deals inside the RP have a Moody's WARF greater than or equal to 3,000.

Exhibit 22: Moody's WARF distribution, deals inside the RP
Around one third of deals have WARF >= 3000



Source: BofA Global Research, Intex

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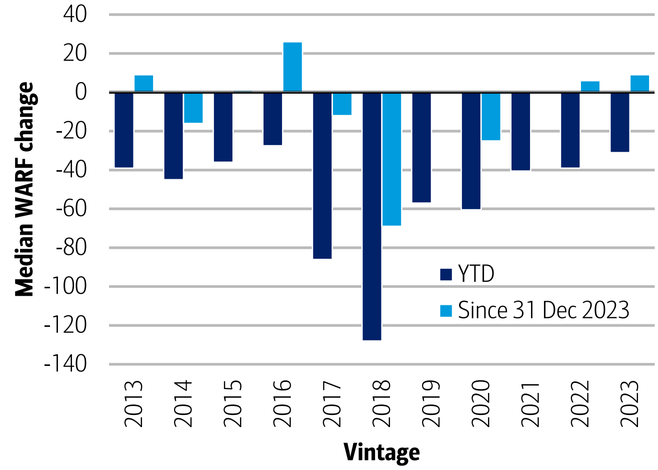
Exhibit 23: Median Moody's WARF change by vintage
WARF has generally declined YTD



Source: BofA Global Research, Intex

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More repricings, more downward pressure on WAS

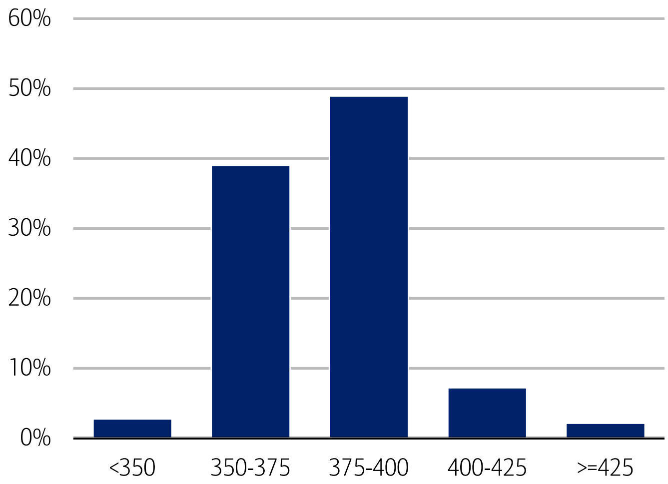
The vast majority of CLOs now have WAS below 400 bps given continued repricing activity. YTD repricing volume has reached almost €80bn, close to full year 2024 volume. This means around €160bn of loan repricings in 18 months, equivalent to half of the loan market.

As a consequence, median WAS has declined by around 15-20 bps for 2019-2023 vintages, and more than 30 bps since the start of 2024. The 2023 vintage has been impacted the most, with median WAS having declined by 40 bps over the last one and a half years.

The decline in WAS has been a headwind for cash distributions to equity, though overall distributions have stayed strong due to offsetting reset activity on the CLO side, enabling 2022 & 2023 deals to lower their funding costs, as we discussed in European CLO Weekly: CLO equity performance – continued strong cash distributions from 17 July 2025.

Whilst repricings slowed down a bit in July compared to June as loan primary supply improved, the risk of more repricings after August remains, especially if CLO creation remains strong and loan demand continues to outstrip supply.

Exhibit 24: WAS distribution
More than 90% of deals have WAS below 400 bps now following strong loan repricing activity



Source: BofA Global Research, Intex

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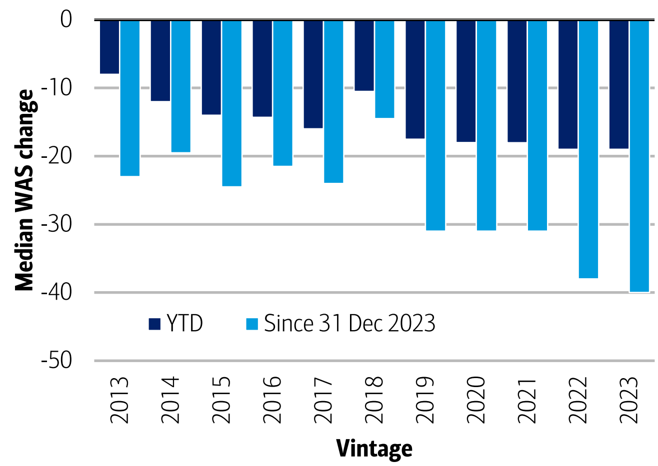
Exhibit 25: Median WAS change by vintage
WAS has declined by 40 bps on average for the 2023 vintage since early 2024, and almost 20 bps YTD



Source: BofA Global Research, Intex

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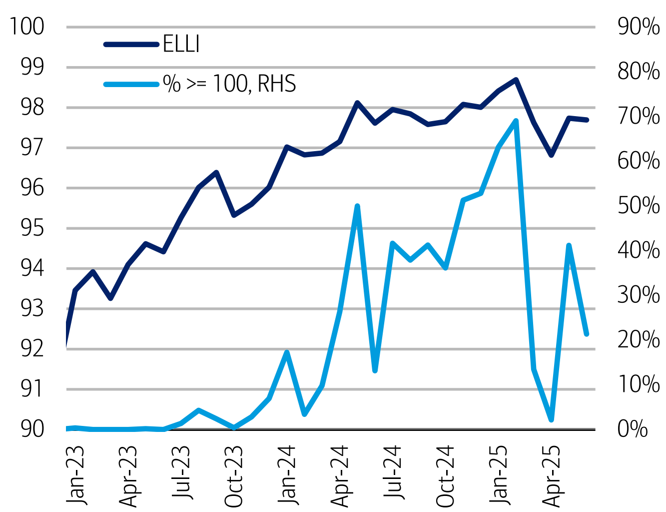
Exhibit 26: ELLI avg bid price & proportion >= 100
The % of loans >= 100 has declined MoM



Source: LCD

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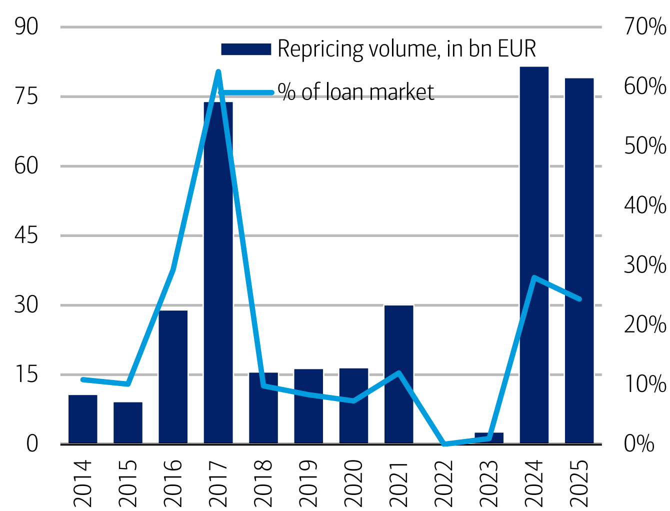
Exhibit 27: Repricing volume, in bn EUR
Repricing volume YTD is at almost €80bn, on par with FY 2024



Source: LCD

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Performance likely to stay robust, but some areas to watch

We expect CLO collateral performance generally to remain robust, and for our base case we do not anticipate an uptick in OC test breaches in the near-term. Whilst lack of OID will likely continue to pose a headwind for par build (and thus potential for some more OC erosion), OC test cushions are generally healthy for most deals, and hence most deals can absorb some par losses.

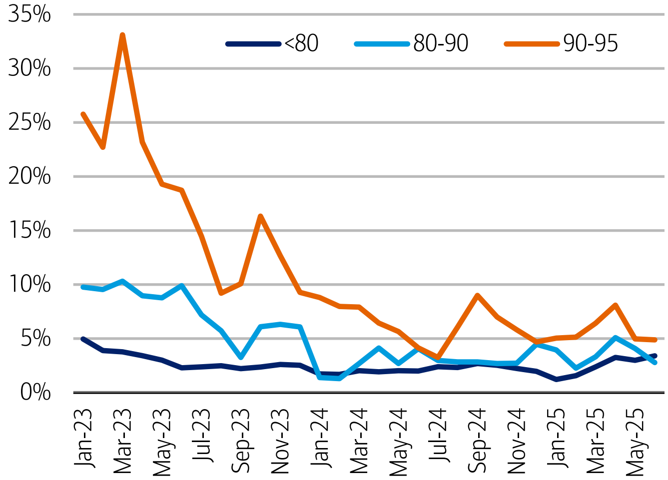
With regards to the credit backdrop, the price distribution of the loan secondary does not suggest any meaningful deterioration. Around 3% of loans are trading below 80 according to LCD data, and another 3% between 80 and 90. There will likely be some defaults stemming from weaker credits trading at stressed levels, but current market pricing should be line with 2-3% defaults for this year, which is manageable.

There are areas to watch, though. First of all, there is the risk of lower recoveries going forward if we start to see more LMEs. So far, recoveries have been very dispersed in Europe, but we have not seen a sharp trend towards lower recoveries across the board, i.e., recoveries continue to be better in Europe than in the US. Still, the risk remains, especially in jurisdictions that are generally considered to be less creditor-friendly.

Second, in addition to loans trading below 90, around 5% of the market is trading between 90 and 95. With strong demand for loans, it is not inconceivable that the technical backdrop is masking the real credit picture a bit, and some 90-95 names may be of worse quality than their market levels suggest. There also remain some tail risk, including continued uncertainty from tariffs and the upcoming 1 August deadline.

Last but not least, whilst WARF has declined for most CLOs due to CCC selling and clean-ups for resets, across the overall loan market downgrades continue to exceed upgrades, and over the last 3 months we have seen almost 4 downgrades for every upgrade, according to LCD data.

Exhibit 28: ELLI price distribution over time
Around 3% of the market is trading below 80



Source: LCD

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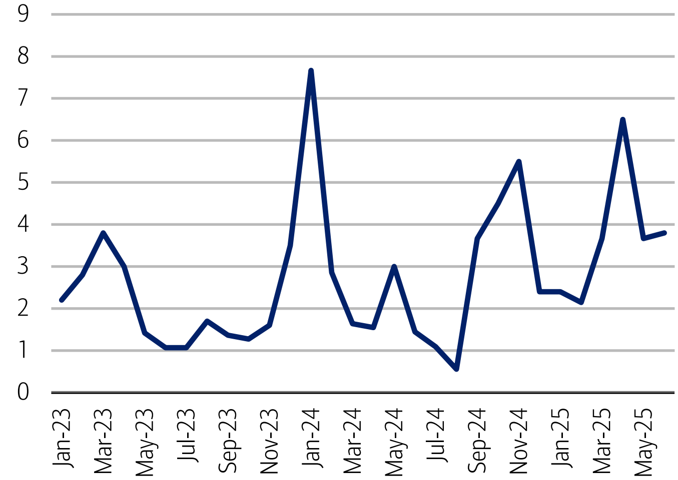
Exhibit 29: Rolling 3m ELLI downgrade-to-upgrade ratio
Downgrades continue to exceed upgrades



Source: LCD

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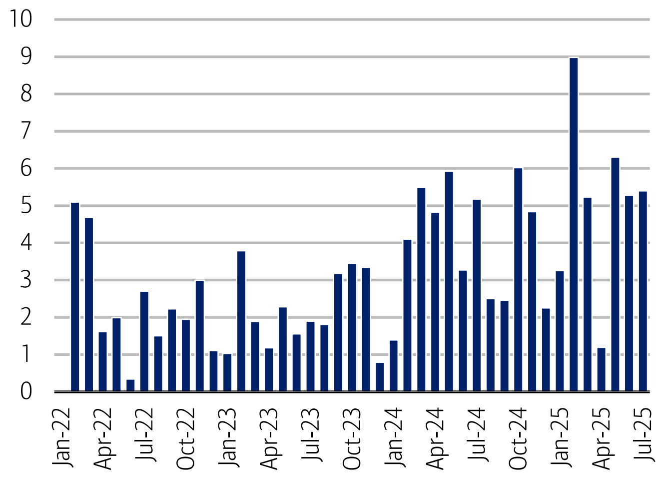
European CLO Data Appendix

Primary market

Exhibit 30: European CLO new issue volume, in bn EUR
New issue activity has had a record start into 2025



Source: BofA Global Research, IGM, Bloomberg, Creditflux

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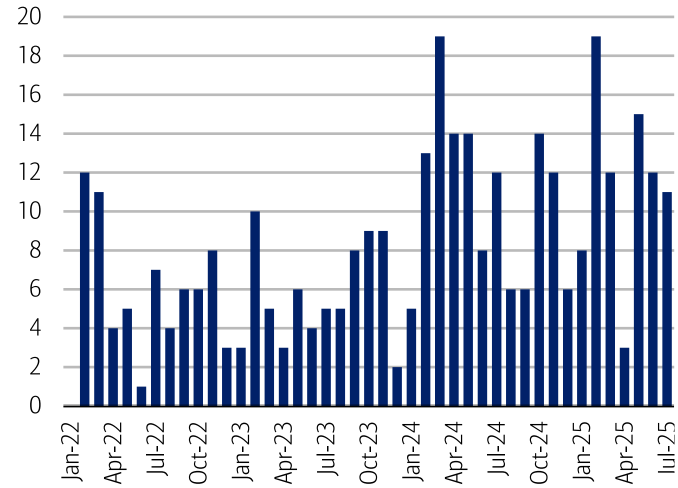
Exhibit 31: European CLO new issue deal count
CLO creation has remained very strong over the summer



Source: BofA Global Research, IGM, Bloomberg, Creditflux

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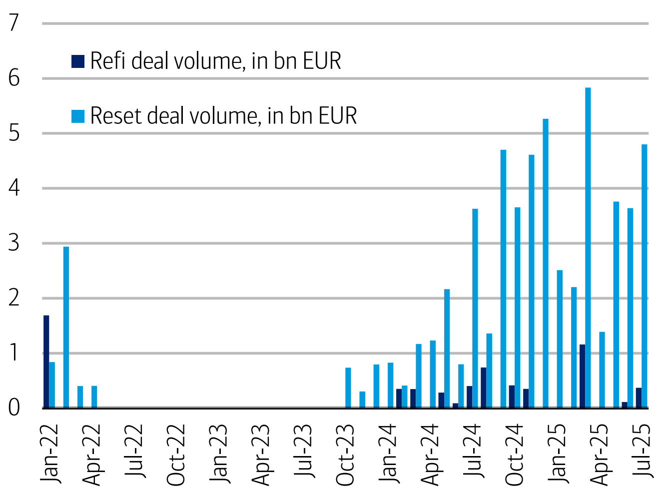
Exhibit 32: European CLO refi/reset volume
Refi/reset volume has picked up as spreads tightened



Source: BofA Global Research, IGM, Bloomberg, Creditflux

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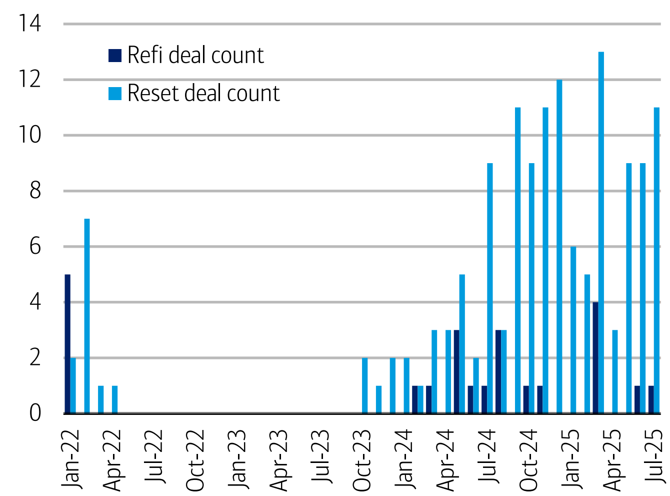
Exhibit 33: European CLO refi/reset deal count
Resets in particular have picked up, mainly from 2022 & 2023 vintage deals



Source: BofA Global Research, IGM, Bloomberg, Creditflux

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Secondary market

Exhibit 34: European CLO relative value
CLO spreads have rebounded from their April dislocation

	18-Jul-25	11-Jul-25	20-Jun-25	17-Jan-25	18-Jul-24	1 week	1 month	6 months	1 year
European CLOs									
AAA	110	110	110	105	100	0	0	5	-60
AA	175	175	175	165	170	0	0	10	5
A	210	210	215	210	210	0	-5	0	0
BBB	300	300	310	300	325	0	-10	0	-25
BB	575	575	600	550	625	0	-25	25	-50
B	865	865	875	850	935	0	-10	15	-70
US CLOs (vs. SOFR)									
AAA	120	120	125	115	120	0	-5	5	0
AA	160	160	165	160	175	0	-5	0	-15
A	180	180	185	180	210	0	-5	0	-30
BBB	285	285	285	265	330	0	0	20	-45
BB	625	625	650	525	650	0	-25	100	-25
UK RMBS									
Prime AAA	43	44	46	51	39	-1	-3	-8	4
BTL AAA	72	72	73	78	80	0	-1	-6	-8
BTL A	130	130	130	132	145	0	0	-2	-15
NCF AAA	71	72	75	83	85	-1	-4	-12	-14
NCF A	127	128	135	142	150	-1	-8	-15	-23
European RMBS									
France AAA	49	50	53	47		-1	-4	2	
Dutch Prime AAA	42	43	46	42	35	-1	-4	0	7
Dutch BTL AAA	64	65	68	70		-1	-4	-6	
Ireland AAA	67	68	72	72	61	-1	-5	-5	6
Ireland A	107	108	113	122	135	-1	-6	-15	-28
CMBS									
UK AAA	115	115	135	133	130	0	-20	-18	-15
UK A	190	195	230	205	245	-5	-40	-15	-55
Eurozone AAA	110	110	130	127	125	0	-20	-17	-15
Eurozone A	190	195	230	205	245	-5	-40	-15	-55
ABS									
German Auto AAA 2 year	46	47	50	44	34	-1	-4	2	12
UK Credit Card AAA	74	75	78	88	80	-1	-4	-14	-6
CDS indices									
iTraxx Main 5Y	54	54	59	55	54	0	-5	0	0
iTraxx Xover 5Y	278	282	304	294	294	-3	-26	-15	-15
CDX IG 5Y	50.70	50.55	56.10	48.85	50.50	0.15	-5.40	1.85	0.20
CDX HY 5Y	316.66	317.28	347.53	303.51	329.40	-0.62	-30.87	13.15	-12.74
Leveraged loans									
European loans (price)	97.68	97.67	97.89	98.27	97.86	0.01	-0.22	-0.59	-0.18
US loans (price)	99.18	98.97	98.39	99.02	97.23	0.20	0.79	0.16	1.95
IG credit									
European IG corporates	73	73	83	86	76	0	-10	-13	-3
US IG corporates	120	124	127	114	125	-4	-7	6	-5
HY credit									
European HY corporates	266	261	285	270	274	5	-19	-4	-8
US HY corporates	290	295	306	262	294	-5	-16	28	-4

Source: BofA Global Research, Bloomberg, ICE Data Indices

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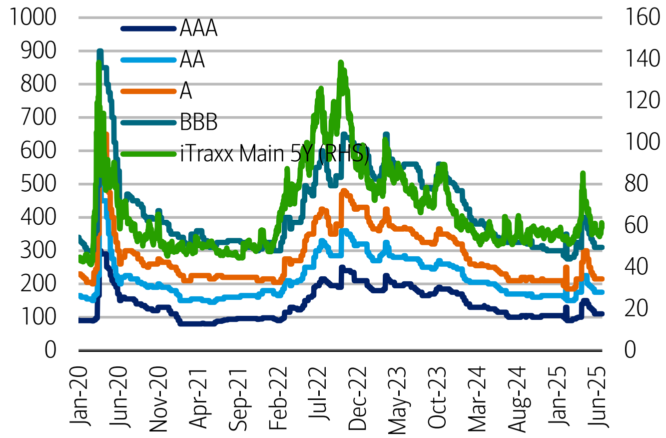
Exhibit 35: CLO IG spreads vs. iTraxx Main 5Y

CLO IG spreads have tightened considerably



Source: BofA Global Research, Bloomberg

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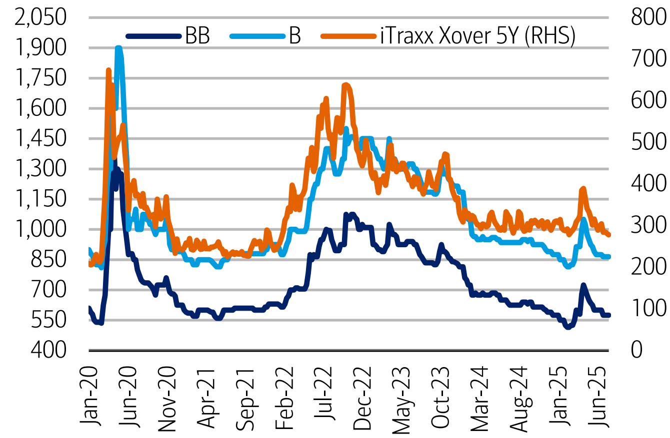
Exhibit 36: CLO sub-IG spreads vs. iTraxx Xover 5Y

CLO sub-IG spreads have rebounded from their April dislocation



Source: BofA Global Research, Bloomberg

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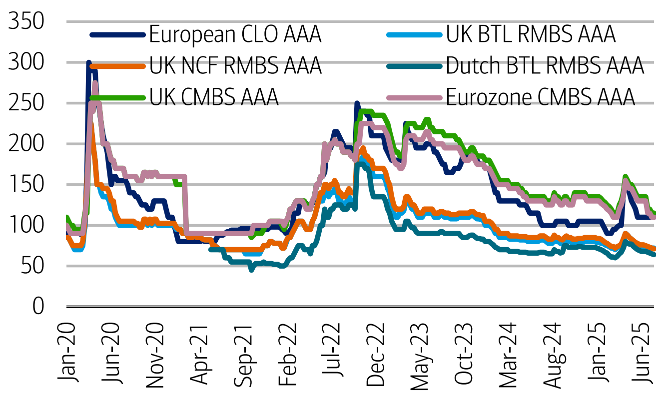
Exhibit 37: CLO AAA vs. other SF products

CLO AAA offers higher carry than BTL and NCF RMBS



Source: BofA Global Research

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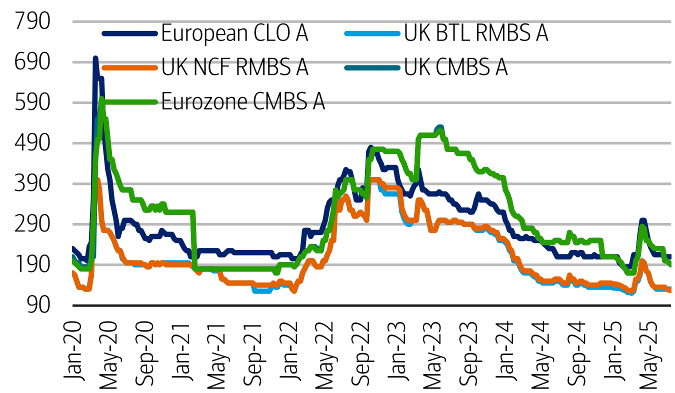
Exhibit 38: CLO A vs. other SF products

CLO A offers a higher carry than other SF products, excluding CMBS



Source: BofA Global Research

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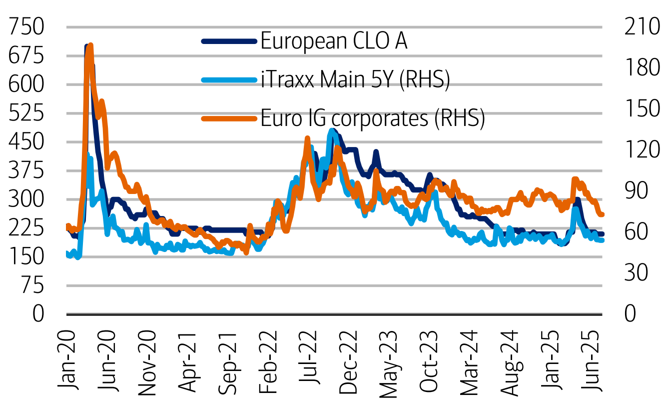
Exhibit 39: CLO A vs. Euro IG corporates

CLO A remains wider than corporate credit



Source: BofA Global Research, Bloomberg, ICE

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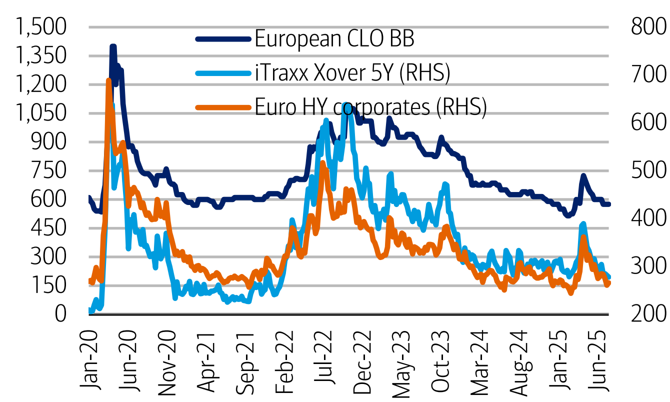
Exhibit 40: CLO BB vs. Euro HY corporates

CLO BB offers higher carry than Euro HY corporates



Source: BofA Global Research, Bloomberg, ICE

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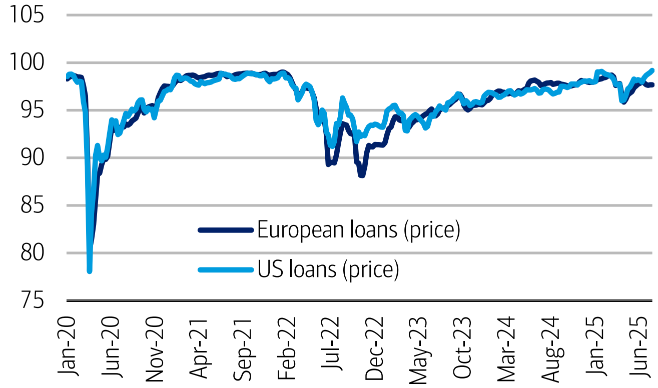
Exhibit 41: European vs. US leveraged loans
Loans have rebounded from their April softness



Source: BofA Global Research, Bloomberg, LCD

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