S&P Global
Ratings

U.S. BSL CLO And Leveraged Finance Quarterly:
Cautious Optimism, But Still A Credit Pickers' Market

Q4 2024

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This report does not constitute a rating action

Fourth-Quarter 2024 Update | Leveraged Finance

A Cautious Optimism

Improving credit metrics (see **slides 16-20**), expected interest rate cuts, and growing confidence that a soft landing will extend the credit cycle underpin our generally positive view for leveraged credit performance over the next six-to-12 months. Despite the market's overall bullish sentiment, we still recommend caution given the unique characteristics of this credit cycle, which has been marked by pronounced dispersion across sectors and rating levels, along with heightened geopolitical risks and economic uncertainties. Sector and rating-level performance divergences remain significant, with an estimated quarter of issuers in the 'B-' to 'BB+' range needing to demonstrate steady ongoing performance to align with their current rating thresholds. Furthermore, 30% of issuers have yet to regain pre-pandemic adjusted EBITDA levels, and around 40% saw EBITDA declines over the past few quarters (see **slide 5**), which suggests a solid but not exceptional earnings track record.

Looking ahead, we expect a more balanced downgrade-to-upgrade ratio over the next six months, with default rates projected to decrease to 3.75% by mid-2025 from a peak of 4.9% in April 2024. Lower interest rates and forecasted annual EBITDA growth in the mid-to-high single digits should help support the liquidity profiles of our weakest issuers. Provided there's no significant debt releveraging cycle or recession, we anticipate that by year-end 2025, most issuers rated 'B' and above will operate comfortably within or above their rating thresholds.

Lower Interest Rates Will Provide A Valuable Life-Line To Many 'B-' Issuers

Although not a cure-all for many of our 'CCC' category issuers with unsustainable capital structures ('CCC'/'CC' issuers represent about 12% of our portfolio), lower interest rates will provide good downside rating pressure relief for many of our 'B-' rated issuers. As of second-quarter 2024, roughly 30% of these 'B-' issuers reported EBITDA interest coverage below 1x. However, we estimate that, with a 200-basis-point reduction in interest costs and EBITDA growth in the mid-to-high single digits, this percentage could decrease by half (see **slide 15**).

First-Lien Recovery Rates Under Pressure From Top-Heavy Debt Structures And Ongoing Liability Management Transactions

Prospects for recovery given default on first-lien debt have declined notably since 2017 as debt structures have become more top-heavy, with a notable increase in first-lien-heavy and first-lien-only structures (see **slide 23, left side chart**). Average first-lien recovery expectations are now in the low-60% range overall, but are even lower for firms rated 'B-' and below, in the mid- to-high 50% area (using the rounded point estimates that are part of our recovery ratings). More top-heavy debt structures have also pushed down estimated actual recovery rates on first-lien debt in the five-year period ending in 2022 versus historical levels (see **slide 23, right side chart**), as shown in two different recovery studies (see "Are Prospects For Global Debt Recoveries Bleak?" published March 14, 2024).

Fourth-Quarter 2024 Update | Broadly Syndicated Loan CLOs

Going For A Record

Collateralized loan obligation (CLO) issuance surged in October, with $20.67 billion of new issue transactions pricing during the month across broadly syndicated loan (BSL) and middle-market (MM) CLOs per Pitchbook/LCD; this is the highest monthly tally since May 2024. Year-to-date through October, $162.57 billion of CLOs have been issued **(slide 28)**, leaving just $24.92 billion to go before the U.S. CLO market matches its all-time annual issuance record of $187.49 billion in 2021. Lack of new supply in the BSL loan market continues to constrain CLO issuance, with most activity consisting of repricings and refinancings rather than new loans. As a result, most new issue CLO transactions this year have relied heavily on the secondary market to source collateral, but this has become more challenging with a significant proportion of the loan market trading above par.

CLO resets and refinancings already have most of their collateral and don't face the same constraints. Year-to-date through October, $235.24 billion of these have priced, rapidly closing in on the all-time annual issuance record of $251.31 billion in 2021. Looking forward, if BSL 'AAA' tranche spreads and MM 'AAA' tranche spreads hold around 135 basis points (bps) and 160 bps through year-end, respectively, more than 850 CLOs will be outside their non-call periods and have spreads wider than current levels. If BSL and MM 'AAA' tranche spreads fall to 125bps and 155 bps, respectively, that increases to around 1,100 CLOs (see "Will Market Volatility Reset CLO Reset/Refi Volume Expectations For Second-Half 2024?" published Aug. 14, 2024). Not all of these CLOs will be ideal candidates for a reset, but for now, the heavy volume seems set to continue.

New Member Of The CLO Buyer Base Starts To Have An Impact

CLO exchange traded funds (ETFs) are growing rapidly and starting to have an impact. There are currently more than a dozen U.S. CLO ETFs outstanding holding over $16 billion of assets, with one fund representing more than $12 billion of that. Inflows have been about $10 billion in 2024 through October, or about $1 billion per month. Most of the CLO investments so far have been in 'AAA' BSL CLO tranches, but there are funds focused on mezzanine tranches, and some are buying MM CLO 'AAA' tranches. At least four new CLO ETFs are slated to release in 2025, two of which will focus solely on acquiring MM CLO notes. ETFs are still a small part of the $1 trillion U.S. CLO market; but given their buying this year, they may have marginally tightened new issue CLO pricing and could continue to do so if conditions are right.

Getting Better All The Time?

After two years of higher-for-longer interest rates and elevated corporate ratings downgrades, credit metrics for the average BSL CLO **(slide 29)** look fairly good: exposure to 'CCC' assets is lower than it was a year ago, and the S&P Global Ratings' weighted average rating factor (SPWARF), a measure of average obligor ratings, looks better as well. The proportion of corporate ratings on outlook negative in BSL CLO collateral pools is at the lowest point in nearly two years. There are some negatives: CLO par versus target par has drifted downward, as has the junior overcollateralization (O/C) ratio test cushion, but both look healthy by historical standards. There are, however, significant differences in performance metrics between the best and worst performing BSL CLOs **(slide 30)**.

Updated BSL CLO Rating Stress Scenarios

On Oct. 10, we published our annual BSL CLO rating stress scenarios **(slides 45 and 46)**. This year's results were slightly weaker than last year due to par loss over the past year, but the current analysis shows the CLO structure protecting senior noteholders, with more than 99% of CLO 'AAA' ratings remaining investment-grade even under our harshest scenario, where 20% of loans default with a 30% recovery and CLO 'CCC' baskets expand to 40%.

(Editor’s note: The downgrade notches under the "10/20" scenario for the 30% recovery table in slide 46 were misstated. A corrected version follows.)

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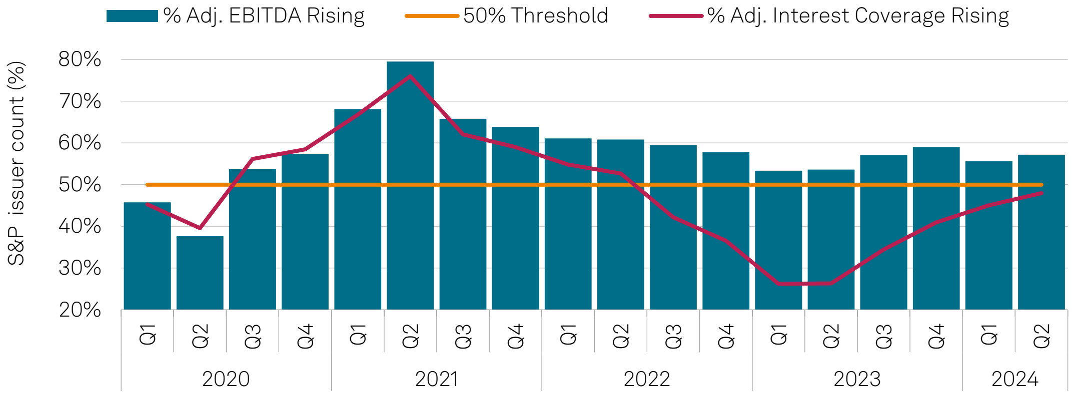
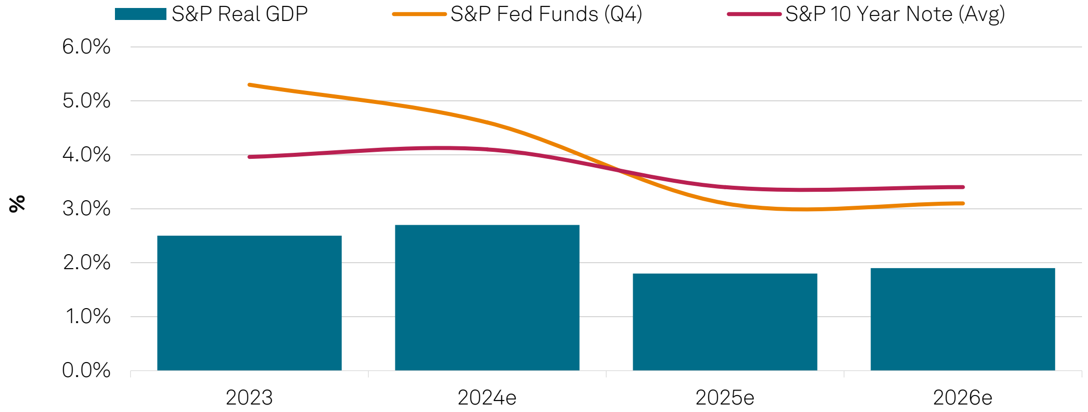
Credit Themes | What We're Watching As We Reach The End of 2024

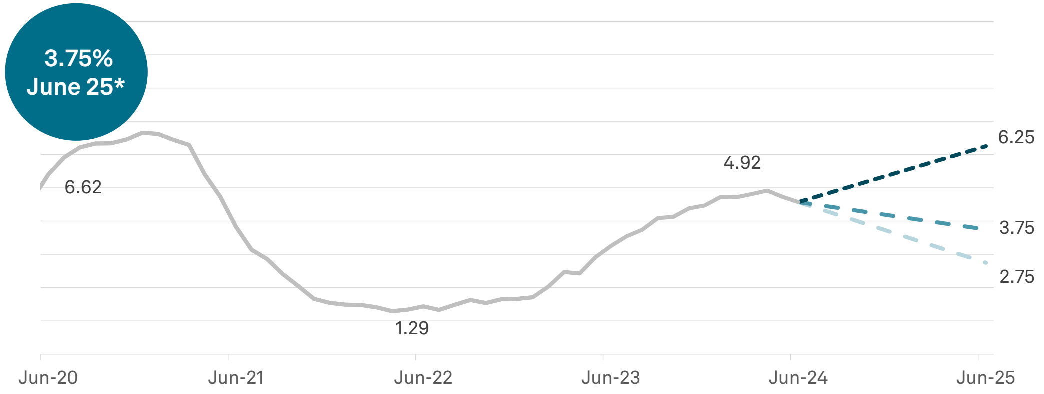
1. Earnings Resiliency And Interest Coverage Improvements



2. The Elections Impact On GDP And Interest Rates

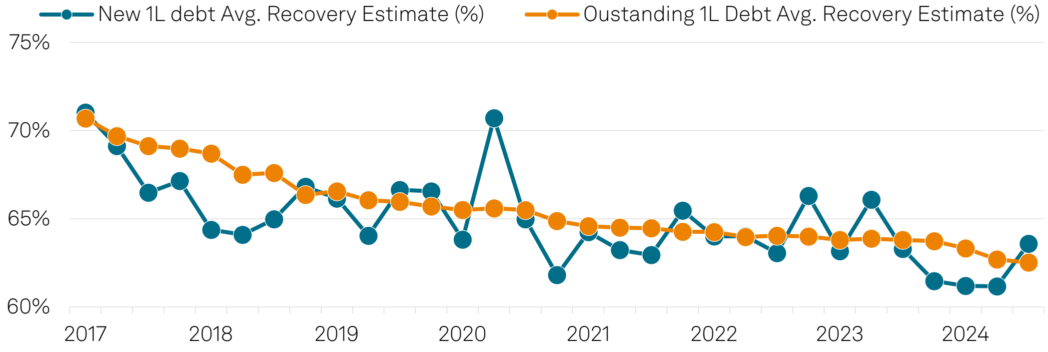


3. Default Rate Decline Modestly From 4.9% April Peak



*Base case forecast through June 30, 2025. Source: S&P Global Ratings.

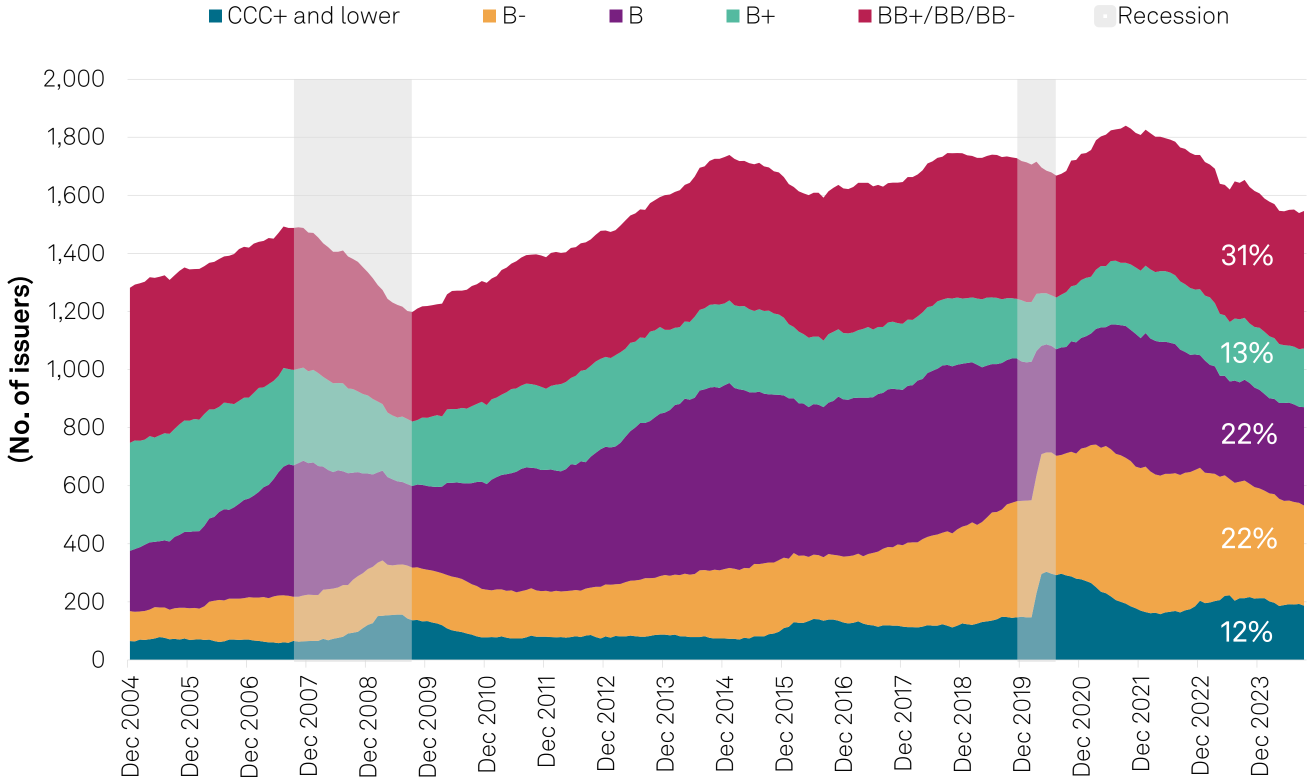
4. The Depth Of The Decline In First-Lien Recoveries?



Note: Starting from third-quarter 2024, we excluded new issues resulting from LMTs or general debt restructuring, as they typically represent exchanged debt rather than truly 'new' paper for syndication, which can introduce noise to our new issue recovery calculation.

Rating Trends | Issuers Rated 'B-' And Lower Have Fallen Steadily From the June 2020 Peak of 43% to 34%; Issuer Counts Have Plateaued

U.S. and Canada SG ratings distribution by issuer count*



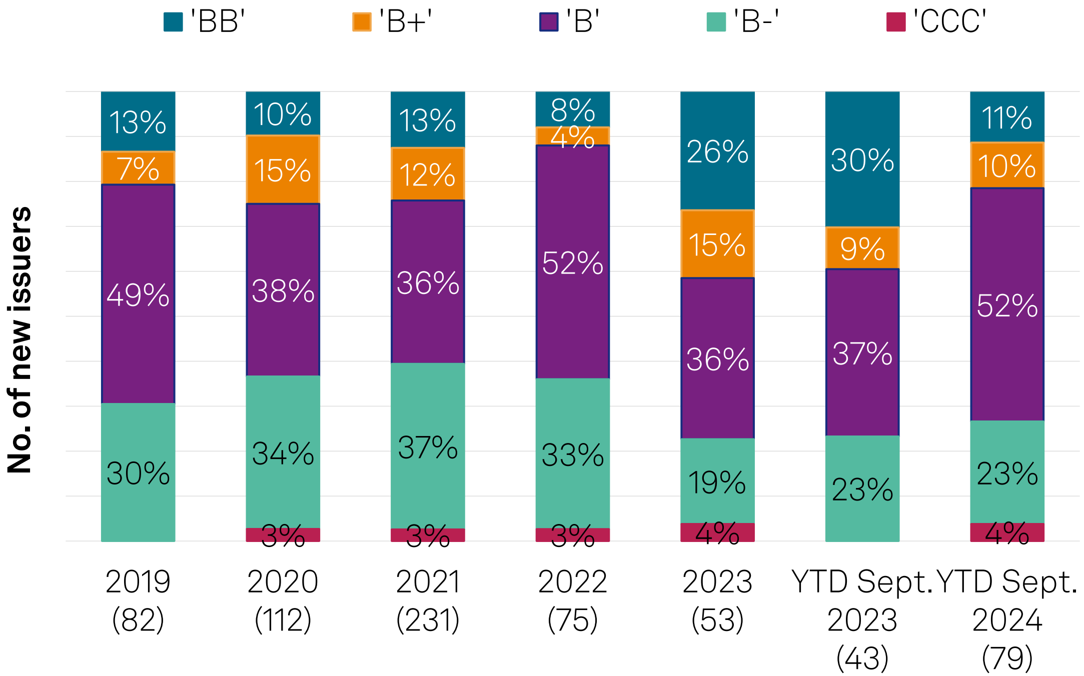
*Data as a % of SG Ratings Sept. 30, 2024. SG--Speculative grade. Source: S&P Global Ratings & CreditPro..

- About 22% of our speculative-grade issuer ratings (by issuer count) are rated 'B-'. The proportion declined 500 bps from its 28% peak in mid-2021.
- The speculative-grade issuer population fell about 6.5% for the last 12 months ending Sept. 30, 2024. Our rating distribution showed a modest widening of the tails ('BB' and 'CCC' categories).
- 'CCC' category issuers account for 12.1% of our portfolio, which is high but below the COVID-19 peak of 18.7% and just below the global financial crisis (GFC) peak of 12.8%.

Rating Trends | New Issuer Counts Increasing In 2024; Muted 'B-' Issuance

- 'B-' new issuers remains below half of 2021 levels as new issuer ratings shift towards 'B'.
- S&P Global Ratings sectors with the highest new issuer count were capital goods; business and consumer services; and media, entertainment, and leisure

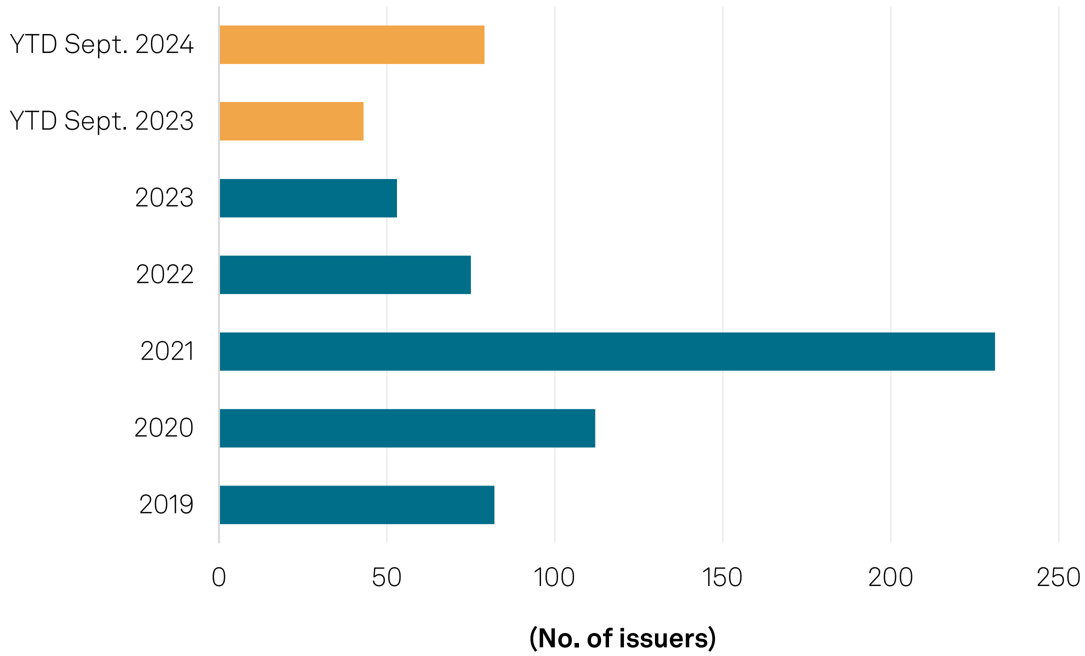
U.S. and Canada distribution of new SG issuers by credit quality



	2019 (82)	2020 (112)	2021 (231)	2022 (75)	2023 (53)	YTD Sept. 2023 (43)	YTD Sept. 2024 (79)
'BB'	13%	10%	13%	8%	26%	30%	11%
'B+'	7%	15%	12%	4%	15%	9%	10%
'B'	49%	38%	36%	52%	36%	37%	52%
'B-'	30%	34%	37%	33%	19%	23%	23%
'CCC'		3%	3%	3%	4%		4%

SG--Speculative grade. Source: S&P Global Ratings.

U.S. and Canada new SG issuers counts by year



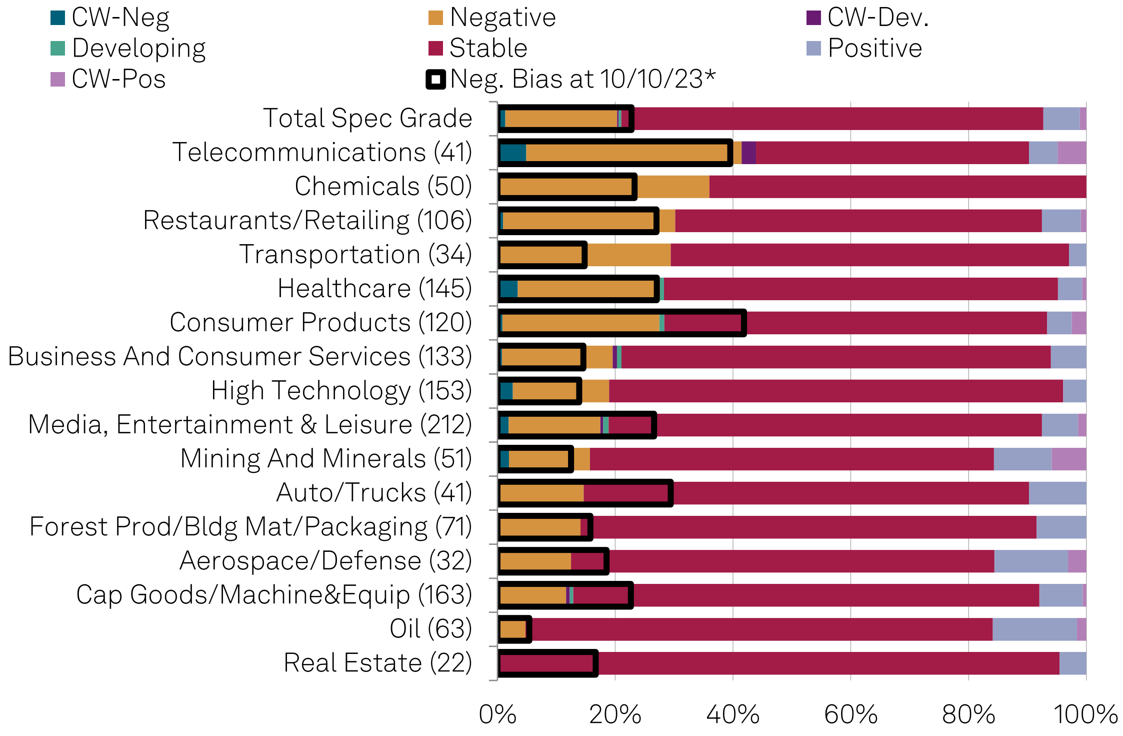
SG--Speculative grade. YTD--Year to date. Source: S&P Global Ratings.

S&P Global Ratings

Rating Trends | SG Negative Rating Bias Has Declined Modestly Since October 2023 But Still Varies Widely Among Sectors

Speculative-grade rating outlook by sector

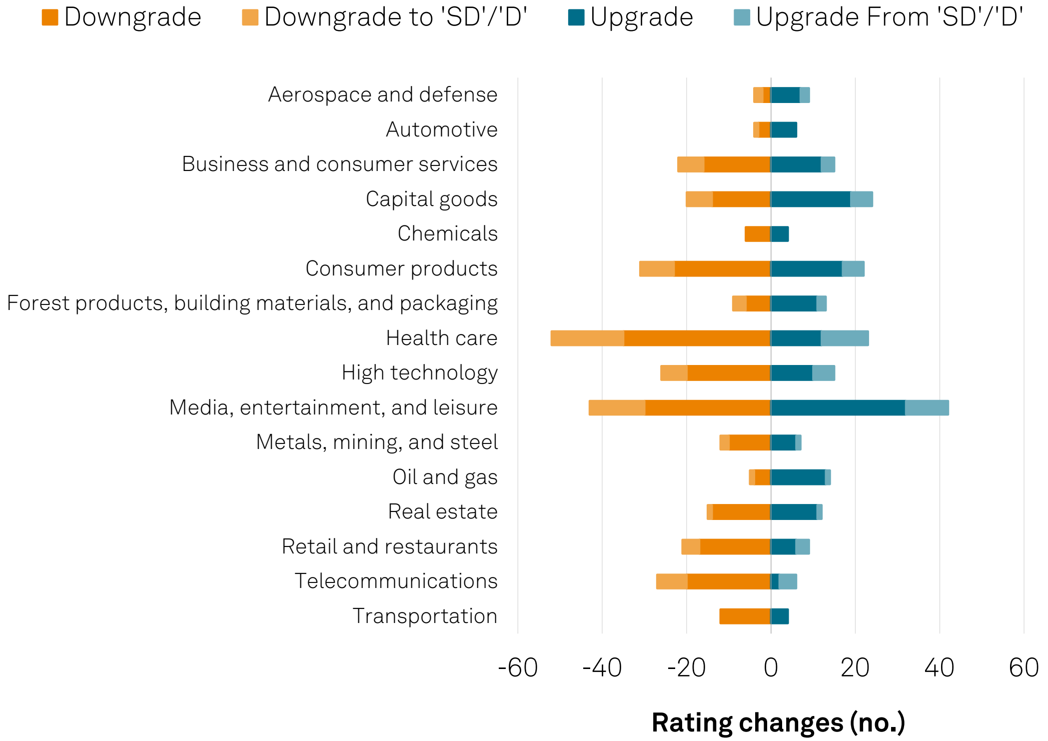
U.S. And Canada (as of Oct. 23, 2024)



*Includes issuers with a negative rating outlook and issuers placed on CreditWatch negative.
Source: S&P Global Ratings U.S. and Canada ratings.

Speculative-grade issuer credit rating changes by sector*

U.S. and Canada (LTM September 2024)

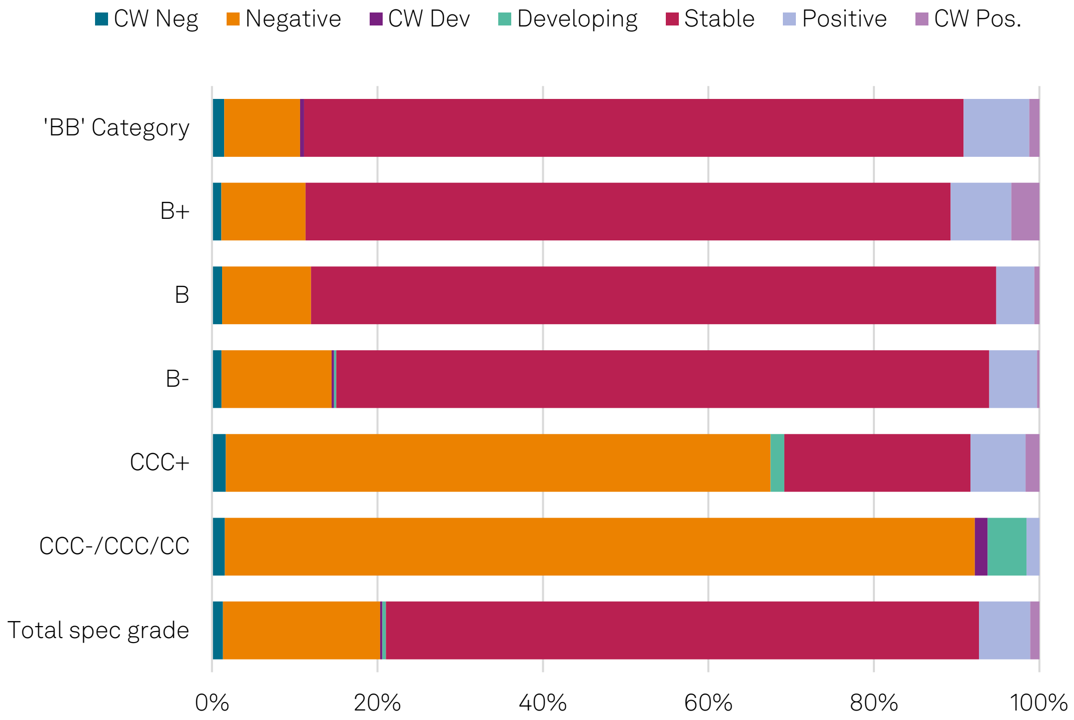


*Excludes utilities, financial, and insurance services. FY--Fiscal year.
Source: S&P Global Ratings U.S. and Canada ratings.

Rating Trends | Negative Bias Is Concentrated At Lower Ratings; About 75% Of 'CCC' Category Issuers Have A Negative Ratings Outlook

Speculative-grade negative ratings bias*

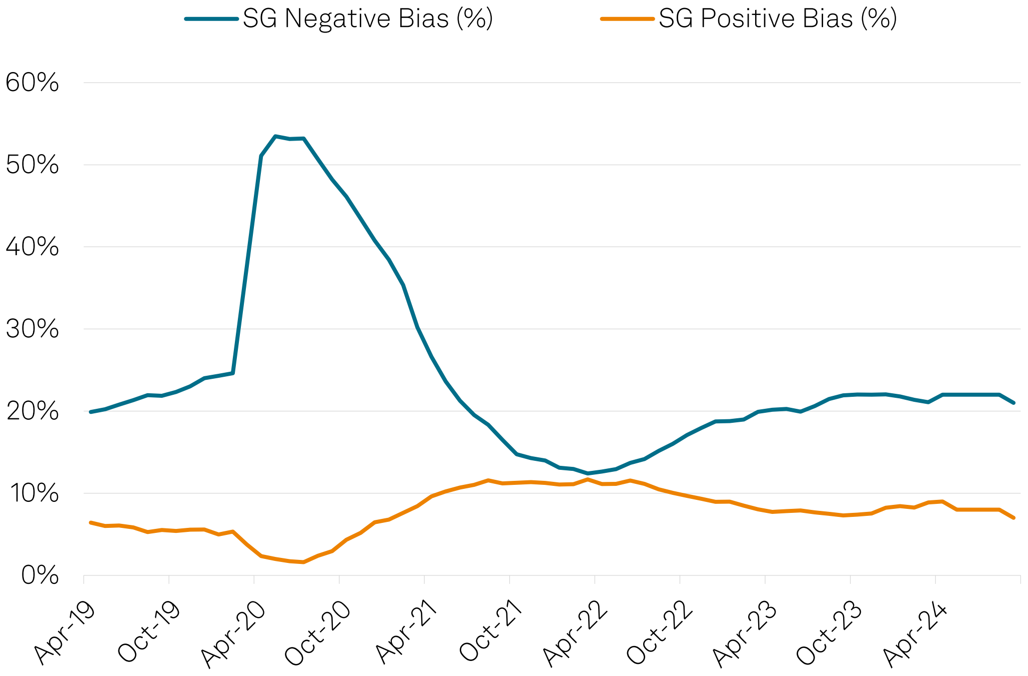
U.S. and Canadian nonfinancial corporates



*Ratings as of Oct. 23, 2024. Source: S&P Global Ratings U.S. and Canada ratings.

Speculative-grade negative ratings bias over time*

U.S. and Canadian nonfinancial corporates



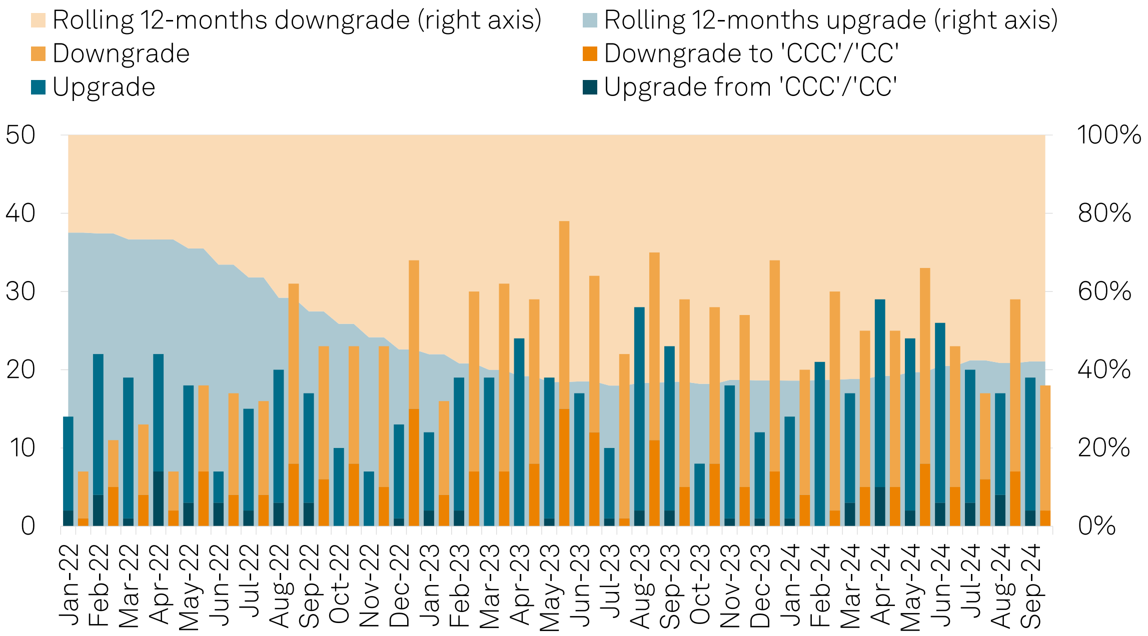
*Ratings as of Sept. 30, 2024. Source: S&P Global Ratings U.S. and Canada ratings.

S&P Global Ratings

Rating Trends | Upgrades Outpaced Downgrades In September; Downgrade Volumes Concentrated Within 'B-' And Lower Issuers

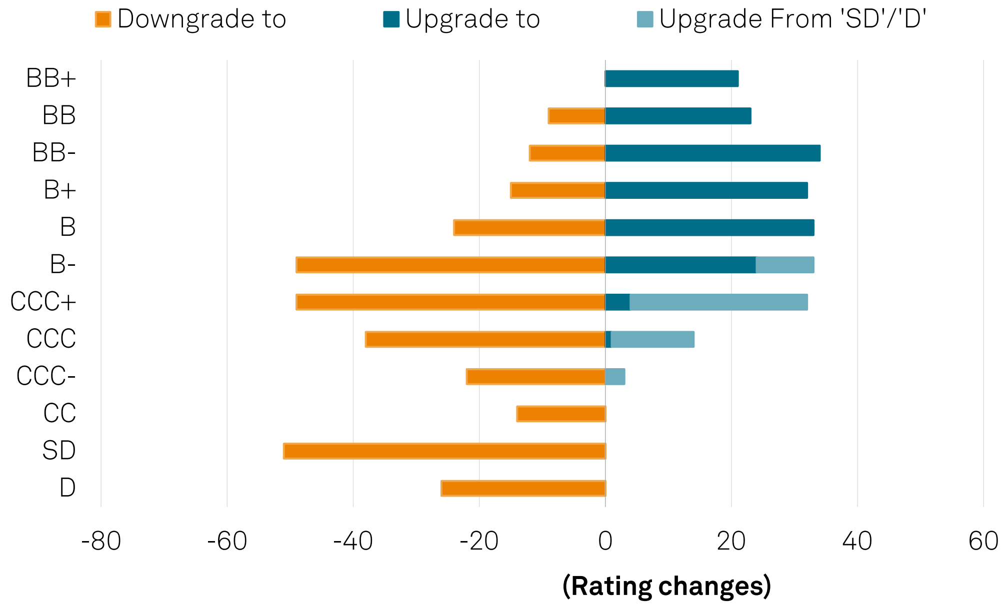
- Credit statistics for entities downgraded to--or upgraded from--the 'CCC' category are starkly different than those where the issuer credit rating was unchanged.

Speculative-grade upgrades and downgrades



Note: Statistics in the charts above excludes entities in the infrastructure and financial and insurance services sectors. Source: S&P Global Ratings U.S. and Canada ratings.

Speculative-grade issuer credit rating changes by rating: U.S. and Canada (LTM September 2024)

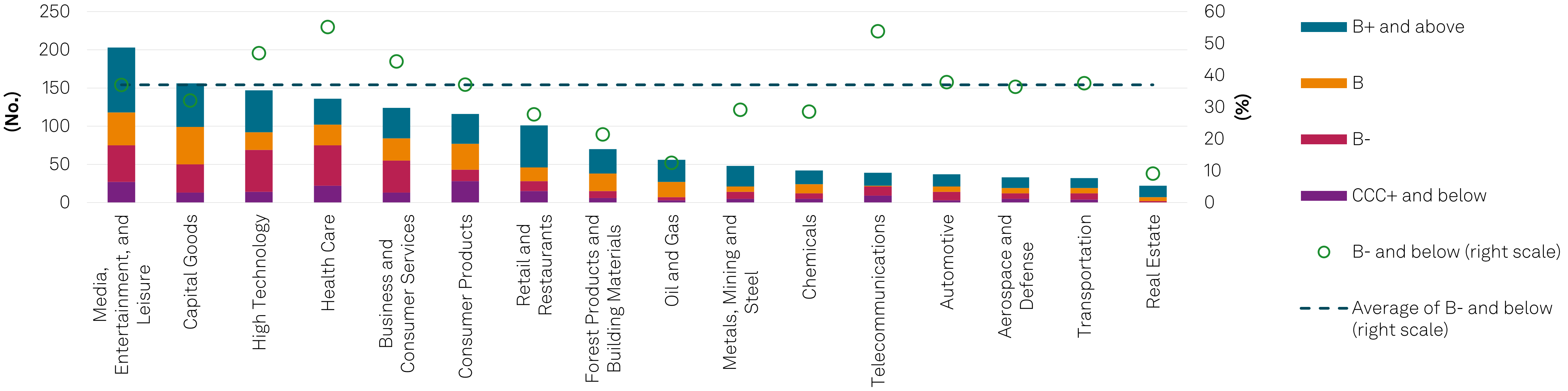


Note: Downgrade and upgrade ratings actions are 'to' the current rating. We do not include ratings that were downgraded from IG to SG and vice versa. (e.g., fallen angels and from SG to IG). IG--Investment grade. SG--Speculative grade. LTM--Last 12 months. Source: S&P Global Ratings U.S. and Canada ratings.

‘B-’ Credit Risk | ‘B-’ Issuer Counts Elevated In Sectors With High Sponsor Concentrations

- The sectors with the most speculative-grade companies tend to have high proportions of ratings of ‘B’ and lower, since this is where post-GFC ratings growth was concentrated.
- The sectors with high and above average concentrations of firms rated ‘B-’ and lower are healthcare, high technology, and business and consumer services, which have high financial sponsor ownership.

U.S. and Canada speculative-grade issuer credit rating distribution by sector*



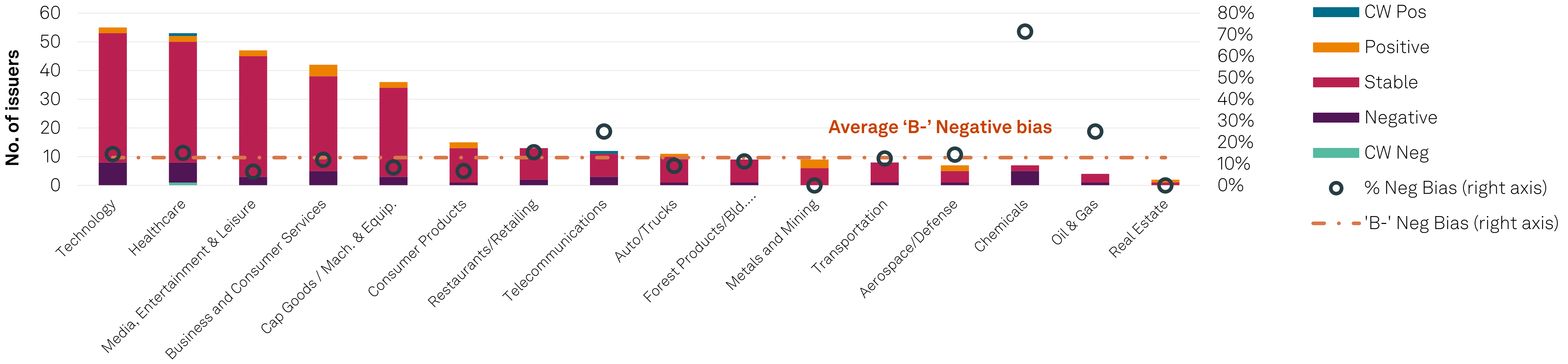
*As of Oct. 23, 2024. U.S. and Canada corporate ratings. Source: S&P Global Ratings.

‘B-’ Credit Risk | Negative Rating Bias For ‘B-’ Issuers Fell To 13% In October From About 22% In January, But Varies Widely By Sector

- On a speculative-grade corporate rating, a negative outlook is intended to signal a one-in-three chance of a downgrade within the next 12 months.
- Chemicals is the sector with the highest percentage of issuers with a negative rating bias, but healthcare has the highest total number of issuers with a negative bias.

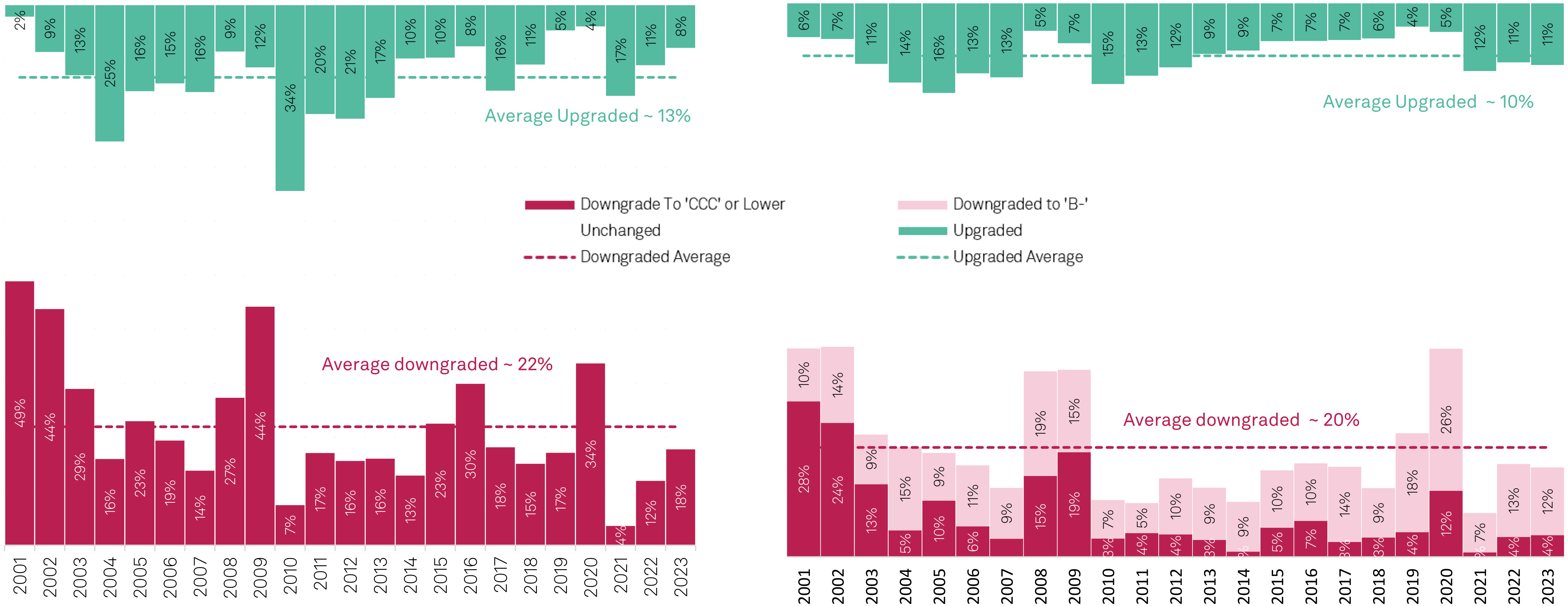
Ratings bias of companies rated ‘B-’ by sector*

U.S. and Canadian nonfinancial corporates



*As of Oct. 23, 2024. Source: S&P Global Ratings Credit Research & Insights.

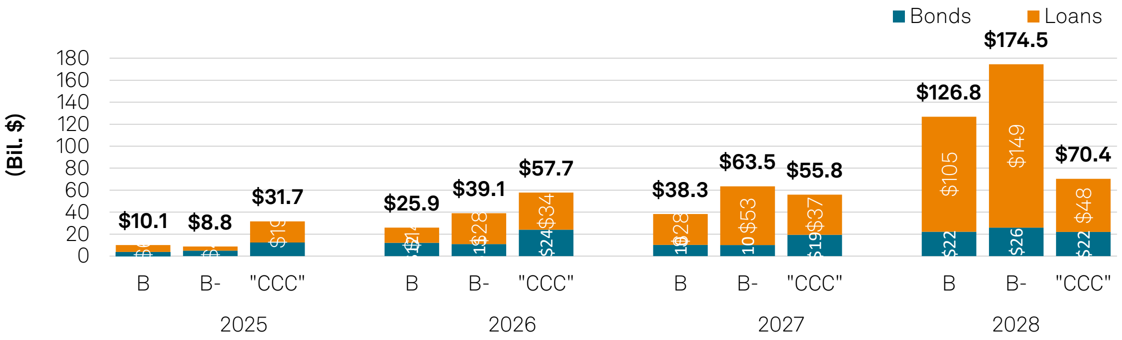
‘B-’ Credit Risk | ‘B-’ Downgrades Often Outpaced Upgrades By Average Of 8.5 Percentage Points And Median Of 4.9



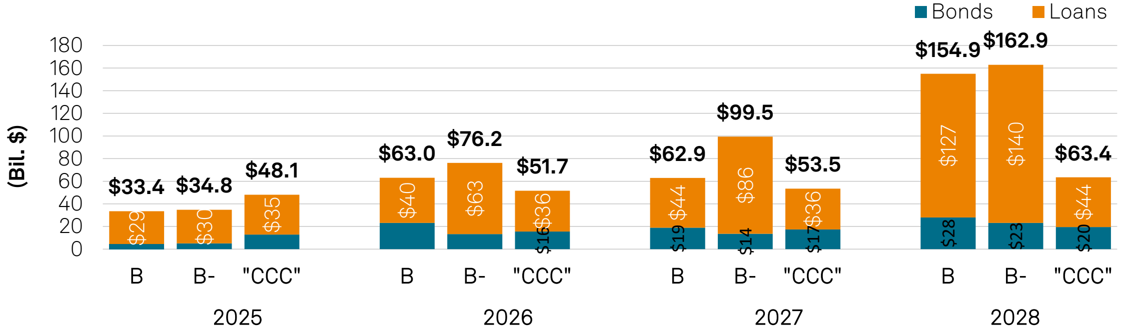
Source: S&P Global Ratings U.S. and Canada ratings – CreditPro repository.

Maturity Wall | ‘CCC’ Refinancing Needs Remain High, With A Focus On Telecom, Media, And Business And Consumer Services

Debt maturities as of Oct. 25, 2024

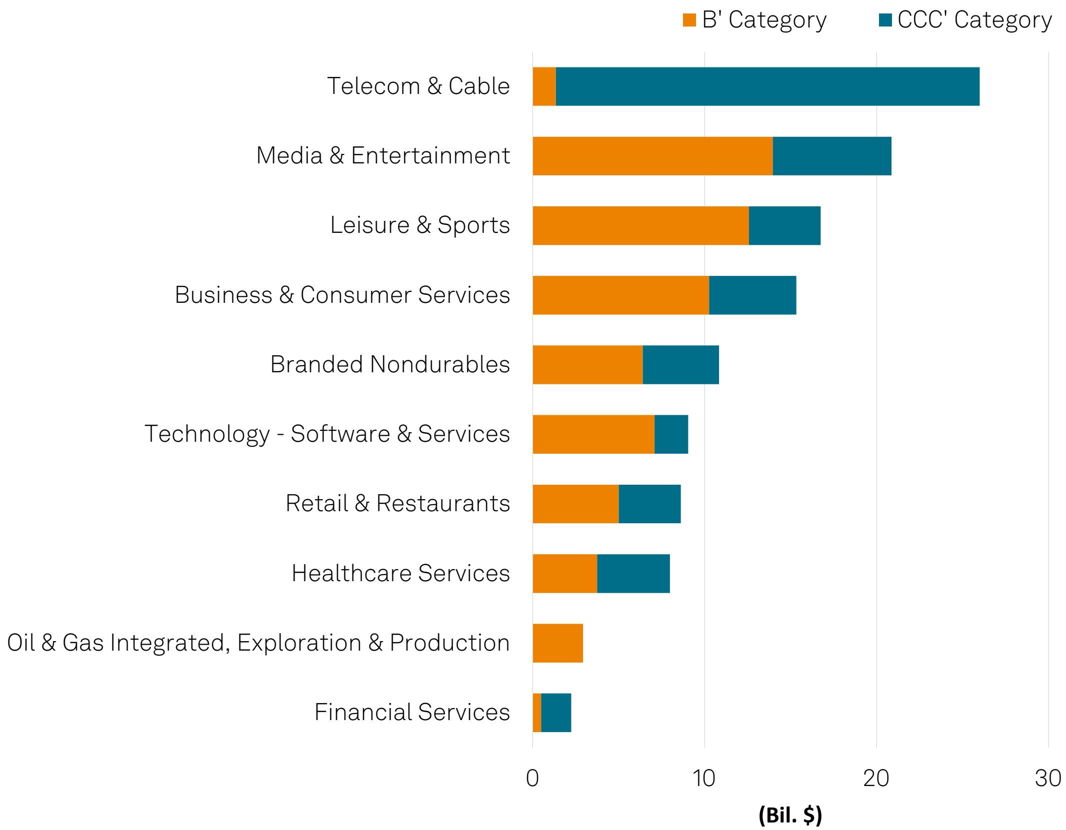


Debt maturities as of Jan. 17, 2024



Note: Includes U.S. nonfinancial corporate issuers' speculative-grade bonds and loans. Excludes revolving credit facilities. Source: IHS Markit & Refinativ Data.

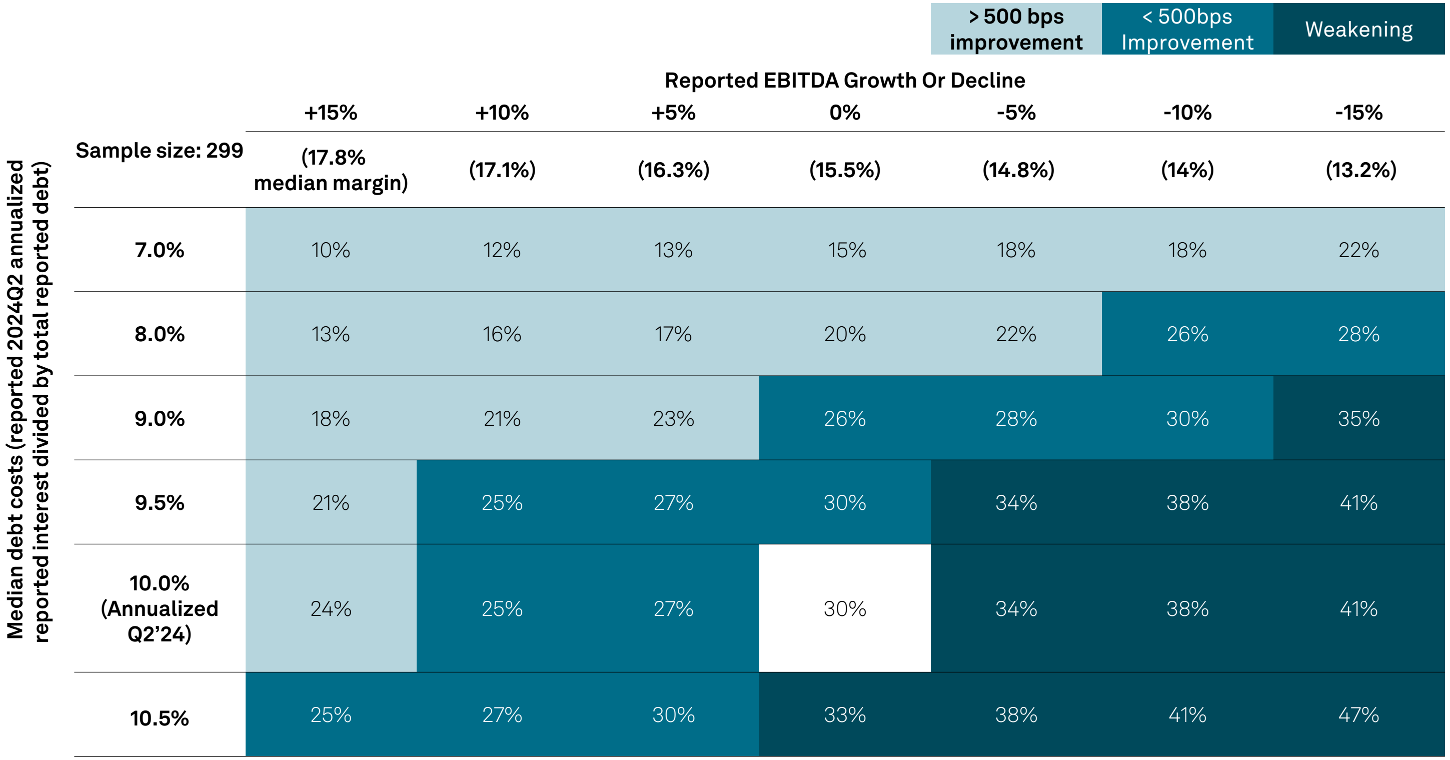
‘B+’ and lower debt maturing from 2025 to 2026 (U.S. bil. $)*



*Data as of Oct. 25, 2024. Includes U.S. nonfinancial corporate issuers' speculative-grade bonds and loans. Excludes revolving credit facilities. Source: IHS Markit & Refinativ Data.

Scenario Analysis | Interest Rate Reductions And Earnings Growth Could Support A Solid Improvement Of Interest Coverage Ratios

Percentage of 'B-' issuers with reported EBITDA interest coverage less than 1x



> 500 bps improvement	< 500bps Improvement	Weakening

Reported EBITDA Growth Or Decline

Median debt costs (reported 2024Q2 annualized reported interest divided by total reported debt)

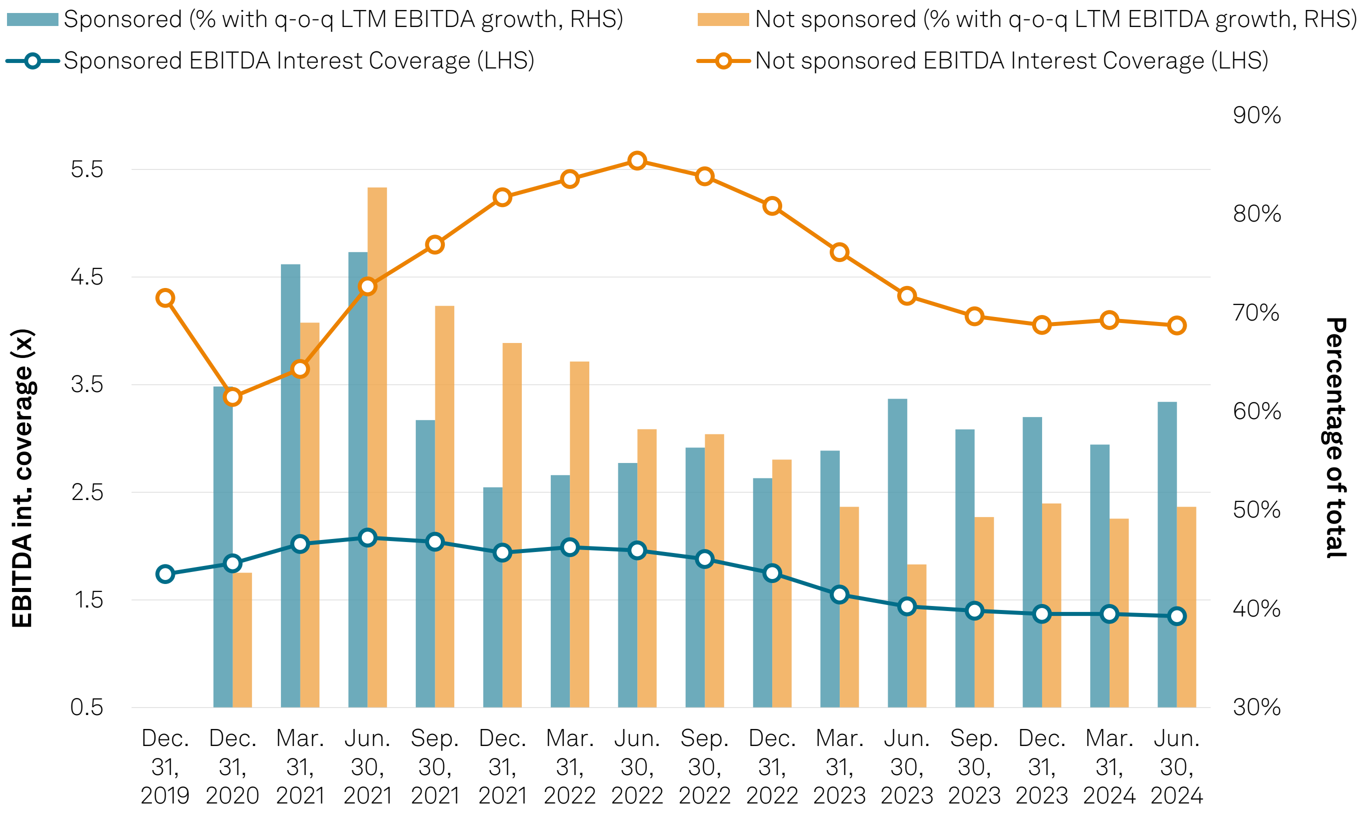
Sample size: 299	+15% (17.8% median margin)	+10% (17.1%)	+5% (16.3%)	0% (15.5%)	-5% (14.8%)	-10% (14%)	-15% (13.2%)
7.0%	10%	12%	13%	15%	18%	18%	22%
8.0%	13%	16%	17%	20%	22%	26%	28%
9.0%	18%	21%	23%	26%	28%	30%	35%
9.5%	21%	25%	27%	30%	34%	38%	41%
10.0% (Annualized Q2'24)	24%	25%	27%	30%	34%	38%	41%
10.5%	25%	27%	30%	33%	38%	41%	47%

*The hypothetical analysis using quarterly annualized interest for issuers reporting in second-quarter 2024 and measuring the impact of falling interest costs and various EBITDA growth and decline scenarios.

- When annualizing reported interest expense in second-quarter 2024, the percentage of issuers that fail to have reported EBITDA interest coverage > 1x is about 30% of our portfolio.
- Under a scenario where annualized debt costs fall 200 bps and EBITDA remains unchanged, we could see the number of 'B-' issuers with less than 1x interest coverage fall to 30% from 20% of our portfolio.
- In a scenario where annualized debt costs fall by 200 bps and EBITDA grows between 5-10%, the number of 'B-' issuers with interest coverage deficits could fall by nearly half.

Credit Metrics | Sponsor-Backed Companies Often Demonstrate Higher Risk, But Higher EBITDA Growth

Median-reported EBITDA coverage and EBITDA growth



Source: S&P Global Ratings - U.S. Leveraged Finance Q3 2024 Update: Sponsor-Backed Companies Experiencing Highlights And Lowlights

- Sponsor-backed companies have outperformed non-sponsored ones in profit growth since 2023, helping to narrow the leverage gap. However, not all strong earnings momentum translated into higher free operating cash flow (FOCF), with twice as many sponsor-owned companies reporting negative FOCF than non-sponsored ones in the 12 months ended June 30, 2024.
- In the past 12 months, downgrades have outnumbered upgrades for PE-owned companies but not by a large margin. In contrast, rating trends have turned generally positive for companies not backed by sponsors for the same period.
- In the 12 months ended Aug. 31, 2024, PE-owned companies had a disproportionately large share of defaults led by distressed debt exchanges, including liability management transactions, outnumbering those by non-sponsored companies by 1.5 to 1--an observation that we believe is consistent with the credit ratings.

Credit Metrics | Reported EBITDA Interest Coverage Declines Have Likely Troughed At 2.5x

(Rolling 12-month periods)
Speculative-grade reported interest coverage (U.S. and Canada)

Issuer credit rating*	Entity count (no.)	Q3 2022 (x)	Q4 2022 (x)	Q1 2023 (x)	Q2 2023 (x)	Q3 2023 (x)	Q4 2023 (x)	Q1 2024 (x)	Q2 2024 (x)
BB+	103	8.8	8.8	7.5	6.6	6.6	6.3	6.4	6.2
BB	114	7.9	6.5	6.1	5.7	5.8	5.5	5.7	5.8
BB-	115	5.5	5.2	5.0	4.5	4.3	4.2	4.0	3.9
B+	116	4.0	3.9	3.7	3.4	3.2	3.0	2.9	3.0
B	154	3.4	3.3	2.9	2.6	2.4	2.3	2.1	2.2
B-	190	1.7	1.7	1.5	1.4	1.3	1.2	1.2	1.3
CCC+	72	1.5	1.4	1.3	1.2	1.0	0.9	1.0	1.0
CCC	28	1.5	1.5	1.2	1.0	0.8	0.6	0.6	0.6
Total	**907**	**3.8**	**3.5**	**3.2**	**3.0**	**2.7**	**2.6**	**2.6**	**2.5**

*Ratings as of Sept. 17, 2024. Source: S&P Global Ratings.

Credit Metrics | Reported FOCF-To-Debt Flattens In Second-Quarter 2024, And Potentially Problematic For 'B-' And Lower-Rated Issuers

(Rolling 12-month periods)
Speculative-grade reported free operating cash flow to debt (%) (U.S. and Canada)

Issuer credit rating*	**Entity count (no.)**	**Q3 2022 (%)**	**Q4 2022 (%)**	**Q1 2023 (%)**	**Q2 2023 (%)**	**Q3 2023 (%)**	**Q4 2023 (%)**	**Q1 2024 (%)**	**Q2 2024 (%)**
BB+	103	13.7	13.4	11.4	12.1	12.6	12.4	14.4	15.0
BB	114	10.0	9.7	10.6	15.0	15.0	17.2	17.1	17.8
BB-	115	7.8	8.9	9.5	11.1	13.2	13.2	11.8	9.3
B+	116	3.7	5.8	7.0	7.7	8.5	9.8	10.1	9.1
B	154	1.7	2.5	3.7	4.3	5.3	4.6	3.5	3.6
B-	190	-1.2	-0.6	-1.0	-0.6	-0.6	0.0	-0.4	-0.3
CCC+	72	-6.1	-4.4	-3.3	-2.5	-1.1	-0.4	-0.4	-1.3
CCC	28	-5.9	-6.3	-5.7	-4.8	-4.6	-3.4	-2.5	-1.8
Total	**907**	**2.6**	**3.4**	**3.8**	**4.7**	**5.1**	**5.3**	**4.8**	**4.8**

*Ratings as of Sept. 17, 2024. Source: S&P Global Ratings.

Credit Metrics | Many Issuers Are Cutting CAPEX (While Gradually Investing in Working Capital) To Preserve Liquidity; Could Limit Future Growth

(Rolling 12-month periods)
Speculative-grade reported capital expenditures growth (U.S. and Canada)

Issuer credit rating*	Entity count (no.)	Q3 2022 (%)	Q4 2022 (%)	Q1 2023 (%)	Q2 2023 (%)	Q3 2023 (%)	Q4 2023 (%)	Q1 2024 (%)	Q2 2024 (%)
BB+	113	6.8	7.2	5.1	3.3	1.9	-1.4	-0.5	-1.2
BB	125	5.0	5.1	3.9	3.3	1.5	0.0	-0.3	-0.4
BB-	137	7.7	4.1	5.4	4.9	3.5	2.4	0.7	-0.4
B+	148	7.9	4.4	3.7	2.4	0.6	1.4	0.5	1.5
B	192	5.8	6.3	2.4	3.3	1.5	-0.1	0.0	-0.9
B-	238	3.8	4.5	1.3	0.8	1.2	-0.1	0.2	-1.7
CCC+	87	0.7	-1.4	-1.1	-3.8	-5.5	-4.3	-6.0	-3.0
CCC	32	0.9	2.4	-3.3	0.5	-5.5	-12.2	-5.6	-12.5
Total	**962**	**6.2**	**4.7**	**2.7**	**2.3**	**0.8**	**-0.1**	**-0.4**	**-1.2**

*Ratings as of Sept. 17, 2024. Source: S&P Global Ratings.

Credit Metrics | Reported Leverage Improvements Have Moderated In Recent Quarters, But Remain High For ‘B-’ And Lower Issuers

Reported leverage (rolling 12-month periods)
Breakdown by rating

Debt/EBITDA (x)

Issuer Credit Rating*	Entity Count	2019	2020	2021Q1 LTM	2021Q2 LTM	2021Q3 LTM	2021	2022Q1 LTM	2022Q2 LTM	2022Q3 LTM	2022	2023Q1 LTM	2023Q2 LTM	2023Q3 LTM	2023	2024Q1 LTM	2024Q2 LTM
BB+	108	3.1	3.5	3.4	2.9	2.6	3.1	2.8	2.7	2.6	2.8	2.8	2.7	2.7	2.8	2.8	2.8
BB	117	3.4	3.8	3.8	3.1	3.1	3.0	3.3	3.0	3.2	3.3	3.2	3.3	3.2	3.1	3.0	3.0
BB-	121	4.1	5.0	4.7	4.0	3.6	3.5	3.6	3.6	3.6	3.6	3.7	3.8	3.6	3.7	3.9	3.9
B+	125	4.6	5.4	5.5	5.0	4.5	4.6	4.7	4.6	4.4	4.2	4.3	4.1	4.1	4.1	4.1	4.1
B	161	5.4	6.4	6.2	5.7	5.4	5.5	5.1	4.8	4.8	4.8	4.9	5.0	4.9	5.0	5.2	5.2
B-	208	7.3	8.0	8.1	8.1	8.3	9.3	9.3	9.1	9.0	9.0	8.7	8.5	8.5	8.5	8.4	8.0
CCC+	72	7.9	9.0	8.0	8.0	9.0	10.1	10.7	10.7	9.7	9.8	9.3	9.7	9.6	9.8	9.6	9.4
CCC	27	7.4	9.9	8.4	7.9	9.2	8.6	9.2	10.0	9.2	9.3	10.6	11.2	13.5	16.1	13.8	15.7
Total	**954**	**5.0**	**6.0**	**5.7**	**5.2**	**5.1**	**5.3**	**5.2**	**5.0**	**5.0**	**5.2**	**5.0**	**5.0**	**5.1**	**4.9**	**5.0**	**4.9**

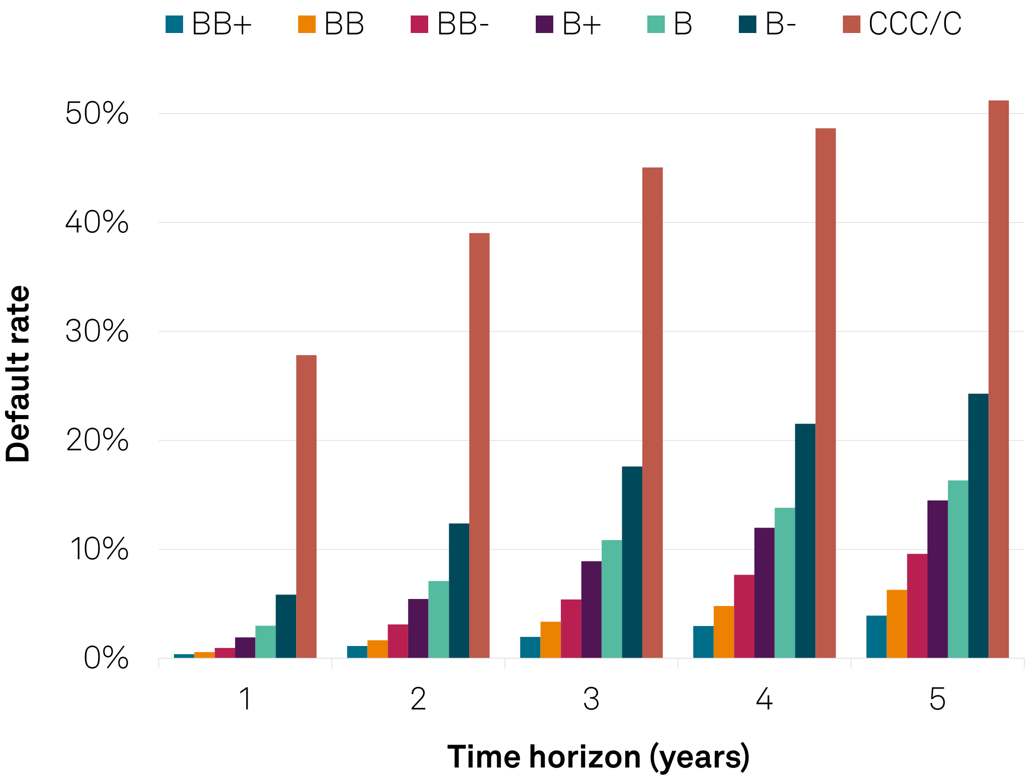
*Rating as of Sept. 17, 2024. LTM--Last 12 months. Source: S&P Global Ratings

Defaults | ’CCC’ Rated Companies Have Higher Default Risk

- We consider companies rated ‘CCC+’ or lower as more likely to default than not. Avoiding a default is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments.
- We view defaults for companies rated in the ‘CCC’ category as mostly a matter of timing. Generally, a visible default scenario would be tied to the timeframes noted below, although the timing of selective defaults (i.e. distressed exchanges) are often not predictable.
- In contrast, a company rated ‘B-’ is viewed as having a viable path to perform and improve its credit measures.
- Defaults and cumulative defaults are materially higher for companies with ‘CCC’ category ratings, even compared to ‘B-’ rated issuers. The cumulative default figures shown nearby do not adjust for a high level of ratings withdrawals over the time-period (more than 25%, on average, over a three-year period), as default tracking stops one year after a rating withdrawal.

Issuer credit rating	Anticipated time to default
CCC+	More than 12 months away
CCC	Within 12 months
CCC-	Within 6 months

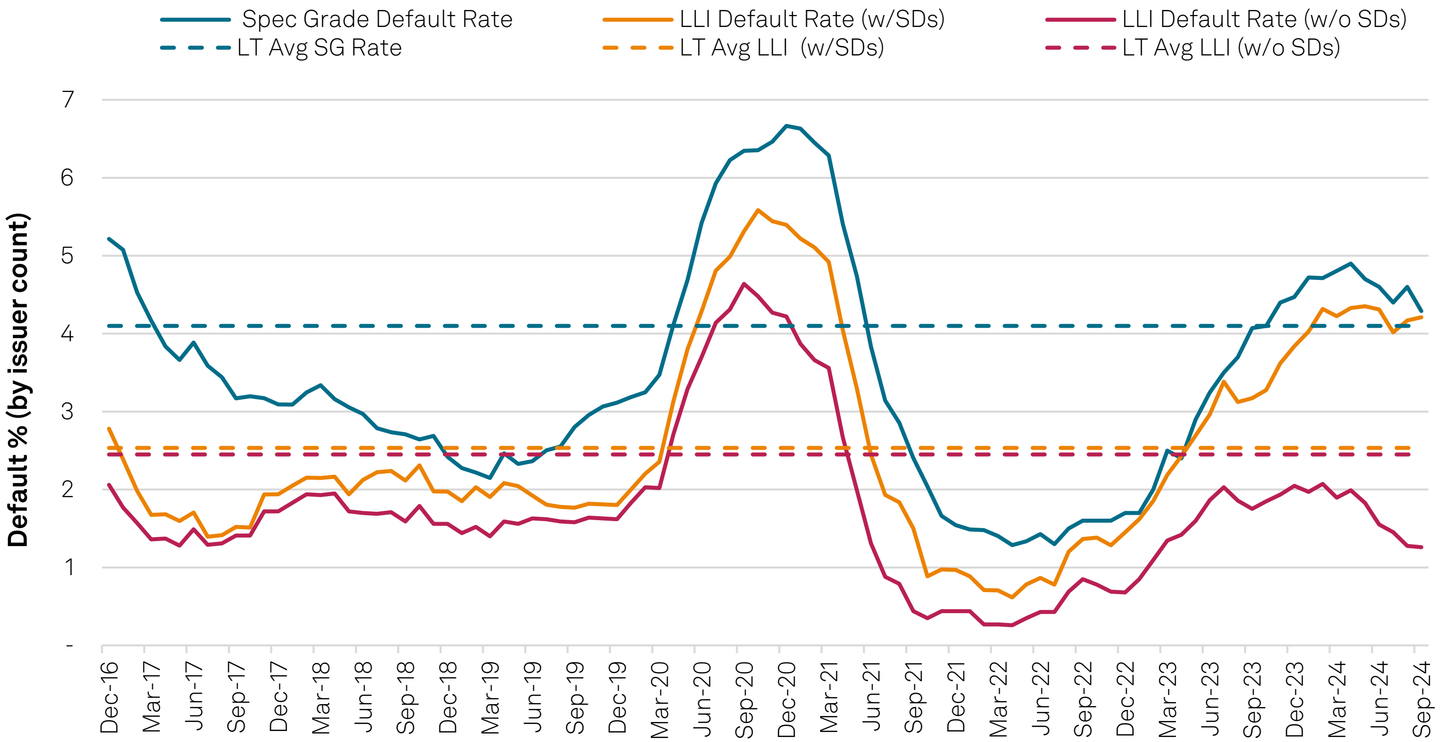
Average cumulative default rates for speculative-grade U.S. corporates by issuer rating (1981-2023)



Sources: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence’s CreditPro®.

Defaults | Leveraged Loan Default Rates Are Much Higher When ‘SD’ Rating Actions Are Considered, Especially From 2020 Forward

U.S. speculative-grade default rates (trailing 12-month basis as of Sept. 30, 2024)*

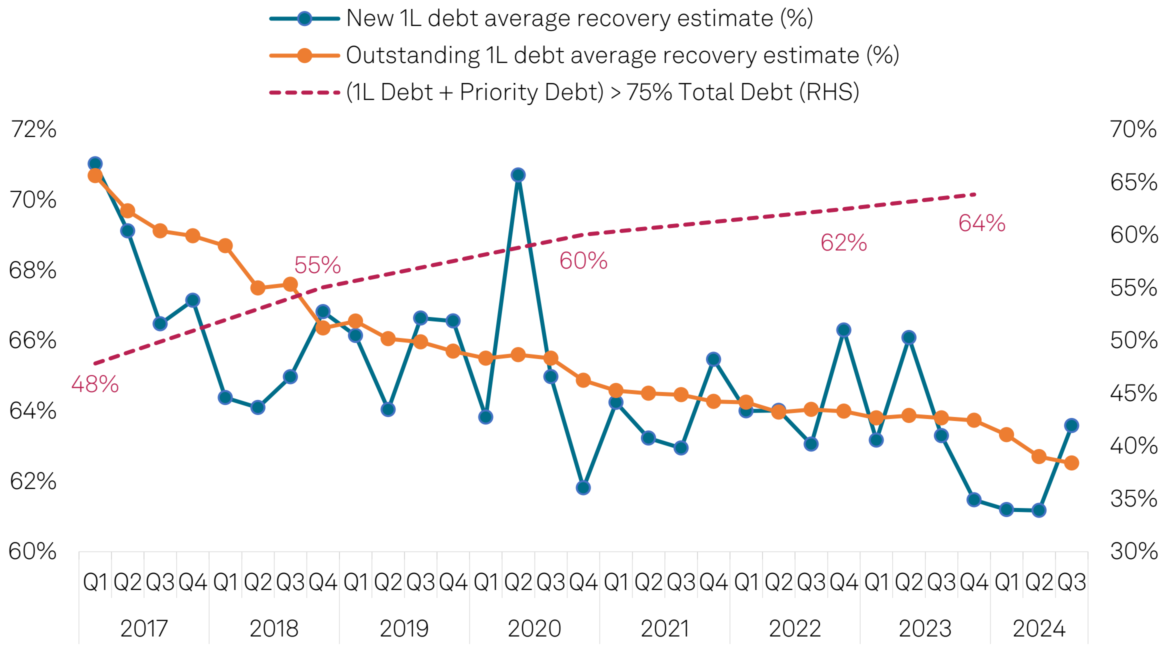


*All default measures are shown on an issuer-count basis through September 30, 2024 (although the speculative-grade default rate is preliminary for September). The LLI default rate is for the Morningstar/LSTA Leveraged Loan Index and is shown without selective defaults (SDs), consistent with the default definition of the index, as well as with SDs as determined by S&P Global Ratings’ rating actions. Sources: S&P Global Ratings and Leveraged Commentary & Data.

- Leveraged Loan Index Defaults with and without selective default (or SD) actions remain starkly different.
- LCD recently began publishing a default rate for the Morningstar/LSTA Leveraged Loan Index that includes SD rating actions by S&P Global Ratings (from Dec. 2016 forward).
- On this basis, the default rate was meaningfully higher on Sept. 30, 2024, at 4.21%, compared to 1.26% without SDs (both measures on an issuer-count basis).
- The gap between LL Index defaults with and without SD actions has been notably wider since 2020 and was at a peak of 295 bps on Sept. 30, 2024.
- Since July 2020, the LL Index default rate with SDs has generally been closer to S&P Global Ratings’ overall speculative-grade default rate (which also includes SDs) than to the traditional LL Index default rate.
- Given the prevalence of SD rating actions in recent years, LCD’s ‘dual track’ LL Index default rate is a critical measure of loan defaults.

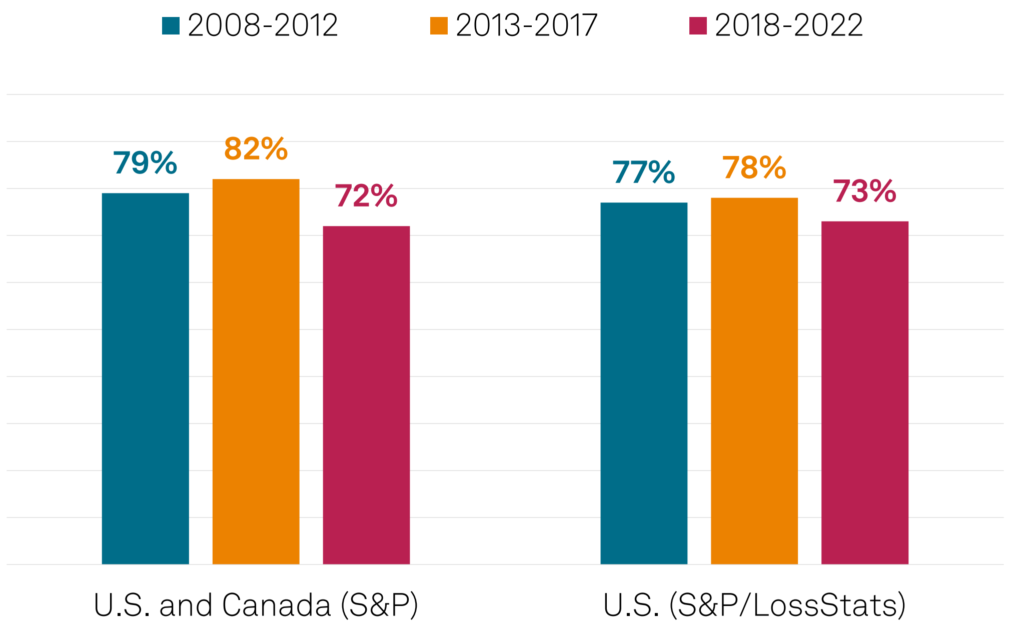
Recoveries | Future 1L Recovery Expectations And Actual 1L Recovery Rate Estimates Have Declined As Debt Structures Have Become More Top-Heavy

Expected recovery on newly issued and outstanding 1L debt based on S&P Global Ratings' recovery ratings (U.S. and Canada)*



*Data through September 30, 2024, based on the rounded point-estimates included in our recovery ratings for rated nonfinancial corporate entities in the U.S. and Canada. The data on debt structure composition is from a sample that covers large portion of the relevant rated issuers as of 1QE 2017, YE 2018, YE 2020, YE 2022, and YE 2023 (with smoothed transitions between these dates). The YE 2023 sample covers roughly 80% of the rated SG issuers in the U.S. and Canada. YE--Year end. SG--Speculative grade. Source: S&P Global Ratings.

Estimated actual first-lien recovery rates (% par) on a nominal basis*

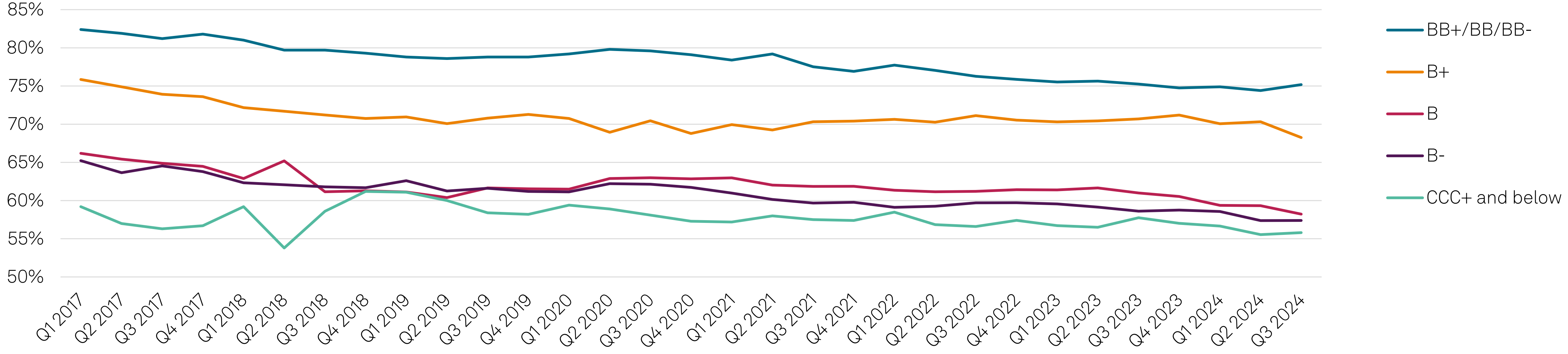


*The actual first-lien recovery estimates are on an ultimate (at the end of the insolvency or restructuring period) and nominal basis. The S&P Global Ratings' data represents estimated recoveries from bankruptcy documents, while the S&P Global Ratings' LossStats data is based on the best available information using one of three calculation approaches (trading prices, settlement prices, or liquidity event pricing). Source: S&P Global Ratings "Are Prospects For Global Debt Recoveries Bleak," published March 14, 2024.

Recoveries | First-Lien Recovery Expectations Vary By Rating Level

- Average recovery expectations for first-lien debt are notably lower for companies rated 'B-' and lower.
- Higher-rated issuers, which tend to be less levered and have larger junior debt cushions, also tend to have higher recovery expectations.
- Average recovery expectations have generally drifted down since 2017.
- These recovery expectations do not account for 'event risk' related to future aggressive-out-of-court restructurings or liability management transactions.

Average recovery estimate of first-lien debt: U.S. and Canada*



*Data through Sept. 30, 2024. based on the rounded point-estimates included in our recovery ratings for rated nonfinancial corporate entities in the U.S. and Canada. Source: S&P Global Ratings.

Recoveries | Aggressive Loan Restructurings Can Significantly Impair Recoveries For Disadvantaged Lenders And Usually Don’t Resolve Problems

Comparison of expected recovery impairment for subordinated/non-participating lenders from select loan restructurings

Through September 2024

Company completing the LMT	Dates	RR% before	RR% after	RR % change
1 J.Crew *	7/2017	40%	15%	-25%
2 PetSmart	6/2018	60%	45%	-15%
3 Neiman Marcus *	9/2019	55%	55%	0%
4 Cirque du Soleil *	3/2020	75%	75%	0%
5 Revlon *	5/2020	40%	15%	-25%
6 Party City *	7/2020	75%	45%	-30%
7 Travelport (+priming loan) **	9/2020	75%	0%	-75%
8 Envision Healthcare #1 *	4/2022	50%	30%	-20%
9 Shutterfly/Photo Holdings **	6/2023	60%	35%	-25%
10 US Renal Care #1 (transfer) **	6/2023	50%	30%	-20%
11 Murray Energy *	6/2018	65%	0%	-65%
12 NPC International Inc. *	2/2020	55%	40%	-15%
13 Serta Simmons *	6/2020	55%	5%	-50%
14 Renfro #1	7/2020	35%	20%	-15%
15 Boardriders	8/2020	55%	5%	-50%
16 TriMark/TMK Hawk #1 **	9/2020	55%	0%	-55%
17 GTT *	12/2020	50%	40%	-10%
18 Renfro #2	2/2021	20%	10%	-10%
19 TriMark/TMK Hawk #2 **	7/2022	60%	30%	-30%

Company completing the LMT	Dates	RR% before	RR% after	RR % change
20 Medical Depot **	7/2022	15%	10%	-5%
21 Envision Healthcare #2 *	8/2022	30%	Varied	Up to -30%
22 Mitel Networks International **	11/2022	50%	5%	-45%
23 BW Homecare/Elara Caring **	12/2022	50%	20%	-30%
24 Rodan & Fields **	4/2023	55%	40%	-15%
25 RobertShaw/Range Parent (multi-step) *	5/2023	50%	0%	-50%
26 Wheel Pros *	9/2023	50%	30%	-20%
27 API Holdings III Corp. / Spectrum Control **	11/2023	55%	35%	-20%
28 GoTo Group **	2/2024	50%	5%	-45%
29 Atlas Midco./Alvaria Inc. (transfer+priming)**	3/2024	65%	Varied	Up to -60%
30 PHM Netherlands/Loparex **	4/2024	60%	Varied	Up to -60%
31 Rackspace	4/2024	50%	Varied	Up to -50%
32 Digital Media Solutions Inc. (DMS) *	4/2024	40%	Varied	Up to -40%
33 EyeCare Partners **	4/2024	50%	Varied	Up to -50%
34 City Brewing (transfer+priming)	4/2024	50%	Varied	Up to -35%
35 Valcour Packaging / MRP Solutions **	6/2024	60%	Varied	Up to -60%
36 Del Monte **	8/2024	35%	Varied	Up to -35%
37 Magenta Buyer LLC (multi-step)**	8/2024	65%	Varied	Up to -65%
38 PECF USS / United Site Services (multi-step)**	8/2024	55%	Varied	Up to -55%

Notes: *Indicates the company subsequently filed for bankruptcy. **Indicates company either subsequently redefaulted and/or is rated 'CCC+' or lower. Excludes cases where all lenders were offered the opportunity to participate in the restructuring and realize the same impact. **Source:** S&P Global Ratings and company reports. Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.

Liability Management Transactions (LMTs) 101 | Four Primary LMT Types/Tactics

Collateral/Asset Transfers (aka Asset Dropdowns) (e.g., J.Crew)

- Involves the transfer of collateral/assets to non-obligor subsidiaries (typically unrestricted subsidiaries, but possibly a restricted non-guarantor).
- These non-obligor subsidiaries then borrow new secured debt against the value of the transferred assets.
- The new debt has a priority claim to the value of these assets/subsidiaries (via collateral pledges and structural seniority).
- If these subsidiaries are unrestricted, they are not subject to the covenants of the existing debt.

Pari Plus Structures (e.g., Sabre, Trinseo, Envision #1)

- New secured debt is raised at a non-obligor, giving it a secured and structurally senior claim to the assets of this entity and guarantors exclusive to this debt.
- Proceeds from the new debt are lent to an obligor of the company's existing debt via an intercompany loan that is guaranteed and secured on an equal basis with the company's existing secured debt (and pledged to secure the new debt).
- The new debt gets: (i) a "pari" claim to the existing collateral via the intercompany loan; and (ii) a priority claim to the value of its obligors (the "plus" part).
- If the obligors on the new debt do not already own unpledged assets of value, then the transaction would need to include a transfer of collateral/assets.

Priming Loan Exchanges (aka Uptiers) (e.g., Serta, Trimark)

- Requires an amendment from a subgroup of lenders. This ad hoc group must own >=50.1% of the loan, although a higher threshold may be required.
- New debt is raised with a priority position relative to existing debt (e.g., first-lien first-out or super senior loans).
- The ad hoc group also generally elevates their existing loans into a senior position ahead of other lenders (e.g., first-lien second-out vs. 1L3O, 1L4O, etc.).
- Even when participation is widely offered to other lenders, terms generally still favor the ad hoc group (allocations of more senior tranches, fees, spreads, etc.).

Double Dip / Partial Double Dip (e.g., At Home, Wheel Pros)

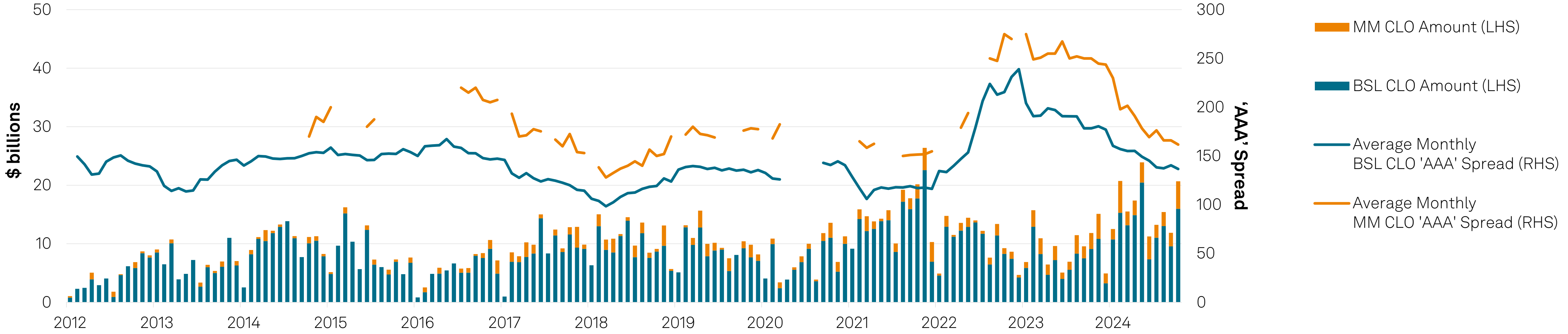
- New secured debt is raised at a non-obligor entity (unrestricted or restricted).
- The new debt is guaranteed and secured on an equal basis by the obligors on the company's existing debt (giving it a direct claim to the existing collateral).
- Proceeds from the new debt are lent to an obligor of the company's existing debt via an intercompany loan that is guaranteed on an equal basis with the company's existing secured debt (and pledged to secure the new debt).
- So, the new loan has a "double" claim to the value of existing collateral. Limited capacity to add debt/liens/guarantees may result in a "partial" double dip.
- The new borrower does not need to have any standalone value.

Further Reading: U.S. Leveraged Finance

- U.S. Leveraged Finance Q3 2024 Update: Sponsor-Backed Companies Experiencing Highlights And Lowlights, Oct. 30, 2024
- Demystifying Loan Liability Management Transactions And Their Impact On First-Lien Lenders, Oct. 30, 2024
- Distressed Exchanges Underpin Rise In North American Selective Defaults, Oct. 28, 2024
- Leveraged Finance: Documentation, Flexible Structuring Continue To Reign In Private Credit, Sept. 17, 2024
- The U.S. Speculative-Grade Corporate Default Rate Will Continue Its Descent, Reaching 3.75% By June 2025, Aug. 19, 2024
- U.S. Leveraged Finance Q2 2024: Credit Trends Generally Positive, But First-Lien Recovery Prospects Still Under Pressure, Aug. 7, 2024
- Risky Credits: U.S. And Canadian Downgrades Into 'CCC' Sharply Rise, July 26, 2024
- Private Markets Monthly, June 2024: How Aggressive Out-Of-Court Loan Restructurings Threaten Institutional First-Lien Recovery Prospects, July 3, 2024
- 2023 Annual U.S. Corporate Default And Rating Transition Study, May 28, 2024
- Sixth Annual Study Of EBITDA Addbacks, March 27, 2024
- Are Prospects For Global Debt Recoveries Bleak?, March 14, 2024
- High Interest Rates And Massive Debt Burdens Will Pressure U.S. Telecom And Cable Speculative-Grade Ratings In 2024, Feb. 26, 2024
- PIK Refinancing: A Little Room To Breathe, Or One Step Closer To The Edge? Feb. 8, 2024
- U.S. Speculative-Grade Media Outlook 2024: A Mixed Story, Feb. 2, 2024
- Default, Transition, and Recovery: U.S. Recovery Study: Loan Recoveries Persist Below Their Trend, Dec. 15, 2023
- North American Debt Recoveries May Trend Down For Longer, Dec. 11, 2023
- Leveraged Finance: Creative Structuring Helps Trinseo PLC, Comes With Lowered Recovery Prospects And Higher Costs, Sept. 19, 2023
- Global Leveraged Finance Handbook, 2022-2023, July 17, 2023
- Credit FAQ: Risks To Leveraged Loans And CLOs Amid An Increasingly Cloudy Macroeconomic Environment, March 29, 2023
- Credit FAQ: Envision Healthcare Corp.'s Two Major Restructurings In 100 Days, Sept. 2, 2022
- A Closer Look At How Uptier Priming Loan Exchanges Leave Excluded Lenders Behind, June 15, 2021

Issuance | Records In Sight For Both New Issuance And Refi/Resets

U.S. BSL and MM CLO issuance by month, along with benchmark CLO ‘AAA’ tranche spreads



		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023 through Oct.	2024 through Oct.	Change
New issue	BSL CLOs (bil. $)	50.11	78.12	117.78	93.76	64.01	103.58	112.88	103.65	82.21	164.97	116.99	88.71	73.39	131.47	79.2%
	MM CLOs (bil. $)	4.15	4.31	6.32	5.15	8.28	14.49	15.97	14.82	11.33	22.53	11.98	27.10	21.12	31.10	47.3%
	Total new issue (bil. $)	**54.26**	**82.43**	**124.10**	**98.91**	**72.30**	**118.07**	**128.86**	**118.47**	**93.54**	**187.49**	**128.97**	**115.81**	**94.50**	**162.57**	**72.0%**
	MM CLO (%)	7.6	5.2	5.1	5.2	11.5	12.3	12.4	12.5	12.1	12.0	9.3	23.4	22.34	19.13	-3.21
Reset/Refi	BSL CLOs (bil. $)	0.00	0.00	0.00	0.00	39.73	161.53	151.97	41.33	30.39	237.61	17.35	21.55	11.52	220.73	1,816%
	MM CLOs (bil. $)	0.00	0.00	0.00	0.00	0.00	5.48	3.92	2.46	1.09	13.70	7.42	3.05	0.81	14.52	1,690%
	Total resets/refis (bil. $)	**0.00**	**0.00**	**0.00**	**0.00**	**39.73**	**167.01**	**155.89**	**43.79**	**31.48**	**251.31**	**24.77**	**24.60**	**12.33**	**235.24**	**1,808%**

BSL--Broadly syndicated loan. MM--Middle market. Sources: S&P Global Ratings and Pitchbook LCD.

CLO Metrics | BSL CLO Credit Metrics Are Mostly Stable

- The U.S. CLO Insights Index averages CLO portfolio metrics across a large sample of reinvesting S&P Global Ratings-rated U.S. BSL CLOs and provides a one-year lookback at performance.
- The Index includes CLOs that have been reinvesting for the entirety of the past year and is based on a cohort of transactions with at least 11 months of processed trustee reports. Therefore, numbers from prior months can change as new CLOs are added or removed from the one-year lookback period.

As of date	'B-' (%)	'CCC' category (%)	Below 'CCC-' (%)	SPWARF	WARR (%)	Watch negative (%)	Negative outlook (%)	Weighted avg. price of portfolio ($)	Jr. O/C cushion (%)	% of target par	'B-' on negative outlook (%)
10/31/2023*	27.29	7.59	0.50	2760	59.51	0.95	17.78	95.27	4.58	100.07	5.78
11/30/2023*	26.84	7.27	0.40	2734	59.38	1.02	18.19	95.87	4.51	100.02	5.94
12/31/2023*	26.39	7.17	0.50	2722	59.71	0.95	17.94	96.79	4.47	99.98	5.63
1/31/2024*	26.24	6.53	0.92	2726	59.55	0.36	18.01	96.74	4.39	99.90	5.11
2/29/2024*	26.57	6.11	1.02	2727	59.54	0.53	16.69	97.23	4.26	99.83	5.18
3/31/2024*	26.34	6.93	0.77	2726	59.26	0.66	16.23	97.41	4.22	99.78	5.09
4/30/2024*	25.88	6.55	1.01	2735	58.97	0.93	16.05	97.07	4.12	99.71	4.87
5/31/2024*	25.60	6.74	0.52	2698	59.28	0.95	15.73	97.21	4.00	99.62	4.98
6/30/2024*	25.47	6.44	0.42	2681	59.09	1.16	15.16	96.93	4.03	99.57	4.62
7/31/2024*	25.36	6.52	0.34	2670	59.02	0.98	15.25	97.02	4.04	99.51	4.42
8/30/2024*	25.33	6.48	0.59	2686	58.73	1.14	14.91	97.02	3.96	99.42	3.97
9/30/2024**	25.23	6.54	0.62	2690	58.80	1.46	15.12	97.11	3.84	99.36	4.02
10/22/2024***	25.14	6.65	0.65	2692	58.52	1.40	14.73	97.34	3.84	99.35	3.64

*Index metrics based on end-of-month ratings and pricing data and as of month portfolio data available.
**Index metrics based on Sept. 30, 2024, ratings and pricing data and latest portfolio data available to us.
***Index metrics based on Oct. 22, 2024, ratings and pricing data and latest portfolio data available to us.
BSL--Broadly syndicated loan. O/C--Overcollateralization. SPWARF--S&P Global Ratings' weighted average rating factor. WARR--Weighted averaged recover rate. Source: S&P Global Ratings.

CLO Metrics | Looking Beyond The Averages: Top 20% And Bottom 20%

Credit metrics for best performing quintile of BSL CLOs*

As of date	'B-' (%)	'CCC' category (%)	Below 'CCC-' (%)	SPWARF	WARR (%)	Jr. O/C cushion (%)	% of target par
10/31/2023*	28.17	6.43	0.43	2729	59.29	4.75	100.11
11/30/2023*	27.86	6.19	0.32	2705	59.16	4.85	100.12
12/31/2023*	27.44	6.21	0.37	2692	59.49	4.86	100.14
1/31/2024*	27.33	5.40	0.90	2701	59.40	4.87	100.11
2/29/2024*	27.67	5.26	0.88	2699	59.37	4.81	100.10
3/31/2024*	27.74	6.20	0.57	2704	59.06	4.80	100.10
4/30/2024*	27.44	5.92	0.70	2712	58.88	4.92	100.12
5/31/2024*	26.95	6.08	0.26	2675	59.25	4.86	100.07
6/30/2024*	27.04	5.73	0.22	2667	59.09	4.94	100.06
7/31/2024*	26.90	5.98	0.21	2666	58.92	4.96	100.06
8/30/2024*	27.20	5.99	0.49	2688	58.47	4.93	100.03
9/30/2024**	27.23	6.23	0.46	2696	58.50	4.86	99.99
10/22/2024***	27.15	6.34	0.52	2700	58.23	4.85	99.99

Credit metrics for worst performing quintile of BSL CLOs*

As of date	'B-' (%)	'CCC' category (%)	Below 'CCC-' (%)	SPWARF	WARR (%)	Jr. O/C cushion (%)	% of target par
10/31/2023*	27.11	8.86	0.55	2813	59.51	4.44	99.97
11/30/2023*	26.77	8.47	0.41	2784	59.39	4.19	99.87
12/31/2023*	26.19	8.29	0.65	2778	59.70	4.11	99.79
1/31/2024*	26.03	7.71	1.05	2786	59.55	3.90	99.69
2/29/2024*	26.63	7.18	1.21	2791	59.61	3.77	99.58
3/31/2024*	26.20	7.95	1.13	2797	59.23	3.63	99.50
4/30/2024*	25.62	7.34	1.40	2796	58.82	3.33	99.37
5/31/2024*	25.24	7.68	0.73	2748	59.15	3.12	99.20
6/30/2024*	24.88	7.37	0.66	2728	58.95	3.10	99.11
7/31/2024*	24.63	7.35	0.56	2710	58.87	3.04	98.96
8/30/2024*	24.43	7.09	0.93	2727	58.78	2.92	98.80
9/30/2024**	24.27	7.09	0.89	2721	58.84	2.70	98.67
10/22/2024***	24.22	7.05	0.99	2722	58.64	2.70	98.66

*Index metrics based on end-of-month ratings and pricing data and as of month portfolio data available. Top and bottom 20% of CLOs ranked by change in junior O/C test cushion over past year across our index of reinvesting BSL CLOs.

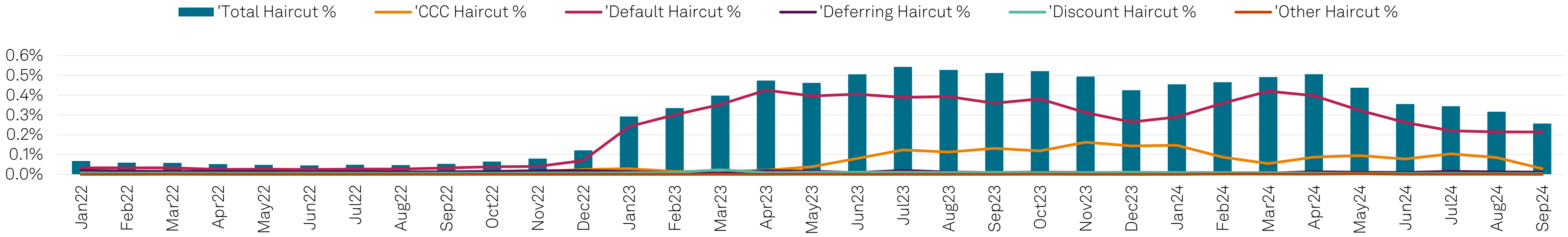
**Index metrics based on Sep. 30, 2024, ratings and pricing data and latest portfolio data available to us.

***Index metrics based on Oct. 22, 2024, ratings and pricing data and latest portfolio data available to us.

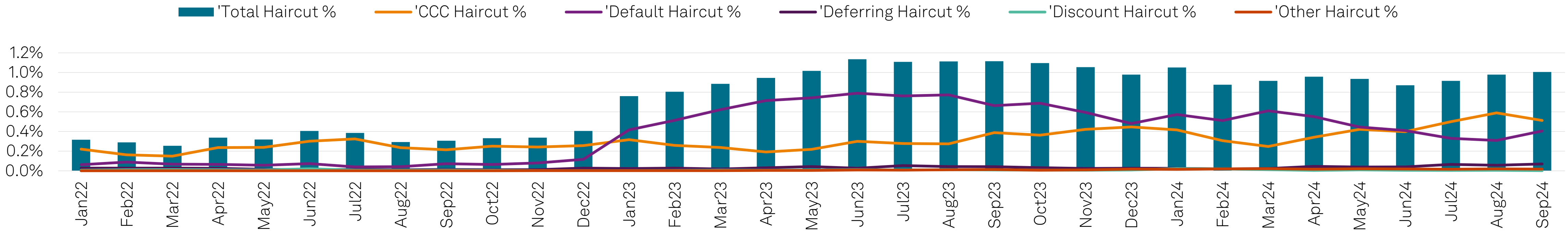
BSL--Broadly syndicated loan. O/C--Overcollateralization. SPWARF--S&P Global Ratings' weighted average rating factor. WARR--Weighted averaged recover rate. Source: S&P Global Ratings.

CLO Metrics | O/C Haircuts Decline For Reinvesting Transactions

Average O/C metrics for reinvesting U.S. BSL CLOs



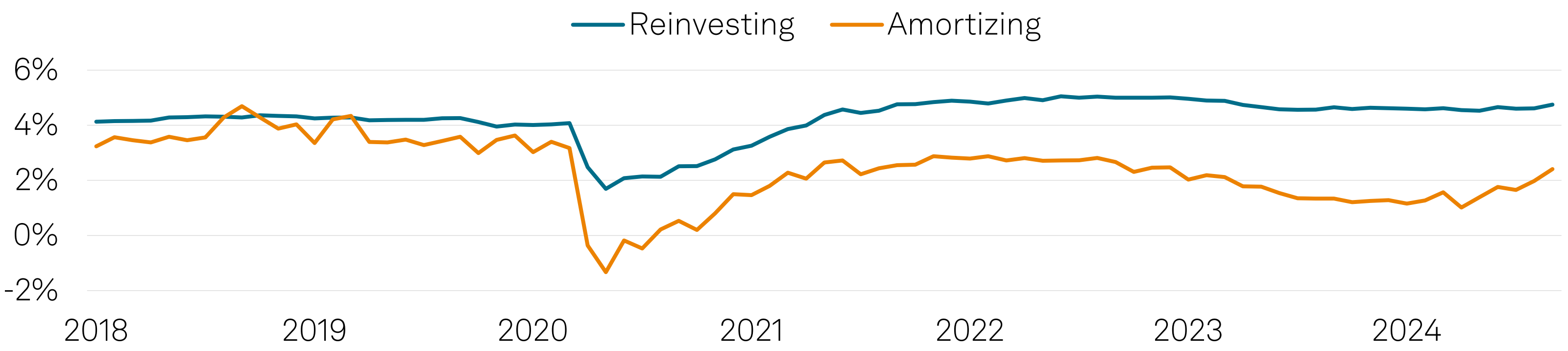
Average O/C metrics for amortizing U.S. BSL CLOs



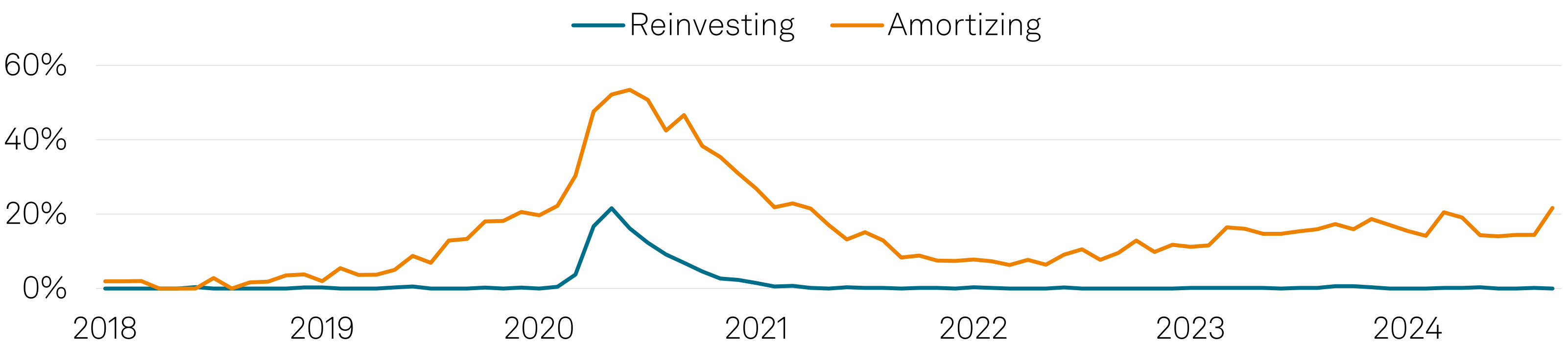
O/C--Overcollateralization. BSL--Broadly syndicated loan. CLO--Collateralized loan obligation. Source: S&P Global Ratings.

CLO Metrics | Amortizing Transactions More At Risk Of Failing Jr. O/C Test

U.S. BSL CLO - median ‘BB’ O/C cushion



U.S. BSL CLO - % failing ‘BB’ O/C test

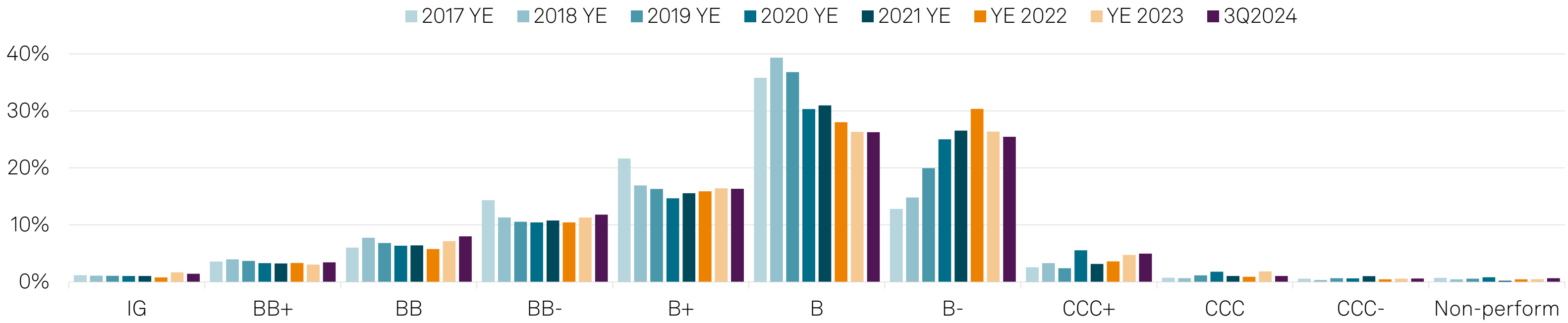


O/C--Overcollateralization. BSL--Broadly syndicated loan. CLO--Collateralized loan obligation. Source: S&P Global Ratings.

- Due to par loss and O/C numerator haircuts from default and excess ‘CCC’ exposures, ‘BB’ O/C cushions have declined since the start of 2023, across both amortizing and reinvesting transactions
- As of the end of third-quarter 2024, median ‘BB’ O/C cushions for reinvesting U.S. BSL CLOs remain well over 4% (pre-pandemic reinvesting transactions have notably less cushion).
- By the end of third-quarter 2024, about 21% of amortizing transactions are failing their ‘BB’ O/C test, up from about 14% from the prior quarter.

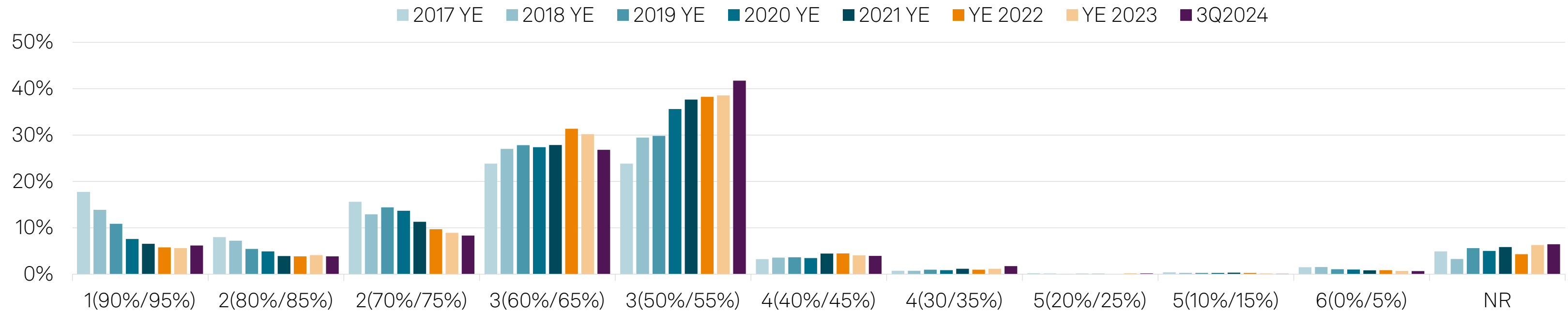
Asset Ratings | Loans From ‘B’ Obligors Now Outweigh ‘B-’

Rating distribution for assets in reinvesting U.S. BSL CLOs (2017-Q3 2024)*



*Latest data as of Aug. 1, 2023. YE--Year end. Source: S&P Global Ratings.

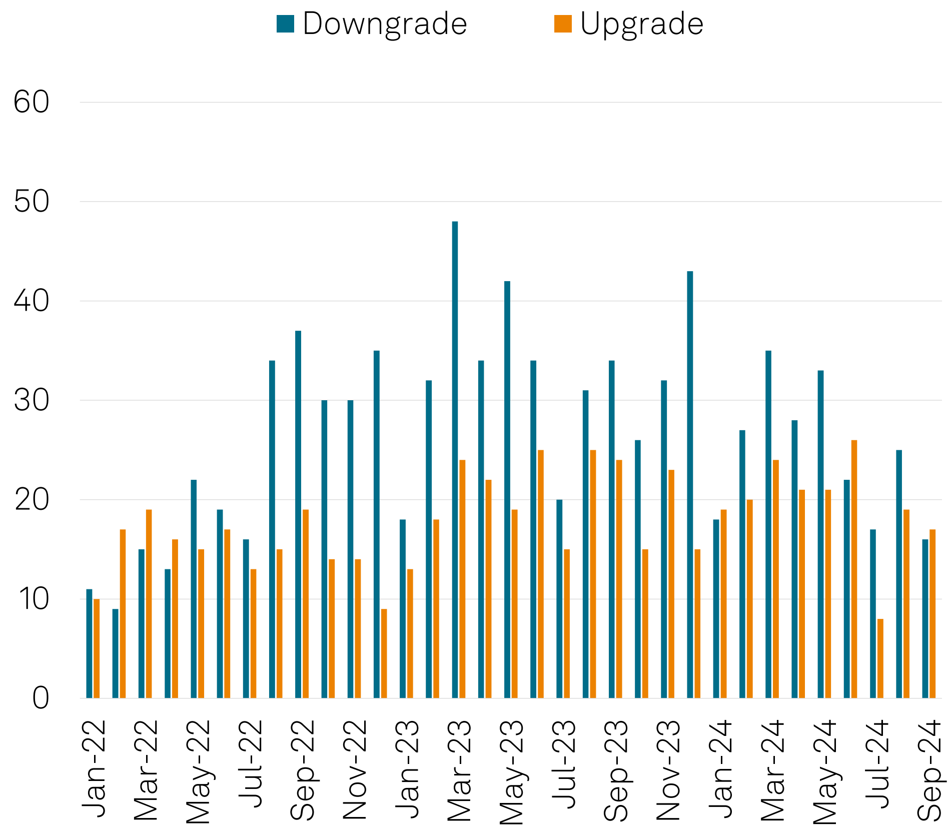
Recovery ratings distribution for assets in reinvesting U.S. BSL CLOs (2017–Q3 2024)*



*Latest data as of April 1, 2024. NR--Not rated. YE--Year end. BSL--Broadly syndicated loan. CLO--Collateralized loan obligation. Source: S&P Global Ratings.

- **Exposure to ‘B-’ rated issuers has declined to just above 25%, a level not seen since mid-2021.** Historically, companies rated ‘B-’ are more likely to see a downgrade (by definition, into the ‘CCC’ range or lower) or default than loans from companies rated ‘B’ or higher, even in benign economic periods.
- Over the past several years, there has also been a significant increase in loans with a recovery rating of ‘3’. In particular, **point estimates of either 50% or 55% (i.e., the 3L category in the chart) make up over 41% of total CLO asset par**, compared with about 30% prior to the COVID-19 pandemic.

Asset Ratings | U.S. CLO Obligor Downgrades (2022-Q3 2024)



*Through third-quarter 2024. BSL--Broadly syndicated loan. CLO--Collateralized loan obligation. UG--Upgrade. DG--Downgrade. Source: S&P Global Ratings.

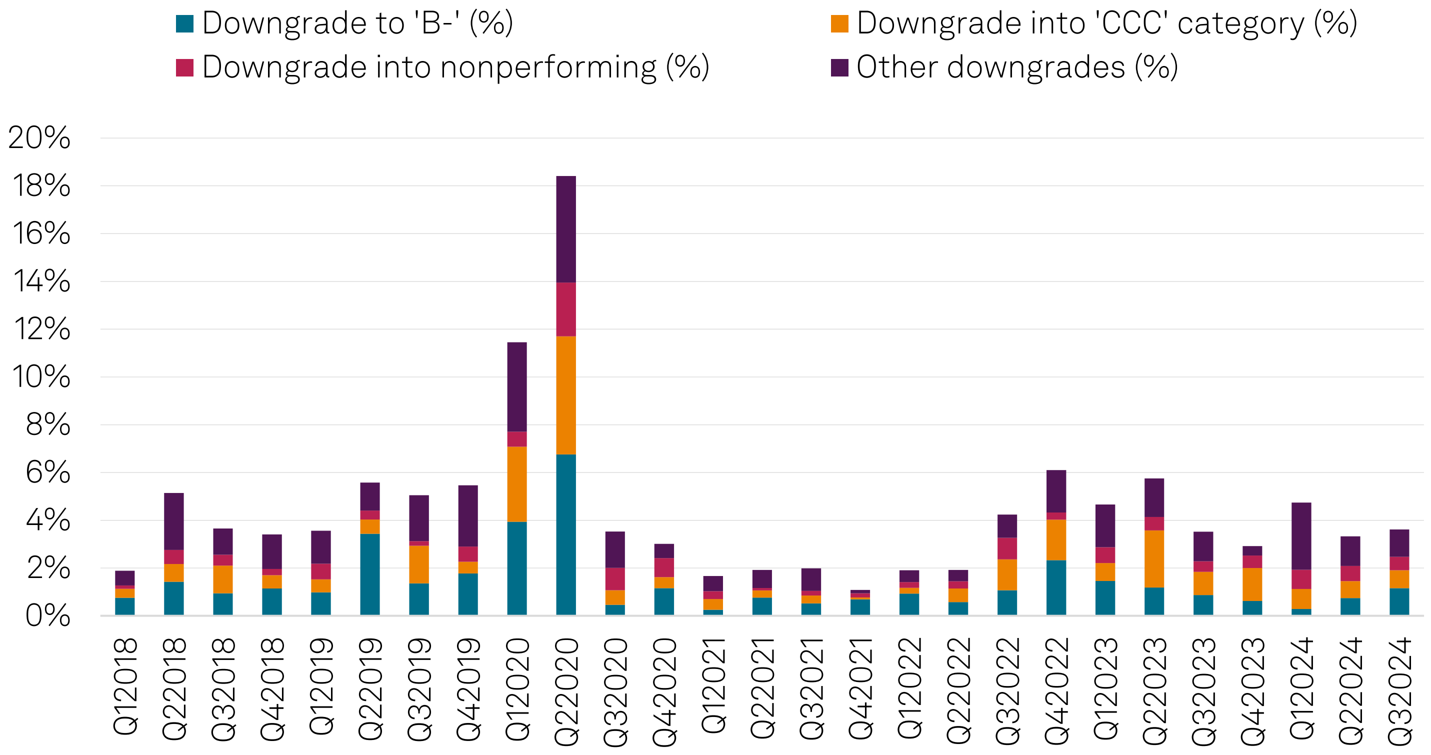
Downgrades on U.S. BSL CLO obligor ratings (2022–2024 Q3)

			Downgrades					Upgrades			
Month	**DG-UG Ratio**	**Total DG**	**Other DG**	**DG to B-**	**DG into 'CCC' category**	**DG into non-performing category**	**Total UG**	**UG to 'B' or above**	**UG to 'B-'**	**UG within 'CCC' category**	**UG to 'CCC' level** (from non-performing)
Q1 2022	0.8	35	16	9	8	2	46	37	6	1	2
Q2 2022	1.1	54	16	16	12	10	48	32	13	1	2
Q3 2022	1.9	87	27	31	22	7	47	33	9	2	3
Q4 2022	2.6	95	33	22	30	10	37	28	4		5
Q1 2023	1.8	98	39	21	18	20	55	37	2	1	15
Q2 2023	1.7	110	32	17	36	25	66	49	3		14
Q3 2023	1.3	85	42	13	15	15	64	42	9	2	11
Q4 2023	1.9	101	36	17	26	22	53	38	2		13
Q1 2024	1.3	80	38	12	9	21	63	45	6	2	10
Q2 2024	1.2	83	31	13	20	19	68	42	10	2	14
Q3 2024	0.8	58	21	11	12	14	44	29	5		10
Total	**1.5**	**886**	**310**	**182**	**208**	**165**	**591**	**411**	**69**	**11**	**99**

*Through third-quarter 2024. BSL--Broadly syndicated loan. CLO--Collateralized loan obligation. Source: S&P Global Ratings.

Asset Ratings | BSL CLO Exposure To Corporate Rating Downgrades Ticks Upward Slightly In Third-Quarter 2024

Average CLO assets downgraded (% total par) by quarter



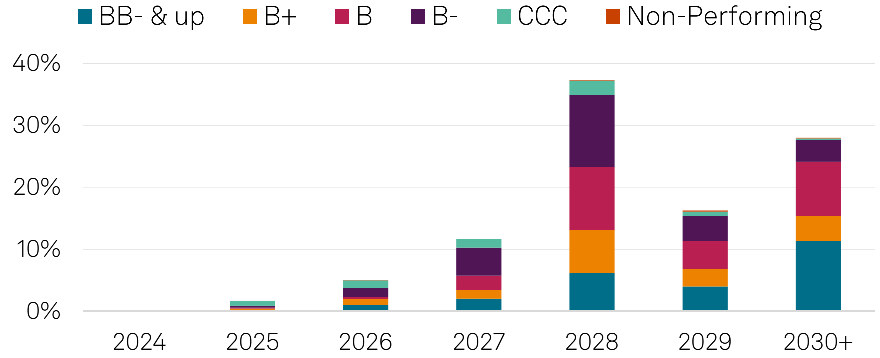
CLO--Collateralized loan obligation. Source: S&P Global Ratings.

- The count of downgrades across U.S. BSL CLO obligors in the third quarter has declined slightly since the second quarter; however, because several of the third-quarter downgrades were widely held, the proportion of exposures downgraded has experienced a slightly uptick (i.e., Lumen, CMG Media, Magenta Buyer, etc).
- The chart on the left shows BSL CLO collateral (by par) that has been downgraded during each quarter since 2018.

Maturity Wall | Loan Maturity Wall Within BSL CLO Collateral Pools

- Refinancing activity have picked up across the corporate loan market in 2024.
- 2030 and later maturities have increased to 28% from just under 10% as of the start of 2024.
- Several loan issuers have done amend-to-extends, and others have refinanced into the high-yield bond and private credit markets.

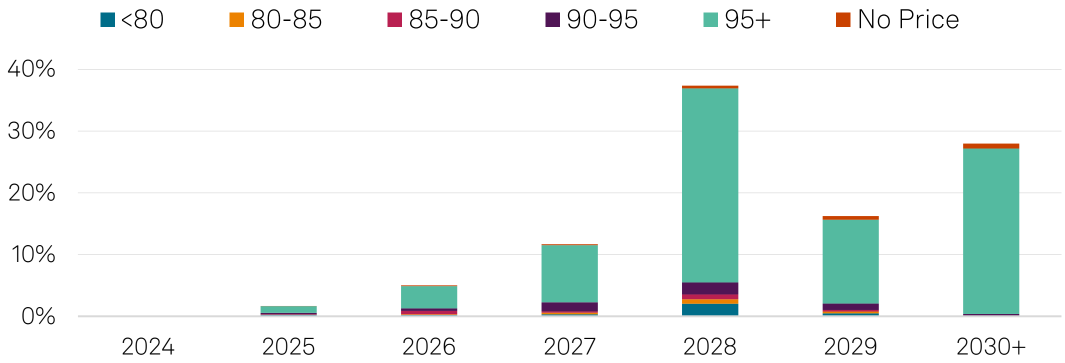
Maturity wall by obligor rating (third-quarter 2024)



	2024	2025	2026	2027	2028	2029	2030+
BB- & up	2.8	12.9	19.9	17.2	16.5	24.4	40.4
B+	0.0	12.3	19.0	11.7	18.4	17.5	14.6
B	0.0	9.4	6.9	20.2	27.2	27.9	31.1
B-	6.3	18.3	29.0	38.7	31.2	24.9	12.5
CCC	32.4	43.6	24.2	11.8	6.3	4.3	0.9
Non-performing	58.5	3.5	1.1	0.4	0.4	1.1	0.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: S&P Global Ratings and LoanX.

Maturity wall by loan price (third-quarter 2024)



	2024	2025	2026	2027	2028	2029	2030+
95+	31.9	65.6	71.9	79.3	84.1	83.6	95.8
90-95	18.9	12.7	8.3	12.5	5.2	6.4	1.0
85-90	2.3	5.2	10.7	1.8	2.1	1.6	0.3
80-85	0.0	0.0	2.3	2.3	1.9	1.6	0.0
<80	34.2	15.7	4.5	2.9	5.5	3.1	0.1
No price	12.7	0.9	2.3	1.2	1.2	3.7	2.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: S&P Global Ratings and LoanX.

Purchases And Sales | Managers Continue To ‘De-Risk’ CLO Portfolios

	Purchases			Sales		
Quarter	WARF	Avg. price	Avg. target par %	WARF	Avg. price	Avg target par %
Q1 2022	2802	98.96	10.48%	2660	99.00	5.99%
Q2 2022	2693	96.69	8.37%	2788	96.57	5.98%
Q3 2022	2699	94.14	6.17%	2847	93.87	4.37%
Q4 2022	2509	95.20	6.85%	2892	93.27	4.03%
Q1 2023	2580	97.08	8.07%	3114	93.07	4.64%
Q2 2023	2493	96.97	7.78%	3031	93.16	5.04%
Q3 2023	2459	97.52	7.09%	3000	95.08	4.44%
Q4 2023	2311	98.11	8.79%	2989	95.01	4.71%
Q1 2024	2450	98.84	8.45%	3042	94.56	4.71%
Q2 2024	2513	98.82	9.78%	2901	96.24	5.66%
Q3 2024	2571	98.96	9.54%	2838	96.20	5.20%

BSL CLO asset trades by company rating (third-quarter 2024)

Rating category	Purchase (% of trades)	Avg purchase price	Sales (% of trades)	Avg sale price
Investment grade	0.65%	91.35	0.95%	96.85
‘BB’ category	25.01%	99.40	22.80%	99.68
‘B+’	17.04%	99.37	14.72%	98.87
‘B’	30.23%	99.38	26.50%	99.30
‘B-’	24.07%	98.67	22.01%	97.10
‘CCC’ category	2.88%	92.81	11.92%	80.91
Nonperforming	0.12%	85.66	1.11%	61.08

WARF--Weighted average rating factor. Source: S&P Global Ratings.

CLO Managers | Exposure To Third-Quarter Rating Actions By Manager (1 Of 2)

- U.S. BSL CLO exposures to downgrades in third-quarter 2024 increased to 3.6% from 3.3% the quarter prior.
- Larger CLO managers tend to have higher exposure to the widely held names (top 250). These larger issuers tend to have more rating stability during periods of stress.

Average CLO assets downgraded and upgraded

(% total par, by CLO manager group for third-quarter 2024)

Manager at close of deal	No. of S&P Global Ratings-rated deals in sample	Upgrades (%)	Downgrades (%)	Downgrade to 'B-' (%)	Downgrade into 'CCC' category (%)	Downgrade into nonperforming (%)	Other downgrades (%)	Top 250 (%)
Blackstone/GSO CLO Management LLC	28	2.19	4.34	2.06	0.51	0.68	1.10	60.21
Oak Hill Advisors LP	26	1.01	3.03	1.76	0.26	0.41	0.60	55.06
Elmwood Asset Management LLC	24	2.96	2.47	0.65	0.00	0.54	1.28	52.06
PGIM Inc.	20	2.20	4.05	1.00	1.30	0.39	1.36	54.16
Ares CLO Management LLC	19	2.16	4.16	1.32	0.86	0.99	0.99	50.25
Benefit Street Partners LLC	18	3.41	2.73	1.07	0.71	0.42	0.53	54.66
CIFC Asset Management LLC	16	3.36	3.59	1.22	0.82	0.36	1.19	55.30
UBS Asset Management (Americas) LLC	16	1.71	2.00	0.89	0.30	0.11	0.70	49.24
Onex Credit Partners LLC	15	2.60	1.07	0.76	0.00	0.01	0.29	52.09
Trinitas Capital Management, LLC	14	3.25	3.14	0.99	0.33	0.82	1.00	54.33
Redding Ridge Asset Management LLC	14	2.48	4.97	2.09	0.63	0.68	1.56	66.93
Carlyle Investment Management LLC	13	1.86	2.59	0.56	0.82	0.39	0.83	53.82
BlackRock Financial Management Inc.	13	4.08	3.77	1.06	0.84	0.79	1.08	62.28
Oaktree Capital Management L.P.	12	2.99	3.54	0.64	0.77	0.57	1.55	51.81
Ballyrock Investment Advisors LLC	12	1.88	5.11	0.98	1.98	0.51	1.64	53.87

CLO--Collateralized loan obligation. Source: S&P Global Ratings.

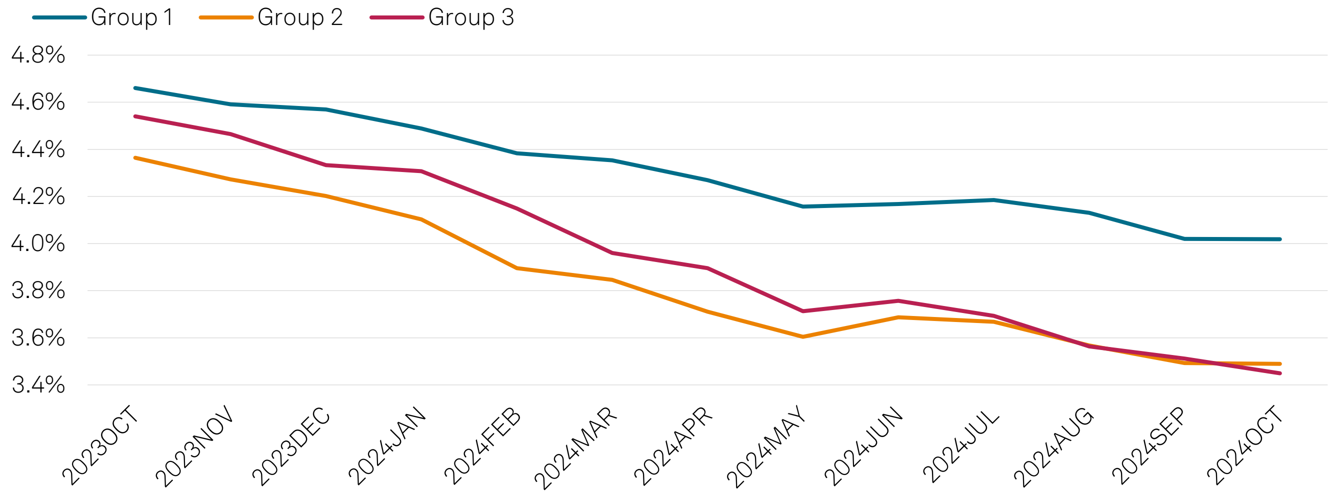
CLO Managers | Exposure To Third-Quarter Rating Actions By Manager (2 Of 2)

Manager at close of deal	No. of S&P Global Ratings-rated deals in sample	Upgrades (%)	Downgrades (%)	Downgrade to 'B-' (%)	Downgrade into 'CCC' category (%)	Downgrade into nonperforming (%)	Other downgrades (%)	Top 250 (%)
Neuberger Berman Investment Advisers LLC	11	1.93	4.09	1.46	0.73	0.35	1.54	55.57
TCW Asset Management Co. LLC	10	1.86	4.42	1.33	1.41	0.67	1.01	46.47
AEGON USA Investment Management LLC	10	2.29	5.20	0.93	1.17	1.93	1.17	54.89
Octagon Credit Investors, LLC	10	2.57	5.10	1.42	0.80	0.97	1.90	56.93
Sound Point Capital Management LP	10	2.60	5.22	1.45	1.17	0.75	1.85	54.36
Allstate Investment Management Co.	10	2.19	2.13	0.49	0.76	0.15	0.73	61.62
Fortress Investment Group LLC	9	2.24	1.68	0.75	0.10	0.29	0.54	28.53
Generate Advisors, LLC	9	0.83	3.60	1.32	0.76	0.23	1.29	39.46
Sixth Street CLO Management, LLC	9	2.09	2.20	0.73	0.55	0.05	0.87	57.73
GoldenTree Loan Management LP	9	3.76	3.46	1.90	0.34	0.91	0.30	54.41
Palmer Square Capital Management LLC	9	3.08	3.92	1.71	0.75	0.53	0.94	50.46
Bain Capital Credit LP	9	3.91	2.56	0.66	0.21	1.08	0.61	42.20
CVC Credit Partners U.S. CLO Management LLC	8	1.76	2.90	0.49	0.46	0.69	1.24	53.71
Mariner Investment Group LLC	8	2.77	4.72	1.52	1.05	0.94	1.21	53.85
KKR Financial Advisors II LLC	8	2.60	5.53	1.17	1.25	2.29	0.82	45.15

CLO--Collateralized loan obligation. Source: S&P Global Ratings.

CLO Managers | Larger Managers Tend To See More Par And O/C Cushion Stability

Average junior O/C cushion across reinvesting U.S. BSL CLOs



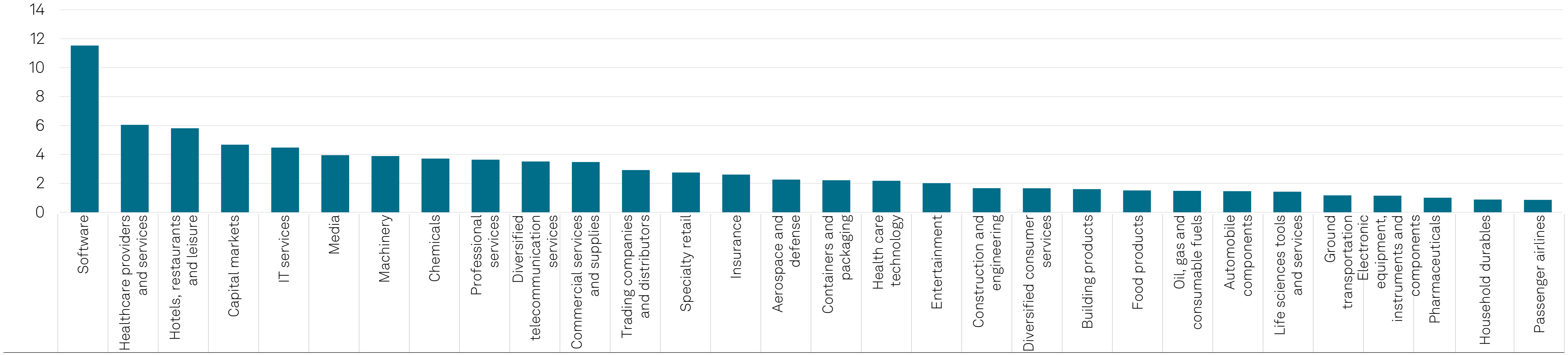
End of third-quarter2024 par balance (as % of target par) of reinvesting U.S. BSL CLO portfolios (excluding resets in 2024)

Original vintage	Group 1 (%)	Group 2 (%)	Group 3 (%)
Pre-2020	98.84	98.51	98.16
2020-2022	99.65	99.22	99.47
2023/2024	100.08	100.10	100.11

BSL--Broadly syndicated loan. CLO--Collateralized loan obligation. O/C--Overcollateralization. Source: S&P Global Ratings.

- On average over the past year:
  - Smaller managers (group 3) experienced a 1.09% decline in junior O/C cushion;
  - Medium managers (group 2) experienced an average drop of 0.87%; while
  - Larger managers (group 1) experienced an average decline of 0.64%.
- The changes in junior O/C cushion are notably impacted by the par balance of the portfolio.
- We compared the par balance (as a percentage of target par) across the reinvesting CLOs by manager size and original year of issuance:
  - We exclude transactions that were reset in 2024 because several have experienced a principal cash injection at close of the reset.
- We found in our prior study that CLOs with less obligor diversity and higher industry diversity have experienced greater par loss and O/C cushion volatility.
- We find that CLO portfolios from smaller managers tend to have lower obligor diversity and higher industry diversity.

Industry Categories | Credit Metrics Across Top 30 GIC Industry Categories



	Software	Healthcare providers and services	Hotels, restaurants and leisure	Capital markets	IT services	Media	Machinery	Chemicals	Professional services	Diversified telecommunication services	Commercial services and supplies	Trading companies and distributors	Specialty retail	Insurance	Aerospace and defense	Containers and packaging	Health care technology	Entertainment	Construction and engineering	Diversified consumer services	Building products	Food products	Oil, gas and consumable fuels	Automobile components	Life sciences tools and services	Ground transportation	Electronic equipment, instruments and components	Pharmaceuticals	Household durables	Passenger airlines
Assets (%)	11.53	6.05	5.81	4.68	4.48	3.95	3.89	3.71	3.64	3.51	3.48	2.92	2.75	2.61	2.26	2.22	2.18	2.02	1.67	1.66	1.6	1.51	1.48	1.46	1.42	1.17	1.15	1.01	0.88	0.86
SPWARF	3107	3088	2065	2125	2561	2968	2713	2867	2752	3343	2841	2566	2602	2764	2404	3052	3553	2412	2504	2950	2447	2784	1933	2666	2893	2024	2841	1933	2724	1863
WAP	96.1	96.26	99.3	99.32	97.83	92.5	98.71	96.27	98.74	92.26	97.07	98.39	95.85	99.74	98.02	97.88	96.81	97.79	99.48	97.27	98.99	95.71	99.63	98.21	99.14	97.24	96.89	98.97	96.11	100.01
WARR (%)	57.72	53.31	69.35	52.03	57.58	69.21	54.63	62.36	56.70	61.90	63.93	51.35	58.57	52.92	55.40	56.51	60.41	64.25	55.43	54.34	61.80	55.57	62.27	60.07	55.01	62.41	57.11	61.00	56.93	86.10
WAS (%)	3.6	3.9	3	3.3	3.5	3.6	3.6	3.9	3.5	3.2	3.7	3.2	3.6	3.2	3.4	3.6	3.7	3.6	3.9	3.9	3.5	3.5	3.5	4	3.3	2.9	3.8	3.5	3.4	3.2
Neg. outlook (%)	12.47	13.28	4.81	10.81	4.05	29.97	6.24	27.34	22.89	35.13	10.37	4.48	29.22	0.04	7.04	18.44	37.15	7.52	1.4	5.37	3.84	15.8	12.99	7.82	15.89	24.33	35.67	13.88	15.02	0.02
Credit Watch neg. (%)	0.82	3.75	1.99		2.77	4.48	0.58								3.65	0.00	2.23	27.23				0.11						4.01		

SPWARF--S&P Global Ratings' weighted average rating factor. WAP--Weighted average price. WARR--Weighted average recovery rate. WAS--Weighted average spread. O/C--Overcollateralization. Source: S&P Global Ratings.

Industry Categories | Downgrade Counts By GICs Industry Group Since 2022

Count of downgrades across U.S. BSL CLO obligors

- Healthcare, materials, software, and media-related issuers account for a large proportion of the downgrades since 2022 across U.S. BSL CLO obligors.

GICs industry group	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Total
Health care equipment and services	6	8	12	11	10	18	8	15	10	14	5	117
Materials	1	1	3	6	8	11	11	12	6	15	6	80
Software and services	3	4	3	8	8	11	10	12	5	4	7	75
Media and entertainment	3	3	7	13	11	3	5	4	9	7	8	73
Capital goods	5	9	7	4	4	5	7	8	3	3	4	59
Commercial and professional services	1	5	6	5	4	13	6	4	3	6	3	56
Consumer discretionary distribution and retail		1	7	4	7	6	7	7	4	4	7	54
Consumer durables and apparel	2	2	7	5	9	7	6	3	3	1	1	46
Financial services	1	5	8	4	3	4	5	6	3	3		42
Food, beverage, and tobacco	5	1	6		4	4	5	2	3	3	5	38
Telecommunication services	3		1	6	2	6	2	5	8	4	1	38
Technology hardware and equipment	1	3	4	5	5	6	1	3	4	2	2	36
Pharmaceuticals, biotechnology, and life sciences		3	5	2	6	4	4	4	3	2		33
Consumer services	2	2	2	3	3	4	2	5	4	4	1	32
Household and personal products	1	4	2	3	3	1	1	1	2	1	1	20
Real estate management and development				1	4	2	3	2	2	1		15
Automobiles and components			5	8	1							14
Energy			1	2		1	1	2	2	3	1	13
Transportation								4	2	4	2	12
Equity real estate investment trusts (REITs)	1			1	1		1	1	2	1		8
Semiconductors and semiconductor equipment			1		2	1		1	1		2	8
Consumer staples distribution and retail		1				2		1			1	5
Utilities		2			2	1						5
Insurance					1					1		2
Project finance				1								1

BSL--Broadly syndicated loan. CLO--Collateralized loan obligation. Source: S&P Global Ratings.

CLO Ratings | More CLO Upgrades Than Downgrades Each Year Since 2020

- No ‘AAA’ rated U.S. CLO tranche has been downgraded since 2012, and that was for a CLO 1.0 transaction. No CLO ‘AAA’ tranche has ever defaulted.
- Our outlook for both BSL and MM CLO ratings remains stable, especially for more senior, higher-rated CLO tranches, given the structural protections built into CLOs and rating cushions available to support most tranches. CLO tranche rating downgrades should mostly be from subordinate tranches of amortizing CLOs originated prior to the 2020 pandemic.
- From 2021 onward, each year has seen more CLO ratings raised than lowered, despite the challenging economic environment in 2022 and 2023.

U.S. BSL and MM CLO rating upgrades and downgrades (2020-third-quarter 2024)

U.S. BSL CLO UG

Original rating category	2020	2021	2022	2023	2024 (Q3)	Total (since 2020)
AAA						**0**
AA	5	39	14	29	52	**139**
A	6	47	18	30	45	**146**
BBB	1	46	20	18	18	**103**
BB		73	24	7	1	**105**
B	1	45	5	1		**52**
Grand total	13	250	81	85	116	**545**

U.S. MM CLO UG

Original rating category	2020	2021	2022	2023	2024 (Q3)	Total (since 2020)
AAA						**0**
AA		3	3		12	**18**
A		5	4	2	13	**24**
BBB		4	3	3	6	**16**
BB		3	2	2	2	**9**
B						**0**
Grand total	0	15	12	7	33	**67**

U.S. BSL CLO DG

Original rating category	2020	2021	2022	2023	2024 (Q3)	Total (since 2020)
AAA						**0**
AA	3					**3**
A	11					**11**
BBB	91	5		2	1	**99**
BB	282	7	5	31	28	**353**
B	105	5	5	15	7	**137**
Grand total	492	17	10	48	36	**603**

U.S. MM CLO DG

Original rating category	2020	2021	2022	2023	2024 (Q3)	Total (since 2020)
AAA						**0**
AA						**0**
A	1					**1**
BBB						**0**
BB	5				1	**6**
B	1					**1**
Grand total	7	0	0	0	1	**8**

BSL--Broadly syndicated loan. MM--Middle market. UG--Upgrade. DG--Downgrade. Source: S&P Global Ratings.

CLO Ratings | Thirty Years And 62 CLO Tranche Defaults

- S&P Global Ratings has rated more than 18,000 U.S. CLO tranches since our first CLOs in the mid-1990s. Our CLO ratings history spans three recessionary periods: the dot.com bust of 2000-2001, the global financial crisis in 2008-2009, and the more recent COVID-19-driven downturn in 2020.
- Over that period, a total of 62 U.S. CLO tranches have defaulted: 40 U.S. CLO tranches from CLO 1.0 transactions originated in 2009 or before, and another 22 U.S. CLO 2.0 tranches.
- Additionally, there are three tranches rated ‘CC (sf)’ that are likely to default in the future for similar reasons and another three tranches rated ‘CCC- (sf)’ that may default.

U.S. BSL and middle-market CLO 1.0 and 2.0 default summary by original rating (no.)

	CLO 1.0 transactions (2009 and prior)			**CLO 2.0 transactions (2010 and later)**		
	Original ratings(i)	**Defaults(ii)**	**Currently rated**	**Original ratings(i)**	**Defaults(ii)**	**Currently rated**
AAA (sf)	1,540	0	0	4,228	0	1,917
AA (sf)	616	1	0	3,364	0	1,590
A (sf)	790	5	0	2,794	0	1,360
BBB (sf)	783	9	0	2,622	0	1,406
BB (sf)	565	22	0	2,083	10	1,097
B (sf)	28	3	0	410	12	173
Total	**4,322**	**40**	**0**	**15,501**	**22**	**7,543**

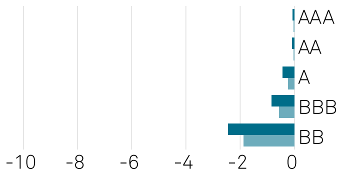
(i)Original rating counts as of Sept. 16, 2024. (ii)CLO tranche default counts as of Nov. 1, 2024. Source: S&P Global Ratings Credit Research & Insights and S&P Global Market Intelligence's CreditPro®.

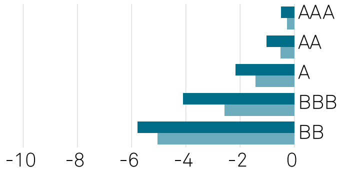
Scenario Analysis | BSL CLO Rating Stress Scenarios (October 2024 Update)

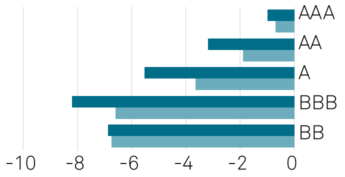
Summary of scenarios and rating impact (45% recovery)

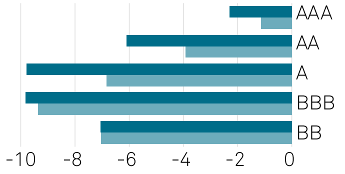
	Scenario	**Impact across CLO sample**
5/10 scenario	426 issuers see ratings lowered, including 181 issuers that default	Average 'CCC' bucket increases to 10%; average nonperforming exposure increases to 5%; average par loss of 2.78% assuming 45% recovery; average par loss of 3.54% assuming 30% recovery
10/20 scenario	612 issuers see ratings lowered, including 294 issuers that default	Average 'CCC' bucket increases to 20%; average nonperforming exposure increases to 10%; average par loss of 5.50% assuming 45% recovery; average par loss of 7.00% assuming 30% recovery
15/30 scenario	832 issuers see ratings lowered, including 409 issuers that default	Average 'CCC' bucket increases to 30%; average nonperforming exposure increases to 15%; average par loss of 8.33% assuming 45% recovery; average par loss of 10.61% assuming 30% recovery
20/40 scenario	1,014 issuers see ratings lowered, including 472 issuers that default	Average 'CCC' bucket increases to 40%; average nonperforming exposure increases to 20%; average par loss of 11.01% assuming 45% recovery; average par loss of 14.01% assuming 30% recovery

Model-determined impact: average notches off current rating









Source: S&P Global Ratings.

- In October 2024, we published an updated version of our BSL CLO rating scenario analysis showing how our ratings would perform under different economic stresses.
- For this year's stress scenarios, we added scenarios with a 30% recovery assumption for defaulted assets alongside the 45% recovery assumption modeling we've published in prior years.
- We've also added two other new stresses where we take a different approach and notch the ratings on all obligors in BSL CLO collateral pools downward by one notch or two notches.
- As with our previous BSL CLO rating stress scenarios, the current analysis shows the CLO structure protecting senior noteholders, with more than 99% of CLO 'AAA' ratings remaining investment-grade even under our harshest scenario, where 20% of loans default with a 30% recovery and CLO 'CCC' baskets expand to 40%.
- For the full article, see "Scenario Analysis: Stress Tests Show U.S. BSL CLO Ratings Able To Withstand Significant Loan Defaults And Downgrades (2024 Update) | S&P Global Ratings," published Oct. 10, 2024.

Scenario Analysis | BSL CLO Rating Stress Scenarios (October 2024 Update)

Downgrade notches under scenarios (45% recovery)

Current rating category	Affirm (%)	-1 (%)	-2 (%)	-3 (%)	-4 (%)	-5 (%)	-6 (%)	> -7 (%)	Avg. notches	IG (%)	SG (%)	'CCC' (%)	Below 'CCC-'
"5/10" scenario at 45% recovery - all transactions													
AAA	98.01	1.99							0.02	100.00			
AA	97.61	2.03	0.36						0.03	100.00			
A	82.51	12.95	4.41					0.14	0.23	99.86	0.14		
BBB	52.37	41.58	3.55	1.58	0.79	0.13			0.57	58.03	41.97		
BB	25.26	32.01	14.88	10.90	5.71	3.81	1.73	5.71	1.87		100.00	11.07	5.71
"10/20" scenario at 45% recovery - all transactions													
AAA	74.00	26.00							0.26	100.00			
AA	63.60	22.91	12.77	0.48	0.24				0.51	100.00			
A	26.86	18.87	46.14	3.31	3.17	1.38	0.14	0.14	1.43	98.35	1.65		
BBB	8.55	38.68	15.92	10.53	9.08	5.26	3.68	8.29	2.58	11.71	88.29	5.13	3.03
BB	3.81	8.82	7.27	8.65	8.30	7.96	7.27	47.92	5.04		100.00	23.88	47.58
"15/30" scenario at 45% recovery - all transactions													
AAA	30.80	68.74	0.12		0.35				0.70	100.00			
AA	18.02	15.39	48.33	5.49	4.18	8.00	0.12	0.48	1.89	99.76	0.24		
A	3.99	2.62	32.09	9.37	18.18	24.38	2.34	7.02	3.64	66.39	33.61	0.55	0.69
BBB	0.66	6.71	5.13	7.63	12.24	8.29	8.95	50.39	6.60	0.92	99.08	15.79	34.08
BB	0.17	0.35	0.69	2.42	2.08	2.42	2.08	89.79	6.75		100.00	6.57	89.79
"20/40" scenario at 45% recovery - all transactions													
AAA	16.86	66.63	7.26	5.04	3.98			0.23	1.14	100.00			
AA	6.68	2.39	22.20	6.92	13.37	36.99	1.79	9.67	3.92	94.15	5.85		
A	0.69	0.14	6.06	2.34	7.16	31.13	9.23	43.25	6.84	17.63	82.37	7.16	7.99
BBB	0.26	0.53		1.18	3.03	2.11	1.45	91.45	9.37	0.26	99.74	9.87	79.87
BB					0.17	0.17	0.17	99.48	7.04		100.00	0.69	99.31

IG--Investment grade. SG--Speculative grade.

Downgrade notches under scenarios (30% recovery)

Current rating category	Affirm (%)	-1 (%)	-2 (%)	-3 (%)	-4 (%)	-5 (%)	-6 (%)	> -7 (%)	Avg. notches	IG (%)	SG (%)	'CCC' (%)	Below 'CCC-'
"5/10" scenario at 30% recovery - all transactions													
AAA	93.44	6.56							0.07	100.00			
AA	93.08	5.73	1.07	0.12					0.08	100.00			
A	70.11	17.63	11.71	0.28	0.14			0.14	0.44	99.86	0.14		
BBB	40.26	46.32	6.45	4.87	1.18	0.39	0.13	0.39	0.84	45.13	54.87	0.39	
BB	19.55	27.51	16.09	9.34	6.57	6.23	3.46	11.25	2.45		100.00	16.44	10.90
"10/20" scenario at 30% recovery - all transactions													
AAA	52.11	47.66	0.12	0.12					0.48	100.00			
AA	40.21	23.27	32.94	0.95	1.91	0.72			1.03	100.00			
A	14.19	11.71	49.59	6.61	8.40	7.85	0.14	1.52	2.17	90.63	9.37	0.14	
BBB	4.61	23.16	11.32	12.50	13.42	7.76	4.61	22.63	4.10	6.97	93.03	10.00	12.37
BB	1.73	6.06	5.19	4.15	6.75	5.02	4.50	66.61	5.78		100.00	16.26	66.44
"15/30" scenario at 30% recovery - all transactions													
AAA	19.20	71.66	2.93	3.86	1.99		0.23	0.12	0.99	100.00			
AA	9.31	6.09	34.96	6.32	12.05	23.39	1.19	6.68	3.18	96.78	3.22		
A	1.79	1.24	13.36	6.47	13.09	30.85	5.79	27.41	5.53	36.23	63.77	3.17	4.82
BBB	0.26	3.16	2.89	3.42	5.66	5.00	4.47	75.13	8.20	0.39	99.61	15.92	58.82
BB		0.35	0.35	0.87	1.90	1.73	1.21	93.60	6.88		100.00	4.84	93.60
"20/40" scenario at 30% recovery - all transactions													
AAA	9.60	38.64	11.36	11.24	22.37	1.29	2.11	3.40	2.29	99.65	0.35		
AA	2.98	1.67	8.00	2.74	5.37	31.86	3.46	43.91	6.10	69.21	30.79	1.07	1.79
A	0.28		2.20	1.24	2.62	12.53	6.20	74.93	9.79	7.02	92.98	14.60	32.37
BBB		0.13	0.26	0.39	0.66	2.11	1.05	95.39	9.83	0.13	99.87	3.82	91.45
BB								100.00	7.06		100.00		100.00

IG--Investment grade. SG--Speculative grade.

Source: Scenario Analysis: Stress Tests Show U.S. BSL CLO Ratings Able To Withstand Significant Loan Defaults And Downgrades (2024 Update) | S&P Global Ratings (spglobal.com)

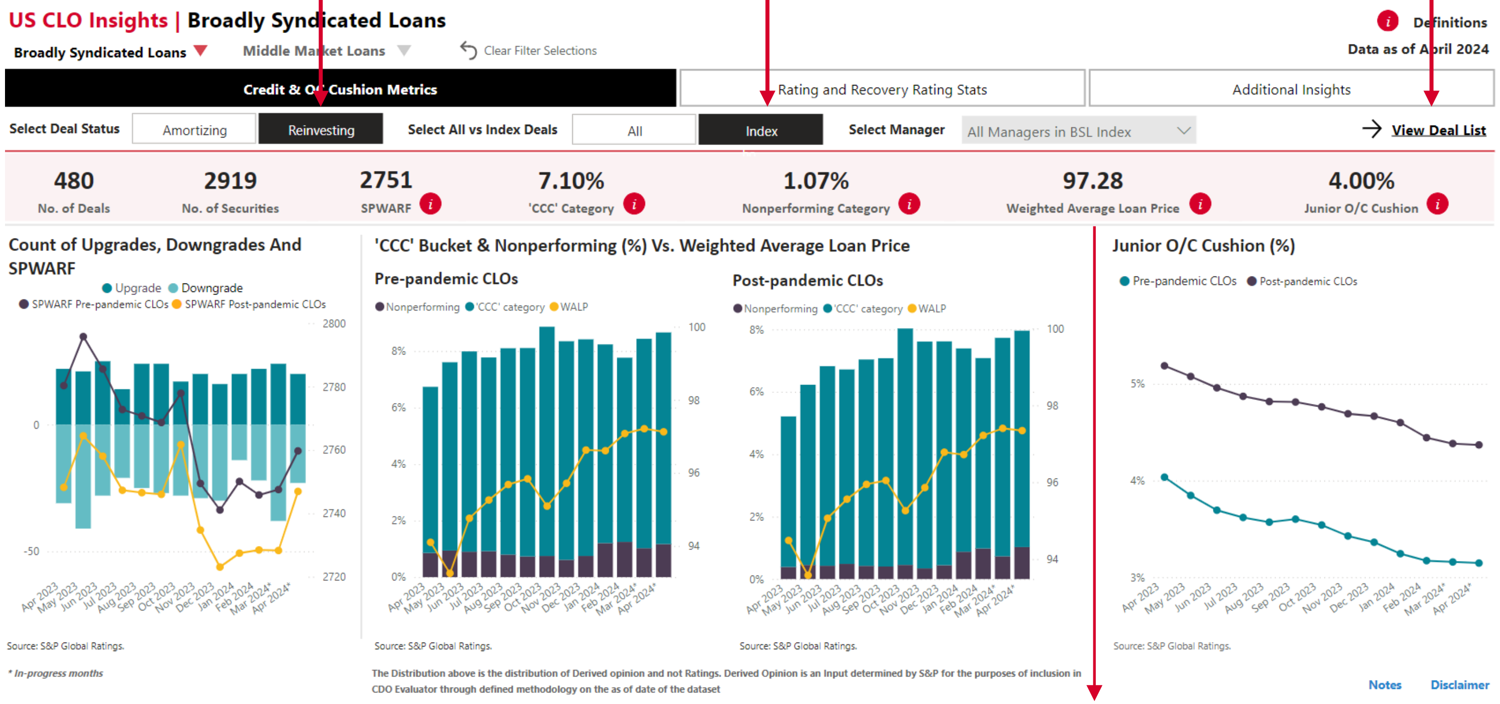
Further Reading | Collateralized Loan Obligations

- Credit Trends: Risky Credits: U.S. And Canadian Risky Credits Drop For Third Straight Quarter Amid Sector Divergences, Oct. 31, 2024
- U.S. BSL CLO Obligors: Corporate Rating Actions Tracker 2024 (As Of Oct. 25), Oct. 28, 2024
- SLIDES: Private Credit And Middle-Market CLO Quarterly: The Times They Are A-Changin' (Q4 2024), Oct. 18, 2024
- U.S. BSL CLO Top Obligors And Industries Report: Third-Quarter 2024, Oct. 10, 2024
- Thirty Years Strong: U.S. CLO Tranche Defaults From 1994 Through Third-Quarter 2024, Sept. 27, 2024
- CLO Insights U.S. BSL Index: A Look Back At CLO Bond Exposures; August Downgrades Weigh On CLO Metrics, Sept. 26, 2024
- CLO Spotlight: Will Market Volatility Reset CLO Reset/Refi Volume Expectations For Second-Half 2024?, Aug. 14, 2024
- SLIDES: U.S. BSL CLO And Leveraged Finance Quarterly: Will A Cooling Inflationary Breeze Support Credit Resiliency? (Q3 2024), Aug. 7, 2024
- 2023 Annual Global Leveraged Loan CLO Default And Rating Transition Study, June 27, 2024
- U.S. And European BSL CLOs: A Comparative Overview (2024 Update), May 23, 2024
- The Impact Of Asset Diversification On CLO Performance, March 26, 2024
- Managers Matter: Active Management Of U.S. BSL CLOs During Uncertain Times Shows Its Value, Nov. 30, 2023
- Scenario Analysis: How Resilient Are Middle-Market CLO Ratings (2023 Update)? Oct. 16, 2023
- A Closer Look At Uptier Priming And Asset Drop-Down Provisions In U.S. CLOs, July 26, 2023
- Good Intentions, Limited Impact: ESG-Excluded Sectors Proliferate In U.S. CLO Indentures, May 16, 2022

New Dashboard Available On R360!

Toggle between amortizing and reinvesting CLOs; rated and index

Create metrics for custom deal lists that can be downloaded into Excel



US CLO Insights | Broadly Syndicated Loans

Broadly Syndicated Loans ▼ Middle Market Loans ▼ Clear Filter Selections

Definitions

Data as of April 2024

Credit & O/C Cushion Metrics | Rating and Recovery Rating Stats | Additional Insights

Select Deal Status: Amortizing / Reinvesting

Select All vs Index Deals: All / Index

Select Manager: All Managers in BSL Index

View Deal List

480	2919	2751	7.10%	1.07%	97.28	4.00%
No. of Deals	No. of Securities	SPWARF	'CCC' Category	Nonperforming Category	Weighted Average Loan Price	Junior O/C Cushion

Count of Upgrades, Downgrades And SPWARF

Source: S&P Global Ratings.

* In-progress months

'CCC' Bucket & Nonperforming (%) Vs. Weighted Average Loan Price

Pre-pandemic CLOs

Source: S&P Global Ratings.

Post-pandemic CLOs

Source: S&P Global Ratings.

The Distribution above is the distribution of Derived opinion and not Ratings. Derived Opinion is an Input determined by S&P for the purposes of inclusion in CDO Evaluator through defined methodology on the as of date of the dataset

Junior O/C Cushion (%)

Source: S&P Global Ratings.

Notes Disclaimer

Compare average CLO metrics across different managers; download deal-specific data through "View Deal List" function

Source: S&P Global Ratings.

Login today or register for Ratings360 to access the dashboard. Toggle to the Market Insights menu item and select Sector Intelligence

- Interactive dashboard for both US BSL CLOs and US MM CLOs; which can both be filtered by manager.
- Provides a snapshot of key performance metrics for both asset CLO types; compare averaged aggregate metrics with the CLO metrics of a selected manager

New features:

- Toggle between amortizing and reinvesting cohorts;
- Toggle between full rated list and the index from published CLO metrics
- View Deal List function enables creation of custom deal lists which can be downloaded into Excel or PowerPoint.

S&P Global
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