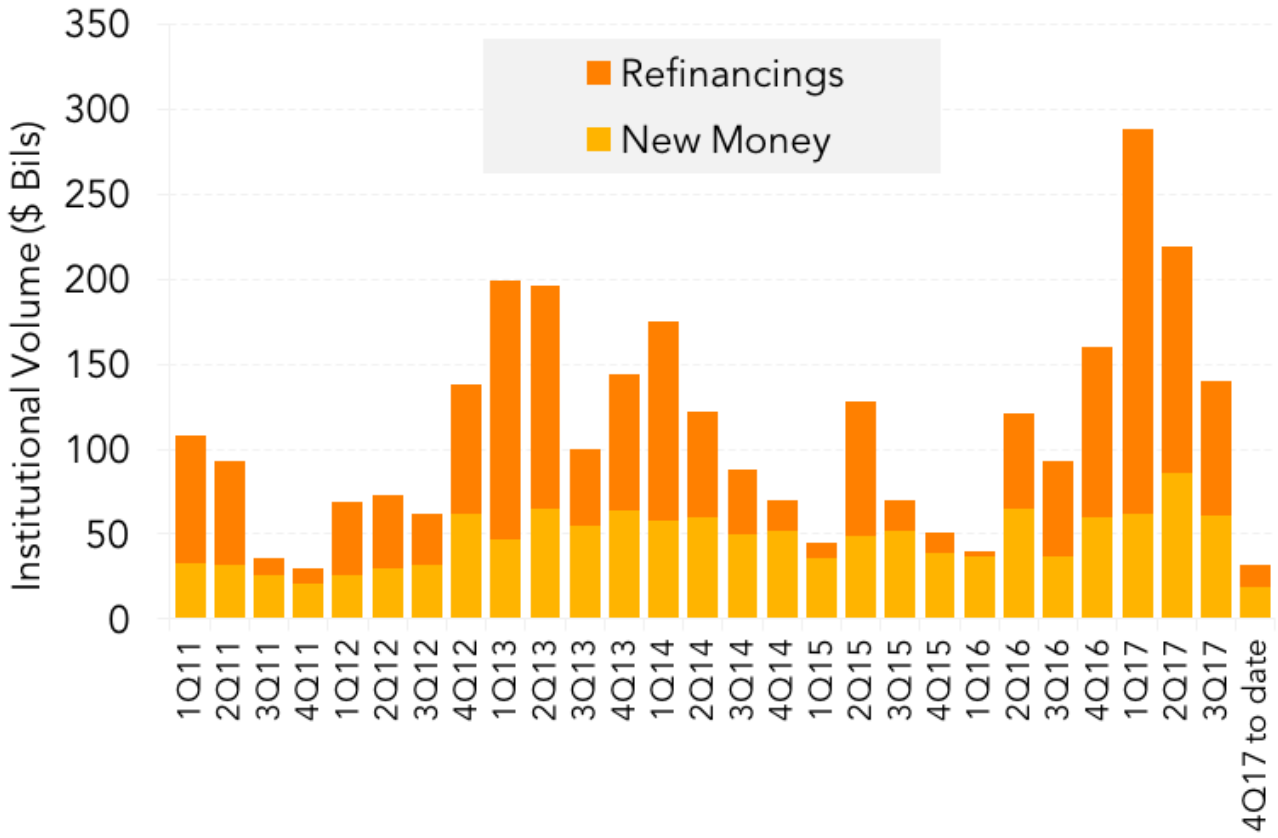
THE LEAD
https://theleadpc.com/leveraged-loan-insight-analysis-10162017/

Strong investor appetite supports institutional issuance but tougher credits command better terms

LSEG | October 18, 2017



Despite robust market technicals including two weeks of retail fund inflows and a steady CLO pipeline, institutional lenders are reconciling strong demand for assets with discipline around credit quality. Roughly $34Bn of institutional loan volume has come to market early in 4Q17 and of this, nearly $20Bn represents new loan assets. Although new credits either via buyouts (including Lumos Networks' recently announced $550m loan financing)or upsizings represent a welcome opportunity to soak up market liquidity, not all credits are created equal. Buyout financing for Red Ventures faced investor pushback on pricing and some structural components as investors struggled with industry concerns and what many deemed to be a little known credit with few comparables. In a testament to the openess of the market however, the deal was ultimately oversubscribed following a spread increase and modifications to terms. Well known names with room for better terms fare better: Horizon Pharma secured a repricing on its $845.8m term loan from earlier this year, with spreads coming in 50bp while Blount International refinanced and modestly upsized a $615m term loan to finance a dividend recap.