

Covid Impact on CLOs

THE LEAD | April 8, 2021

So what happened to CLOs? during Covid? When the world stopped last March, as our own CLO manager, Kelli Marti, told us, “everyone looked first to their health of their portfolios. The key was preserving the value of the underlying collateral.

“Two things mattered,” she said, “triple-C exposure and OC cushions. If triple-Cs are too high, fund flows may be redirected, suspending payments to the lower debt and equity tranches.”

Before Covid, 5% of the LSTA Leveraged Loan index was rated triple-C. Adding B- assets gets you to a combined 25%, up from 15% two years earlier...

?? Read Mar 29 2021 newsletter: [here](#)

?? Chart of the Week: [here](#) (by LCD, an offering of S&P Global Market Intelligence)