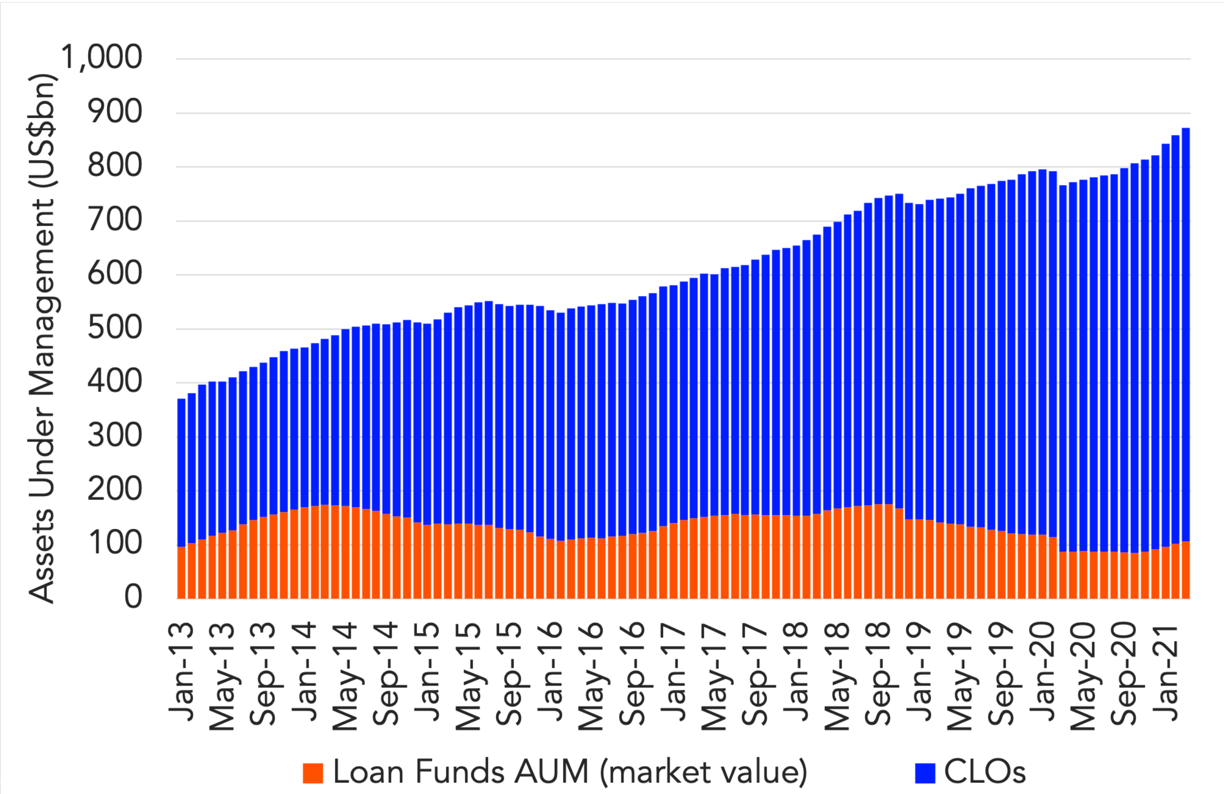
THE LEAD
https://theleadpc.com/leveraged-loan-insight-analysis-4-12-2021/

CLO AUM ends 1Q21 at US$765bn, up 4.7% QoQ

LSEG | April 15, 2021



Driven by robust activity in the US CLO market, CLO AUM ended 1Q21 at US$765bn, up 4.7% quarter over quarter. March 2021 represented the sixth consecutive month of increasing AUM. CLO new issue volume had its fastest start to the year on record, closing 77 new deals totaling US$37.8bn in 1Q21.

This momentum was supplemented by US$68.3bn of CLO repricing activity across 157 refinancings, resets and reissues in 1Q21, eclipsing the prior record of US$50.6bn logged in 2Q18. Loan mutual fund and ETFs' AUM (market value) totalled US$106.7bn, up 17% in 1Q21. The increase was driven by US$14bn of inflows into the asset class during the quarter, the highest quarterly net inflow since 2013. As signs of the economic recovery that began in 4Q20 continued into 1Q21, the leveraged loan market returned in full force as investors flush with cash were on the hunt for assets and yield.

Amid a burgeoning supply demand imbalance, a repricing wave contributed to tighter spreads in January and February, but slowed in March as the market paused to digest new issue. In 1Q21, US CLO AAA spreads averaged 105bp in March, down 25bp in 2021, while the average spread on first lien institutional loans tightened to 384bp for large corporate deals, down 57bp quarter over quarter.

(Past performance is no guarantee of future results.)