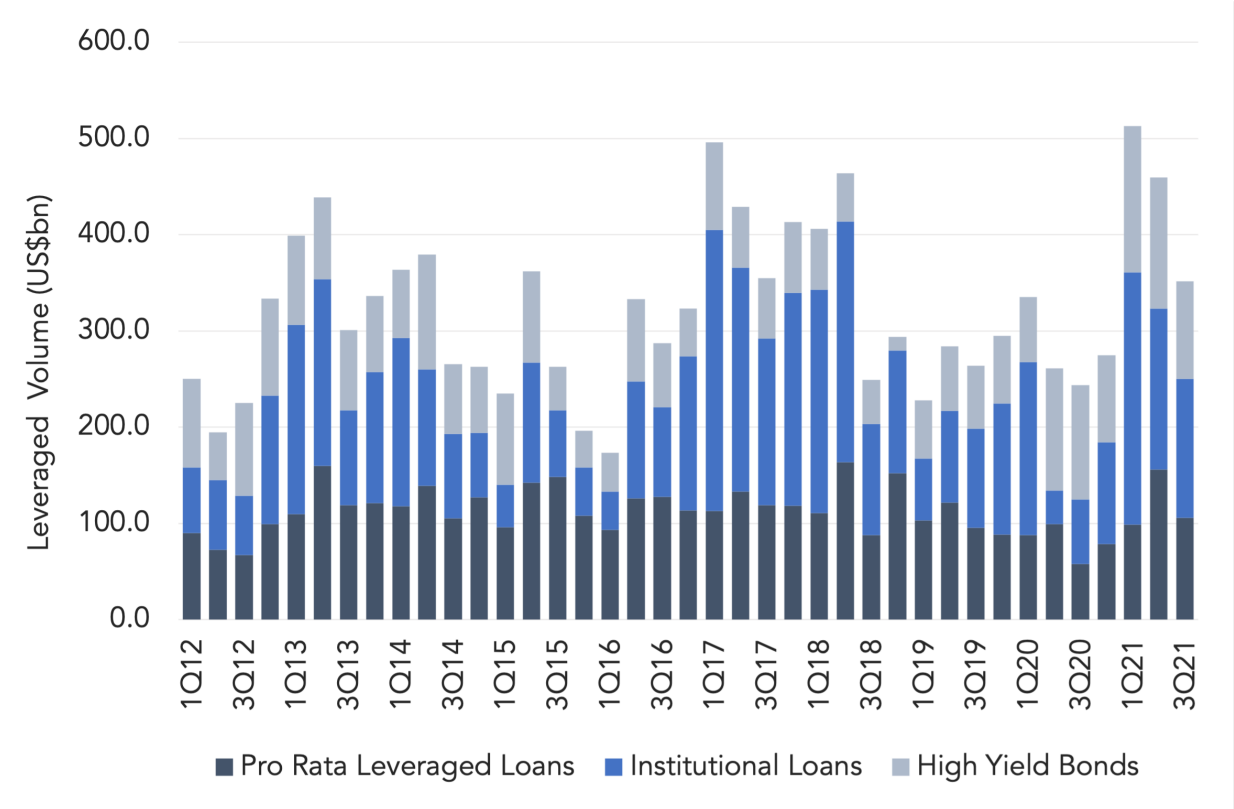
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1-3Q21 leveraged issuance sets new record at US$1.3Tr

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U.S. bank arrangers completed over US$250bn of leveraged loan issuance during the quarter, the strongest 3Q results since 2017 as liquidity and a resurgence of sponsor activity buoyed the market. At almost US$935bn, leveraged loan issuance for the first nine months of the year was just shy of 2018 results (US$960bn) and the record setting 2017 totals (US$1.1Tr).

Supplemented by US$389bn in high yield bond volume, 1-3Q21 total leveraged financing set a new record at US$1.3Tr. PE sponsor activity was boosted by surging lender liquidity among traditional bank arrangers and CLO investors as well as direct lender dollars, taking the opportunity to lock in US$55bn in syndicated loan buyout financing during the quarter, and setting the stage for a record year.

Despite the flow of deals and the robust liquidity to service them, one of the realities that allowed the market to readily absorb the pipeline is the fact that not all deals represented net new money. In 3Q21 alone, over US$21.24bn or nearly 39% of total loan volume backing buyouts, came in the form of sponsor to sponsor buyout deals.

(Past performance is no guarantee of future results.)