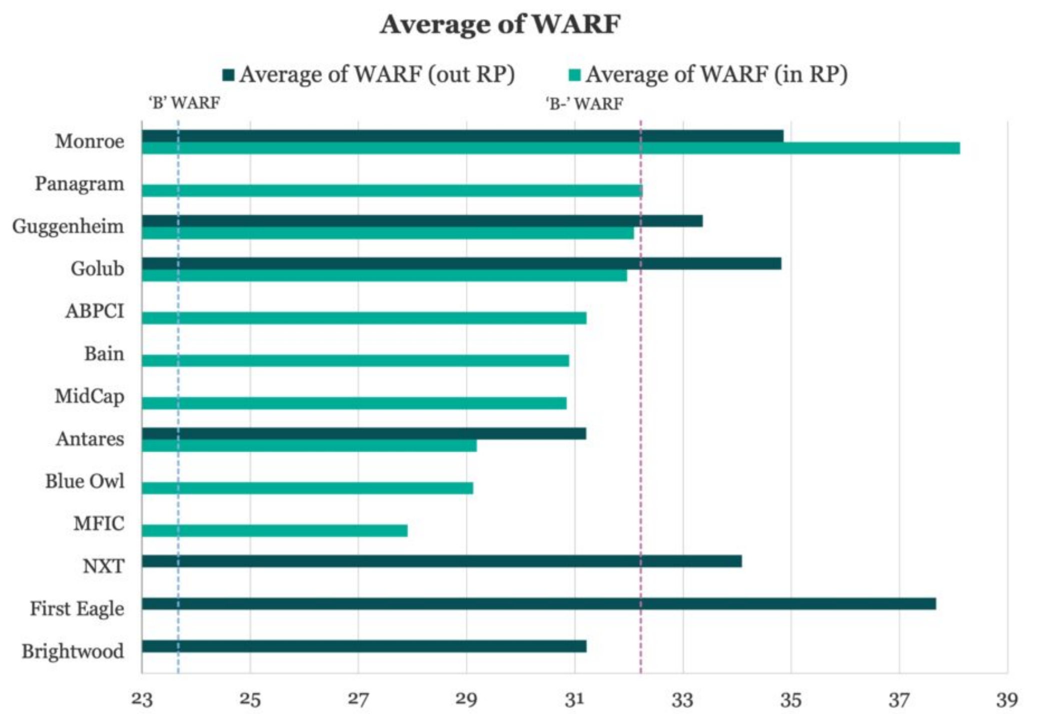
Cushions in Collateral Quality Tests Stay Mostly Positive

Fitch Ratings | October 9, 2024



WARF – Weighted average rating factor. Note: Fitch's WARF is calculated based on Fitch's CLOs and Corporate CDOs Rating Criteria. For the purpose of this chart, nonrated issuers are assumed to have Fitch's IDR of 'B–'. RP – Reinvestment period.
Source: Fitch Ratings

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All Fitch-rated MM CLOs include a Fitch Test Matrix as part of a CLO's Collateral Quality Tests (CQTs) in MM CLOs, including Fitch weighted average recovery rate (WARR), Fitch weighted average rating factor (WARF), weighted average spread (WAS) and weighted average life (WAL), generally remain in compliance against test limits for deals in reinvestment. The median cushion to limits were 1.9% for WARR, 2.0 points WARF, 0.3% WAS and 2.4 years WAL. One MM CLO in reinvestment is not in compliance with both the Fitch WARR and WARF test limits at the end of August 2024.