Software loans continue to come under pressure as investors reasses exposure to the sector

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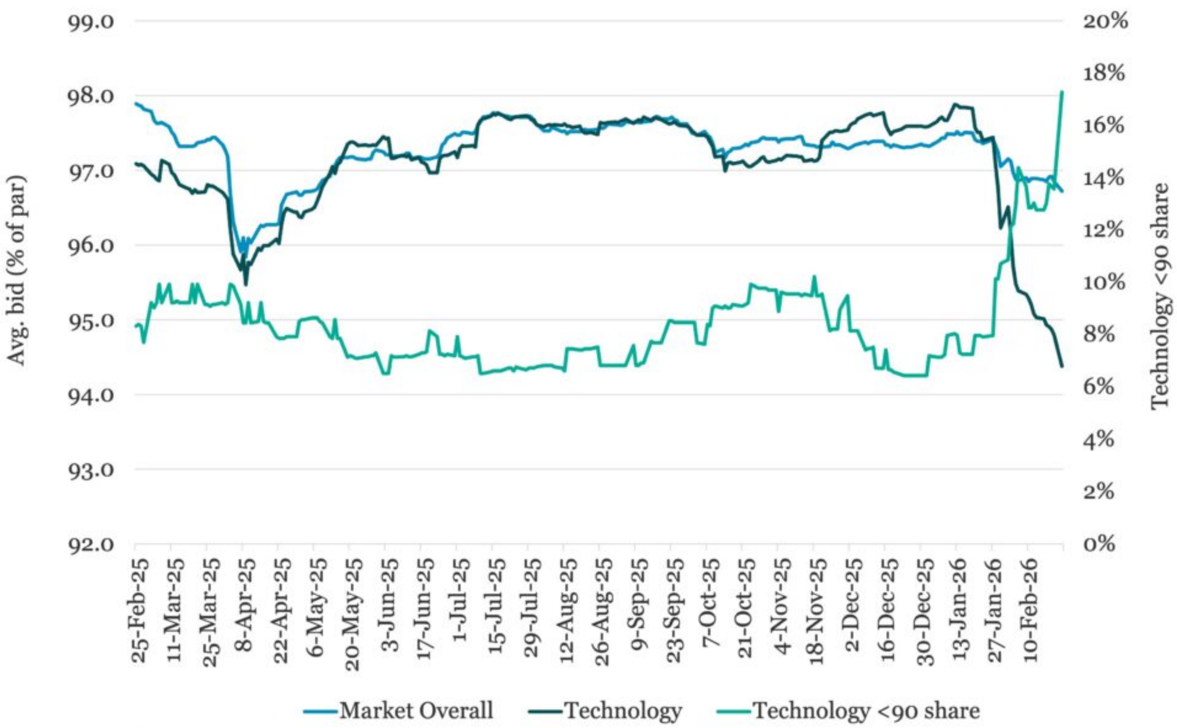

Source: LSTA/LSEG LPC MTM Pricing

Fears that AI could disrupt software companies have prompted a broad sell-off in that sector this year and the downward trend continued in the last week. The average bid on US technology loans is down 320bps year-to-date and 55 bps in the last week to 94.38. In comparison, the broader market had traded off by just over 60bps this year. Looking down the price spectrum, the share of technology loans bid below 90 cents on the dollar has climbed to 17%, up from 6% at the start of the year. Against the current backdrop, investors are reassessing their exposure to the software sector and also examining any potential impact on the ability of software companies to refinance their loans in the present environment.