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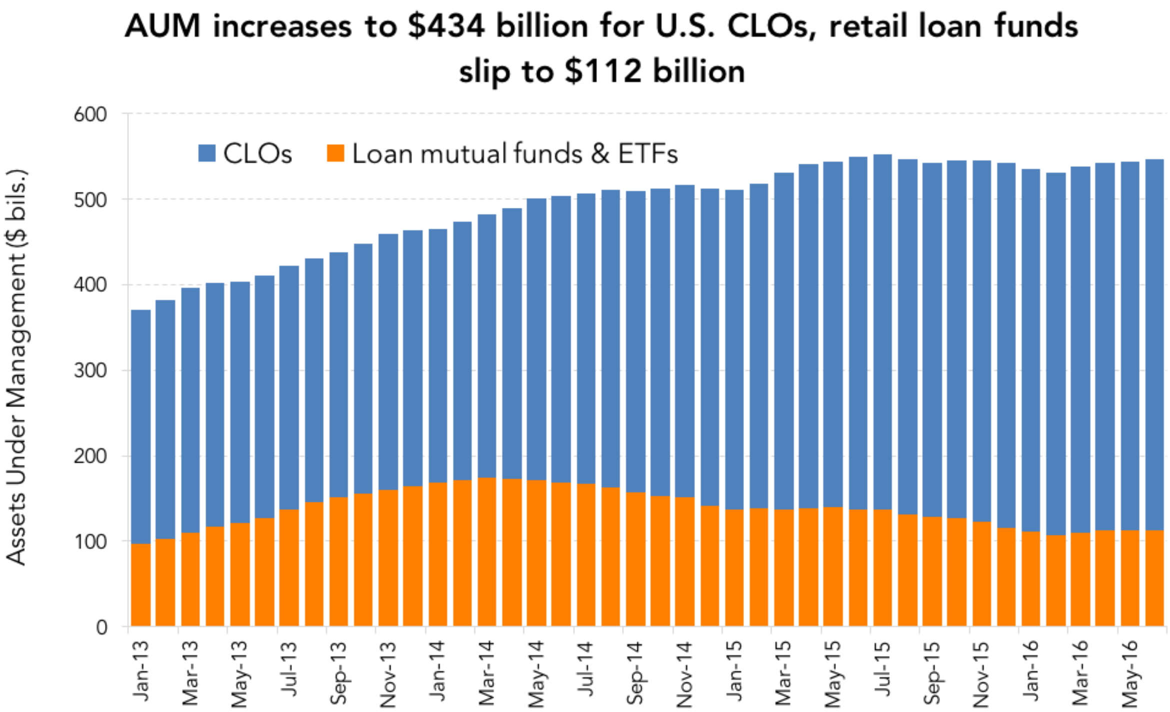
Leveraged Loan Insight & Analysis – 7/11/2016

LSEG | July 13, 2016

U.S. CLO assets under management (AUM) climbed to $434 billion in June on the back of further new deal flow. Issuance increased to $6.6 billion (15 deals) in June from $5.4 billion (13 deals) in May. This brought first half 2016 issuance to $26.2 billion (62 deals), which is down sharply from $60.4 billion (115 deals) in the same period last year. In contrast, the loan mutual fund & ETF AUM (market value) declined by 1% in June to roughly $112 billion.



The driver behind this decline was an outflow of $753 million from loan funds in June, bringing year to date outflows to $7 billion. In terms of their share of outstanding institutional loan debt, CLOs hold roughly 50%, while retail loan funds market share is down to 12% on the back of large outflows in the last two years. In Europe, CLO AUM increased to €64 billion following another €1.64 billion of issuance from four deals in June. Issuance in the first half of the year was €7.2 billion (18 deals), down from €7.8 billion (20 deals) in the same period last year. More recently in early July, the U.S. CLO market has added three new deals amounting to $1.1 billion.

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