



IHS Markit™

Q1 2017 loan market data snapshot

IHS Markit

April 5, 2017

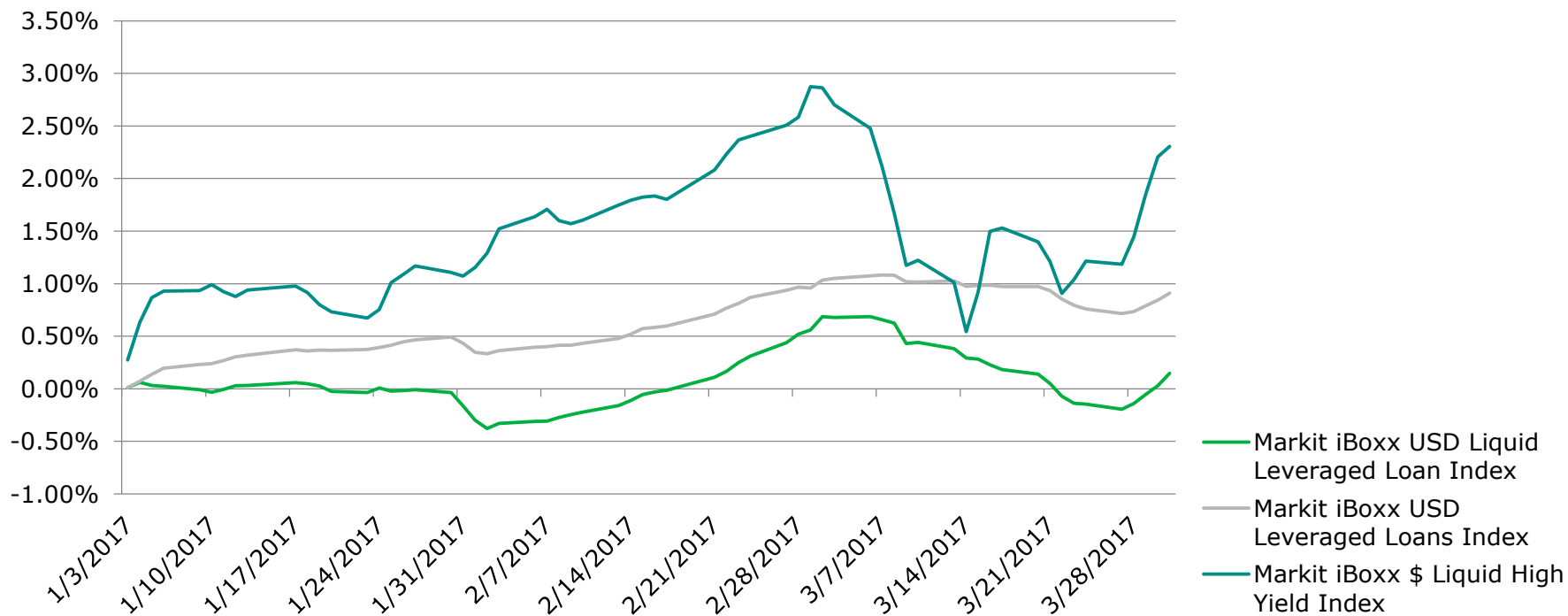
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Index trend Q1 2017

Leveraged loan and HY bond total returns 2017



Markit iBoxx Loan Indices	Q1Δ%	YTD return
Markit iBoxx USD Leveraged Loan Index	0.91%	0.91%
Markit iBoxx USD Liquid Leveraged Loan Index	0.15%	0.15%
Markit iBoxx USD High Yield Index	2.31%	2.31%

Pricing data Q1 2017

Pricing trend: average bids in the secondary market

Region	Average bid	QTD %Δ	YTD % Δ
US	96.78	0.71%	0.71%
Europe	94.80	0.57%	0.57%
Asia	84.82	-8.30%	-8.30%

Pricing trend: average spreads by credit rating (globally)

Average loan spreads to maturity (March 31)	1 year tenor	3 year tenor	5 year tenor	7 year tenor
BB	L+180.41	L+216.18	L+246.56	L+283.51
B	L+375.77	L+411.53	L+441.92	L+478.86
CCC	L+760.69	L+796.45	L+826.83	L+863.78

Average loan spreads Q1 2017 Δ	1 year tenor	3 year tenor	5 year tenor	7 year tenor
BB	-25.63%	-21.27%	-18.49%	-15.87%
B	-17.76%	-15.83%	-14.47%	-13.12%
CCC	-11.41%	-10.58%	-9.98%	-9.36%

Sector view – Q1 2017

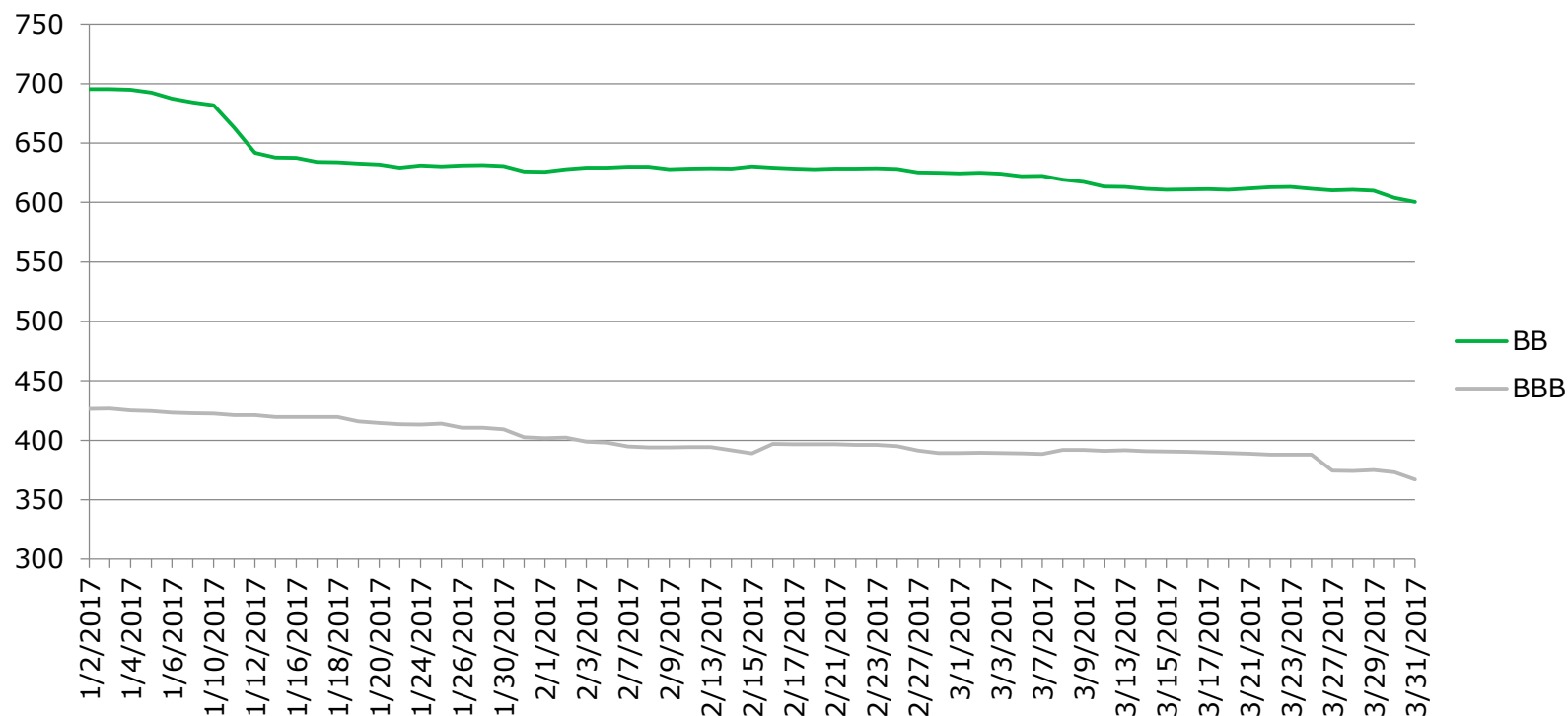
Q1 change in North American and European leveraged loan sector spreads (bps)

		BBB-	BB+	BB	BB-	B+	B	B-	CCC+
Basic Materials	NA	-20	-49	-38	-32	-33	-20	-117	-96
	EU	-24	-56	-41	-36	-37	-24	-124	-100
	Change NA-EU	+4.3	+7.3	+3.1	+3.7	+3.9	+3.8	+7.2	+3.3
Consumer Goods	NA	+1	-28	-17	-11	-12	+1	-96	-75
	EU	-2	-34	-19	-14	-15	-2	-102	-78
	Current NA-EU	+3.3	+6.3	+2.1	+2.7	+2.9	+2.9	+6.2	+2.3
Consumer Services	NA	-4	-33	-22	-16	-17	-4	-101	-81
	EU	-8	-40	-25	-19	-20	-7	-108	-83
	Current NA-EU	+3.6	+6.6	+2.4	+3.0	+3.3	+3.2	+6.5	+2.7
Energy	NA	+24	-5	+6	+12	+11	+24	-73	-52
	EU	+20	-12	+3	+9	+7	+20	-80	-55
	Current NA-EU	+4.0	+7.0	+2.9	+3.4	+3.7	+3.6	+6.9	+3.1
Financials	NA	-12	-41	-30	-24	-25	-12	-109	-88
	EU	-18	-50	-35	-29	-31	-18	-118	-93
	Current NA-EU	+6.4	+9.4	+5.2	+5.7	+6.0	+5.9	+9.2	+5.4
Healthcare	NA	-1	-30	-19	-13	-14	-1	-98	-77
	EU	-4	-36	-20	-15	-16	-3	-103	-79
	Current NA-EU	+3.0	+6.0	+1.8	+2.4	+2.6	+2.6	+5.9	+2.0
Industrials	NA	-4	-33	-22	-16	-17	-4	-101	-80
	EU	-8	-40	-25	-19	-20	-7	-108	-83
	Current NA-EU	+3.7	+6.7	+2.5	+3.1	+3.3	+3.3	+6.6	+2.7
Technology	NA	-25	-54	-43	-37	-38	-25	-122	-101
	EU	-28	-60	-45	-40	-41	-28	-128	-104
	Current NA-EU	+3.3	+6.3	+2.1	+2.6	+2.9	+2.8	+6.1	+2.3
Telecommunication Services	NA	-52	-81	-70	-64	-65	-52	-149	-128
	EU	-57	-89	-74	-68	-70	-56	-157	-132
	Current NA-EU	+4.8	+7.7	+3.6	+4.1	+4.4	+4.3	+7.6	+3.8
Utilities	NA	-34	-63	-52	-46	-47	-33	-131	-110
	EU	-41	-73	-58	-53	-54	-41	-141	-117
	Current NA-EU	+7.6	+10.6	+6.5	+7.0	+7.3	+7.2	+10.5	+6.7

Source: IHS Markit

CLO trend 2017

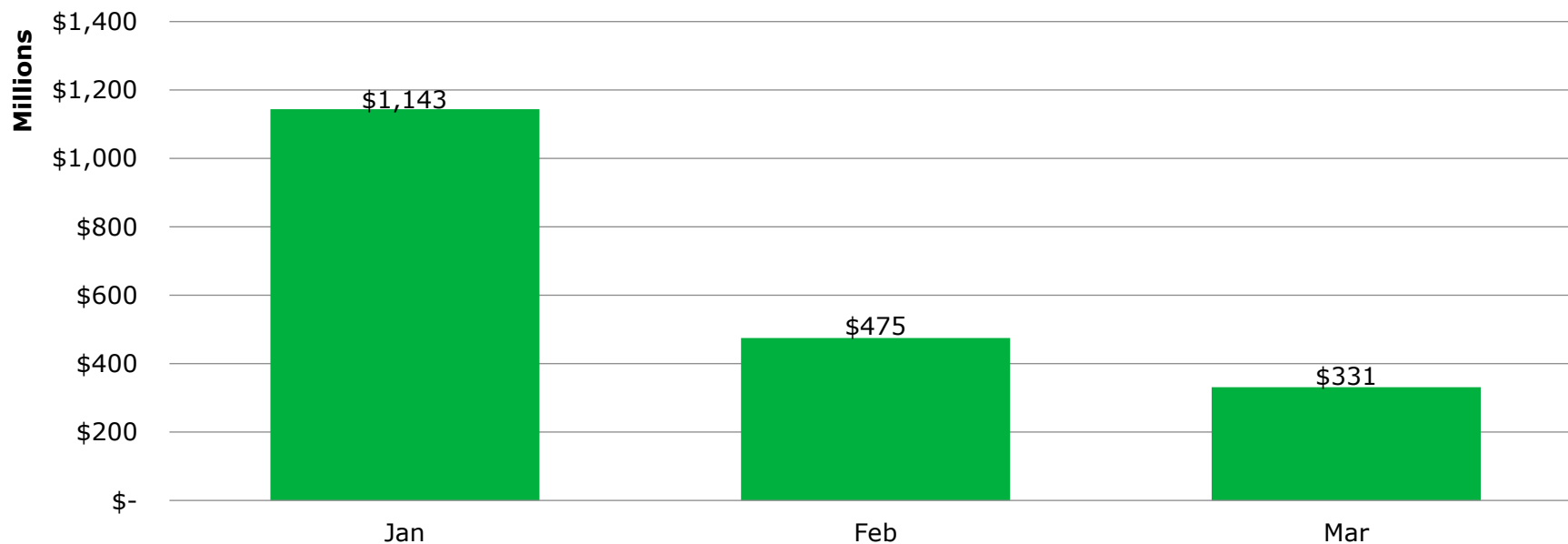
Q1 US BBB and BB Spreads



Despite political uncertainty across Europe and the U.S., CLO technicals remained strong throughout Q1 across the capital stack. The CLO market has seen \$43.9b in refis and \$2.8b in resets YTD, along with \$16.8b in new issuance as managers grapple with risk retention. CLO equity struggled as the loan repricing wave continued to thin WAS tests, forcing managers to navigate on the asset quality matrix sacrificing WARF/Diversity. Carlyle priced the longest post-crisis CLO with a six-year reinvestment period. The fall in oil prices in March from increased production out of Saudi Arabia in tandem with the Ocean Rig UDW LLC bankruptcy did not cause significant widening amongst deals with high exposure to energy. Instead, retail remains the top concern for managers after negative news from Sears, Neiman Marcus, and J. Crew cast a shadow for the future of the industry in 2017.

ETF asset flows Q1 2017

Senior Loan ETFs



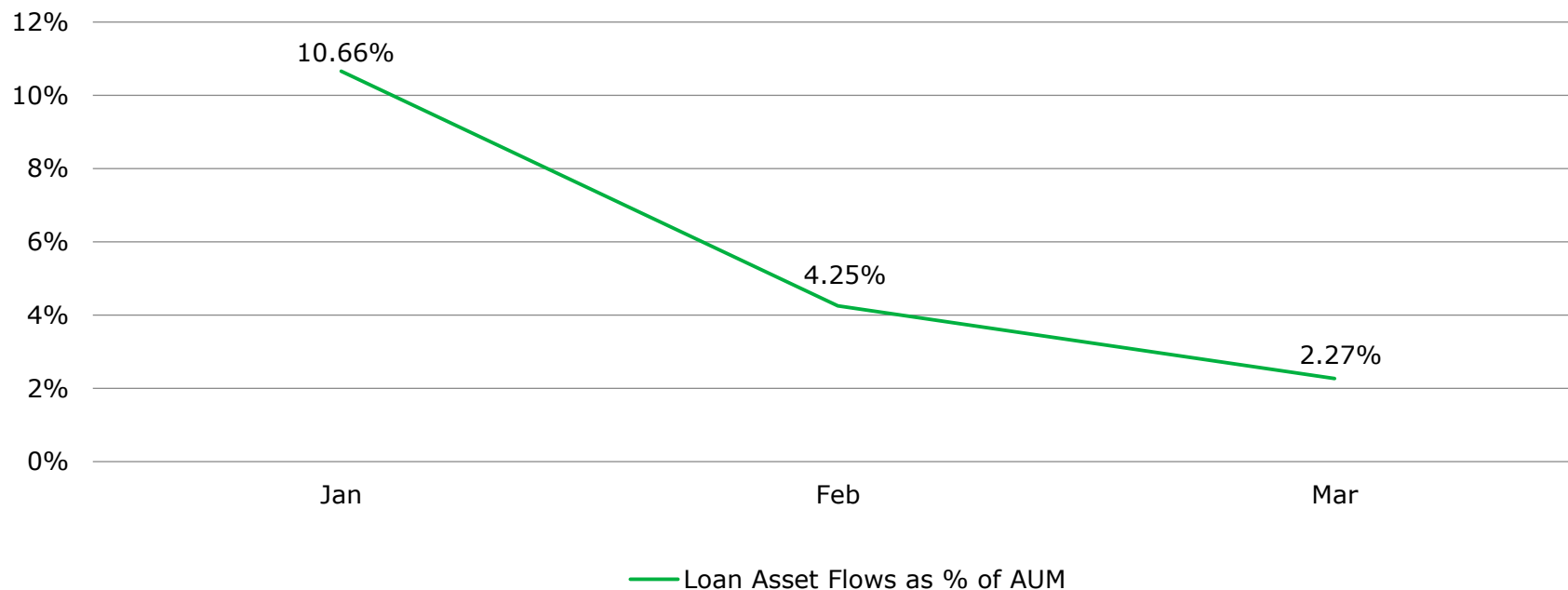
ETF Type

2017 Q1 net asset flow YTD net asset flow

Loan	\$1,887,411,878	\$1,887,411,878
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ETF asset flows Q1 2017

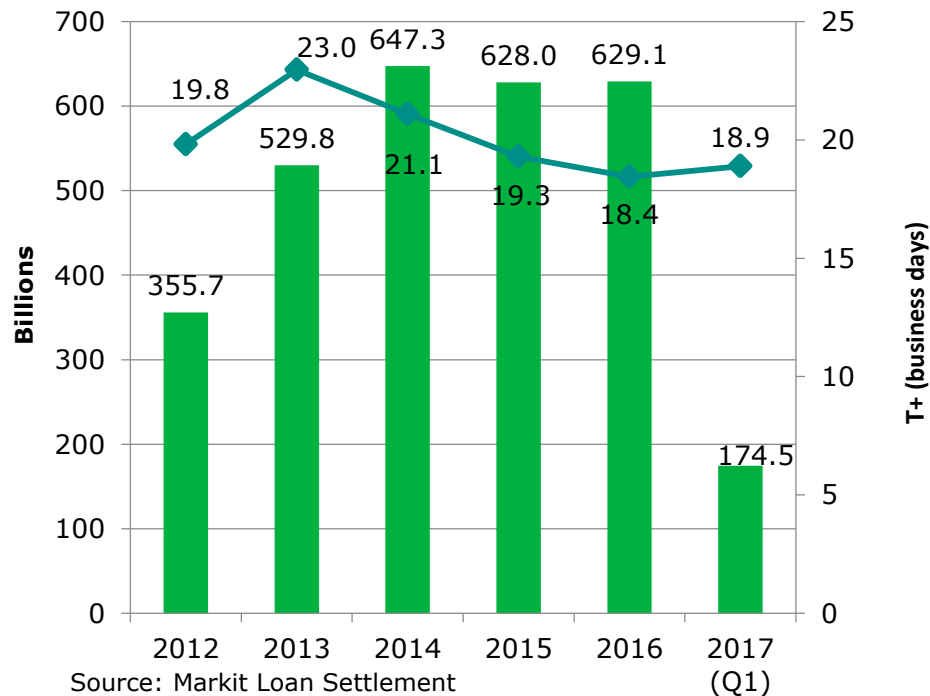
Senior Loan ETF Asset Flows as % of AUM



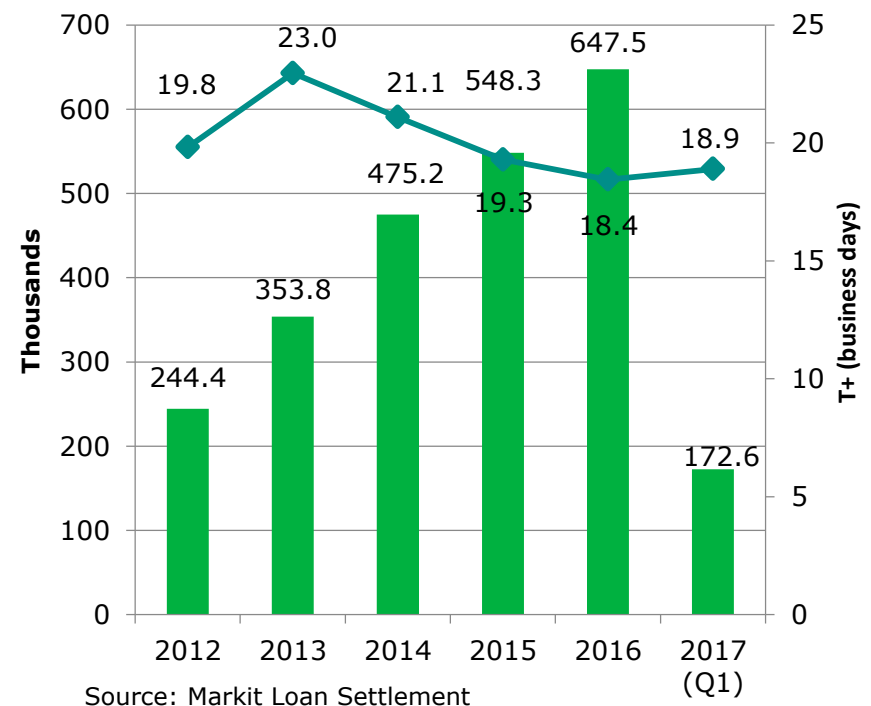
ETF Type	2017 Q1 ending AUM	Q1 % Δ in AUM	YTD % Δ in AUM
Loan	\$12,380,904,299	17.99%	17.99%

Trade settlement volume Q1 2017

Average T+ time and LSTA Secondary Par Settled Notional

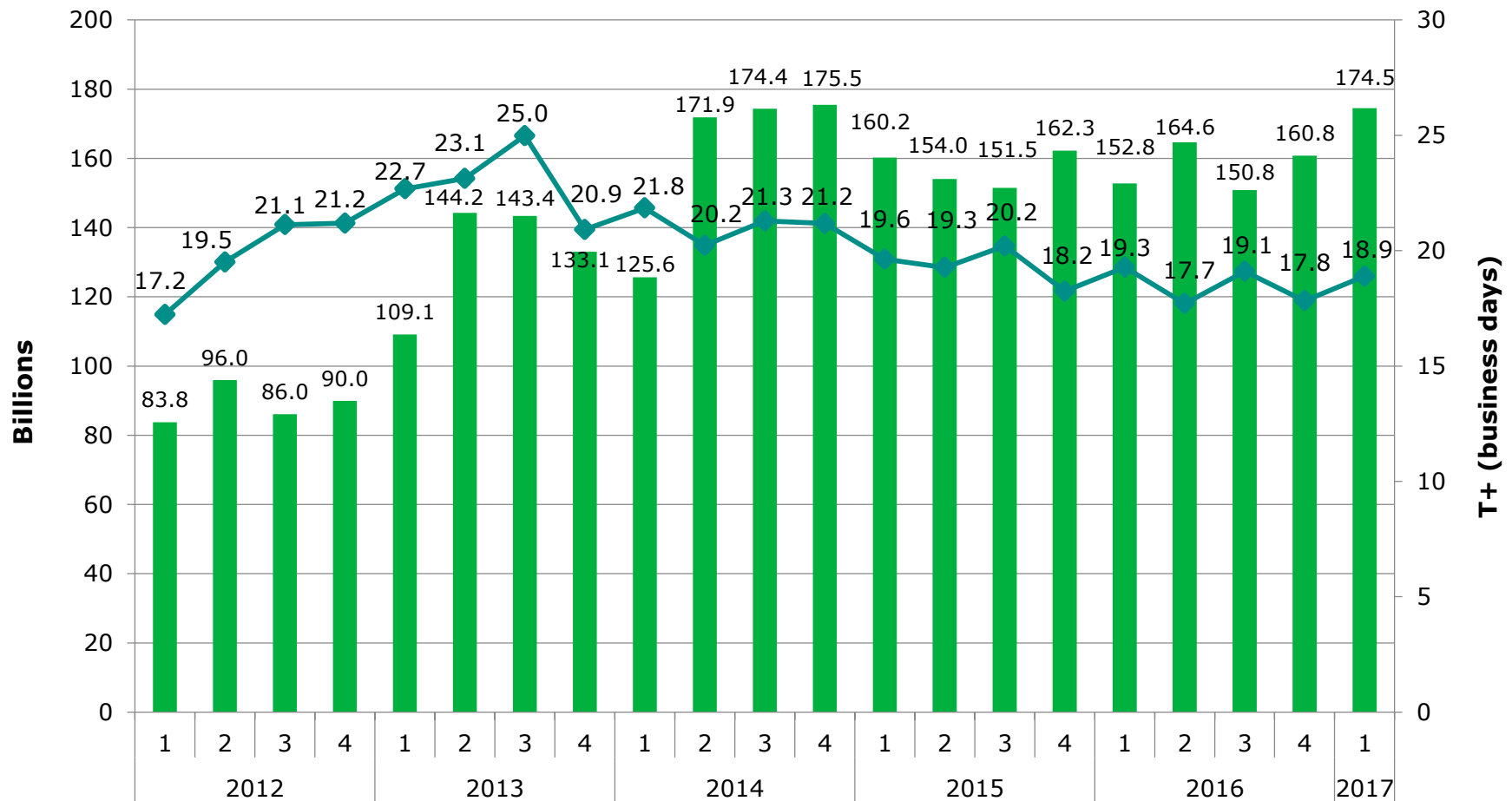


Average T+ time and LSTA Secondary Par Settled Allocations



Trade settlement efficiency Q1 2017

LSTA Secondary Par Settled Notional by Quarter



Source: Markit Loan Settlement

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