



CLO pipeline: AGL aims high as it prepares fifth new issue of 2020

by Charlie Dinning

US CLO managers are sensing opportunities in the CLO market either via new issue CLOs or by refinancing the fixed-rate tranches in their legacy deals. \$2.44 billion of new issue US CLOs and \$259 million of US CLO refs have priced in the last two weeks and five new issue US CLOs and four US CLO refs will soon join them.

AGL is preparing its fifth new issue US CLO of the year and its seventh in just 10 months. Palmer Square Capital Management and Apollo Global Management (Redding Ridge) have priced five new issue US CLOs this year and these three firms occupy the top three in the US CLO new issue league tables.

AGL is second behind Palmer Square in new issuance, but only by \$182 million. It has averaged \$497.4 million per new issue since the coronavirus pandemic broke out, as it looks to take the lead in the US CLO new issue league tables. Barclays won the mandate on AGL 7.

Barclays is also the arranger on GSO Capital Partners' forthcoming new issue US CLO, Stratus 2020-2. Stratus 2020-1 priced in April via Citi and the transaction was a print and sprint CLO with GSO buying collateral in the secondary market. The Stratus series name could suggest the manager is opting for this strategy again (as distinct from the manager's more common 'park'-based CLO nomenclature).

GSO sits third in overall US CLO issuance having not brought

a deal in July, with its last CLO pricing in late June. Octagon Credit Investors also last priced in late June and is showcasing its latest CLO, Octagon 48, via Citi.

Marble Point Capital Management and Brigade Capital Management have not priced since the covid-19 outbreak but are preparing their returns to the CLO market via BNP Paribas and Citi, respectively. Marble Point XVIII will be the manager's first new issue CLO since 11 February and Battalion XVIII will be Brigade's first since 6 February.

Elsewhere, Jefferies is becoming the go-to arranger for CLO managers to refinance old fixed-rate tranches. The bank has handled three such transactions in the last week and is arranging three more as managers adopt this ever increasingly popular strategy to cut funding costs on their legacy CLOs.

The fixed-rate tranches in Apex 2017-1, Atlas XI (a 2016 vintage CLO managed by Crescent Capital Group) and Cedar Funding V (a 2016 CLO from Aegon USA Investment Management) will all be reworked by the managers with Jefferies arranging. Invesco is preparing the same strategy for its 2016 CLO, Upland, with Mitsubishi UFJ Financial Group arranging.

No new European CLO or mid market CLO appears in the pipeline this week. Invesco Euro V has been in the pipeline from 23 June.

2020 new issue volumes (\$bn)

