



## AGL and JP Morgan topple leaders in new issuance

by Charlie Dinning and Tanvi Gupta

Only 13 months after setting up shop, AGL Credit Management vaulted itself to the top of the US CLO new issue league tables in 2020. This meteoric rise echoes that of CBAM, which debuted in 2017 and went on to be the most prolific issuer of US CLO new issues that same year.

AGL priced seven new deals last year, totalling \$3.73 billion, and has nine CLOs under management despite only entering the market in November 2019. The manager beat out Palmer Square Capital Management, which also priced seven new issue CLOs in 2020, by \$650 million in new paper.

Captive equity money was one of the key requirements for the primary market in 2020 due to tough arbitrage conditions for third party equity investors. Wynne Comer, chief operating officer at AGL highlighted that long-term equity investor arrangements allowed AGL to invest when it found attractive asset prices.

"We were really in a great position by having a team with decades of experience and the support from our investors who entrusted us with the flexibility to execute CLOs throughout last year and going forward," she adds.

But AGL was only sixth in total US CLO issuance with Apollo Global Management (Redding Ridge) printing \$5.12 billion of CLO paper and topping PGIM by \$827 million to take the crown from last year's winner Credit Suisse Asset Management.

There was also a shake up in the new issue CLO arranger league tables with JP Morgan pipping Citi to top spot by \$531 million, although Citi did retain its crown as the overall issuance leader in US CLO paper as it brought \$17.73 billion of all forms of US CLO paper to market. The tight race has similarities to that of 2018 when Morgan Stanley topped the new issue CLO league table but Citi led in total US CLO issuance.

Apollo and Citi were not only the market leaders in total issuance for the US CLO market, but also for the global CLO league tables. Apollo rode its overall issuance win in the European and US CLO markets to lead PGIM in global CLO issuance by \$3.25 billion. Citi arranged \$2.89 billion more than its closest rival JP Morgan, globally.

The effect the coronavirus pandemic has had on the CLO market can be seen in Citi's global CLO issuance figures in 2020 and 2019. In 2019 the bank arranged \$35.3 billion of CLO paper across the CLO universe, but that figure dropped to \$22 billion for 2020 and Citi still walked away as the global CLO market leader.

US CLO issuance across all forms of pricing in 2020 was down by \$34.4 billion from 2019, with new issue CLOs accounting for \$27.9 billion of the slump. Refinancing volumes of US CLOs were \$2.7 billion lower than that of 2019, falling from \$24.3 billion in 2019 to \$21.6 billion, but the number of CLOs that were refinanced increased exponentially from 58 in 2019 to 101 last year.

One of the reasons behind this was the increased popularity of only fixed-rate tranche refinancing. These transactions came into the money after the fall of Libor, caused by the volatility from the coronavirus outbreak. But they were not the only new way that CLO managers adapted to the tough conditions in the CLO market.

Top 20 2020 US CLO managers - New issue

Rank	Manager	Size (\$bn)	Market share
1	AGL	3.73	4.64%
2	Palmer Square	3.08	3.83%
3	Apollo (RR)	2.54	3.16%
4	Octagon	2.38	2.96%
5	PGIM	2.35	2.92%
6	Bain	2.24	2.79%
7	Blackstone	2.18	2.72%
8	Anchorage	2.02	2.51%
9	Neuberger Berman	1.92	2.39%
10	Elmwood	1.85	2.31%
11	CIFC	1.84	2.30%
12	Ares	1.79	2.24%
13	Barings	1.79	2.23%
14	BlackRock	1.76	2.19%
15	Oak Hill	1.55	1.93%
16	Golub	1.42	1.77%
17	Sound Point	1.41	1.75%
18	Canyon	1.40	1.74%
19	CSAM	1.39	1.74%
20	Kayne	1.35	1.68%