Collateralized loan obligations are robust, opportunity-rich debt instruments that offer the potential for above-average returns versus other fixed income strategies. Here, we explore how these instruments work, as well as the benefits and risks investors should consider when allocating to this asset class.
Collateralized loan obligations (CLOs) are robust, opportunity-rich debt instruments that have been around for about 30 years. And while they’re well established, they’re also complex enough that even sophisticated investors may hesitate to dig into the details – and end up avoiding them instead.

CLOs have been gaining wider prominence in markets in recent years, and it’s no surprise why. They offer a compelling combination of above-average yield and potential appreciation. But for many investors, the basics of how they work, the benefits they can provide, and the risks they pose are wrapped in complication. And they’re also often misconstrued by the financial media and some market participants.

In spite of this, we believe CLOs are attractive investments and well worth the time and effort required to understand them.

What is a CLO?

Put simply, a CLO is a portfolio of leveraged loans that is securitized and managed as a fund. Each CLO is structured as a series of tranches that are interest-paying bonds, along with a small portion of equity.

CLOs originated in the late 1980s, similar to other types of securitizations, as a way for banks to package leveraged loans together to provide investors with an investment vehicle with varied degrees of risk and return to best suit their investment objectives. The first vintage of modern CLOs – which focused on generating income via cash flows – was issued starting in the mid-to-late 1990s. Commonly known as “CLO 1.0,” this vintage included some high yield bonds, as well as loans, and were the standard CLO structure until the financial crisis struck in 2008.

The next vintage, CLO 2.0, began in 2010 and changed in response to the crisis by strengthening credit support and shortening the period in which loan interest and proceeds could be reinvested into additional loans. The current vintage, CLO 3.0, began in 2014 and further reduced risk by eliminating high yield bonds and adhering to the Volcker Rule and other new regulations.

Vintages 2.0 and 3.0 represent the biggest chunk of the market, with US$633 billion in principal outstanding, while only 1% of the market in 1.0 issued CLOs remains.¹

The vast majority of CLOs are called arbitrage CLOs because they aim to capture the excess spread between the portfolio of leveraged bank loans (assets) and the classes of CLO debt (liabilities), with the equity investors receiving any excess cash flows after the debt investors are paid in full. The market for arbitrage CLOs is valued at $755 billion globally, with about 85% issued in the US and 15% in Europe.²
Leveraged loans: more than just collateral

Leveraged loans are more than simply the underlying collateral for CLOs: They’re the fuel that powers CLOs’ attractive income streams and the first of several levels of risk mitigation built into the CLO structure.

Standard & Poor’s defines leveraged loans as senior secured bank loans rated BB+ or lower (i.e., below investment grade) or yielding at least 125 basis points above a benchmark interest rate (typically LIBOR or EURIBOR) and secured by a first or second lien. Several characteristics make leveraged loans particularly suitable for securitizations. They:

• Pay interest on a consistent monthly or quarterly basis;
• Trade in a highly liquid secondary market;
• Have a historically high recovery rate in the event of default; and
• Originate from a large, diversified group of issuers.

The amount of US leveraged bank loans outstanding was $1.17 trillion as of 31 August 2019, according to S&P/LSTA.

Who issues, manages, and owns CLOs?

CLOs are issued and managed by asset managers. Of the approximately 175 CLO managers with post-crisis deals under management worldwide, about 75% are in the US and the remaining 25% are in Europe.

Ownership of CLOs varies by tranche. The least risky, senior-most tranches are mainly owned by insurance companies (which favor income-producing investments) as well as banks (which need high-quality capital to meet regulatory requirements). The equity tranche is the riskiest, offers potential upside and a degree of control, and appeals to a wider universe of investors.

Largest CLO Owners by Tranche Type

Many Types of Investors Own CLOs

<table>
<thead>
<tr>
<th>Senior Tranches (Rated AAA and AA)</th>
<th>Mezzanine Tranches (Rated A/BBB/BB)</th>
<th>Equity Tranches</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Banks</td>
<td>• Banks</td>
<td>• Banks</td>
</tr>
<tr>
<td>• Institutional asset managers</td>
<td>• Hedge funds</td>
<td>• CLO managers</td>
</tr>
<tr>
<td>• Insurance companies</td>
<td>• Institutional asset managers</td>
<td>• Family offices</td>
</tr>
<tr>
<td>• Pension funds and endowments</td>
<td>• Insurance companies</td>
<td>• Hedge funds</td>
</tr>
<tr>
<td></td>
<td>• Pension funds and endowments</td>
<td>• Institutional asset managers</td>
</tr>
<tr>
<td></td>
<td>• Permanent-capital vehicles*</td>
<td>• Insurance companies</td>
</tr>
<tr>
<td></td>
<td>• Structured credit funds</td>
<td>• Pension funds and endowments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Sovereign wealth funds</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Structural credit funds</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Permanent-capital vehicles*</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Private equity funds</td>
</tr>
</tbody>
</table>

* Permanent-capital vehicles are real estate investment trusts, business development companies, and funds. Source: Morgan Stanley Research, Citi Research, Nomura as of 30 June 2019.
How CLOs work

CLOs are complicated structures that combine multiple elements with the goal of generating an above-average return via income and capital appreciation. They consist of tranches that hold the underlying loans, which typically account for about 90% of total assets, and a sliver of equity. The tranches are ranked highest to lowest in order of credit quality, asset size, and income stream – and, thus, lowest to highest in order of riskiness.

Although leveraged loans themselves are rated below investment grade, most tranches are rated investment grade, benefiting from diversification, credit enhancements, and subordination of cash flows.

Each CLO has a defined lifecycle in which collateral is purchased, managed, redeemed, and returned to investors. The standard lifecycle includes five stages:

1. **Warehousing (3-6 months):** The manager purchases the initial collateral before the closing date.

2. **Ramp-up (1-2 months):** Following the closing date, the manager purchases the remaining collateral to complete the original portfolio.

3. **Reinvestment (2-5 years):** Following the ramp-up period, the manager can reinvest all loan proceeds, either purchasing or selling bank loans to improve the portfolio's credit quality.

4. **Non-call (first two years of reinvestment):** Loan-tranche holders earn a per-tranche yield spread specified at closing, after which the majority equity-tranche holder can call or refinance the loan tranches.

5. **Repayment and deleveraging (1-4 years):** As underlying loans are paid off, the manager pays down the loan tranches in order of seniority and distributes the remaining proceeds to the equity-tranche holders. The manager also performs monthly tests to ensure the portfolio’s ability to cover its interest and principal payments.

### Typical CLO Tranche Structure

Tranches Allocate Assets, Income, and Risk

<table>
<thead>
<tr>
<th>Loan 1</th>
<th>Loan 2</th>
<th>Loan 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Losses</td>
<td>Losses</td>
<td>Losses</td>
</tr>
</tbody>
</table>

- **AAA 59-64%**
- **AA 9-13%**
- **A 5.5-8.0%**
- **BBB 4-6%**
- **BB 3.5-5.5%**
- **Equity/Excess Spread 9-10%**

**Subordination provides protection against portfolio stresses**

- **AAA Subordination**
- **AA Subordination**
- **A Subordination**
- **BBB Subordination**
- **BB Subordination**

**Cash Flows**

Source: Morgan Stanley Research. For illustrative purposes only.
All about the cash flows

Cash flows are the lifeblood of a CLO: They determine the distribution of income and principal, which determines the return on investment. The key concept is that distributions are paid sequentially starting with the senior-most tranche until each loan tranche has been paid its full distribution. Equity-tranche holders absorb costs and receive the residual distributions once the costs have been paid.

Coverage tests are a vital mechanism to detect and correct collateral deterioration, which directly affects the allocation of cash flows. All CLOs have covenants that require the manager to test the portfolio’s ability to cover its interest and principal payments monthly. Among the many such tests, the most common are the interest coverage\(^4\) and over-collateralization\(^5\) tests. Covenants specify baseline values for each test.

If the tests come up short, the manager must take cash flows from the lowest debt and equity-tranche holders and divert them to retire the loan tranches in order of seniority. The diagram below illustrates the "waterfall" process in which cash flows are paid when the portfolio passes and doesn’t pass its interest coverage tests.

The Cash Flow Waterfall Has Two Streams

Interest Payments Are Based on the Results of the Coverage Test

Source: Morgan Stanley Research.
Built-in risk protections

Coverage tests are one of several risk protections built into the CLO structure. Others include:

- **Collateral concentration limits.** Many deals mandate that at least 90% of the portfolio be invested in senior secured loans.
- **Borrower diversification.** The pool of loans typically must be diversified across 150-300 distinct borrowers in 20-30 industries, with a small percentage of the assets (e.g., 2%) invested in the loans of any single borrower.
- **Borrower size requirements.** Deals often restrict managers from purchasing loans to small companies, whose trading liquidity is low.

The equity tranche: the highest risk could mean the highest return

The equity tranche occupies a unique place in the CLO structure. It’s essentially a highly leveraged play on the strength of the underlying collateral. Because the equity tranche’s success depends on the success of the loan tranches – it’s last in line to receive cash flows and first to realize loan losses – its owners take the most risk of any CLO investors. Their goal, then, is to maximize the value of the equity.

As compensation for assuming a higher share of risk, the majority equity-tranche holder is given potential control over the entire CLO in the form of options to call or refinance the CLO after the non-call period (usually the first two years of a transaction) expires.

- The call typically is exercised if the equity-tranche holders consider the underlying loans at or near the top of their market value – which is when the equity is most valuable. Exercising the call in this scenario results in the liquidation of the entire portfolio and, in the process, the equity-tranche holders reap the fullest possible benefit of the equity’s leverage.
- Refinancing can happen if CLO tranche spreads fall enough so the CLO capital stack can be replaced at lower spreads, which reduces equity-tranche holders’ cost of leverage and thus increases their return. The portfolio can be refinanced either partially or in full.

Keeping up with regulatory changes

In the wake of securitized investments’ difficulties during the financial crisis, US and European regulators took steps to mitigate CLOs’ structural risks and made CLOs more attractive for investors.

European regulation is concentrated in several rules governing the capital requirements for banks and insurance companies. Risk retention, commonly known as "skin in the game," has been a requirement in Europe since 2010. It holds that CLO managers must retain 5% of the original value of the assets in their CLOs to align their interests more closely with those of investors. The US required CLOs to be risk-retention compliant from December 2016 to May 2018. A court case brought by the LSTA reversed the decision, as it was deemed that CLO managers do not "originate" the loans; rather, they buy them. As a result, risk retention is no longer required for US CLO issuers.

A prominent US regulatory development was the implementation of the Volcker Rule, which became effective in 2014. To be in compliance, most vintage 2.0 CLOs issued starting in 2014 are collateralized only with loans and many 1.0 CLOs have been "Volckerized" to eliminate non-loan collateral (where previously CLOs had 5%-10% exposure to bonds).
**A wealth of benefits ...**

CLOs offer investors multiple benefits, both on their own and versus other fixed income sectors.

**Higher returns.** Over the long term, CLO tranches have significantly outperformed other corporate debt categories, including bank loans, high yield bonds, and investment grade bonds.

**Wider yield spreads.** CLO spreads typically are wider than those of other debt instruments, reflecting CLOs’ greater complexity, lower liquidity, and regulatory requirements. Compared with other higher-yielding debt sectors – notably high yield and investment grade corporates – CLO spreads are especially compelling.

**CLO Spreads Versus Comparably Rated Corporate Bonds**

Spreads Are Compelling Versus Other Debt Sectors

<table>
<thead>
<tr>
<th>Rating</th>
<th>US CLO (bps)</th>
<th>Corp/HY LIBOR OAS (bps)</th>
<th>CLO Relative Value (bps)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
<td></td>
<td>101</td>
<td></td>
</tr>
<tr>
<td>AA</td>
<td></td>
<td>120</td>
<td></td>
</tr>
<tr>
<td>A</td>
<td></td>
<td>152</td>
<td></td>
</tr>
<tr>
<td>BBB</td>
<td></td>
<td>189</td>
<td></td>
</tr>
<tr>
<td>BB</td>
<td></td>
<td>446</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td>604</td>
<td></td>
</tr>
</tbody>
</table>

Source: JP Morgan, Bloomberg Barclays, as of 5 August 2019. For illustrative purposes only. We are not soliciting or recommending any action based on this material. Any views represent the opinion of the investment manager, are valid as of the date indicated, and are subject to change.

**Low interest-rate sensitivity.** Leveraged loans and their CLO tranches are floating-rate instruments, priced at a spread above a benchmark rate such as LIBOR or EURIBOR. As interest rates rise or fall, CLO yields will move accordingly and their prices will move less than those of fixed-rate instruments. These characteristics can be advantageous to investors in diversified fixed income portfolios.

**Attractive risk profile.** As demonstrated by a variety of key metrics – default rate, recovery rate, Sharpe ratio, tracking error, beta, time to maturity – CLOs can present less risk than corporate debt and other securitized products do. Investment grade CLO tranches benefit from a higher Sharpe ratio compared with most other credit sectors, while non-investment grade can be employed opportunistically.
**Sharpe Ratios: CLOs Versus Corporates**

CLOs’ Three- and Five-Year Sharpe Ratios Are Higher Than Those for IG and HY Corporates

<table>
<thead>
<tr>
<th>Credit Rating</th>
<th>6 Month</th>
<th>1 Year</th>
<th>3 year</th>
<th>5 year</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA rated CLO</td>
<td>1.62</td>
<td>0.47</td>
<td>0.82</td>
<td>0.73</td>
</tr>
<tr>
<td>AA rated CLO</td>
<td>1.39</td>
<td>0.21</td>
<td>0.44</td>
<td>0.32</td>
</tr>
<tr>
<td>A rated CLO</td>
<td>1.12</td>
<td>0.10</td>
<td>0.33</td>
<td>0.32</td>
</tr>
<tr>
<td>BBB rated CLO</td>
<td>1.15</td>
<td>0.13</td>
<td>0.40</td>
<td>0.19</td>
</tr>
<tr>
<td>BB rated CLO</td>
<td>1.09</td>
<td>0.14</td>
<td>0.54</td>
<td>0.17</td>
</tr>
<tr>
<td>IG Corporates</td>
<td>1.18</td>
<td>0.56</td>
<td>0.18</td>
<td>0.25</td>
</tr>
<tr>
<td>High Yield</td>
<td>0.59</td>
<td>0.20</td>
<td>0.35</td>
<td>0.22</td>
</tr>
</tbody>
</table>

Source: S&P Global Ratings as of 8 August 2018. For illustrative purposes only. We are not soliciting or recommending any action based on this material.

**Lower default rates.** Of the approximately $500 billion of US CLOs issued from 1994-2009 and rated by S&P (vintage 1.0 CLOs), only 0.88% experienced defaults, and an even smaller percentage of those, 0.35%, were originally rated BBB or higher. If we consider those deals rated by Moody’s, there have been zero defaults on the AAA and AA CLO tranches across all vintages (1.0 through 3.0).

**Even 1.0 CLOs Experienced Minimal Defaults**

<table>
<thead>
<tr>
<th>Original Rating Category</th>
<th>Number of Original Ratings</th>
<th>Number of Defaults</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA</td>
<td>1540</td>
<td>0</td>
</tr>
<tr>
<td>AA</td>
<td>616</td>
<td>1</td>
</tr>
<tr>
<td>A</td>
<td>790</td>
<td>5</td>
</tr>
<tr>
<td>BBB</td>
<td>783</td>
<td>9</td>
</tr>
<tr>
<td>BB</td>
<td>565</td>
<td>20</td>
</tr>
<tr>
<td>B</td>
<td>28</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,322</strong></td>
<td><strong>38</strong></td>
</tr>
</tbody>
</table>

Source: S&P Global Ratings as of 2 August 2018.
Impairments: Global CLOs Have Fared Better Than Comparably Rated Corporate Credit
No AAA/AA Rated CLO Tranche Has Ever Suffered Losses

Source: Moody’s, as of 1 February 2019 for Corporate Default/Loss Rates 1983-2018 and Moody’s: Structured Finance: CLOs – Global Impairment and Loss Rates of US and European CLOs: 1993-2017, as of 25 June 2018. Any views are the opinion of the investment manager and are subject to change. For illustrative purposes only. We are not soliciting or recommending any action based on this material. Valid only as of the date indicated.

Diversification. CLO correlations versus other fixed income categories are relatively low, meaning that CLOs can provide effective diversification in a broader portfolio.

Inflation hedge. CLOs’ floating-rate yields make them an effective hedge against inflation.

Stronger credit quality. Unlike most corporate bonds, leveraged loans are both secured and backed by first-lien collateral.

... and important risks to consider

The complexity of CLOs comes with a number of risks that investors should consider carefully.

Credit strength. While CLOs enjoy strong credit quality due to the senior secured status of leveraged loans, it’s important to keep in mind that leveraged loans carry inherent credit risk: They’re issued to below-investment-grade companies whose fortunes are sensitive to fluctuations in the economic cycle.

Collateral deterioration. If a CLO’s loans experience losses, cash flows are allocated to tranches in order of seniority. Depending on the severity of the losses, the value of the equity tranche could be wiped out and junior loan tranches could lose principal.

Non-recourse and not guaranteed. Leveraged loans are senior obligations and, as such, have full recourse to the borrower and its assets in the event of default. A CLO, however, has recourse only to the principal and interest payments of the loans in the portfolio.
**Loan prepayments.** Leveraged loan borrowers may choose to prepay their loans in pieces or completely. While experienced CLO managers may anticipate prepayments, they’re nonetheless unpredictable. The size, timing, and frequency of prepayments could potentially disrupt cash flows and challenge managers’ ability to maximize portfolio value.

**Trading liquidity.** CLOs generally enjoy healthy trading liquidity – but that could change very quickly if market conditions turn. A prime example is the financial crisis, when trading activity for even the most liquid debt instruments slowed to a trickle.

**Timing of issuance.** While market conditions could be strong when a CLO is issued, they might not be during its reinvestment period. That’s what happened to the 2003 vintages, whose reinvestment period coincided with the onset of the financial crisis and its resulting drop-off in trading volume.

**Manager selection.** Historical performance of CLO managers encompasses a wide spectrum of returns, underscoring the importance of choosing seasoned managers with solid long-term track records.

**Spread duration.** While interest rate duration is low due to the floating-rate nature of CLO tranches (indexed off three-month LIBOR), spread duration is a consideration that should be taken into account. Due to a typical reinvestment period of four to five years, spread duration is usually between 3.5 and seven years. The higher up the capital stack, the lower the spread duration as each CLO is redeemed sequentially, making the lower rated tranches longer in spread duration.

### Corporate Credit Asset Classes Versus CLO Tranches

<table>
<thead>
<tr>
<th>Description</th>
<th>Senior Secured Loans</th>
<th>High Yield Bonds and Distressed Debt</th>
<th>Emerging Markets</th>
<th>CLO Tranches</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td>Syndicated loans issued primarily by companies in the US and Western Europe</td>
<td>Corporate bonds issued primarily in the developed market (US &amp; Europe)</td>
<td>Corporate bonds issued primarily in Latin America, Europe, Asia, and the Middle East and Africa</td>
<td>Securitization trust (loans issued primarily by companies in the US and Western Europe serve as collateral)</td>
</tr>
<tr>
<td><strong>Secured or Unsecured</strong></td>
<td>Typically senior secured</td>
<td>Unsecured</td>
<td>Secured</td>
<td>Secured</td>
</tr>
<tr>
<td><strong>Maturity</strong></td>
<td>Typically issued with a 5-9 year maturity</td>
<td>5-10 years</td>
<td>5-10 years</td>
<td>Typically issued with a legal maturity of 12-13 yrs. Weighted avg. life of 6-10 yrs.</td>
</tr>
<tr>
<td><strong>Interest Rate Duration</strong></td>
<td>0.25 years</td>
<td>0-6 years</td>
<td>0-6 years</td>
<td>0.25 years</td>
</tr>
<tr>
<td><strong>Coupon Type</strong></td>
<td>Floating rate</td>
<td>Fixed rate</td>
<td>Fixed rate</td>
<td>Floating rate</td>
</tr>
<tr>
<td><strong>B Spread/OAS</strong></td>
<td>LIBOR + 446 bps</td>
<td>363 bps</td>
<td>243 bps</td>
<td>Libor + 124 bps (AAA) Libor + 183 bps (AA) Libor + 241 bps (A) Libor + 358 bps (BBB) Libor + 700 bps (BB) Libor + 956 bps (B)</td>
</tr>
<tr>
<td><strong>Yield to Worst</strong></td>
<td>6.55%</td>
<td>5.88%</td>
<td>4.41%</td>
<td>3.06% (AAA) 3.67% (AA) 4.28% (A) 5.48% (BBB) 8.96% (BB) 11.58% (B) 12.15% equity</td>
</tr>
<tr>
<td><strong>Credit Rating</strong></td>
<td>BB-CCC</td>
<td>BB-CCC</td>
<td>AAA-BBB</td>
<td>AAA through B (equity is not rated)</td>
</tr>
<tr>
<td><strong>Historical Default Rate</strong></td>
<td>~3% p.a.</td>
<td>~3% p.a.</td>
<td>~2.5%*</td>
<td>0.3%**</td>
</tr>
<tr>
<td><strong>Historical Recovery Rate</strong></td>
<td>~75%</td>
<td>~35%</td>
<td>35%</td>
<td>~23%**</td>
</tr>
<tr>
<td><strong>Notable Risks</strong></td>
<td>Limited call protection, extended trade settlement times (T+7)</td>
<td>Higher price volatility</td>
<td>Higher price volatility</td>
<td>Can be less liquid when compared with underlying bank loans (T+2)</td>
</tr>
</tbody>
</table>

Choosing the right manager

The most critical decision a CLO investor can make is the selection of a manager. It isn’t easy: There are approximately 175 managers with post-crisis CLOs to choose from and each creates its own portfolios using its own investment style. And it’s worth repeating that historical performance among managers greatly varies. That said, successful managers tend to share several key traits:

**Everything flows from experience**

There’s no substitute for deep CLO management experience, which provides the combination of skills, practice, tactical and strategic savvy, adjustment-making, and chronological perspective needed to generate strong returns in such a complicated asset class.

Chronological perspective may be the most important aspect of experience in the CLO world, as the benefit of having managed portfolios before, during, and after the financial crisis is incalculable.

**Excellence of execution**

Managers must excel in the vital competencies that collectively define best-practice portfolio management. These begin with loan selection, as creating a strong collateral base lays the foundation for potential success. Trading skill enables the manager to know when to take gains, avoid losses, and adjust the portfolio as market conditions evolve. Effective management of deteriorating credits affects not just the specific credits involved, but also the entire CLO due to the way cash flows are distributed through the tranche structure. And the reinvestment of principal proceeds in new collateral can make the difference between good and great performance.

**A knack for handling risk**

Sound risk management is both a cause and effect of these best practices: It informs everything the manager does and is reflected in the results. In addition to oversight of the portfolio, it includes skillful execution of coverage tests; the ability to understand the nuances and idiosyncrasies of CLO documentation, which is nonstandard and complex; and a talent for balancing the numerous portfolio metrics by optimizing as many as possible while taking a hit on as few as possible.

Notes

1 Source: Bank of America Merrill Lynch, "US CLO September Chartbook," 2 August 2019
2 Source: Wells Fargo Research 2 August 2019
3 Source: Bank of America Merrill Lynch, "An introduction to the US CLO Market," 9 August 2018
4 The income generated by underlying pool of loans must be greater than the interest due on the outstanding debt in the CLO.
5 The principal amount of the underlying pool of loans must be greater than the principal amount of outstanding CLO tranches.

PineBridge has a long history in CLOs

PineBridge Investments has extensive experience in leveraged finance not only as a manager, but also as an issuer: Since 1999, we’ve issued 32 CLOs for $14.2 billion. In addition, we’ve reissued, reset, or refinanced 14 transactions worth $6.6 billion. Our team of 35 professionals includes senior leadership that has been in place for nearly 20 years, as well as 16 credit analysts, most of whom have been with us for at least 10 years.

In fixed income, our multi-billion dollar portfolio is invested across the spectrum of developed and emerging markets, investment grade debt, leveraged finance, and multi-sector strategies. Our investment process is informed by rigorous, proprietary credit analysis across sectors and regions.

Our leveraged finance portfolios total $19.8 billion, including $5.5 billion in US CLOs and $2.1 billion in European CLOs.
About PineBridge Investments

PineBridge Investments is a private, global asset manager focused on active, high-conviction investing. We draw on the collective power of our experts in each discipline, market, and region of the world through an open culture of collaboration designed to identify the best ideas. Our mission is to exceed clients’ expectations on every level, every day. As of 30 June 2019, the firm managed US$97.2 billion across global asset classes for sophisticated investors around the world.

MULTI-ASSET | FIXED INCOME | EQUITIES | ALTERNATIVES

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