

US league tables: CBAM tops US CLO rankings after meteoric rise

Just over a year ago, New York-based CBAM Partners commenced operations amid much fanfare. Fast forward 12 months and the asset manager has delivered on its promise, with Creditflux data showing that the firm was the largest CLO issuer of 2017

Just over a year ago, New York-based CBAM Partners commenced operations amid much fanfare (see: Ex-Guggenheim credit star to make dramatic return to CLO business). Fast forward 12 months and the asset manager has delivered on its promise, with Creditflux data showing that the firm was the largest CLO issuer of 2017, pricing \$5.1 billion of new issuer paper. In total, \$119.7 billion of new CLOs priced last year.

CBAM is led by Mike Damaso, former chairman of Guggenheim Investments' credit committee; Jay Garrett, previously a vice president at MatlinPatterson Asset Management; and ex-Och-Ziff CLO portfolio manager Don Young. It produced four larger-than-usual



Mike Damaso, CBAM

deals between Q2 and Q4, ranging from \$1 billion to \$1.6 billion.

In second place is GSO Capital Partners – the largest CLO manager in the market, with roughly \$20.8 billion in CLOs under management globally. GSO priced \$4.4 billion of US CLOs last year across six transactions.

The manager had a strong year as four of its deals were benchmark CLOs (at the time of pricing, these CLOs held the record for tightest triple A print of the year).

GSO's latest deal - Long Point Park CLO – sits in second place in our ranking of US CLOs with the lowest funding cost (1.42%).

As far as arrangers go, Citi takes the crown as the leading US CLO underwriter. The bank produced \$19.2 billion of new CLOs to record a 16% market share. It partnered with 24 managers to price 32 deals, including CLOs from first-time issuers CBAM and Ellington Management.

Citi also ranks as the leading arranger of European CLOs (see: Euro league tables: Citi tops rankings in a year of growth for the CLO market).

All in all it was a strong year for US CLO issuance, particularly in light of the fact that 2017 was the year in which risk retention rules came into effect. CLO triple As priced at 145 basis points at the start of 2017 as market par-

New Issue

| | Q1 | Q2 | Q3 | Q4 |
|------------------|-------|-------|-------|-------|
| Avg Cost of debt | 1.84% | 1.84% | 1.79% | 1.64% |
| Avg Leverage | 10.1x | 10.0x | 9.7x | 9.9x |
| Volume €bn | 14.75 | 29.29 | 28.60 | 30.78 |
| No. of managers | 25 | 46 | 44 | 47 |
| New managers | 1 | 3 | 3 | 0 |

ticipants stepped into the unknown. But by the end of the year, early jitters were put to bed and CLO first pays started pricing at 107 bps over Libor.

BlueMountain Fuji US CLO III takes the plaudits for best execution with the CLO's funding costs standing at just 1.41%.

2017 was also a strong year for middle market CLO issuance with \$15.4 billion of these transactions pricing. Antares Capital re-debuted with

two massive CLOs to contribute \$3.2 billion to volumes. The firm was a regular CLO issuer in the early 2000s, before being taken over by GE Capital, at which point it stepped away from the market (GE's financing costs were more attractive versus costs in the CLO market). Antares was acquired by Canada Pension Plan Investment Board in 2015. With its new ownership structure, Antares is expected to once again be a regular in the CLO primary market.

Top US CLO managers 2017; new issue

| Rank | Manager | Size (\$bn) | No. of deals | Mid-Market exposure | Market share |
|------|------------------|-------------|--------------|---------------------|--------------|
| 1 | CBAM | 5.135 | 4 | 0.00% | 4.29% |
| 2 | GSO | 4.401 | 6 | 0.00% | 3.68% |
| 3 | CIFC | 4.150 | 6 | 0.00% | 3.47% |
| 4 | CSAM | 3.468 | 5 | 0.00% | 2.90% |
| 5 | Ares | 3.460 | 5 | 0.00% | 2.89% |
| 6 | Antares | 3.323 | 2 | 100.00% | 2.77% |
| 7 | Fortress | 3.259 | 4 | 46.02% | 2.72% |
| 8 | Sound Point | 3.103 | 4 | 0.00% | 2.59% |
| 9 | PGIM | 3.057 | 5 | 0.00% | 2.55% |
| 10 | MJX | 2.985 | 5 | 0.00% | 2.49% |
| 11 | Carlyle | 2.961 | 5 | 0.00% | 2.47% |
| 12 | Octagon | 2.655 | 5 | 0.00% | 2.22% |
| 13 | KKR | 2.461 | 4 | 0.00% | 2.06% |
| 14 | THL | 2.348 | 4 | 0.00% | 1.96% |
| 15 | Voya | 2.341 | 4 | 0.00% | 1.95% |
| 16 | Neuberger Berman | 2.136 | 4 | 0.00% | 1.78% |
| 17 | Midcap (Apollo) | 2.072 | 3 | 100.00% | 1.73% |
| 18 | Och-Ziff | 2.044 | 4 | 0.00% | 1.71% |
| 19 | Guggenheim | 1.985 | 3 | 0.00% | 1.66% |
| 20 | Golub | 1.815 | 3 | 72.19% | 1.52% |