**CLO Investor Survey**

**Information about the responding firm**

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| 1. Firm type: *Please select the* ***one*** *option that most closely describes your group’s activities*
 |
|  International active bank |  |[ ]
|  National/domestic bank or banking group |  |[ ]
|  Private equity group |  |[ ]
|  Asset manager |  | [ ]  |
|  Hedge fund |  | [ ]  |
|  CLO manager independent |  | [ ]  |
|  CLO manager part of a private equity group |  | [ ]  |
|  Insurer |  |[ ]
|  Pension fund |  |[ ]
|  Trade Association |  |[ ]
| Other *(Please describe)* | Click here to enter text. |[ ]

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| 1. Please indicate the geographic scope of your firm’s CLO activity
 |
|  | **Home region of your firm***Please select one region as appropriate* | **Region(s) in which you are active in LL and/or CLO***Please select all applicable regions as appropriate* |
| North America |[ ] [ ]
| Central and South America |[ ] [ ]
| Europe |[ ] [ ]
| Middle East & Africa |[ ] [ ]
| Asia Pacific |[ ] [ ]
|  | In which jurisdictions are you most active |  |
|  | Approximate firm Size[[1]](#footnote-1) as at 31 December 2020 (expressed in US$) | Click here to enter text. |
|  | Explain the measure you used to indicate the size of the firm’s business in the question 7 above. For example, Annual Revenue, Assets under Management, etc |  |
| **Size of your activity** |
|  | What is the total notional amount invested in CLO globally as of 31 December 2020 |  |
|  | Please quantify the CLO you invested in each year globally? | 2018 | 2019 | 2020 |
|  | Total number of CLOs |  |  |  |
|  | Total volume of CLO, in million USD |  |  |  |

**Survey Questions**

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| **Your Investment Strategy** |

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| --- | --- | --- |
|  | At what level of the capital structure of a CLO do you typically invest in? | Please rank in order of importance |
| Senior tranche or AAA |[ ]
| IG mezzanine tranche |[ ]
| NIG mezzanine tranche |[ ]
| Equity |  |

|  |  |  |
| --- | --- | --- |
|  | Please describe how you acquire your investment in a CLO (% via primary issuance versus secondary market) |  |
| **Disclosure**  |
|  | Please describe the due diligence process before a decision to invest in a CLO is made. |  |
|  | Please describe any additional information you believe would be helpful in making your investment decision. |  |
|  | Do you believe there are currently data deficiencies in the due diligence material provided by CLOs? If so, please describe.  |  |
|  | Please discuss whether and the extent to which you assess individual leveraged loans in the CLO portfolio, including the loan documentation associated with each loan? |  |
| **Loan documentation** |
|  | Please provide feedback on recent trends in covenants in leveraged loans (e.g.in relation to distribution of dividends, collateral transfer, deductibles, carve-outs, maintenance covenants, equity cure rights…), and describe the general impact of these trends on a CLO. Does it impact your assessment of the value of the underlying loans or your willingness to invest?  |  |
| **CLO Management** |
|  | In your monitoring of CLO performance, are there any current trends in CLO manager behaviours or practices which you're seeing (or hearing about) that raise concerns?   |  |
|  | In your experience, is it common for loans to be traded between different CLOs managed by the same CLO manager or with group affiliated entities? What in your opinion is the motivation for this activity? How is fair value determined and is it reported to investors? |  |
|  | Are you seeing (or hearing about) instances of assets being creatively valued or categorised to avoid tripping different important thresholds on bucket sizes, or limits, or similar? |  |
|  | In your opinion, what are the potential conflicts of interest which can arise in the management of CLOs?  |  |
|  | In your opinion, could the management of the CCC bucket give rise to actions which are not in the best interest of the debt investors? |  |
|  | Do you have any particular concerns on how more illiquid loans or CLO assets are valued by managers?    |  |
| **Impact of COVID-19** |
|  | Has your approach to investing in this market been impacted by COVID-19?  |  |
|  | How has COVID-19 impacted periodic O/C, asset quality or other portfolio tests?  |  |
|  | What disclosure about COVID-19 related risks and changes are you receiving?  |  |
|  | What data do you receive on a loan-level basis detailing modifications or relief/forbearance? |  |
|  | How has COVID-19 impacted the structure of new CLO or LL transactions, your approach to the leverage loan market, your approach to transactions and/or existing loan book? |  |
|  | Are you aware of any additional conflicts of interest and/or conduct risks that have been created or exacerbated by the COVID-19 crisis? |  |

1. Please choose a commonly used measure of size relevant to the firm type identified in Q5 (e.g.. notional amount of assets under management, notional amount of cash raised, insurance market capitilisation or net premium) [↑](#footnote-ref-1)