



Accessing Private Credit and the Evolving Role of Banks

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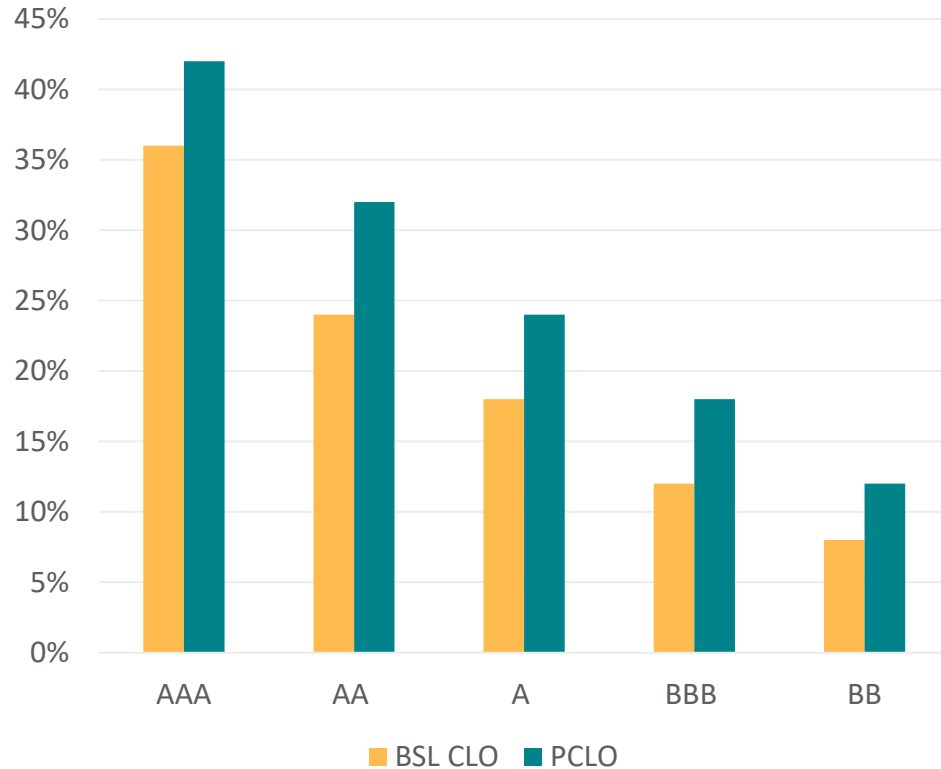
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Monday, November 18, 2024

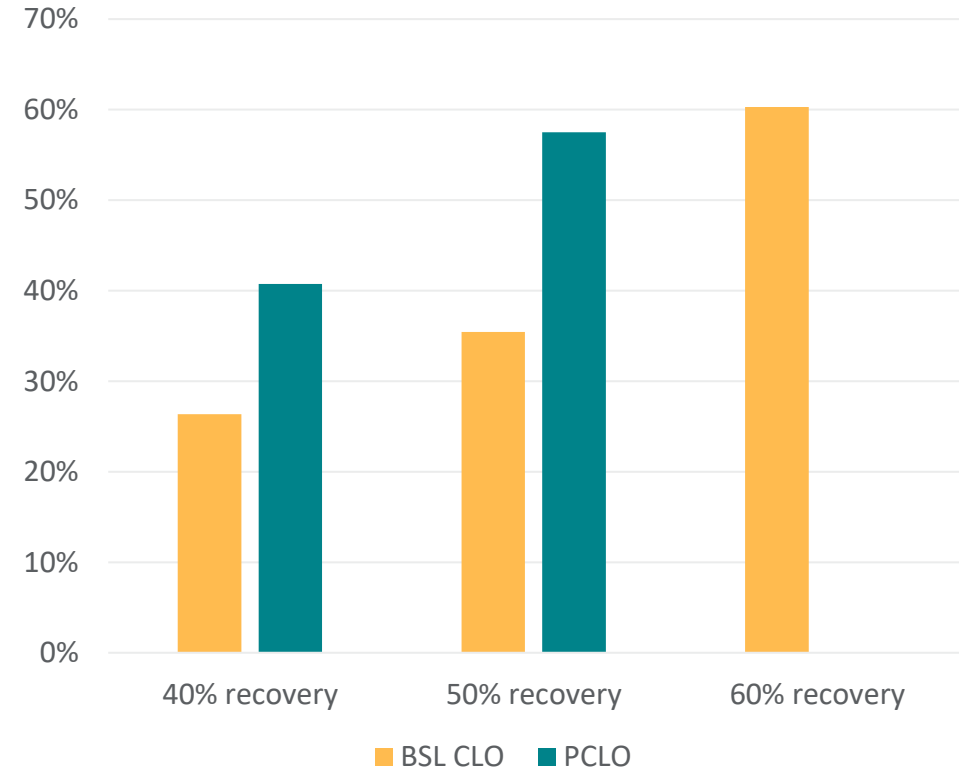
PCLO vs BSL CLO Structural Features

Credit Enhancement



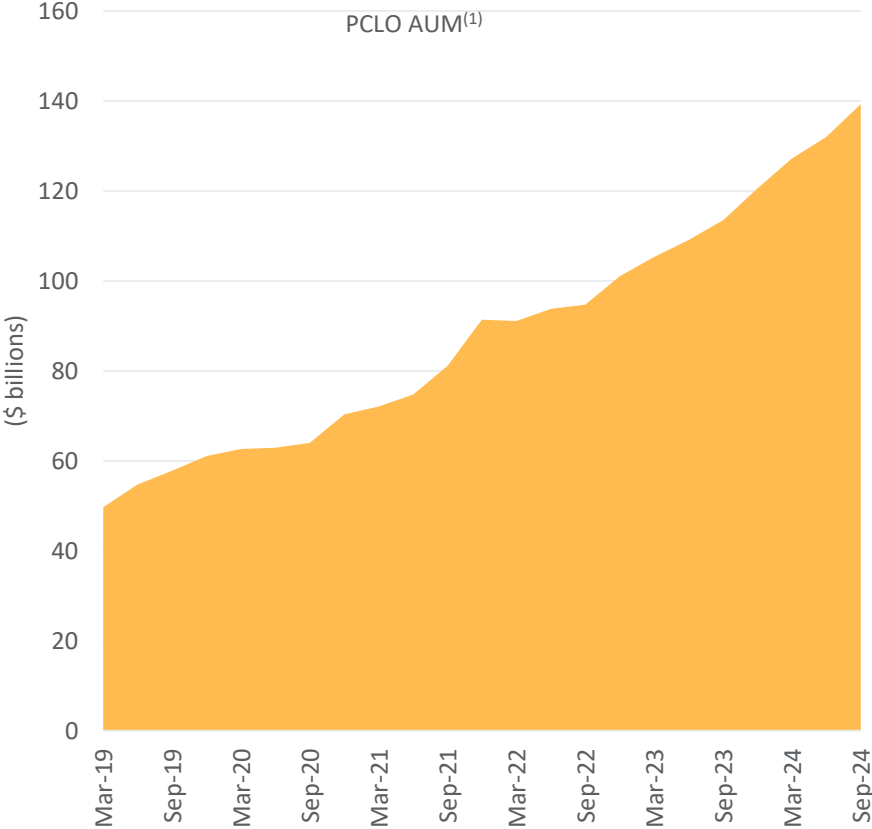
- PCLO AAA attachment points are around 42% compared to as low as 36% for BSL CLOs
- Equity tranches are thicker in PCLOs than in BSL CLOs

AAA Breakeven CDRs



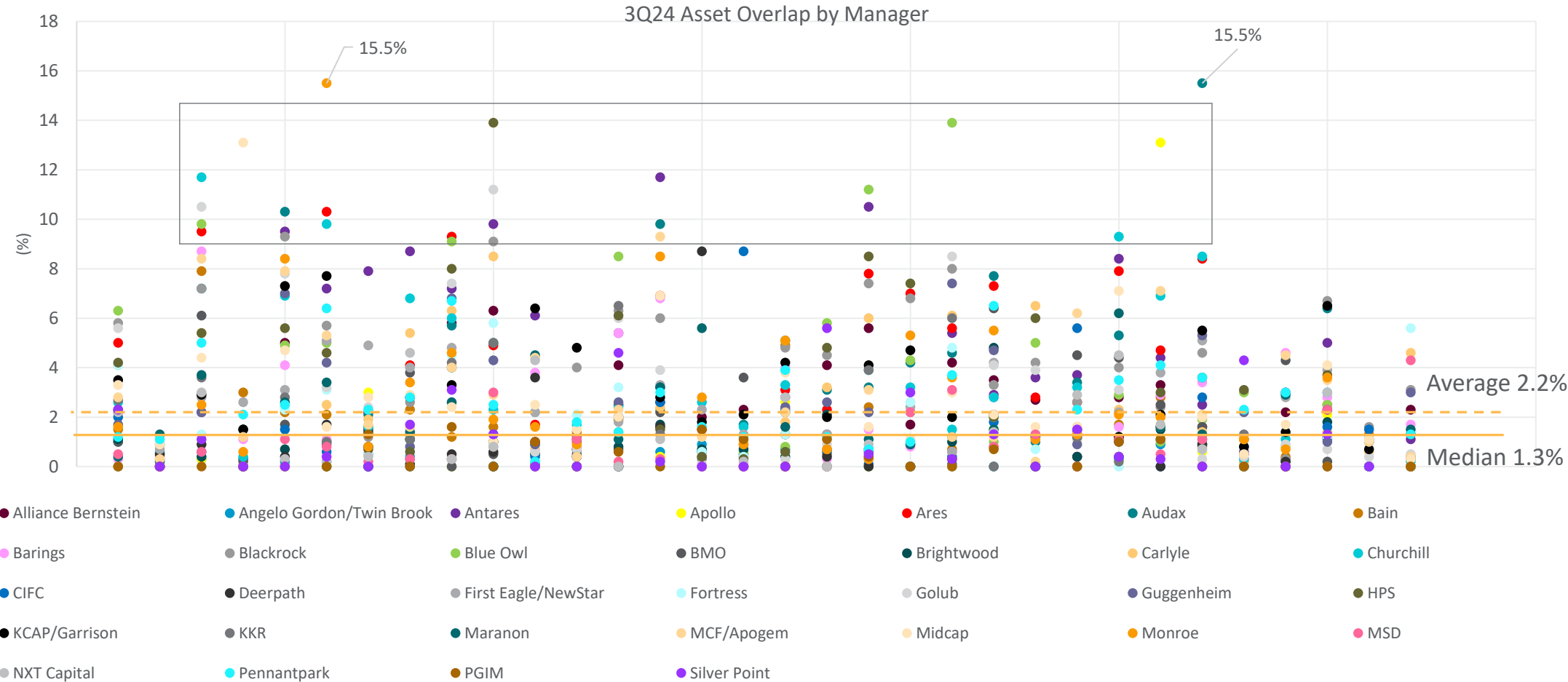
- Assumes 10% CPR and \$100 reinvestment
- PCLO AAA breakeven CDRs are N/A starting at 60% recovery

PCLO Market Growth Has Resulted in AAA Spread Compression



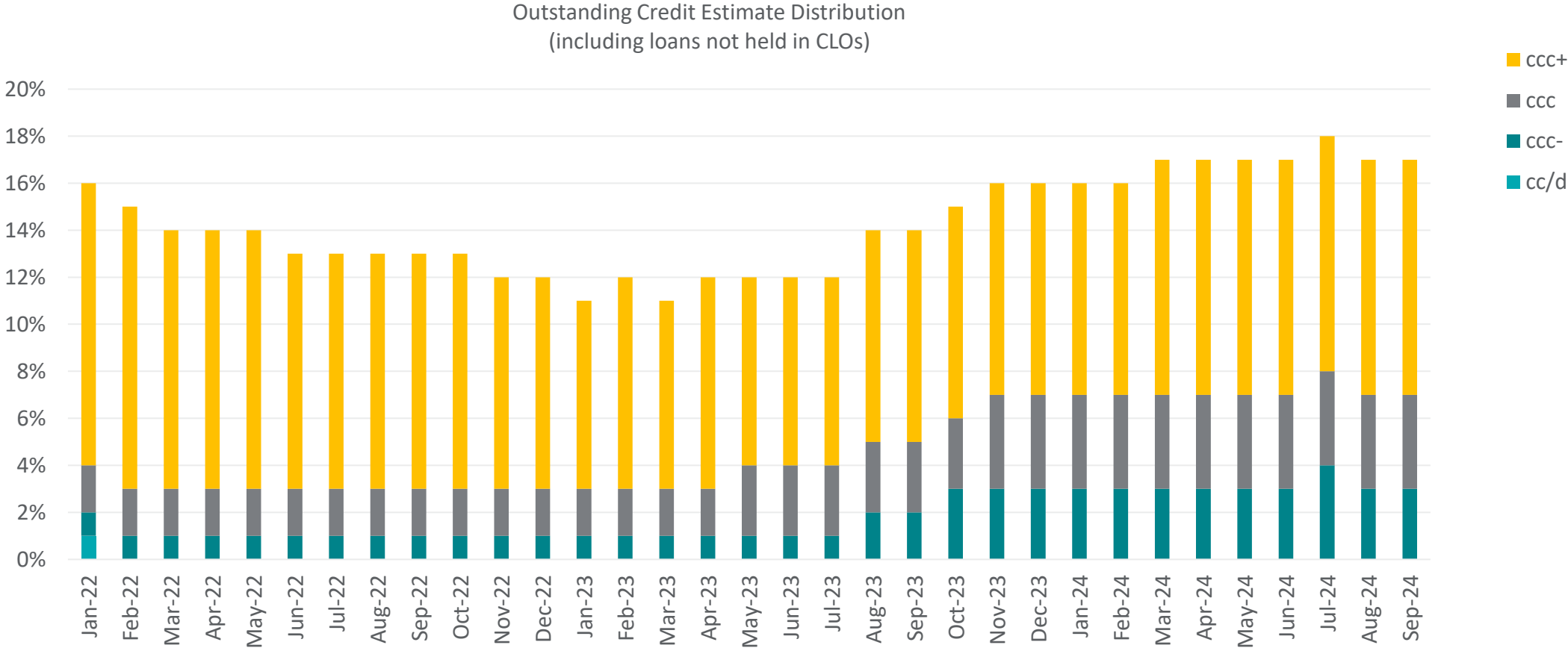
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Few PCLOs Have Collateral Pool Overlap Greater Than 10%



How Much Tail Risk Is In PCC Portfolios?

- Using S&P's Credit Estimate universe as a proxy, roughly 17% of the PCC market is rated ccc+ or below





Q&A

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