

Collateralized Loan Obligations

are securitized instruments that offer exposure to the **senior secured loans market** through a wide range of risk profiles.

These loans are secured by assets, including but not limited to:



Share Pledges



Intellectual Property



Patents



Real Estate



Equipment

please scroll down

CLO underlying portfolios offer exposure to most sectors of the economy, including:

Telecom HealthCare Industrials
Consumer Services
Consumer Goods
Food Technology
Basic Materials
Utilities

CLOs represent a large market, playing an important part in financing senior secured loans:

\$1,613bn
of senior secured loans issued between 2011 and 2015

whose

\$405bn
financed by **CLOs**

(Source: LCD, figures as at November 2015)

Potential Investors



Pension funds



Insurers



Others



Family Office

Advantages

Alignment of interest (retention rules)

Floating rate payment

Diversification benefits

Tailored exposure with a specific risk profile



Disadvantages

Extensive credit analysis (cash flows, documentation review)

Limited liquidity* compare to mainstream fixed income products

Regulatory capital treatment

Prepayment risk

*Liquidity depends on seniority in the capital structure

For more details go to www.axa-im.com

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