



FitchRatings

# Fitch U.S. Leveraged Loan Default Insight

Default Rate to Rise Ninth Straight Month; Top Loans of Concern Total Increases

September 18, 2020

## Contents

Key Takeaways	3
Loans of Concern	6
Default Watch	19
Post-Default, Emergence Price Watch	28
Institutional Loan Market Profile	31
Sector Highlights	41
Credit Availability Indicators	47
Secondary Trends	51
Historical Default and Post-Default, Emergence Prices	54
Related Research	69
Contacts	70

### Key Takeaways

- The 4.3% TTM default rate poised to finish higher for ninth straight month.
- Leisure/entertainment default rate reaches 8.5% following Town Sports' bankruptcy.
- Fitch's *Top* and *Tier 2 Loans of Concern's* combined lists total \$245.7 billion, or 17% of the loan index.

## Key Takeaways

**Default Rate Moves Up:** Fitch Ratings expects the TTM institutional term loan default rate to finish higher for the ninth consecutive month, potentially reaching 4.6% from 4.3% at August end. September volume registers a modest \$1 billion thus far, with filings from iQor US Inc. and Town Sports International Inc., though there could be another \$3.5 billion coming. Travelport LLC's sizable distressed debt exchange (DDE) along with J Jill Group's restructuring and filings from Chief Power LLC and FTS International Inc. are names to watch. The default pace has certainly slowed from the \$9.6 billion monthly average occurring over April through July, but activity is expected to remain elevated throughout the year and into 2021.

**2020 Default Forecast Remains Intact:** In March, Fitch projected a two-year cumulative base case default of about 15% by YE 2021, with 5%–6% forecast for YE 2020. We expect the default rate to finish the year at the lower end of our base case range. The YTD default rate is 3.7% on \$53.2 billion of volume. It would take another \$19 billion to reach 5%.

**Leisure/Entertainment Default Rate Rises:** Town Sports' bankruptcy lifted the TTM leisure/entertainment default rate to 8.5%. There have been eight leisure/entertainment defaults (tallying \$3.3 billion) YTD, the third most of any sector (retail and services/miscellaneous each have 12). Fitch expects the leisure/entertainment sector might see nearly 40% of its current universe (\$47 billion) default by YE 2021, with movie theatres and gyms leading the trend.

**Retail Hits 19%:** The TTM retail default rate stands at a record 19.2% and will inch up to 19.6% after J Jill's restructuring. Retail accounts for 19% of the YTD default volume (the most of any sector) and has the third-largest sector volume on our *Top Loans of Concern* at 13% (healthcare is at 16% and telecommunications at 14%). One sector positive relates to Lands' End (formerly on our *Top Loan of Concern* list) securing a \$275 million term loan that addresses its near-term maturity.

**Top Loans of Concern Grows:** Fitch's *Top Loans of Concern* total climbed to \$51.3 billion from \$45.5 billion in August due mainly to the additions of Ligado Networks LLC and GTT Communications Inc. Reports circulated that Ligado is seeking to restructure its debt maturing at the end of the year despite receiving approval from the Federal Communications Commission in April to use its wireless spectrum licenses to deploy its network. The *Top Loans of Concern* is down 26% from its April peak. Fitch's *Top and Tier 2 Loans of Concern* combined total stands at \$245.7 billion and makes up 17% of the index. This total more than doubled since the pandemic began but has declined slightly each of the past five months.

**Loan Universe Flat YTD:** The total institutional loan amount outstanding shrank a negligible \$400 million in August, remaining essentially flat at \$1.42 trillion. Gross issuance rose in August to \$22.8 billion, up from \$11.6 billion the month prior. However, this was offset by \$17 billion of retired/refinanced debt, on top of the month's default volume and modest paydown activity. So far this year, the index has increased by just \$18 billion, or 1%. This contrasts with the high-yield bond index, which has grown 19%.

**M&A Drives Issuance:** Opportunistic transactions continued to be in short supply, accounting for just \$9.5 billion of gross issuance in the form of refinancings and extensions. There were no dividend recapitalizations in August following Epicor Software's sizable issue in July, although there are a few that have cleared the market so far in September. The largest transactions in August included telecommunications UPC Holding BV's \$2.6 billion of term loans for its acquisition of Sunrise Communications Group AG and LogMeln's \$1.75 billion term loan for its LBO.

**Maturity Wall Building:** Near-term maturities have not changed significantly, with the amount maturing over the next two years at 7% compared with 6% this time last year. However, the amount due in three-four years is up to 25% from 17%. The shift is largely the result of a wave of repricings that occurred in 2017, which are now, as a group, in the middle of their tenors. While this does not represent an immediate concern, it will be important to monitor as these borrowers attempt to extend capital structures over the next several years.

**Rating Mix Steady:** The issuer rating composition has held stable since the original wave of downgrades that occurred in March and April following the pandemic. At the end of August, the percentage of issuers with an average borrower rating at 'CCC+' or lower was 14.4%, little changed from the end of April but nearly double the 7.6% figure at the start of 2020.

**Secondary Market Grinds Higher:** Loan bids continued to grind higher this month but remain well below par. As of September 15, the average first-lien bid was 93.9, up from 92.6, as of late August. The index average bid bottomed out at 81.5, as of March 20, with 96% of loans bid below 90. Currently, 14% of the index is bid below 90. Loan trading volumes declined to \$47 billion, the lowest monthly tally since December 2017 of \$41 billion. Due to a surge in first-half secondary trading volume, the average sits at a record \$69 billion so far this year.

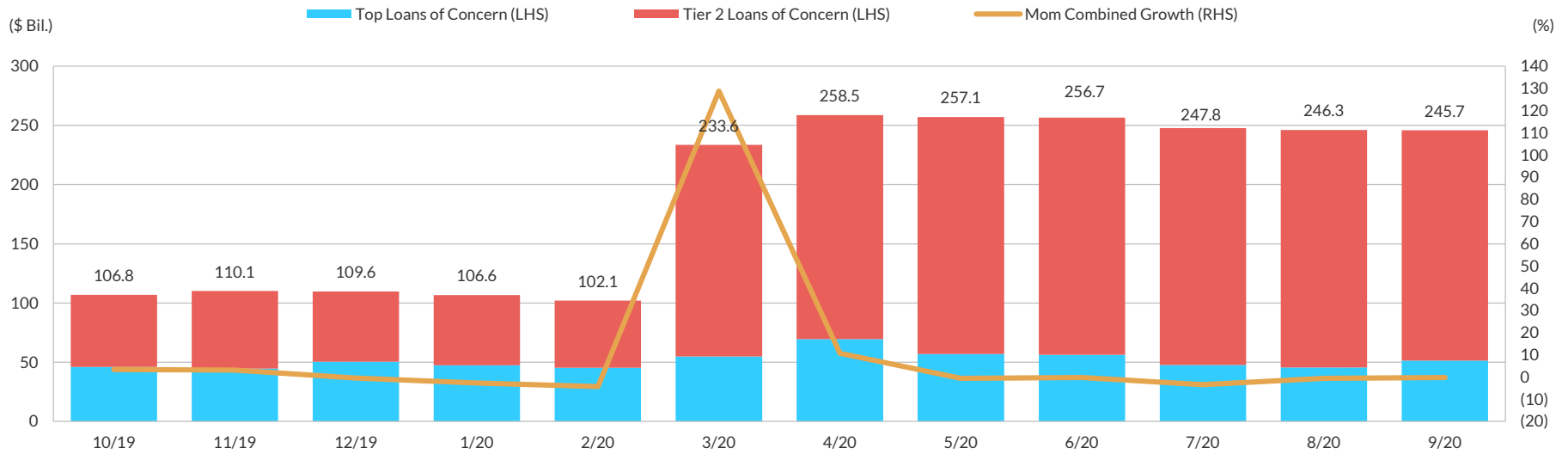
Key Takeaways (Continued)

U.S. Institutional Leveraged Loan Default Rate Breakdown

(%)	2018	2019	8/20 TTM	2020F	2021F
All Issuers	1.8	1.8	4.3	5.0–6.0	8.0–9.0
Broadcasting/Media	14.7	3.5	4.8	3.5	NA
Energy	11.2	5.5	16.0	18.0	NA
Retail	4.7	7.0	19.2	19.0	NA

F - Forecast. NA - Not Applicable.  
Source: Fitch U.S. Leveraged Loan Default Index.

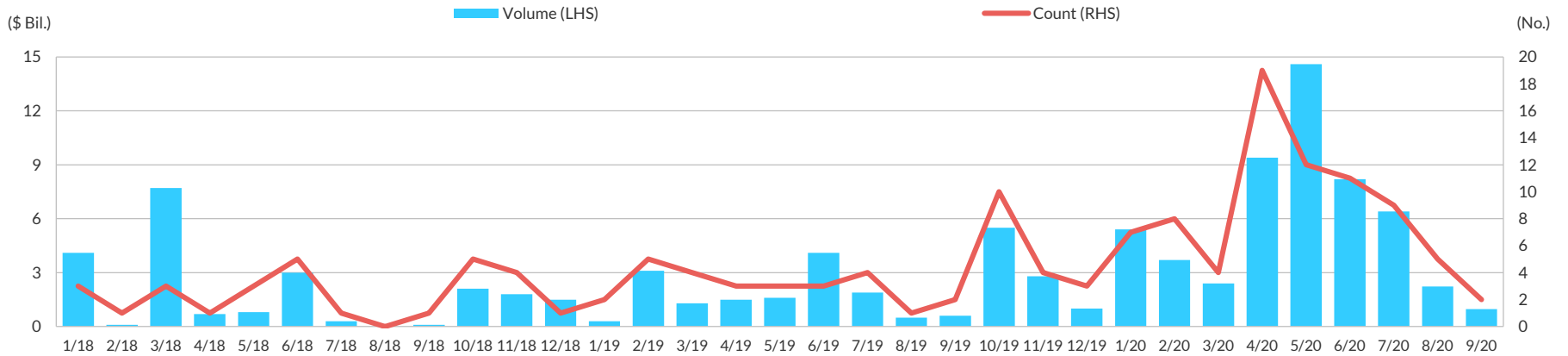
Loans of Concern Amount Outstanding Surges Following Coronavirus Pandemic



Mom - Month over month.  
Source: Fitch U.S. Leveraged Loan Default Index.

Key Takeaways (Continued)

Institutional Leveraged Loan Default Volume by Month



Source: Fitch U.S. Leveraged Loan Default Index.

## Loans of Concern More than Double Since February

- *Top Loans of Concern* increases to \$51.3 billion from \$45.5 billion in August.
- *Tier 2 Loans of Concern* decreases to \$194.5 billion from \$200.7 billion in August.
- 13% of the *Top Loans of Concern* due by YE 2020; 26% due by YE 2021.

## September New Additions

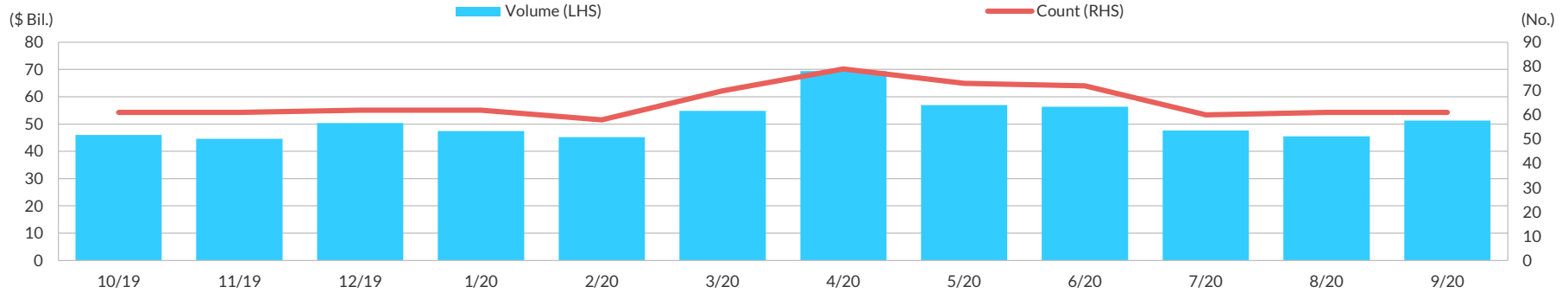
Issuer	Amount Outstanding (\$ Mil.)	Nearest Loan Maturity	Industry	Fitch-Rated CLO Volume (\$ Mil.)	Fitch-Rated CLO Holder Count	List	Note
Ligado Networks LLC	4,638.0	12/7/20	Telecommunications	0	0	Top	Restructuring Rumors
GTT Communications Inc.	1,739.0	5/31/23	Telecommunications	789	365	Top	Notice of Default; Accounting Issues
Frontera Generation Holdings LLC	765.3	4/25/23	Utilities, Power & Gas	227	103	Top	Secondary Bid Decline
Altisource Solutions Sarl	293.8	4/3/23	Technology	123	85	Tier 2	Secondary Bid Decline
Homer City Generation	150.0	4/6/23	Utilities, Power & Gas	0	0	Tier 2	Secondary Bid Decline
Euramax International Inc.	127.5	2/6/21	Building & Materials	0	0	Top	Missed Bond Payment

See page 68 for Parameters of the Fitch Ratings Loans of Concern.

Source: Fitch U.S. Leveraged Loan Default Index.

Top Loans of Concern: Up 13% from August

Top Loans of Concern



Source: Fitch U.S. Leveraged Loan Default Index.

Top Loans of Concern Additions/Deletions

(\$ Bil.)	Additions		Deletions		Net Change
	Improvement	Deterioration	Improvement	Deterioration (Default)	
October 2019	N.A.	3.2	0.4	4.5	(1.7)
November 2019	N.A.	1.9	0.0	3.7	(1.8)
December 2019	N.A.	7.1	0.0	1.4	(5.7)
January 2020	N.A.	1.9	0.0	5.1	(3.2)
February 2020	N.A.	0.8	0.0	3.1	(2.2)
March 2020	N.A.	12.1	0.0	2.1	10.1
April 2020	N.A.	21.9	0.8	6.3	14.8
May 2020	N.A.	7.1	5.0	14.5	(12.4)
June 2020	N.A.	1.7	0.0	2.2	(0.5)
July 2020	N.A.	0.0	0.3	7.7	(8.0)
August 2020	N.A.	1.7	0.0	3.5	(1.8)
September 2020	N.A.	7.3	0.7	1.0	5.6

N.A. - Not applicable.

Source: Fitch U.S. Leveraged Loan Default Index.

Top Loans of Concern: Healthcare, Telecommunications and Retail Make Up 43%

Top Loans of Concern

Issuer	Amount Outstanding (\$ Mil.)	Industry	Fitch-Rated CLO Holder Volume (\$ Mil.)	Fitch-Rated CLO Holder Count
Envision Healthcare	5,381.9	Healthcare & Pharmaceutical	1,371	511
Ligado Networks LLC	4,638.0	Telecommunications	0	0
Travelport LLC	3,300.0	Leisure & Entertainment	733	349
Seadrill Partners LLC	2,607.6	Energy	119	71
Serta Simmons Bedding LLC	2,073.0	Retail	293	166
AMC Entertainment Inc.	1,975.0	Leisure & Entertainment	269	171
Mallinckrodt plc	1,914.5	Healthcare & Pharmaceutical	422	199
GTT Communications Inc.	1,739.0	Telecommunications	789	365
Lumileds Holdings Ltd.	1,683.0	Industrial/Manufacturing	526	297
Revlon Consumer Products Co.	1,667.0	Consumer Products	249	124
Belk Inc.	1,625.0	Retail	251	113
US Silica Corp.	1,247.6	Metals & Mining	430	250
Gulf Finance LLC	1,150.0	Banking & Finance	148	84
Jo-Ann Stores	1,130.0	Retail	227	119
American Tire Distributors Inc.	936.9	Automotive	171	75
Mohegan Tribal Gaming	815.8	Gaming, Lodging & Restaurants	239	111
Sandy Creek Energy Associates	809.6	Utilities, Power & Gas	98	39
Healogics Inc.	795.0	Healthcare & Pharmaceutical	92	42
Trimark USA LLC	795.0	Building & Materials	181	128
Frontera Generation Holdings LLC	765.3	Utilities, Power & Gas	227	103
IPC Systems Inc.	760.0	Telecommunications	53	32
Party City Inc.	713.8	Retail	257	174
Southern Graphic Systems	676.0	Broadcasting & Media	239	117
Hornblower	675.0	Leisure & Entertainment	294	157
Anastasia Beverly Hills	650.0	Consumer Products	238	157
Systems Maintenance Services Holding Inc.	645.0	Services & Miscellaneous	43	21
Service King	609.0	Automotive	123	59
Rodan & Fields LLC	600.0	Consumer Products	271	153
Imagine! Print Solutions LLC	475.0	Broadcasting & Media	22	15
Juice Plus Co LLC	438.8	Food, Beverage & Tobacco	64	73
Central Security Group Inc.	396.0	Services & Miscellaneous	80	42

Note: Names reflect our view of the most concerning issuers in the institutional leveraged loan market. Sorted by amount outstanding based on SEC filings or available market information. Key components for inclusion in this table are low ratings, discounted secondary market bid levels relative to par, adverse market information/events (e.g. hiring restructuring attorney, issuer considering bankruptcy, etc.) and/or fundamental coverage analysts' input. Fitch-rated CLO holder count as of Sept. 16. *Continued on next page.*

Source: Fitch U.S. Leveraged Loan Default Index.

Top Loans of Concern: Healthcare, Telecommunications and Retail Make Up 43% (Continued)

Issuer	Amount Outstanding (\$ Mil.)	Industry	Fitch-Rated CLO Holder Volume (\$ Mil.)	Fitch-Rated CLO Holder Count
Peabody Energy Corp.	390.1	Metals & Mining	230	130
Isagenix International Inc.	375.0	Retail	67	58
Accuride Corp.	363.0	Automotive	112	63
Exela Technologies Inc.	355.5	Technology	131	71
Red Lobster Management LLC	355.0	Gaming, Lodging & Restaurants	110	50
Jamul Indian Village Development Corp.	340.0	Gaming, Lodging & Restaurants	0	0
Contextmedia Health LLC	325.0	Healthcare & Pharmaceutical	2	3
Chief Power Finance LLC	317.6	Utilities, Power & Gas	67	27
CPI Card Group Inc.	312.5	Services & Miscellaneous	25	14
Lago Resorts & Casino	310.0	Gaming, Lodging & Restaurants	0	0
Permian Production Partners	300.0	Energy	55	25
Glass Mountain Pipeline LLC	294.0	Energy	178	128
TronAir Inc.	281.1	Transportation	0	0
Alorica Inc.	281.0	Technology	123	84
Checkers Drive-In Restaurants Inc.	280.0	Gaming, Lodging & Restaurants	88	43
KNB Holdings Corp.	260.0	Real Estate	99	66
Paradigm Precision Holdings	260.0	Industrial/Manufacturing	0	0
Mashantucket Pequot Tribal Nation	257.8	Gaming, Lodging & Restaurants	0	0
Viskase Co Inc.	256.7	Chemicals	96	53
J Jill Group	236.2	Retail	67	39
Express Energy Services	220.0	Energy	0	0
Summit Midstream Partners Holdings LLC	190.2	Energy	63	65
Steak N Shake Operations Inc.	185.9	Gaming, Lodging & Restaurants	86	42
Blue Nile Inc.	168.9	Retail	0	0
Iconix Brand Group Inc.	155.6	Retail	0	0
Renfro Corp.	144.0	Retail	52	34
Euramax International Inc.	127.5	Building & Materials	0	0
Bowie Resources	100.0	Metals & Mining	0	0
Gold Standard Baking Inc.	89.6	Food, Beverage & Tobacco	0	0
FTS International Inc.	67.4	Energy	24	39
<b>Total</b>	<b>51,287.4</b>			

Note: Names reflect our view of the most concerning issuers in the institutional leveraged loan market. Sorted by amount outstanding based on SEC filings or available market information. Key components for inclusion in this table are low ratings, discounted secondary market bid levels relative to par, adverse market information/events (e.g. hiring restructuring attorney, issuer considering bankruptcy, etc.) and/or fundamental coverage analysts' input. Fitch-rated CLO holder count as of Sept. 16. *Continued on next page.*

Source: Fitch U.S. Leveraged Loan Default Index.

- \$7.4 billion added (Ligado Networks, GTT Communications, Frontera Generation and Euramax), \$1.0 billion deleted due to default (iQor and Town Sports) and \$800 million removed due to improvement (Lands End and Flavors) since August.

## Retail Paces Monthly Bid Advancers

### Top Five Sector Exposure as Percent of Top Loans of Concern

Industry	(%)
Healthcare & Pharmaceutical	16
Telecommunications	14
Retail	13
Leisure & Entertainment	12
Energy	7

Note: Percentage takes the amount outstanding from the Top Loans of Concern list divided by the total amount outstanding (\$51.3 billion).

Source: Fitch U.S. Leveraged Loan Default Index.

### Top Five Loans of Concern Exposure as Percent of Loans Outstanding in Respective Sector

Industry	(%)
Metals & Mining	19
Retail	15
Leisure & Entertainment	13
Consumer Products	9
Energy	8

Note: Percentage takes the amount outstanding from the *Top Loans of Concern* list divided by the amount outstanding within each industry in the institutional loan universe.

Source: Fitch U.S. Leveraged Loan Default Index.

### Monthly Bid Price Movers

Name	Industry	% Change
<b>Top Decliners</b>		
Frontera Generation Holdings LLC	Utilities, Power & Gas	(35)
Exela Technologies Inc.	Technology	(29)
Peabody Energy Corp.	Metals & Mining	(25)
Revlon Consumer Products Co.	Consumer Products	(25)
Travelport LLC	Leisure & Entertainment	(18)

### Top Advancers

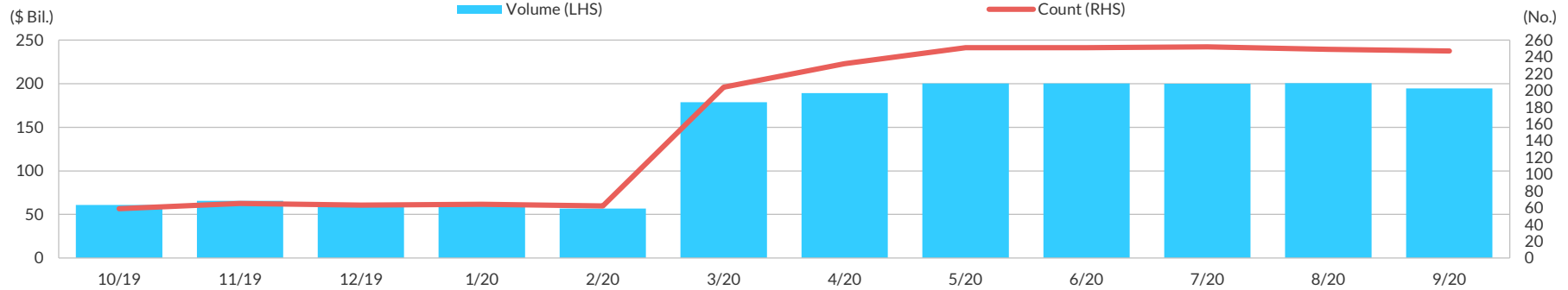
PF Chang's China Bistro Inc.	Retail	41
LSF9 Atlantis Holdings	Retail	37
Isagenix International Inc.	Retail	28
Go Wireless Inc.	Retail	25
Lumileds Holdings Ltd.	Industrial/Manufacturing	20

Note: Price change as of Sept. 15, 2020 based upon first-lien facilities.

Source: Advantage Data.

## Tier 2 Loans of Concern: Down 3% from August

### Tier 2 Loans of Concern



Source: Fitch U.S. Leveraged Loan Default Index.

### Tier 2 Loans of Concern Additions/Deletions

(\$ Bil.)	Additions		Deletions		Net Change
	Improvement <sup>a</sup>	Deterioration	Improvement <sup>b</sup>	Deterioration	
October 2019	0.0	8.3	0.1	2.9	5.2
November 2019	0.0	6.5	0.0	1.6	4.9
December 2019	0.0	1.4	0.6	7.1	(6.3)
January 2020	0.0	2.0	0.0	1.9	0.1
February 2020	0.0	1.6	2.4	1.5	(2.3)
March 2020	0.0	55.3	0.1	7.8	47.4
April 2020	0.0	10.9	0.1	17.7	(6.9)
May 2020	5.0	8.2	0.8	6.6	5.8
June 2020	0.0	7.6	0.0	1.9	5.6
July 2020	0.0	2.5	3.3	1.6	(2.4)
August 2020	0.0	2.1	1.8	1.7	(1.4)
September 2020	0.0	0.4	3.1	7.3	(10.0)

<sup>a</sup>Migration from Top Loans list. <sup>b</sup>Migration to Tier 2 Loans list.

Source: Fitch U.S. Leveraged Loan Default Index.

Tier 2 Loans of Concern: Healthcare Makes Up 13%

Tier 2 Loans of Concern

Issuer	Amount Outstanding (\$ Mil.)	Industry	Fitch-Rated CLO Holder Volume (\$ Mil.)	Fitch-Rated CLO Holder Count
Cineworld Cinemas Ltd.	3,375.0	Leisure & Entertainment	947	460
Endo International	3,312.6	Healthcare & Pharmaceutical	1,048	401
Diamond Sports Group	3,283.5	Broadcasting & Media	1,294	501
Team Health Holdings Inc.	2,674.4	Healthcare & Pharmaceutical	660	313
Amneal Pharmaceuticals LLC	2,645.4	Healthcare & Pharmaceutical	1,239	440
AVSC Holdings Inc.	1,958.8	Broadcasting & Media	535	272
Syniverse Technologies	1,888.0	Telecommunications	530	253
Harland Clarke Holdings Corp.	1,664.0	Technology	407	204
Cengage Learning Inc.	1,654.4	Broadcasting & Media	524	212
McGraw Hill Education Co.	1,599.4	Broadcasting & Media	627	256
Riverbed Technology Inc.	1,553.5	Technology	480	188
Oryx Southern Delaware Holdings LLC	1,500.0	Energy	604	366
Traverse Midstream	1,435.0	Energy	523	304
BCP Renaissance Parent LLC	1,320.0	Energy	630	292
Securus Technologies Inc.	1,294.1	Telecommunications	394	220
SuperMoose Borrower LLC	1,275.0	Technology	184	67
Air Methods Corp.	1,250.0	Transportation	564	264
EagleClaw Midstream Ventures	1,230.0	Energy	444	235
Colorado Buyer Inc.	1,225.0	Telecommunications	304	199
Equinox Holdings	1,221.0	Leisure & Entertainment	273	140
ClubCorp International	1,133.4	Leisure & Entertainment	387	217
Varsity Brands Inc.	1,125.0	Retail	474	241
Forterra Finance LLC	1,123.4	Industrial/Manufacturing	284	231
Dynacast	1,075.4	Metals & Mining	269	133
Lucid Energy Group II	1,075.0	Energy	532	285
Optiv Security Inc.	1,030.0	Technology	187	107
ColourOz MidCo's	1,026.3	Chemicals	197	99
Stetson Midstream	1,000.0	Energy	298	175
WaterBridge Operating LLC	1,000.0	Energy	375	206
Apple Leisure Group	950.0	Leisure & Entertainment	152	41
EPIC Y-Grade Services LP	950.0	Energy	54	22
Learfield Communications Inc.	937.0	Broadcasting & Media	294	147
Brazos Midstream	896.3	Energy	299	187

Note: Issuers have additional measures of financial flexibility, greater liquidity options and/or potentially more tenable capital structures than issuers on the Top Loans of Concern list. Amount outstanding based on available information. Key components for inclusion in this table are low ratings, discounted secondary market bid levels relative to par, adverse market information/events and/or fundamental coverage analysts' input. Fitch-rated CLO holder count as of Sept. 16. *Continued on next page.*

Source: Fitch U.S. Leveraged Loan Default Index.

Tier 2 Loans of Concern: Healthcare Makes Up 13% (Continued)

Tier 2 Loans of Concern (Continued)

Issuer	Amount Outstanding (\$ Mil.)	Industry	Fitch-Rated CLO Holder Volume (\$ Mil.)	Fitch-Rated CLO Holder Count
Diamond Resorts International Inc.	890.0	Gaming, Lodging & Restaurants	63	28
Patterson Medical Supply Inc.	863.9	Healthcare & Pharmaceutical	120	35
Kloeckner Pentaplast	835.0	Paper & Containers	377	200
Leslie's Poolmart Inc.	834.0	Consumer Products	331	150
Anchor Glass Container Corp.	797.0	Industrial/Manufacturing	238	107
nThrive	752.0	Healthcare & Pharmaceutical	140	103
Medallion	750.0	Energy	306	235
Flynn Restaurant Group	745.0	Gaming, Lodging & Restaurants	285	144
Zep Inc.	725.0	Chemicals	139	63
Bay Club	708.4	Leisure & Entertainment	117	58
United PF Holdings LLC	706.0	Leisure & Entertainment	191	150
BCP Raptor II LLC	690.0	Energy	178	139
International Textile Group Inc.	688.0	Industrial/Manufacturing	295	185
LA Fitness International LLC	675.0	Leisure & Entertainment	189	142
Spectrum Plastics Group	675.0	Chemicals	116	109
Jordan Healthcare Services	669.0	Healthcare & Pharmaceutical	156	109
Prince Minerals Inc.	665.0	Metals & Mining	211	98
CSM Bakery Inc.	658.0	Food, Beverage & Tobacco	58	47
Travel Leader Group	631.2	Leisure & Entertainment	291	160
Vivid Seats Ltd.	625.1	Leisure & Entertainment	302	139
Crosby Worldwide Ltd.	625.0	Energy	180	168
8th Avenue Food & Provisions	619.8	Food, Beverage & Tobacco	248	168
Pure Fishing Inc.	619.4	Leisure & Entertainment	159	89
WeddingWire Inc.	590.0	Services & Miscellaneous	169	145
Lannett Company Inc.	582.7	Healthcare & Pharmaceutical	82	53
Tacala LLC	564.0	Food, Beverage & Tobacco	199	141
Contura Energy Inc.	556.2	Metals & Mining	18	7
Encino Acquisition Partners	550.0	Energy	57	54
Innocor Inc.	550.0	Services & Miscellaneous	0	0
US Farathane LLC	527.5	Chemicals	230	119

Note: Issuers have additional measures of financial flexibility, greater liquidity options and/or potentially more tenable capital structures than issuers on the Top Loans of Concern list. Amount outstanding based on available information. Key components for inclusion in this table are low ratings, discounted secondary market bid levels relative to par, adverse market information/events and/or fundamental coverage analysts' input. Fitch-rated CLO holder count as of Sept. 16. *Continued on next page.*  
Source: Fitch U.S. Leveraged Loan Default Index.

Tier 2 Loans of Concern: Healthcare Makes Up 13% (Continued)

Tier 2 Loans of Concern (Continued)

Issuer	Amount Outstanding (\$ Mil.)	Industry	Fitch-Rated CLO Holder Volume (\$ Mil.)	Fitch-Rated CLO Holder Count
Alliance HealthCare Services Inc.	525.0	Healthcare & Pharmaceutical	219	123
Petroleum Geo-Services	523.0	Energy	149	82
Hoffmaster Group Inc.	510.0	Paper & Containers	135	102
Blue Ribbon Intermediate Holdings LLC	495.0	Services & Miscellaneous	159	66
K-Mac Holdings	480.0	Gaming, Lodging & Restaurants	177	131
CEVA Logistics	475.0	Services & Miscellaneous	160	83
Dayco Products LLC	470.0	Automotive	191	106
Innovative Water Care Global Corp.	460.0	Chemicals	62	42
99 Cents Only Stores LLC	452.0	Retail	14	10
Limetree Bay Terminals LLC	452.0	Services & Miscellaneous	223	99
Boardriders Inc.	450.0	Retail	99	41
Circa Resort & Casino	450.0	Gaming, Lodging & Restaurants	13	12
Portillo's Holdings LLC	437.0	Gaming, Lodging & Restaurants	90	42
Gateway Casinos	433.4	Gaming, Lodging & Restaurants	82	68
PF Chang's China Bistro Inc.	425.7	Gaming, Lodging & Restaurants	45	34
Affinity Gaming LLC	423.5	Gaming, Lodging & Restaurants	118	105
Clarion Events Ltd.	413.2	Services & Miscellaneous	103	43
Talbots Inc.	410.0	Retail	156	134
Zenith Energy	410.0	Energy	0	0
Polymer Additives Inc.	405.0	Chemicals	17	20
Transcendia Holdings Inc.	405.0	Chemicals	74	59
EIF Van Hook	400.0	Utilities, Power & Gas	76	80
Tradesmen International Inc.	397.0	Services & Miscellaneous	193	95
Belcan Corp.	395.0	Services & Miscellaneous	8	4
Navitas Midstream Midland Basin LLC	390.0	Energy	91	79
Sutherland Global Services Inc.	390.0	Services & Miscellaneous	61	35
Nellson Nutraceutical	383.9	Food, Beverage & Tobacco	23	11
Bojangles Restaurants Inc.	375.0	Gaming, Lodging & Restaurants	87	60
Hard Rock Northern Indiana	370.0	Gaming, Lodging & Restaurants	4	3

Note: Issuers have additional measures of financial flexibility, greater liquidity options and/or potentially more tenable capital structures than issuers on the Top Loans of Concern list. Amount outstanding based on available information. Key components for inclusion in this table are low ratings, discounted secondary market bid levels relative to par, adverse market information/events and/or fundamental coverage analysts' input. Fitch-rated CLO holder count as of Sept. 16. *Continued on next page.*

Source: Fitch U.S. Leveraged Loan Default Index.

Tier 2 Loans of Concern: Healthcare Makes Up 13% (Continued)

Tier 2 Loans of Concern (Continued)

Issuer	Amount Outstanding (\$ Mil.)	Industry	Fitch-Rated CLO Holder Volume (\$ Mil.)	Fitch-Rated CLO Holder Count
Highline Aftermarket Acquisition LLC	368.0	Automotive	99	95
Woodford Express LLC	364.0	Energy	165	88
Vyair Medical Inc.	360.0	Healthcare & Pharmaceutical	40	35
Winebow Holdings Inc.	360.0	Services & Miscellaneous	78	37
Bioplan	350.0	Healthcare & Pharmaceutical	70	41
Crestwood Midstream Partners LP	350.0	Energy	100	41
TopGolf International Inc.	350.0	Leisure & Entertainment	72	69
Waterjet Holdings Inc.	350.0	Industrial/Manufacturing	155	103
NAPA Management Services Corp.	340.0	Healthcare & Pharmaceutical	132	81
CIBT Holdings Inc.	339.2	Leisure & Entertainment	100	56
K&N Engineering Inc.	337.7	Automotive	71	51
Nine West Holdings Inc.	325.0	Retail	8	7
Fogo De Chao Churrascaria	324.2	Food, Beverage & Tobacco	154	120
Array Acquisition Corp.	315.0	Retail	75	50
Strategic Materials Inc.	315.0	Services & Miscellaneous	104	67
Pure Star	310.0	Services & Miscellaneous	0	0
Blackbrush Oil & Gas	300.0	Energy	0	0
PSS Industrial Group Corp	300.0	Energy	7	4
Altisource Solutions Sarl	293.8	Technology	123	85
Tensor Corp LLC	290.0	Services & Miscellaneous	46	16
Alcami Corp.	287.5	Healthcare & Pharmaceutical	9	7
Shoes for Crews	283.0	Retail	16	7
Sovos Brands	280.0	Food, Beverage & Tobacco	6	4
PetroChoice	275.7	Energy	71	57
Paris Presents Inc.	270.0	Consumer Products	19	15
Kettle Cuisine	266.0	Food, Beverage & Tobacco	43	32
National Cinemedia LLC	265.3	Broadcasting & Media	139	97
GPS Hospitality Holding Company LLC	265.0	Gaming, Lodging & Restaurants	79	54
Excel Fitness	260.0	Leisure & Entertainment	25	15
Torrid LLC	260.0	Retail	0	0

Note: Issuers have additional measures of financial flexibility, greater liquidity options and/or potentially more tenable capital structures than issuers on the Top Loans of Concern list. Amount outstanding based on available information. Key components for inclusion in this table are low ratings, discounted secondary market bid levels relative to par, adverse market information/events and/or fundamental coverage analysts' input. Fitch-rated CLO holder count as of Sept. 16. *Continued on next page.*

Source: Fitch U.S. Leveraged Loan Default Index.

Tier 2 Loans of Concern: Healthcare Makes Up 13% (Continued)

Tier 2 Loans of Concern (Continued)

Issuer	Amount Outstanding (\$ Mil.)	Industry	Fitch-Rated CLO Holder Volume (\$ Mil.)	Fitch-Rated CLO Holder Count
Bob's Discount Furniture	256.7	Retail	104	68
Container Store	250.6	Retail	132	86
Navico	250.3	Transportation	88	72
Miller's Ale House Inc.	250.0	Gaming, Lodging & Restaurants	75	42
Peninsula Pacific Entertainment	250.0	Gaming, Lodging & Restaurants	26	22
Chassis Inc.	225.0	Automotive	47	31
Vectra Co.	225.0	Chemicals	220	154
Hoover Group Inc.	218.4	Industrial/Manufacturing	24	5
Alpha Media Group	215.2	Broadcasting & Media	4	7
Quidditch Acquisition Inc	204.0	Services & Miscellaneous	39	36
Cooper's Hawk Intermediate Holding LLC	200.0	Gaming, Lodging & Restaurants	22	19
Main Event Entertainment Inc.	200.0	Leisure & Entertainment	0	0
Penn Virginia Holding Corp.	200.0	Energy	0	0
Osum Production Corp.	191.0	Energy	50	38
Profrac Services	180.0	Technology	0	0
Brown Jordan International Inc.	165.0	Retail	27	21
Homer City Generation	150.0	Utilities, Power & Gas	0	0
Pet Supplies Plus Inc.	125.0	Retail	23	8
<b>Total</b>	<b>96,763.9</b>			
<b>Other at Risk Names</b>	<b>97,689.9</b>			
<b>Total Tier 2</b>	<b>194,453.8</b>			

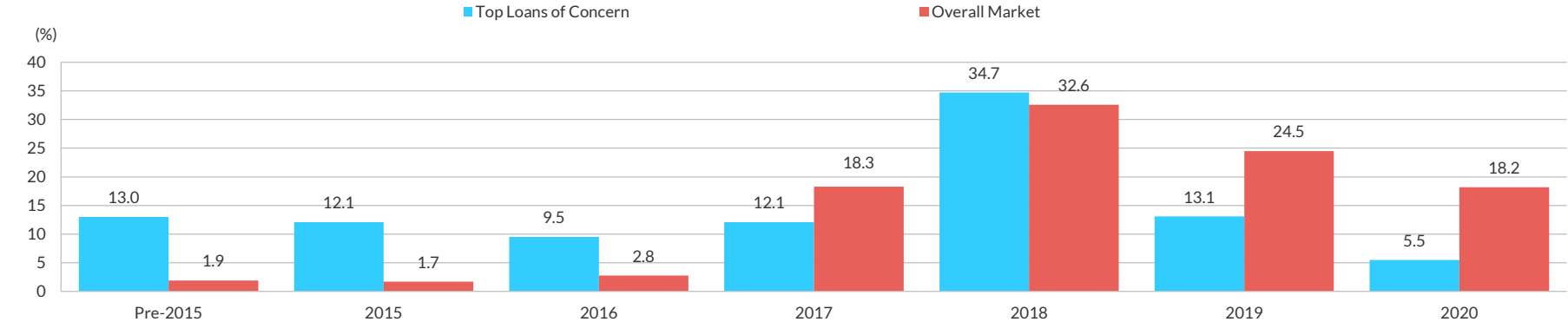
Note: Issuers have additional measures of financial flexibility, greater liquidity options and/or potentially more tenable capital structures than issuers on the Top Loans of Concern list. Amount outstanding based on available information. Key components for inclusion in this table are low ratings, discounted secondary market bid levels relative to par, adverse market information/events and/or fundamental coverage analysts' input. Fitch-rated CLO holder count as of Sept. 16.

Source: Fitch U.S. Leveraged Loan Default Index.

- \$400 million added (Altisource and Homer City Generation), \$7.3 billion moved to the Top Loans of Concern (Ligado Networks, GTT Communications, Frontera Generation and Euramax) and \$3.1 billion removed due to improvement (Petco, Big River Steel and Trilliant Food and Nutrition) since August. Total amount may exceed sum of individual issuers listed due to certain exclusions for private information. Other at-risk names have more financial flexibility than names listed above.

### Top Loans of Concern Earlier Vintage than Market

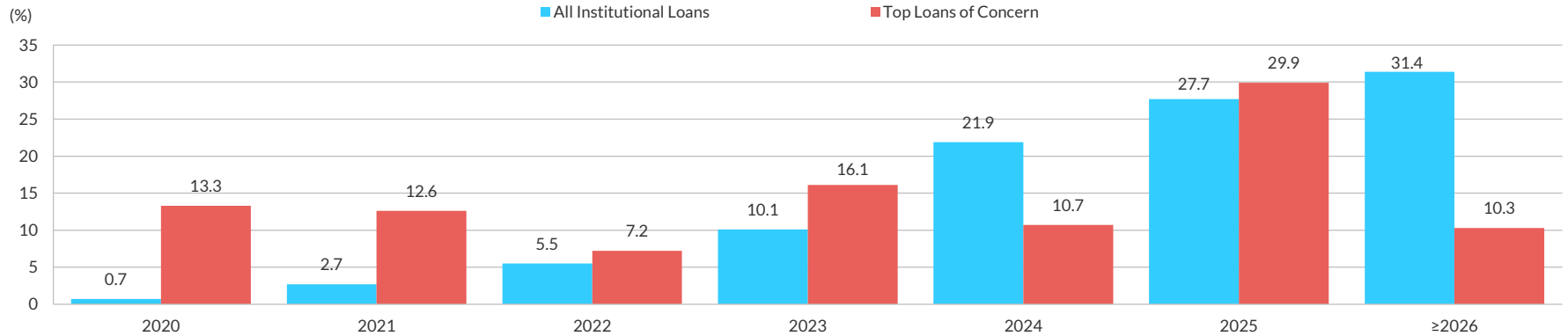
#### Loans of Concern Vintage Versus Market



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

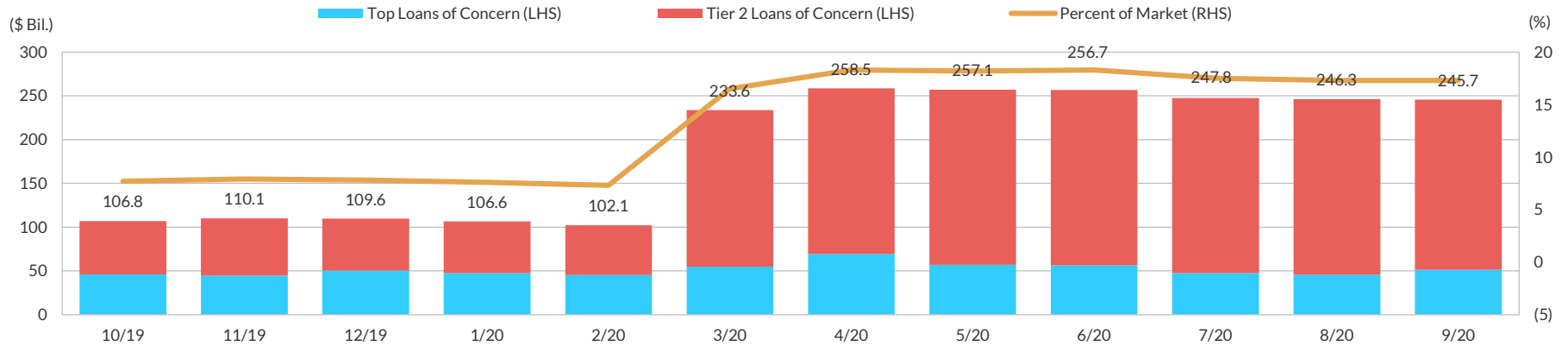
## Loans of Concern 17% of Institutional Loan Universe

### Loans of Concern Maturity Walls Versus Market



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

### Loans of Concern as a Percent of Market

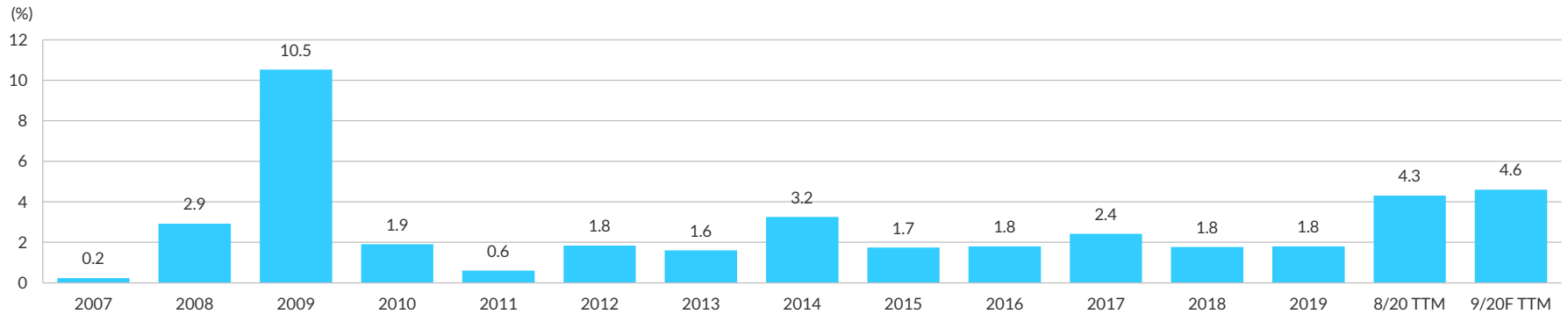


Source: Fitch U.S. Leveraged Loan Default Index.

### Default Watch: September 2020 TTM Rate at 4.3%

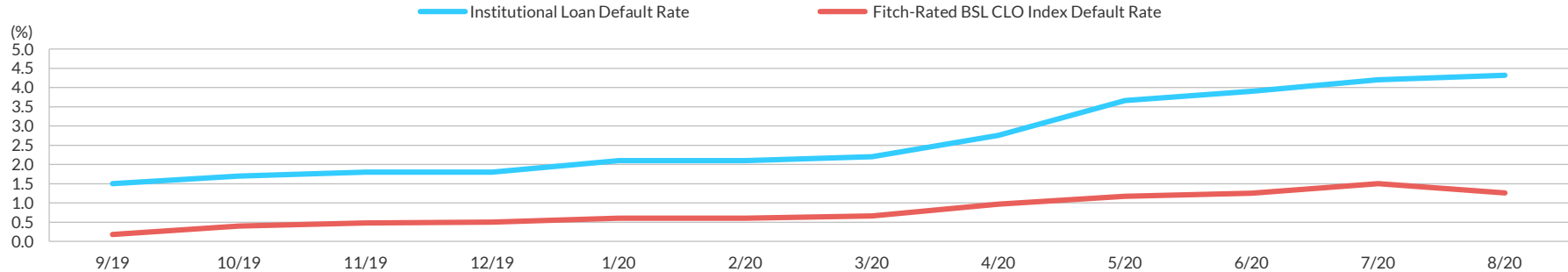
- 2020 YTD default volume totals \$53.2 billion, up 256% versus 2019.
- September defaults tally \$1.0 billion.
- August BSL and LMM default rates are at 4.4% at 4.0%, respectively.

### Institutional Leveraged Loan Default Rate



F – Forecast.  
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

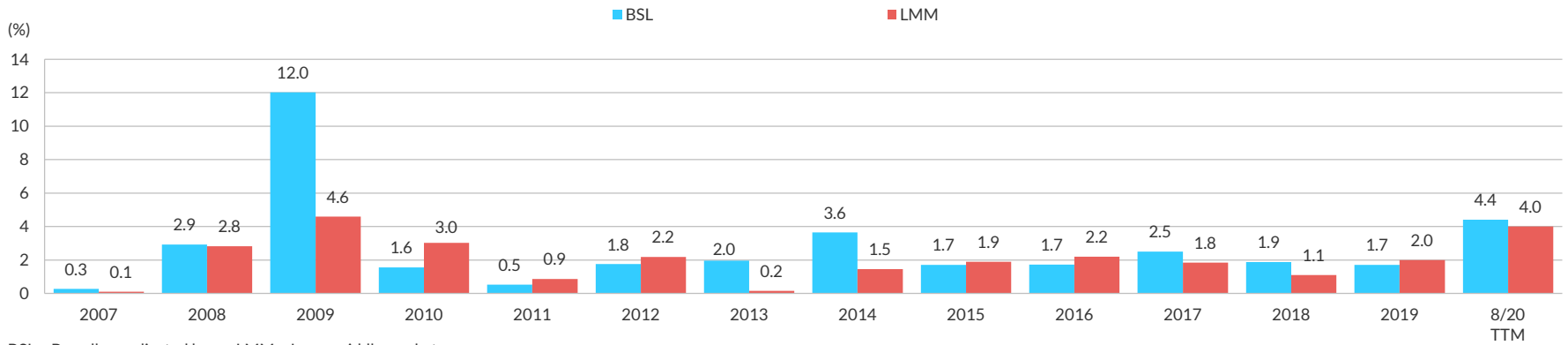
### Fitch-Rated CLO Index Default Rate



Source: Fitch U.S. Leveraged Loan Default Index.

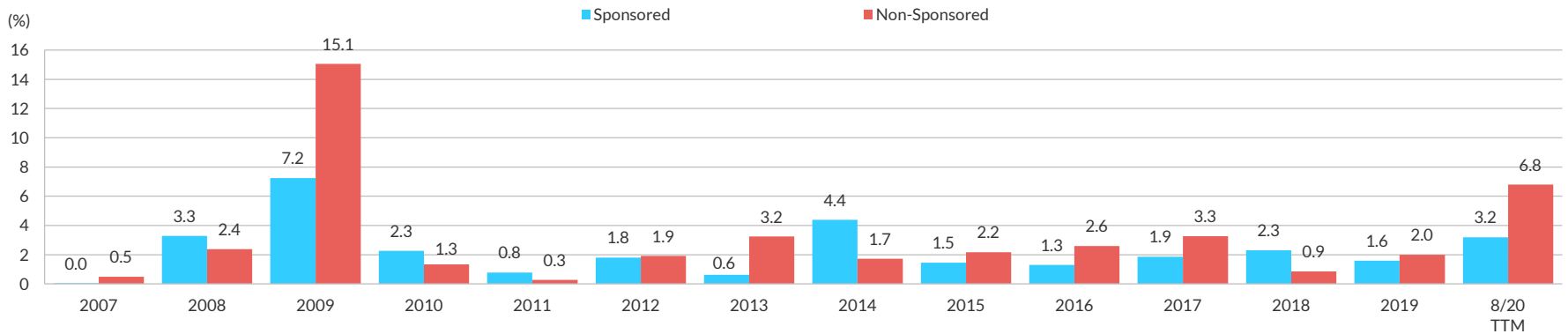
Default Watch: BSL Rate Higher than LMM

Institutional Leveraged Loan Default Rate: BSL Versus LMM



BSL – Broadly syndicated loans. LMM – Large middle market.  
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Institutional Leveraged Loan Default Rate: Sponsored Versus Non-Sponsored



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Default Watch: TTM Institutional Leveraged Loan Defaults

Month	Issuer	Par Value (\$ Mil.)	Default Date	Default Source	Industry
Sept. 2019	Sheridan Holding Co. II	543.1	9/15/19	Chapter 11 Filing	Energy
	Gold Standard Baking Inc.	89.9	9/25/19	Distressed Exchange	Food, Beverage & Tobacco
	<b>Subtotal</b>	<b>633.0</b>			
Oct. 2019	Sheridan Production 1-A LP	91.6	10/1/19	Missed Payment	Energy
	Syncreon Group Holdings	497.4	10/1/19	Distressed Exchange	Transportation
	Deluxe Entertainment Services Group	783.5	10/3/19	Chapter 11 Filing	Leisure & Entertainment
	Premiere Global Services Inc.	682.7	10/4/19	Distressed Exchange	Telecommunications
	AAC Holdings Inc.	263.3	10/7/19	Missed Payment	Healthcare & Pharmaceutical
	High Ridge Brands	213.4	10/7/19	Missed Payment	Consumer Products
	Medical Depot Inc.	570.1	10/7/19	Distressed Exchange	Healthcare & Pharmaceutical
	Murray Energy Corp.	1,777.6	10/7/19	Missed Payment	Metals & Mining
	Key Energy Services Inc.	243.8	10/25/19	Missed Payment	Energy
	One Call Corp.	330.0	10/25/19	Distressed Exchange	Healthcare & Pharmaceutical
	<b>Subtotal</b>	<b>5,453.5</b>			
Nov. 2019	Indra Holdings Corp.	232.0	11/5/19	Missed Payment	Retail
	Acosta Inc.	1,967.4	11/7/19	Missed Payment	Broadcasting & Media
	IPC Systems Inc.	166.0	11/11/19	Distressed Exchange	Telecommunications
	APC Aftermarket	440.0	11/13/19	Distressed Exchange	Automotive
	<b>Subtotal</b>	<b>2,805.4</b>			
Dec. 2019	Dayton Superior Corp.	209.5	12/4/19	Restructuring	Building & Materials
	4L Technologies Inc.	447.9	12/16/19	Chapter 11 Filing	Services & Miscellaneous
	TOMS Shoes LLC	299.0	12/27/19	Restructuring	Retail
	<b>Subtotal</b>	<b>956.4</b>			

Note: Defaults as of Sept. 17 include iQor and Town Sports. *Continued on next page.*

Source: Fitch U.S. Leveraged Loan Default Index.

Default Watch: TTM Institutional Leveraged Loan Defaults (Continued)

Month	Issuer	Par Value (\$ Mil.)	Default Date	Default Source	Industry
Jan. 2020	Borden Dairy Co.	175.0	1/5/20	Chapter 11 Filing	Food, Beverage & Tobacco
	Constellis Holdings LLC	872.5	1/8/20	Missed Payment	Services & Miscellaneous
	Moran Foods LLC	719.7	1/8/20	Missed Payment	Supermarkets & Drug Stores
	Britax Childcare Ltd.	280.0	1/9/20	Restructuring	Consumer Products
	McDermott International	3,020.0	1/21/20	Chapter 11 Filing	Industrial/Manufacturing
	Fairway Group Acquisition Co.	200.3	1/23/20	Chapter 11 Filing	Supermarkets & Drug Stores
	<b>Subtotal</b>	<b>5,367.5</b>			
Feb. 2020	NPC International Inc.	800.0	2/7/20	Missed Payment	Gaming, Lodging & Restaurants
	Bluestem Brands Inc.	416.7	2/7/20	Missed Payment	Retail
	Constellis Holdings LLC	215.0	2/7/20	Missed Payment	Services & Miscellaneous
	Commercial Barge Line Co.	948.8	2/7/20	Chapter 11 Filing	Transportation
	RentPath Inc.	649.8	2/12/20	Chapter 11 Filing	Broadcasting & Media
	Pier 1 Imports Inc.	189.0	2/17/20	Chapter 11 Filing	Retail
	VIP Cinemas Holdings Inc.	189.4	2/18/20	Chapter 11 Filing	Leisure & Entertainment
	Phillips Pet Food & Supplies	280.0	2/25/20	Missed Payment	Services & Miscellaneous
<b>Subtotal</b>	<b>3,688.5</b>				
March 2020	Pioneer Energy Services	175.0	3/1/20	Chapter 11 Filing	Energy
	Doncasters Group USA Finance	1,035.0	3/6/20	Restructuring	Industrial/Manufacturing
	Foresight Energy LLC	743.3	3/10/20	Chapter 11 Filing	Metals & Mining
	Internap Network Services Corp.	426.4	3/16/20	Chapter 11 Filing	Technology
	<b>Subtotal</b>	<b>2,379.7</b>			

Note: Defaults as of Sept. 17 include iQor and Town Sports. *Continued on next page.*  
Source: Fitch U.S. Leveraged Loan Default Index.

Default Watch: TTM Institutional Leveraged Loan Defaults (Continued)

Month	Issuer	Par Value (\$ Mil.)	Default Date	Default Source	Industry
April 2020	Jordan Healthcare	186.0	4/6/20	Distressed Exchange	Healthcare & Pharmaceutical
	Outerstuff LLC	155.0	4/6/20	Missed Payment	Retail
	Cirque du Soleil	934.7	4/7/20	Missed Payment	Leisure & Entertainment
	Millennium Health LLC	557.0	4/7/20	Missed Payment	Healthcare & Pharmaceutical
	Jason Industries Inc.	89.9	4/7/20	Missed Payment	Automotive
	Quorum Health Corp.	738.3	4/7/20	Chapter 11 Filing	Healthcare & Pharmaceutical
	Speedcast	591.4	4/7/20	Missed Payment	Telecommunications
	Gavilan Resources LLC	450.0	4/7/20	Missed Payment	Energy
	TNT Crane & Rigging Inc.	185.0	4/7/20	Missed Payment	Banking & Finance
	Progrexion Holdings Inc.	429.0	4/7/20	Missed Payment	Services & Miscellaneous
	Global Knowledge Training LLC	225.0	4/7/20	Missed Payment	Services & Miscellaneous
	Engine Group	192.0	4/10/20	Missed Payment	Services & Miscellaneous
	LSC Communications Inc.	221.9	4/13/20	Chapter 11 Filing	Broadcasting & Media
	Longview Power Inc.	286.5	4/14/20	Chapter 11 Filing	Utilities, Power & Gas
	Frontier Communications Corp.	1,695.0	4/14/20	Chapter 11 Filing	Telecommunications
	Fieldwood Energy LLC	1,654.9	4/30/20	Missed Payment	Energy
	<b>Subtotal</b>	<b>9,365.8</b>			
May 2020	KCA Deutag US Finance LLC	411.0	5/2/20	Missed Payment	Energy
	J Crew Group Inc.	1,337.4	5/4/20	Chapter 11 Filing	Retail
	Phillips Pet Food & Supplies	110.0	5/7/20	Missed Payment	Services & Miscellaneous
	Neiman Marcus Group Inc.	2,253.1	5/7/20	Chapter 11 Filing	Retail
	Skillsoft Corp.	1,960.0	5/7/20	Missed Payment	Services & Miscellaneous
	RGIS Holdings	447.4	5/7/20	Missed Payment	Services & Miscellaneous
	Revlon Consumer Products Co.	950.0	5/13/20	Distressed Exchange	Consumer Products
	Intelsat S.A.	3,095.0	5/13/20	Chapter 11 Filing	Telecommunications
	Ultra Resources Inc.	966.3	5/14/20	Chapter 11 Filing	Energy
	JC Penney Corp. Inc.	1,521.0	5/15/20	Chapter 11 Filing	Retail
	Akorn Inc.	861.7	5/20/20	Chapter 11 Filing	Healthcare & Pharmaceutical
	Hertz Corp.	656.0	5/22/20	Chapter 11 Filing	Automotive
	<b>Subtotal</b>	<b>14,568.8</b>			

Note: Defaults as of Sept. 17 include iQor and Town Sports. Subtotal amount may exceed sum of individual issuers listed due to certain exclusions for private information.  
Source: Fitch U.S. Leveraged Loan Default Index.

Default Watch: TTM Institutional Leveraged Loan Defaults (Continued)

Month	Issuer	Par Value (\$ Mil.)	Default Date	Default Source	Industry
June 2020	Libbey Glass Inc.	377.9	6/1/20	Chapter 11 Filing	Consumer Products
	APC Aftermarket	142.2	6/3/20	Chapter 11 Filing	Automotive
	California Pizza Kitchen	365.0	6/5/20	Missed Payment	Gaming, Lodging & Restaurants
	24 Hour Fitness Worldwide	835.1	6/15/20	Chapter 11 Filing	Leisure & Entertainment
	Serta Simmons Bedding LLC	1,292.0	6/22/20	Distressed Exchange	Retail
	ASP MCS Acquisition Corp	433.9	6/22/20	Missed Payment	Services & Miscellaneous
	General Nutrition Centers Inc.	685.8	6/23/20	Chapter 11 Filing	Retail
	Jason Industries Inc.	278.6	6/24/20	Chapter 11 Filing	Automotive
	CEC Entertainment Inc.	760.0	6/24/20	Chapter 11 Filing	Gaming, Lodging & Restaurants
	Chesapeake Energy Corp.	1,500.0	6/28/20	Chapter 11 Filing	Energy
	Covia Holdings Corp.	1,558.5	6/29/20	Chapter 11 Filing	Metals & Mining
<b>Subtotal</b>	<b>8,229.1</b>				
July 2020	TNT Crane & Rigging Inc.	441.0	7/7/20	Missed Payment	Banking & Finance
	California Resources Corp.	2,300.0	7/15/20	Chapter 11 Filing	Energy
	Global Eagle Entertainment	503.3	7/16/20	Missed Payment	Telecommunications
	WorldStrides	582.0	7/20/20	Chapter 11 Filing	Leisure & Entertainment
	Mashantucket Pequot Tribal Nation	256.8	7/22/20	Distressed Exchange	Gaming, Lodging & Restaurants
	Ascena Retail Group Inc.	1,271.6	7/23/20	Chapter 11 Filing	Retail
	Polyconcept North America Holdings Inc.	125.0	7/28/20	Distressed Exchange	Services & Miscellaneous
	UTEX Industries Inc.	646.0	7/28/20	Missed Payment	Industrial/Manufacturing
	Shoes for Crews	258.0	7/28/20	Distressed Exchange	Retail
<b>Subtotal</b>	<b>6,383.6</b>				
August 2020	Tailored Brands Inc.	877.1	8/2/20	Chapter 11 Filing	Retail
	ColourOz MidCo's	1,026.3	8/7/20	Distressed Exchange	Chemicals
	Lindblad Expeditions Inc.	168.8	8/7/20	Distressed Exchange	Leisure & Entertainment
	CIBT Holdings Inc.	120.0	8/26/20	Distressed Exchange	Leisure & Entertainment
<b>Subtotal</b>	<b>2,236.2</b>				

Note: Defaults as of Sept. 17 include iQor and Town Sports. Subtotal amount may exceed sum of individual issuers listed due to certain exclusions for private information.

Source: Fitch U.S. Leveraged Loan Default Index.

Default Watch: Leisure & Entertainment Default Rate Hits 8.5% in September

(%)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	8/20 TTM	2007-2019
Automotive	—	2.7	19.3	—	—	—	—	—	—	2.4	2.3	2.6	1.3	4.2	2.6
Banking & Finance	—	—	33.4	2.1	0.4	5.8	—	—	—	1.5	3.5	—	1.5	1.0	3.1
Broadcasting & Media	—	8.8	19.5	6.0	0.4	1.0	17.6	1.1	0.5	5.4	3.4	14.7	3.5	4.8	7.0
Building & Materials	—	13.8	31.2	4.2	—	3.0	1.9	—	—	—	—	—	0.7	0.6	3.5
Cable	—	—	28.1	—	—	2.3	—	—	—	—	—	—	—	—	2.9
Chemicals	—	3.7	44.2	—	—	—	—	—	—	1.3	—	0.5	—	1.7	4.3
Consumer Products	—	0.9	8.1	3.2	0.5	1.6	—	—	3.5	2.7	—	—	0.7	5.5	1.6
Energy	—	1.7	2.6	—	—	2.1	1.1	—	9.8	14.2	17.5	11.2	5.5	16.0	5.7
Food, Beverage & Tobacco	—	1.2	0.8	—	—	0.3	—	—	—	—	—	0.4	1.7	0.8	0.4
Gaming, Lodging & Restaurants	—	13.4	2.5	3.9	0.6	4.1	2.5	2.1	13.0	—	0.3	—	—	3.2	3.1
Healthcare & Pharmaceutical	0.2	0.3	1.0	1.7	—	0.4	0.1	0.3	2.3	—	1.6	0.6	1.2	2.2	0.8
Industrial/Manufacturing	—	—	4.0	1.9	—	—	—	—	—	—	1.9	—	0.5	9.3	0.6
Insurance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Leisure & Entertainment	1.3	—	32.8	—	1.5	2.6	—	0.8	—	0.1	0.7	—	1.9	8.2	2.5
Metals & Mining	1.1	—	4.1	—	—	—	—	2.3	12.9	23.6	—	14.2	19.1	30.7	5.8
Paper & Containers	1.3	1.9	11.8	2.9	12.9	—	—	—	—	5.3	1.0	—	—	—	2.9
Real Estate	—	19.8	21.1	0.9	—	—	—	—	—	—	—	—	—	—	3.7
Retail	2.1	1.1	5.7	4.5	2.8	3.4	0.5	0.1	0.5	0.4	8.2	4.7	7.0	19.2	3.3
Services & Miscellaneous	—	1.2	0.6	1.0	—	2.5	1.0	1.9	0.6	0.5	0.3	0.8	1.2	3.4	0.9
Supermarkets & Drug Stores	—	—	4.2	—	—	—	—	—	—	2.2	—	1.1	—	7.6	0.5
Technology	—	—	1.9	0.2	—	—	—	0.2	0.1	0.4	0.3	0.0	0.4	0.4	0.3
Telecommunications	—	2.0	5.2	—	0.5	2.5	0.3	1.9	—	—	5.3	—	4.0	8.3	1.8
Transportation	—	4.6	1.2	—	0.1	9.8	1.0	3.3	—	—	0.9	1.6	1.9	2.7	1.6
Utilities, Power & Gas	—	—	—	5.7	0.2	1.5	—	50.9	—	1.5	2.9	1.2	0.9	0.8	5.8
<b>Total Index</b>	<b>0.2</b>	<b>2.9</b>	<b>10.5</b>	<b>1.9</b>	<b>0.6</b>	<b>1.8</b>	<b>1.6</b>	<b>3.2</b>	<b>1.7</b>	<b>1.8</b>	<b>2.4</b>	<b>1.8</b>	<b>1.8</b>	<b>4.3</b>	<b>2.5</b>

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

- Nonrecessionary default rate average 1.8%.
- Recessionary default rate average 6.6%.

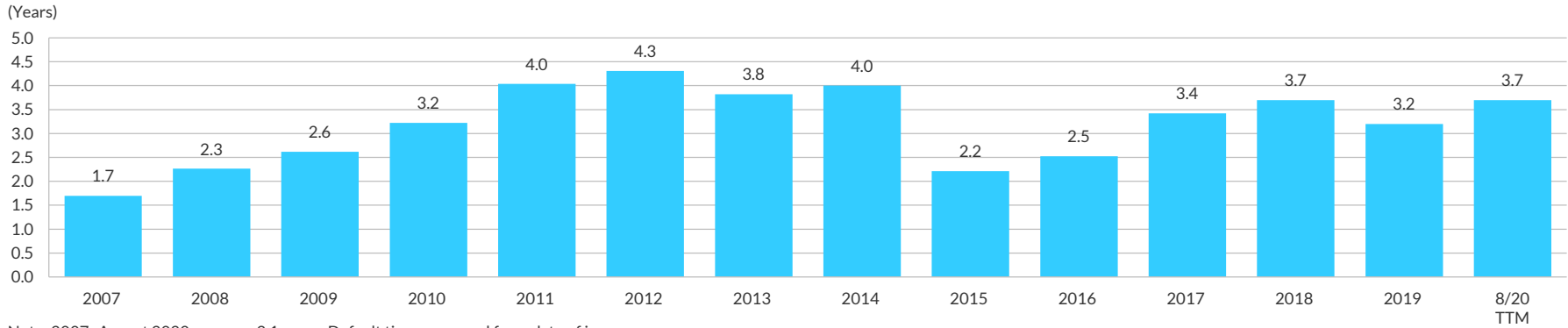
## Default Watch: Bankruptcies Comprise 54% of TTM Defaults

(\$ Bil.)	2019	August 2020 TTM
<b>Issuance Year</b>		
Pre-2012	0.0	0.0
2012	0.8	0.1
2013	2.4	1.4
2014	5.3	12.8
2015	2.9	6.3
2016	3.8	8.4
2017	3.4	16.2
2018	5.7	13.3
2019	0.0	3.2
<b>Total Default Volume</b>	<b>24.2</b>	<b>62.0</b>
<b>Default Source</b>		
Bankruptcy	10.0	33.8
Missed Payment	6.6	19.1
Distressed Exchange and Non-Bankruptcy Restructurings	7.7	9.1
<b>Market Share</b>		
BSL	20.9	55.6
LMM	3.3	6.4
<b>Covenant Status</b>		
Covenants	13.9	30.8
Covenant Lite	10.3	31.2
<b>Priority</b>		
First Lien	22.3	56.6
Second Lien	1.9	5.4
<b>Capital Structure</b>		
Loans and Bond Issuers	12.8	29.9
Loan Only Issuers	11.4	32.1

BSL – Broadly syndicated loans. LMM – Large middle market.  
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg, SEC filings.

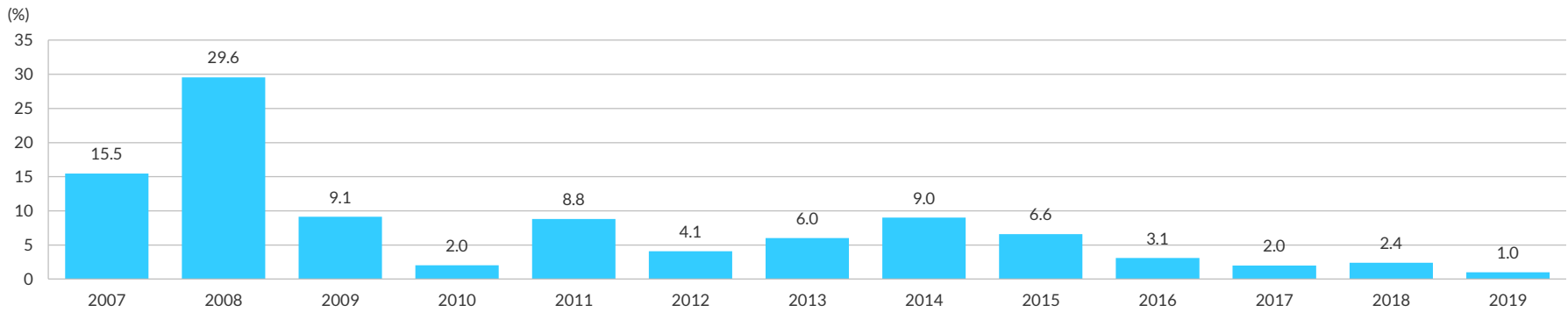
Default Watch: TTM Time to Default Similar to Historic Average

Time to Default



Note: 2007-August 2020 average: 3.1 years. Default time measured from date of issuance.  
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Cumulative Default Rates by Vintage



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

## Post-Default, Emergence Price Watch

- The August 2020 TTM 30-day, post-default, first-lien price stands at 51%, lower than the 61% average.
- Telecommunications (85%) and retail (39%) make up 31% of the sample on a volume basis.

## Institutional Leveraged Loan 30-Day Post-Default Prices<sup>a</sup>

Default Year	All	First Lien								
		First Lien	Second Lien	BSL	LMM	Cov Lite	Bond and Loan		Sponsored	Non-Sponsored
							Issuers	Loan Only Issuers		
2007	74.6	88.8	41.3	88.8	—	—	88.8	—	—	88.8
2008	46.9	49.4	18.5	48.0	58.6	37.6	45.3	56.4	39.9	70.0
2009	53.5	54.9	31.9	56.1	39.7	42.0	63.0	42.1	45.7	63.6
2010	64.8	77.9	12.1	84.7	64.9	—	82.7	76.5	78.6	76.1
2011	47.7	60.5	13.5	68.9	54.5	—	97.5	49.2	50.3	76.9
2012	62.0	65.5	26.5	67.3	60.0	59.0	68.9	64.5	66.0	64.5
2013	68.9	69.4	40.0	68.8	93.6	54.1	71.5	66.7	64.0	71.6
2014	76.3	78.4	53.3	78.5	77.6	—	78.3	80.1	76.8	94.6
2015	49.9	49.9	49.6	52.3	39.0	32.9	53.3	44.3	62.1	42.8
2016	46.2	50.1	23.7	46.5	40.7	43.1	48.2	52.0	49.2	50.7
2017	67.8	70.2	28.6	69.0	82.7	65.4	74.6	59.6	63.1	77.3
2018	61.2	67.8	18.3	69.2	44.9	66.0	77.4	52.0	65.5	79.3
2019	59.8	60.8	33.5	60.8	60.6	58.4	65.2	55.4	57.2	66.7
Aug. 2020 TTM	47.9	51.1	14.8	51.3	49.4	45.3	53.5	48.5	51.4	51.0
2007–2020	57.4	60.4	27.3	60.8	57.4	52.8	64.8	53.8	58.6	62.8
Volume (\$ Bil.)										
2007	1.2	0.8	0.4	0.8	—	—	0.8	—	—	0.8
2008	18.2	16.7	1.5	14.4	2.3	0.9	10.5	6.2	11.4	5.3
2009	51.4	48.1	2.3	44.7	3.4	4.1	29.4	18.6	23.4	24.7
2010	9.1	7.3	1.8	4.8	2.5	—	1.6	5.7	5.2	2.0
2011	1.3	1.0	0.4	0.4	0.6	—	0.2	0.7	0.6	0.4
2012	10.1	9.3	0.9	6.9	2.3	2.9	2.1	7.2	6.0	3.2
2013	9.3	9.1	0.2	8.9	0.2	1.7	5.2	4.0	2.6	6.5
2014	26.3	24.0	2.3	22.6	1.4	—	21.7	2.3	21.8	2.3
2015	12.0	9.8	2.2	8.0	1.8	4.3	6.2	3.6	3.6	6.2
2016	13.6	11.6	2.0	9.2	2.4	5.5	5.9	5.7	4.5	7.1
2017	25.1	23.7	1.5	21.6	2.1	17.3	16.8	6.9	11.8	11.8
2018	20.9	18.1	2.8	17.1	1.0	5.7	11.3	6.8	15.1	3.1
2019	22.2	21.4	0.8	18.6	2.8	9.2	11.7	9.7	13.3	8.0
Aug. 2020 TTM	49.4	45.0	4.4	41.1	4.0	22.6	23.9	21.1	20.2	24.8
2007–2020	270.2	245.9	23.3	219.2	26.7	74.2	147.3	98.6	139.6	106.3

<sup>a</sup>Par weighted and based on market prices post-default. The year above is specific to defaulted loans with price data (see pages 59–67 for more details). BSL – Broadly syndicated loans. LMM – Large middle market. Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

Post-Default Price Watch: Industry Detail

Institutional Leveraged Loan 30-Day Post-Default Prices<sup>a</sup>

	First Lien									(\$ Bil.)
	First Lien	Second Lien	BSL	LMM	Cov-Lite	Bond and Loan Issuers	Loan Only Issuers	Sponsored	Non-Sponsored	
<b>2019</b>										
Telecommunications	86.2	31.7	86.2	—	—	100.0	64.8	59.0	92.4	2.9
Retail	84.1	82.5	91.7	42.2	84.1	90.1	71.3	84.1	—	4.0
Healthcare & Pharmaceutical	75.9	35.8	73.3	78.3	85.3	85.3	74.8	72.9	84.8	1.0
Utilities, Power & Gas	72.0	—	—	72.0	—	—	72.0	—	72.0	0.3
Industrial/Manufacturing	70.0	—	—	70.0	70.0	—	70.0	70.0	—	0.2
Automotive	66.2	—	66.2	—	—	—	66.2	66.2	—	0.3
Services & Miscellaneous	66.1	0.5	66.1	—	—	94.2	30.5	66.1	—	1.9
Banking & Finance	64.5	—	64.5	—	—	64.5	—	—	64.5	1.0
Energy	61.9	—	60.4	66.4	48.4	99.8	56.3	37.1	75.3	2.3
Building & Materials	49.3	—	—	49.3	—	—	49.3	—	49.3	0.2
Consumer Products	48.0	—	—	48.0	—	48.0	—	48.0	—	0.2
Food, Beverage & Tobacco	46.9	5.0	50.0	35.0	—	—	46.9	46.9	—	0.4
Transportation	45.8	—	45.8	—	45.8	—	45.8	45.8	—	0.5
Technology	44.0	—	44.0	—	44.0	44.0	—	44.0	—	0.8
Metals & Mining	36.2	—	36.2	—	—	44.0	26.2	—	36.2	2.4
Broadcasting & Media	24.0	—	24.0	—	24.0	24.0	—	24.0	—	2.0
Leisure & Entertainment	6.8	—	6.8	—	—	—	6.8	6.8	—	0.8
<b>August 2020 TTM</b>										
Chemicals	87.9	69.6	87.9	—	87.9	—	87.9	—	87.9	0.8
Telecommunications	84.7	32.3	84.7	—	15.3	98.7	46.0	94.0	73.0	6.5
Healthcare & Pharmaceutical	75.0	38.0	73.9	84.8	93.0	85.4	71.3	70.3	75.7	2.8
Banking & Finance	70.6	17.5	70.6	—	70.6	—	70.6	70.6	—	0.4
Automotive	67.7	30.0	67.7	—	68.1	86.4	51.0	51.0	86.4	1.4
Industrial/Manufacturing	60.6	10.1	60.6	—	63.1	59.3	63.1	63.1	59.3	3.4
Building & Materials	49.3	—	—	49.3	—	—	49.3	—	49.3	0.2
Gaming, Lodging & Restaurants	48.0	1.5	48.0	—	52.3	58.0	39.9	39.9	58.0	0.9
Services & Miscellaneous	44.8	6.7	45.0	44.2	43.3	—	44.8	43.0	52.6	4.3
Energy	39.7	4.6	36.3	86.2	38.2	41.2	35.9	50.0	39.0	7.4
Retail	38.8	10.5	37.3	54.0	33.1	33.1	51.6	37.3	40.8	10.5
Transportation	37.4	—	37.4	—	37.4	—	37.4	45.8	33.0	1.4
Metals & Mining	37.3	—	37.3	—	61.8	22.1	61.8	—	37.3	4.1
Broadcasting & Media	35.4	42.3	31.6	94.0	24.0	22.1	80.0	37.9	5.5	2.8
Food, Beverage & Tobacco	35.0	—	—	35.0	—	—	35.0	35.0	—	0.1
Leisure & Entertainment	34.9	16.5	28.0	73.4	30.4	42.1	31.6	33.3	85.0	3.5
Technology	34.4	20.0	—	34.4	—	—	34.4	—	34.4	0.7
Consumer Products	31.5	—	22.0	41.8	29.3	26.8	39.8	34.7	19.0	1.8
Supermarkets & Drug Stores	20.0	—	20.0	—	—	—	20.0	20.0	—	0.7
Utilities, Power & Gas	12.1	—	—	12.1	—	—	12.1	—	12.1	0.3

<sup>a</sup>Par weighted and based on market prices post-default. BSL – Broadly syndicated loans. LMM – Large middle market.

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Emergence Price Watch: Yearly

Institutional Leveraged Loan Emergence Prices<sup>a</sup>

Default Year	All	First Lien	Second Lien	BSL	LMM	Cov Lite	First Lien		Sponsored	Non-Sponsored
							Bond and Loan Issuers	Loan Only Issuers		
2007	58.5	74.7	20.6	74.7	—	—	74.7	—	—	74.7
2008	54.7	58.6	2.3	59.6	48.2	80.3	70.5	23.3	71.0	27.4
2009	76.9	78.9	29.2	80.7	55.7	85.7	89.3	55.7	62.8	89.6
2010	57.8	76.2	6.5	86.5	58.0	—	60.9	81.7	73.7	83.6
2011	65.5	67.0	55.0	—	67.0	—	78.0	55.0	—	67.0
2012	57.1	57.1	—	58.8	43.5	53.9	54.2	63.9	58.8	43.5
2013	77.1	77.1	—	76.8	99.5	51.0	87.0	59.0	55.7	83.3
2014	66.4	70.2	60.8	76.5	47.3	—	90.5	58.7	55.0	77.6
2015	31.8	36.3	19.5	31.9	68.5	37.1	43.1	32.6	31.1	38.5
2016	70.4	71.6	11.5	69.6	83.3	81.6	74.0	67.0	53.0	78.0
2017	65.7	67.8	2.4	68.4	53.2	66.4	72.0	56.7	55.2	76.1
2018	54.4	62.7	11.6	63.1	10.0	63.3	69.6	49.0	63.2	42.0
2019	42.2	42.9	14.4	41.6	57.4	26.5	48.8	35.1	40.5	47.2
2020	37.8	40.6	2.8	38.7	52.4	53.0	39.2	42.3	54.5	29.8
<b>2007-2020</b>	<b>62.2</b>	<b>66.0</b>	<b>21.1</b>	<b>66.8</b>	<b>57.1</b>	<b>61.1</b>	<b>74.2</b>	<b>50.7</b>	<b>59.9</b>	<b>72.0</b>
<b>Volume (\$ Bil.)</b>										
2007	1.2	0.8	0.4	0.8	—	—	0.8	—	—	0.8
2008	14.5	13.5	1.0	12.4	1.1	0.9	10.1	3.4	9.7	3.8
2009	40.3	38.8	1.2	36.1	2.8	3.2	26.9	11.9	15.5	23.4
2010	4.0	3.0	1.1	1.9	1.1	—	0.8	2.2	2.2	0.8
2011	0.3	0.3	0.0	—	0.3	—	0.2	0.1	—	0.3
2012	2.1	2.1	—	1.9	0.2	1.3	1.5	0.6	1.9	0.2
2013	8.0	8.0	—	7.9	0.1	1.5	5.2	2.8	1.8	6.2
2014	4.5	2.7	1.9	2.1	0.6	—	1.0	1.7	0.9	1.8
2015	5.9	4.3	1.6	3.8	0.5	2.8	1.5	2.8	1.2	3.1
2016	7.8	7.7	0.2	6.6	1.1	3.5	5.0	2.7	2.0	5.7
2017	16.9	16.3	0.5	15.7	0.7	12.0	11.8	4.5	6.5	9.9
2018	16.1	13.7	2.4	13.4	0.3	4.5	9.1	4.6	13.3	0.3
2019	9.2	9.0	0.2	8.3	0.7	3.6	5.1	3.9	5.8	3.2
2020	9.2	8.5	0.7	7.4	1.2	3.0	4.7	3.8	3.8	4.8
<b>2007-2020</b>	<b>140.3</b>	<b>128.9</b>	<b>11.2</b>	<b>118.2</b>	<b>10.6</b>	<b>36.4</b>	<b>83.7</b>	<b>45.2</b>	<b>64.5</b>	<b>64.3</b>

<sup>a</sup>Par weighted and based on market prices at emergence. The year above is specific to issuers that have emerged from bankruptcy with loan-price data (See pages 59-67 for more details). BSL - Broadly syndicated loans. LMM - Large middle market.

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

Institutional Loan Market Profile: Largest Three Sectors Comprise 37% Universe

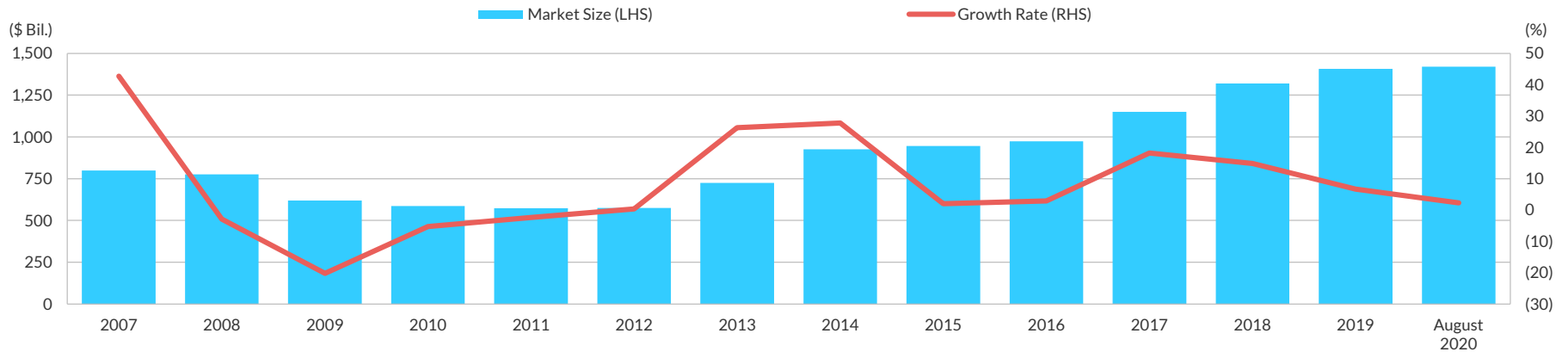
Industry	% of Industry										
	Amount Outstanding (\$ Bil.)	(%)	No. Issuers	(%)	Average Issue Size (\$ Mil.)	BSL	LMM	First Lien	Second Lien	Sponsored	Cov-Lite
Automotive	40.0	3	53	3	459.5	90	10	94	6	72	81
Banking & Finance	61.7	4	83	5	441.0	85	15	94	6	71	76
Broadcasting & Media	61.0	4	65	4	628.4	90	10	97	3	58	89
Building & Materials	33.8	2	53	3	439.0	79	21	95	5	65	94
Cable	32.4	2	14	1	1,407.2	99	1	100	0	46	68
Chemicals	55.7	4	80	5	445.9	90	10	96	4	72	88
Consumer Products	33.9	2	49	3	439.8	87	13	94	6	73	90
Energy	46.0	3	69	4	479.3	85	15	95	5	72	34
Food, Beverage & Tobacco	34.1	2	55	3	391.9	80	20	97	3	66	76
Gaming, Lodging & Restaurants	66.5	5	64	4	692.4	91	9	98	2	39	82
Healthcare & Pharmaceutical	156.6	11	182	11	525.6	91	9	94	6	76	78
Industrial/Manufacturing	49.7	3	79	5	367.9	86	14	93	7	82	88
Insurance	46.2	3	27	2	733.9	97	3	91	9	95	89
Leisure & Entertainment	47.0	3	48	3	626.3	95	5	98	2	65	89
Metals & Mining	8.9	1	19	1	385.1	87	13	95	5	60	79
Paper & Containers	31.0	2	37	2	524.6	94	6	97	3	69	89
Real Estate	21.4	2	26	2	713.7	92	8	96	4	37	79
Retail	45.1	3	67	4	518.4	85	15	97	3	82	84
Services & Miscellaneous	169.6	12	262	15	366.4	84	16	92	8	88	83
Supermarkets & Drug Stores	11.5	1	14	1	603.5	85	15	92	8	77	82
Technology	198.2	14	207	12	556.8	93	7	92	8	81	86
Telecommunications	74.9	5	55	3	902.7	97	3	94	6	43	85
Transportation	56.8	4	69	4	466.0	87	13	97	3	60	59
Utilities, Power & Gas	38.0	3	48	3	558.7	89	11	100	0	45	59
<b>Total</b>	<b>1,420.0</b>	<b>100</b>	<b>1,726</b>	<b>100</b>	<b>509.8</b>	<b>89</b>	<b>11</b>	<b>95</b>	<b>5</b>	<b>70</b>	<b>80</b>

BSL – Broadly syndicated loans. LMM – Large middle market.

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

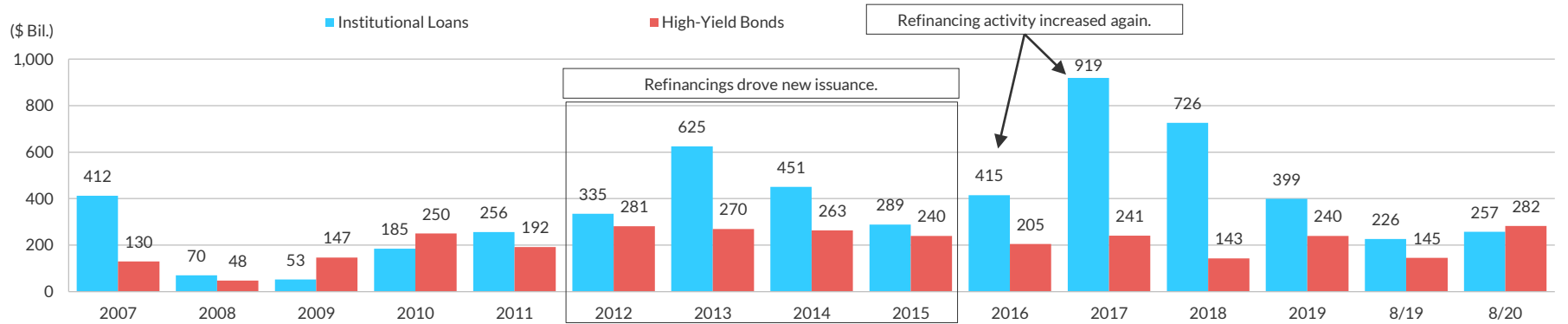
## Market Profile: Universe Grows 2% Since August 2019

### Market Size and Growth Rate



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

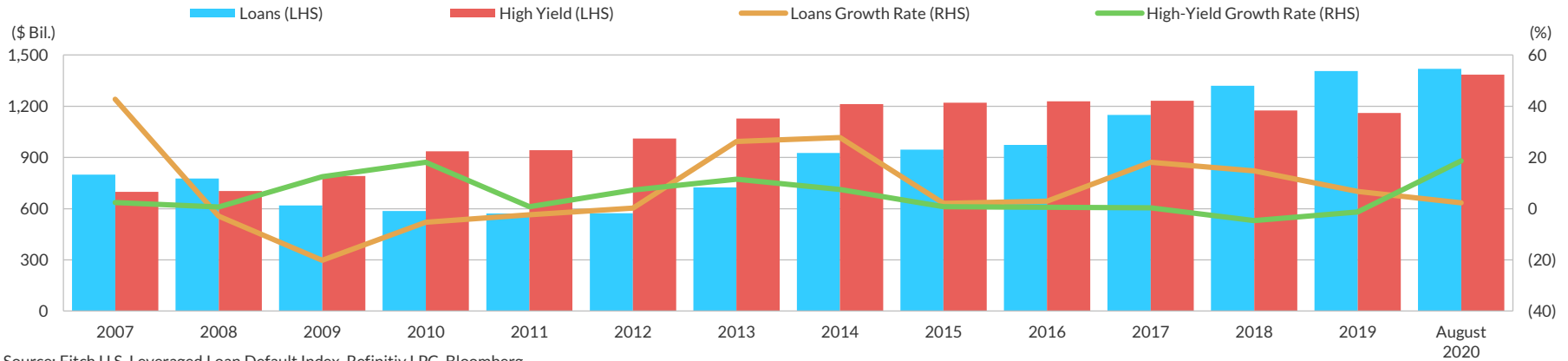
### Institutional Loan and High-Yield Bond Issuance



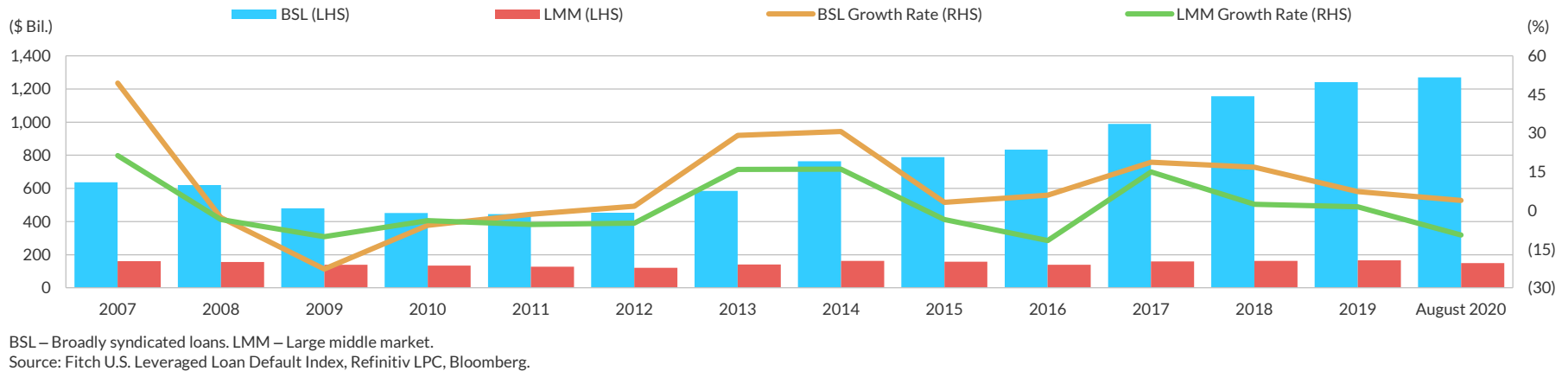
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Market Profile: Universe Grows 2% Since August 2019 (Continued)

Cross-Market Trends Size and Growth Rate



BSL Versus LMM Size and Growth Rate

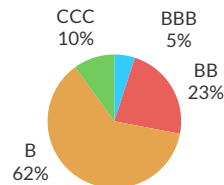


Market Profile: 10% of Issues Rated ‘CCC’

(%)	% of Sector Rated BB	% of Sector Rated B	% of Sector Rated CCC Through C
Automotive <sup>a</sup>	25	65	10
Banking & Finance <sup>a</sup>	47	51	2
Broadcasting & Media	40	51	8
Building & Materials	27	71	2
Cable <sup>a</sup>	73	27	0
Chemicals <sup>a</sup>	29	61	10
Consumer Products	18	72	10
Energy	27	56	17
Food, Beverage & Tobacco	17	77	6
Gaming, Lodging & Restaurants <sup>a</sup>	41	49	10
Healthcare & Pharmaceutical <sup>a</sup>	21	67	12
Industrial/Manufacturing	22	58	20
Insurance	0	99	1
Leisure & Entertainment	15	49	37
Metals & Mining	15	42	43
Paper & Containers	38	59	3
Real Estate	76	11	13
Retail <sup>a</sup>	15	55	29
Services & Miscellaneous <sup>a</sup>	24	70	6
Supermarkets & Drug Stores	35	65	0
Technology <sup>a</sup>	22	73	5
Telecommunications <sup>a</sup>	32	63	6
Transportation <sup>a</sup>	29	61	10
Utilities, Power & Gas <sup>a</sup>	62	34	4
<b>Total<sup>a</sup></b>	<b>29</b>	<b>62</b>	<b>10</b>

<sup>a</sup>Issues rated BBB are included in percent of Sector Rated BB.  
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

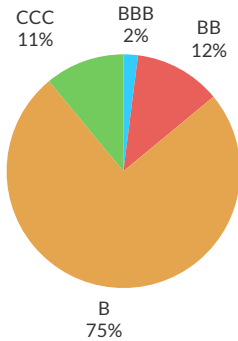
Rating Distribution of First-Lien Institutional Loans



Note: Based on 1,525 issues rated by at least one of three rating agencies.  
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

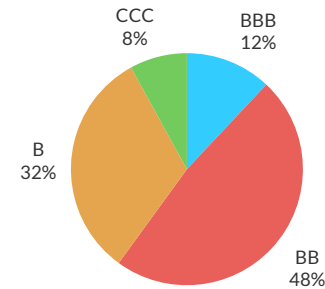
Market Profile: 75% Sponsored Issues Rated 'B'

Rating Distribution of First-Lien Sponsored Institutional Loans



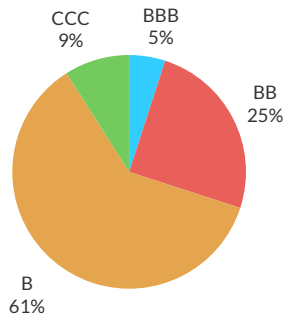
Note: Based on 1,081 issues rated by at least one of three rating agencies.  
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Rating Distribution of First-Lien Non-Sponsored Institutional Loans



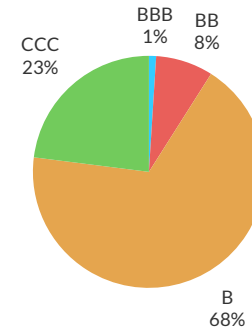
Note: Based on 444 issues rated by at least one of three rating agencies.  
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Rating Distribution of First-Lien BSL Institutional Loans



BSL – Broadly syndicated loans. Note: Based on 1,204 issues rated by at least one of three rating agencies.  
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

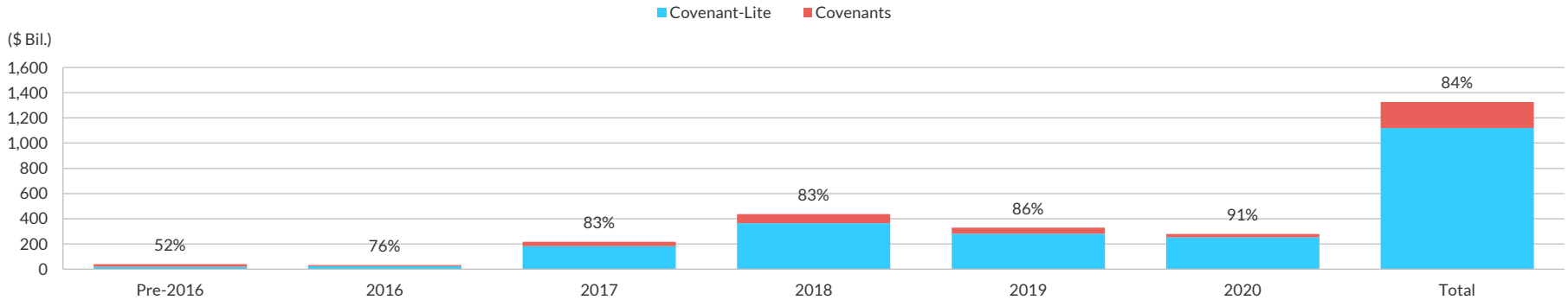
Rating Distribution of First-Lien LMM Institutional Loans



LMM – Large middle market. Note: Based on 321 issues rated by at least one of three rating agencies.  
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

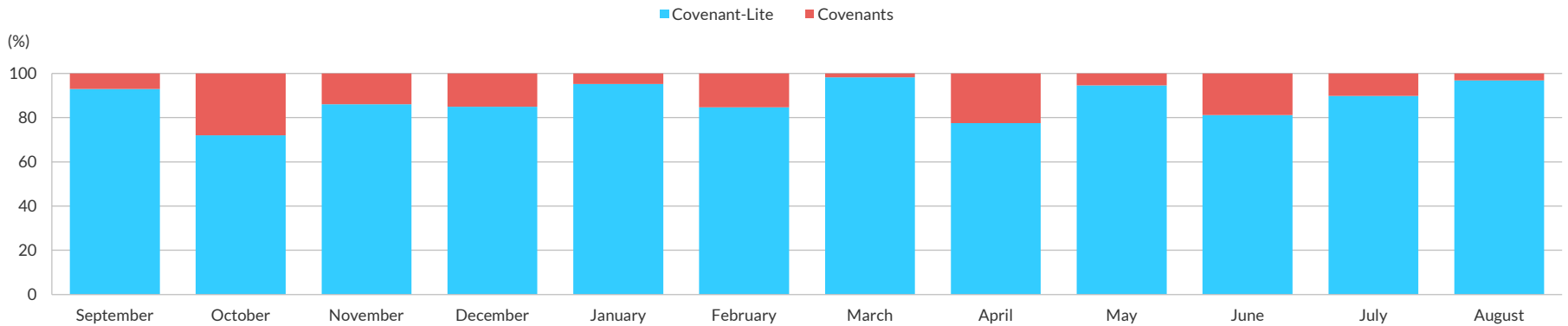
## Market Profile: 84% BSL Market Covenant-Lite

### Outstanding Covenant-Lite Constitutes 84% of BSL Market



BSL – Broadly syndicated loans. Note: Covenant-lite percentages shown. Outstanding institutional leveraged loan market profile at end of August. Years reflect the vintage of current loans outstanding and not total issuance. Covenant-lite is defined as deals that do not have maintenance covenants. Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

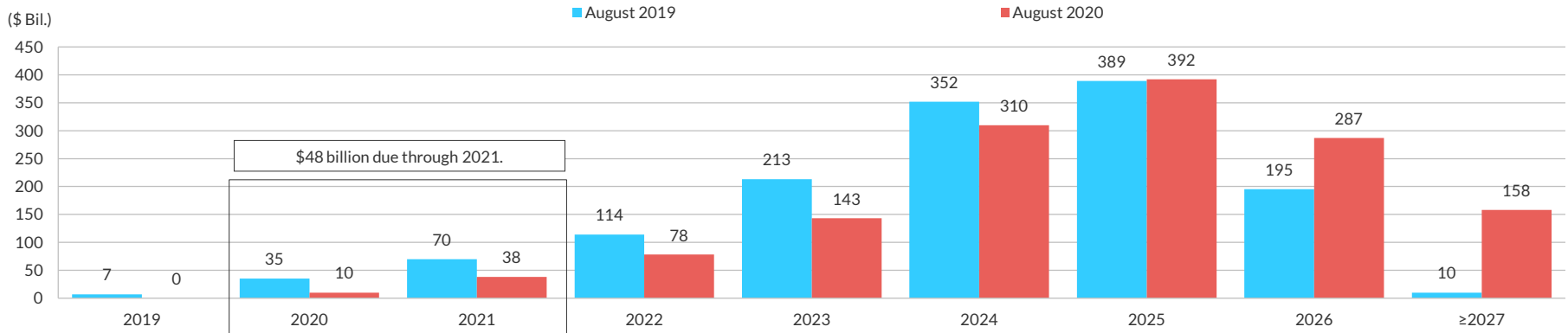
### Monthly Institutional Covenant-Lite Issuance



Note: Covenant-lite is defined as deals that do not have maintenance covenants. Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

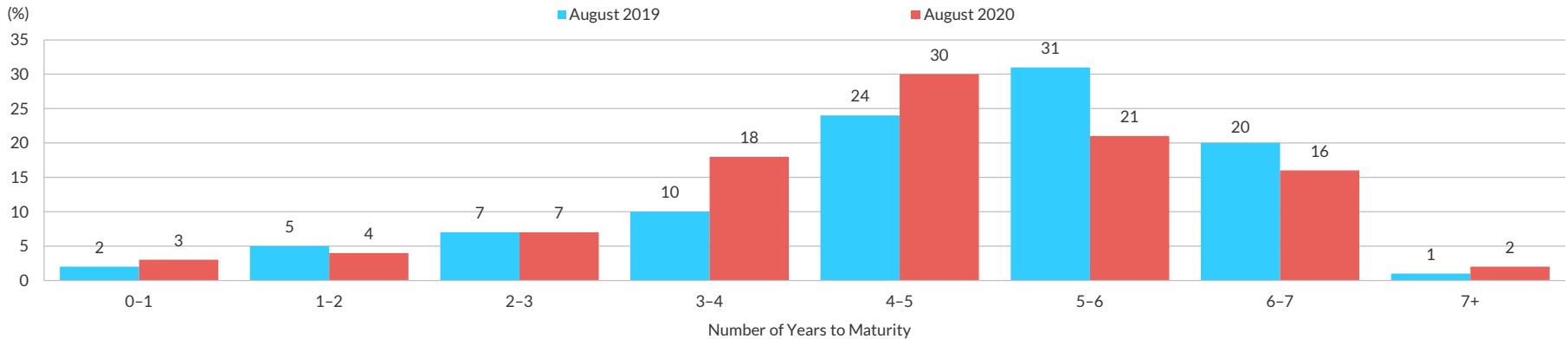
## Market Profile: Refis Push Maturities to 2024 and Beyond

### Institutional Leveraged Loan Maturities Year Over Year – Absolute-Year Basis



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

### Institutional Leveraged Loan Maturities Year Over Year – Relative-Year Basis



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Market Profile: Industry Maturity Profile Details

(\$ Bil.)	2020	2021	2022	2023	2024	2025	2026	≥2027
Automotive	0.0	1.5	2.1	2.7	8.3	9.9	12.9	2.2
Banking & Finance	0.0	1.1	4.2	6.4	14.9	15.9	11.4	6.8
Broadcasting & Media	0.0	0.3	4.1	8.3	8.8	9.3	24.8	5.3
Building & Materials	0.0	0.4	1.6	4.6	6.3	8.7	5.1	7.2
Cable	0.0	0.0	0.9	2.3	4.5	6.5	3.2	15.0
Chemicals	0.2	1.7	0.5	3.3	17.5	20.6	7.2	4.7
Consumer Products	0.0	0.1	0.7	3.9	7.5	11.0	4.0	6.7
Energy	0.2	4.2	1.7	3.1	14.2	11.1	10.6	0.8
Food, Beverage & Tobacco	0.4	2.1	1.5	5.2	7.3	11.9	5.3	0.6
Gaming, Lodging & Restaurants	0.0	1.1	2.0	9.8	26.3	13.5	13.7	0.1
Healthcare & Pharmaceutical	0.0	5.4	12.5	14.0	28.4	49.7	31.2	14.6
Industrial/Manufacturing	0.3	0.7	1.5	7.0	13.0	13.4	8.5	5.3
Insurance	0.0	0.0	4.6	3.6	8.1	13.6	4.3	12.0
Leisure & Entertainment	0.2	0.8	1.6	0.8	12.8	14.7	13.0	3.1
Metals & Mining	0.0	0.2	0.9	1.5	1.6	4.6	0.2	0.0
Paper & Containers	0.0	0.8	2.9	3.9	7.7	1.8	9.4	4.4
Real Estate	0.0	0.5	2.3	0.5	5.3	10.6	1.8	0.3
Retail	0.4	1.3	9.0	13.6	14.1	3.4	3.1	0.2
Services & Miscellaneous	0.0	8.2	7.2	16.1	26.6	57.9	38.0	14.6
Supermarkets & Drug Stores	0.3	0.3	0.2	1.0	0.9	6.4	2.7	0.0
Technology	0.3	1.5	12.3	17.0	43.7	55.2	42.2	25.9
Telecommunications	4.6	2.3	0.2	6.4	14.1	11.3	15.1	20.8
Transportation	0.0	2.1	2.1	6.1	12.7	16.3	11.3	6.1
Utilities, Power & Gas	3.5	1.5	1.6	2.2	5.2	15.0	7.7	1.4
<b>Total</b>	<b>10.1</b>	<b>37.9</b>	<b>78.0</b>	<b>143.3</b>	<b>309.8</b>	<b>392.3</b>	<b>286.5</b>	<b>158.3</b>

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Market Profile: Broadly Syndicated Loan Maturity Profile

(\$ Bil.)	2020	2021	2022	2023	2024	2025	2026	≥2027
Automotive	0.0	1.4	1.8	1.1	8.0	8.8	12.7	2.2
Banking & Finance	0.0	0.0	2.4	5.9	13.1	13.8	9.8	6.2
Broadcasting & Media	0.0	0.0	2.3	7.3	7.8	8.1	24.2	5.3
Building & Materials	0.0	0.2	0.4	3.1	5.4	7.0	3.9	6.6
Cable	0.0	0.0	0.9	2.3	4.5	6.5	3.2	14.8
Chemicals	0.0	1.0	0.2	2.7	16.2	19.0	6.4	4.5
Consumer Products	0.0	0.1	0.0	3.5	5.9	9.9	3.2	6.7
Energy	0.0	3.9	0.9	2.8	12.2	8.6	10.0	0.7
Food, Beverage & Tobacco	0.0	0.9	1.2	4.1	5.7	10.0	4.9	0.6
Gaming, Lodging & Restaurants	0.0	0.6	0.9	9.4	25.6	10.8	12.8	0.1
Healthcare & Pharmaceutical	0.0	3.8	10.5	11.7	25.6	46.1	29.6	14.4
Industrial/Manufacturing	0.0	0.0	0.8	6.2	11.5	11.9	7.1	5.3
Insurance	0.0	0.0	4.1	3.3	7.9	13.4	4.3	11.6
Leisure & Entertainment	0.0	0.6	1.5	0.8	12.4	13.6	12.8	3.1
Metals & Mining	0.0	0.0	0.9	1.1	1.6	4.1	0.2	0.0
Paper & Containers	0.0	0.8	2.5	3.6	6.9	1.8	9.1	4.2
Real Estate	0.0	0.2	2.0	0.5	5.1	10.4	1.5	0.0
Retail	0.0	0.7	7.8	12.1	12.1	2.5	2.7	0.0
Services & Miscellaneous	0.1	6.2	4.7	10.9	23.0	49.7	33.5	14.1
Supermarkets & Drug Stores	0.0	0.3	0.2	0.5	0.9	6.1	1.8	0.0
Technology	0.0	0.3	10.3	16.2	40.1	52.3	39.9	24.4
Telecommunications	4.6	2.0	0.2	5.7	13.5	11.1	14.6	20.8
Transportation	0.0	1.4	1.0	4.6	11.3	14.4	10.8	6.1
Utilities, Power & Gas	3.2	1.2	0.9	1.6	5.0	13.5	7.1	1.4
<b>Total</b>	<b>7.9</b>	<b>25.6</b>	<b>58.4</b>	<b>121.1</b>	<b>281.2</b>	<b>353.4</b>	<b>265.9</b>	<b>153.2</b>

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

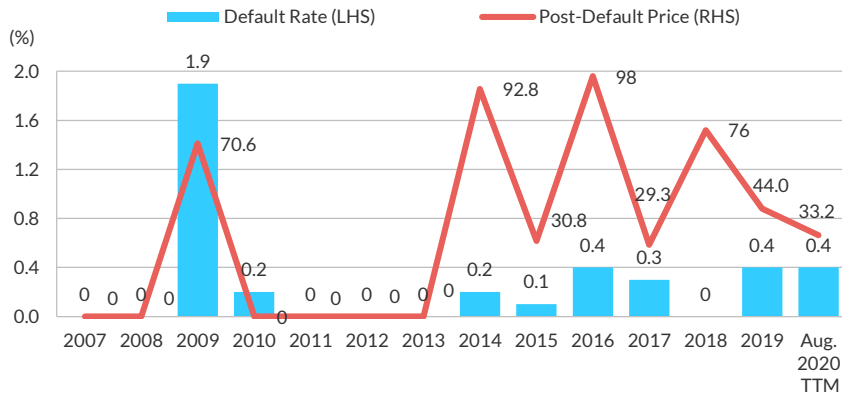
Market Profile: Large Middle Market Maturity Profile

(\$ Bil.)	2020	2021	2022	2023	2024	2025	2026	≥2027
Automotive	0.0	0.0	0.2	1.6	0.3	1.1	0.3	0.0
Banking & Finance	0.0	1.1	1.7	0.4	1.8	2.1	1.7	0.6
Broadcasting & Media	0.0	0.3	1.8	1.0	1.1	1.1	0.6	0.1
Building & Materials	0.0	0.2	1.2	1.5	0.9	1.7	1.2	0.6
Cable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Chemicals	0.2	0.7	0.4	0.6	1.3	1.6	0.8	0.2
Consumer Products	0.0	0.0	0.7	0.4	1.5	1.1	0.8	0.0
Energy	0.2	0.3	0.8	0.4	2.1	2.5	0.7	0.1
Food, Beverage & Tobacco	0.4	1.1	0.3	1.1	1.6	2.0	0.4	0.0
Gaming, Lodging & Restaurants	0.0	0.5	1.1	0.4	0.7	2.7	0.8	0.0
Healthcare & Pharmaceutical	0.0	1.6	2.0	2.3	2.8	3.6	1.5	0.3
Industrial/Manufacturing	0.3	0.7	0.7	0.8	1.5	1.5	1.4	0.0
Insurance	0.0	0.0	0.5	0.3	0.2	0.2	0.0	0.4
Leisure & Entertainment	0.2	0.2	0.1	0.0	0.4	1.2	0.2	0.0
Metals & Mining	0.0	0.2	0.0	0.4	0.0	0.5	0.0	0.0
Paper & Containers	0.0	0.0	0.4	0.3	0.8	0.0	0.3	0.2
Real Estate	0.0	0.3	0.3	0.0	0.3	0.2	0.3	0.3
Retail	0.0	0.5	1.2	1.5	2.1	0.9	0.4	0.2
Services & Miscellaneous	0.3	2.0	2.6	5.2	3.6	8.2	4.6	0.5
Supermarkets & Drug Stores	0.0	0.0	0.0	0.5	0.0	0.3	0.9	0.0
Technology	0.3	1.2	2.0	0.9	3.6	2.9	2.3	1.5
Telecommunications	0.0	0.2	0.0	0.6	0.6	0.2	0.5	0.0
Transportation	0.0	0.7	1.1	1.4	1.4	2.0	0.5	0.0
Utilities, Power & Gas	0.3	0.3	0.6	0.6	0.2	1.5	0.6	0.0
<b>Total</b>	<b>2.2</b>	<b>12.2</b>	<b>19.6</b>	<b>22.2</b>	<b>28.6</b>	<b>38.9</b>	<b>20.6</b>	<b>5.0</b>

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

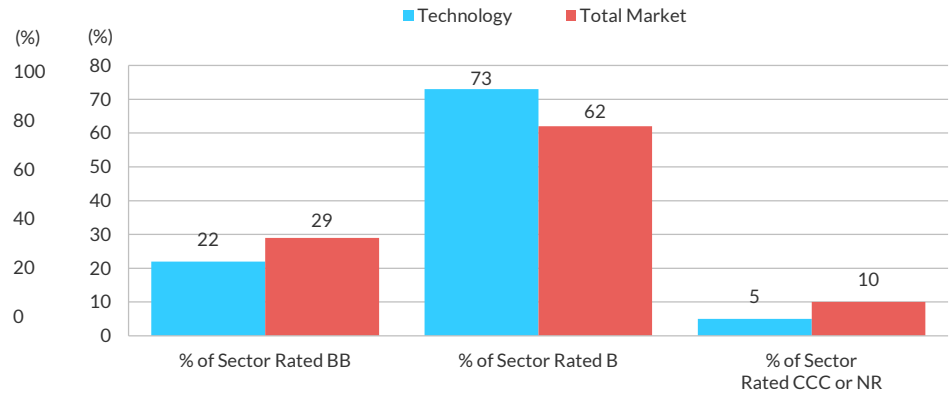
Sector Highlights: Technology

Technology Default and Post-Default Prices



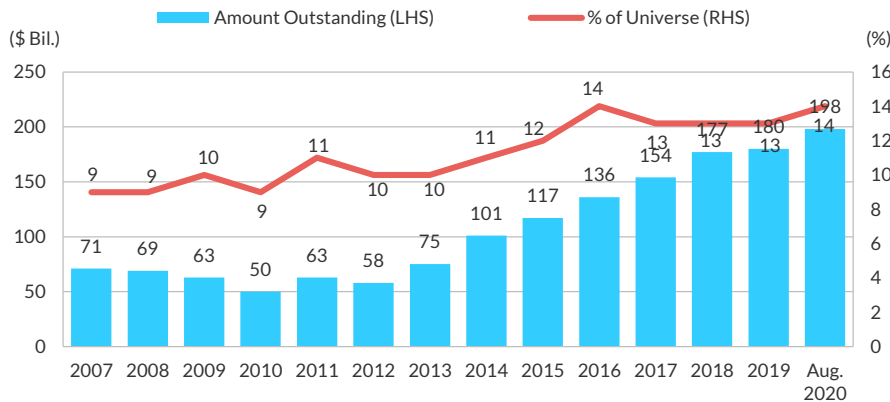
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

Technology Rating Mix in Institutional Leveraged Loan Universe



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Technology Composition in Institutional Leveraged Loan Universe



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Top Five Technology Names in Institutional Leveraged Loan Universe

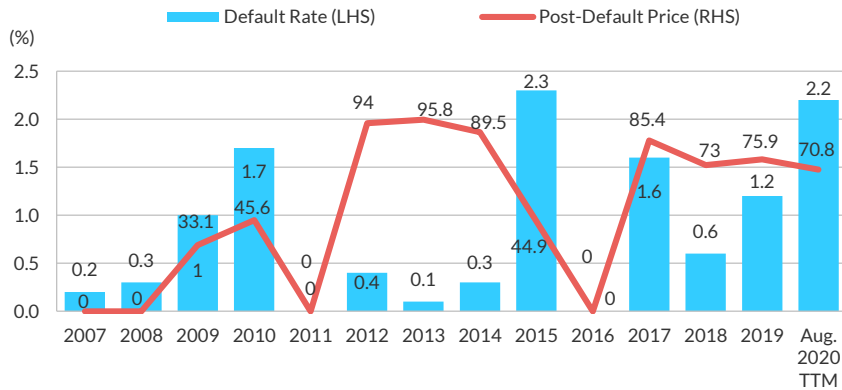
Name	Amount Outstanding (\$ Bil.)	Bid Level	IDR Composite Rating
Ultimate Software	6.7	100.125/99.5	B
SS&C Technologies Inc.	4.9	97.875/97.5	BB
Change Healthcare Holdings LLC	4.8	99.25	B
Dell International LLC	4.7	99.75	BB
Quest Software Inc.	3.8	98.25/93.375	BB

IDR - Issuer Default Rating. Note: Prices as of Sept. 15, 2020.

Source: Fitch U.S. Leveraged Loan Default Index, Advantage Data, Refinitiv LPC, Bloomberg.

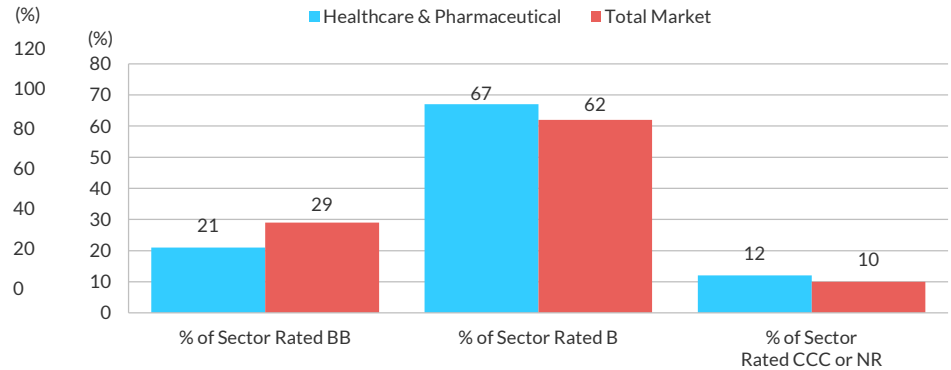
## Sector Highlights: Healthcare & Pharmaceutical

### Healthcare & Pharmaceutical Default and Post-Default Prices



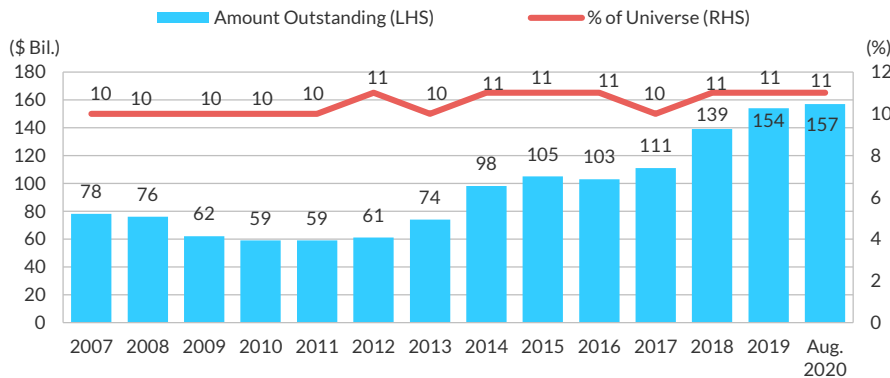
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Healthcare & Pharmaceutical Rating Mix in Institutional Leveraged Loan Universe



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

### Healthcare & Pharmaceutical Composition in Institutional Leveraged Loan Universe



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

### Top Five Healthcare & Pharmaceutical Names in Institutional Leveraged Loan Universe

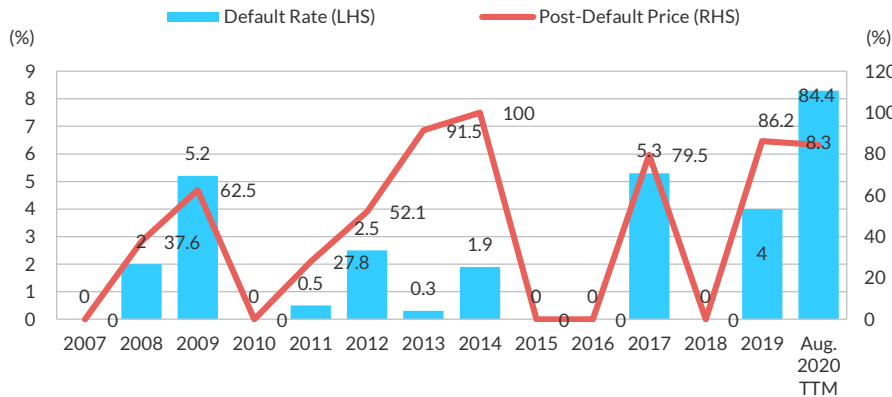
Name	Amount Outstanding (\$ Bil.)	Bid Level	IDR Composite Rating
Envision Healthcare.	5.4	74.125	CCC
Bausch Health Companies Inc.	4.7	99.125/98.875	B
Athenahealth Inc.	4.5	98.875/97	B
LifePoint Hospitals Inc.	3.7	98.625	B
Endo International Inc.	3.3	96.875	B

IDR - Issuer Default Rating. Note: Prices as of Sept. 15, 2020.

Source: Fitch U.S. Leveraged Loan Default Index, Advantage Data, Refinitiv LPC, Bloomberg.

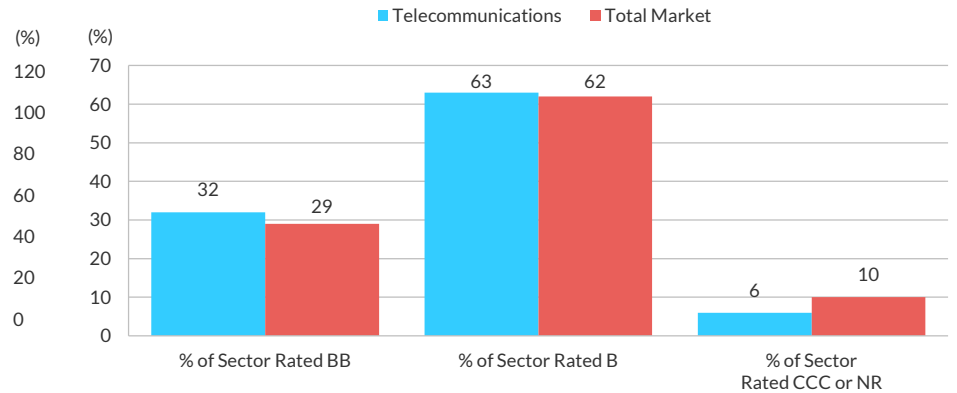
## Sector Highlights: Telecommunications

### Telecommunications Default and Post-Default Prices



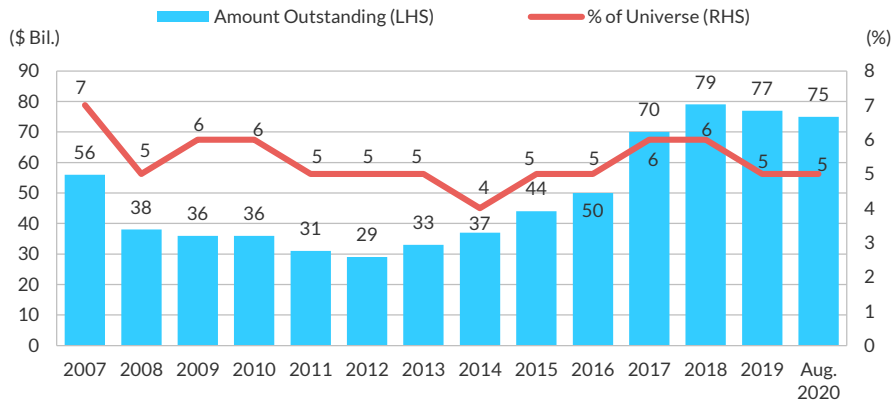
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Telecommunications Rating Mix in Institutional Leveraged Loan Universe



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

### Telecommunications Composition in Institutional Leveraged Loan Universe



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

### Top Five Telecommunications Names in Institutional Leveraged Loan Universe

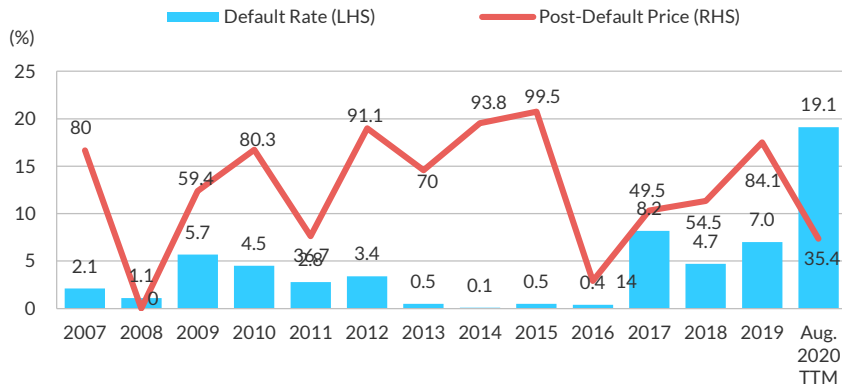
Name	Amount Outstanding (\$ Bil.)	Bid Level	IDR Composite Rating
CenturyLink Inc.	8.1	97.75/97.5	BB
Altice France	5.5	98.125/96.5	B
Zayo Group LLC	4.8	98	B
Ligado Networks LLC	4.6	91/53	NR
T-Mobile Inc.	4.0	100.375	BB

IDR - Issuer Default Rating. Note: Prices as of Sept. 15, 2020.

Source: Fitch U.S. Leveraged Loan Default Index, Advantage Data, Refinitiv LPC, Bloomberg.

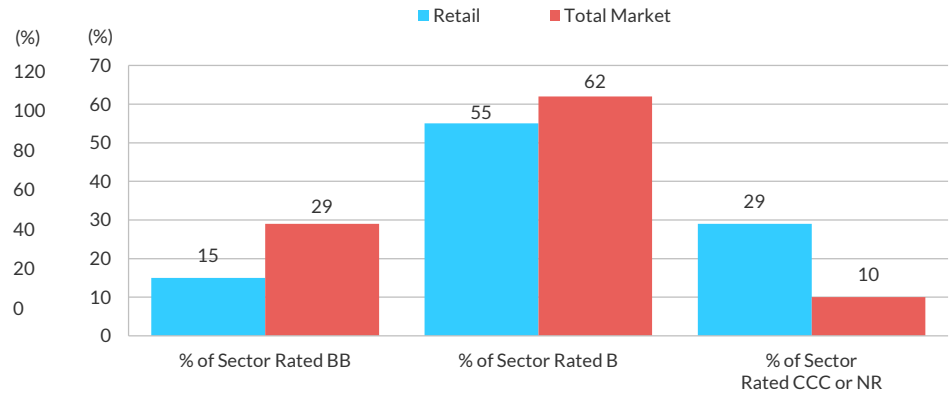
Sector Highlights: Retail

Retail Default and Post-Default Prices



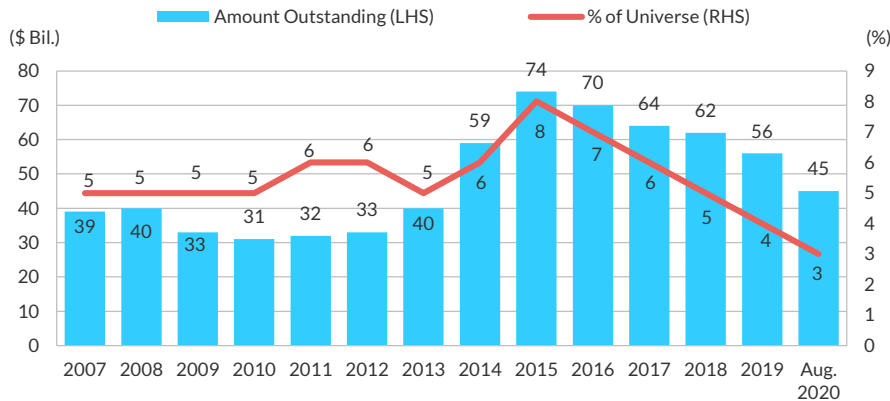
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

Retail Rating Mix in Institutional Leveraged Loan Universe



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Retail Composition in Institutional Leveraged Loan Universe



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Top Five Retail Names in Institutional Leveraged Loan Universe

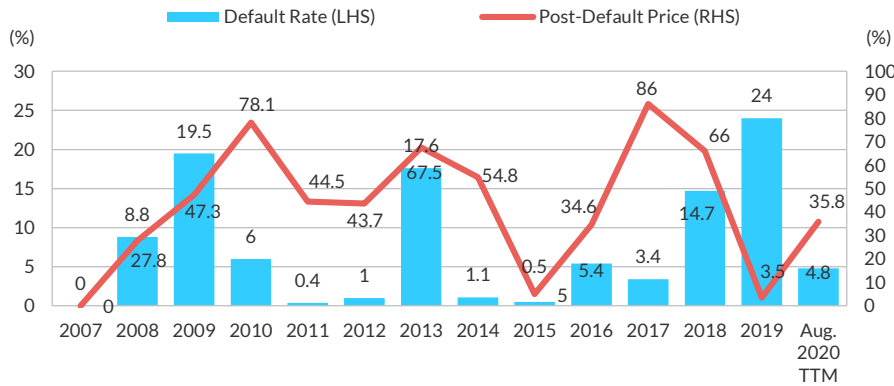
Name	Amount Outstanding (\$ Bil.)	Bid Level	IDR Composite Rating
Bass Pro Shops	4.2	99.875	B
PetSmart Inc.	3.9	98.625	B
Petco Animal Supplies Inc.	2.4	91	CCC
Staples Inc.	2.3	93.5/92.75	B
Harbor Freight Tools	2.2	98.875	BB

IDR - Issuer Default Rating. Note: Prices as of Sept. 15, 2020.

Source: Fitch U.S. Leveraged Loan Default Index, Advantage Data, Refinitiv LPC, Bloomberg.

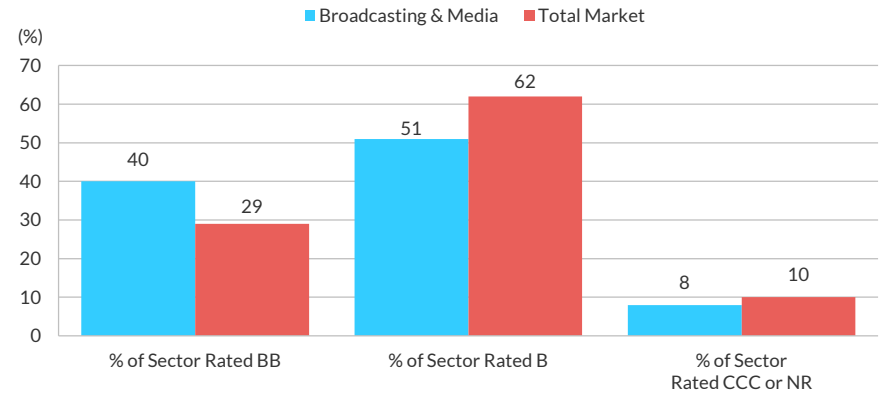
Sector Highlights: Sector Highlights: Broadcasting & Media

Broadcasting & Media Default and Post-Default Prices



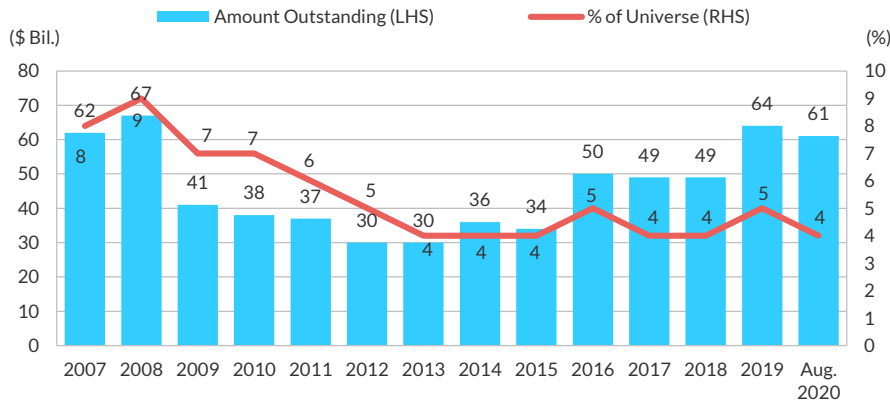
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

Broadcasting & Media Rating Mix in Institutional Leveraged Loan Universe



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Broadcasting & Media Composition in Institutional Leveraged Loan Universe



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Top Five Broadcasting & Media Names in Institutional Leveraged Loan Universe

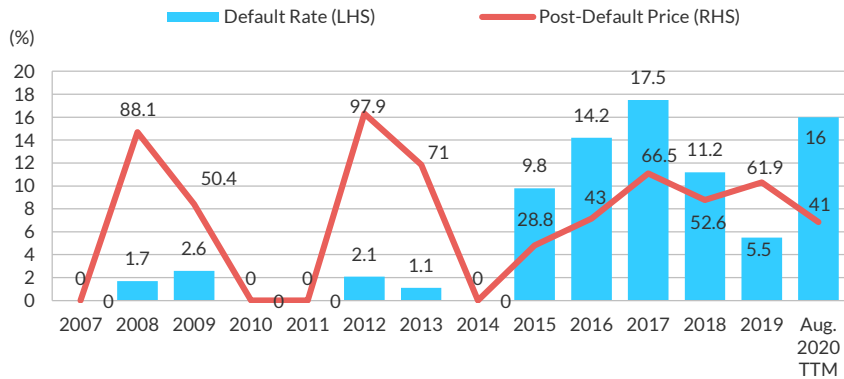
Name	Amount Outstanding (\$ Bil.)	Bid Level	IDR Composite Rating
Sinclair Broadcasting Group	4.6	98.375/87.375	B
Nexstar Broadcasting Group	4.2	99.125/98.75	B
Univision Communications Inc.	3.9	98.75/97	B
Virgin Media Investment Holding	3.3	98.125	BB
Nielsen Finance Inc.	2.8	100.125/98.25	BB

IDR - Issuer Default Rating. Note: Prices as of Sept. 15, 2020.

Source: Fitch U.S. Leveraged Loan Default Index, Advantage Data, Refinitiv LPC, Bloomberg.

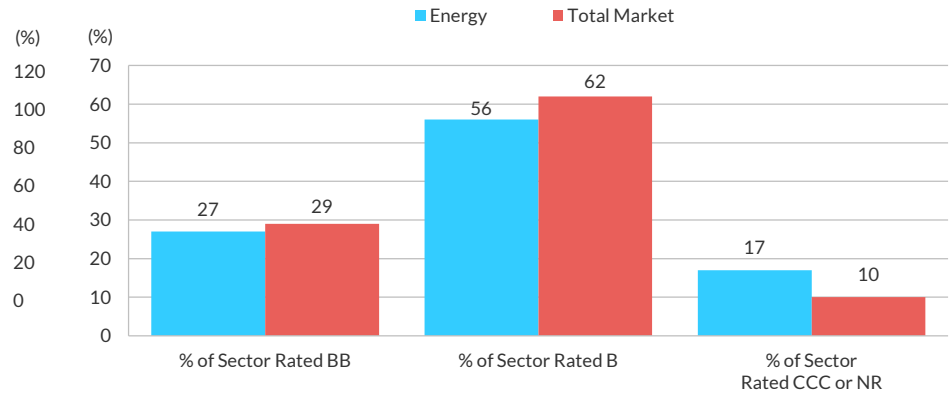
Sector Highlights: Sector Highlights: Energy

Energy Default and Post-Default Prices



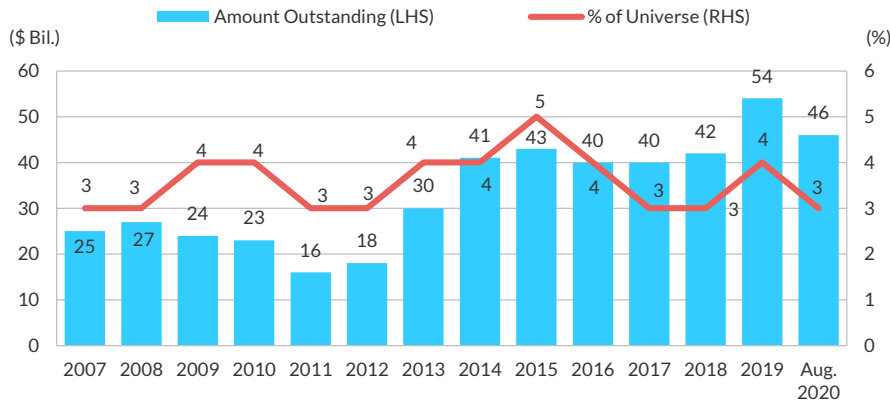
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

Energy Rating Mix in Institutional Leveraged Loan Universe



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Energy Composition in Institutional Leveraged Loan Universe



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Top Five Energy Names in Institutional Leveraged Loan Universe

Name	Amount Outstanding (\$ Bil.)	Bid Level	IDR Composite Rating
Seadrill Ltd.	2.6	13.875	CCC
Blackstone CQP Holdco LP	2.6	99.375	B
Buckeye Partners LP	2.3	99.375	BB
Tallgrass Energy Partners	1.5	93.375	B
Oryx Southern Delaware	1.5	93.625	B

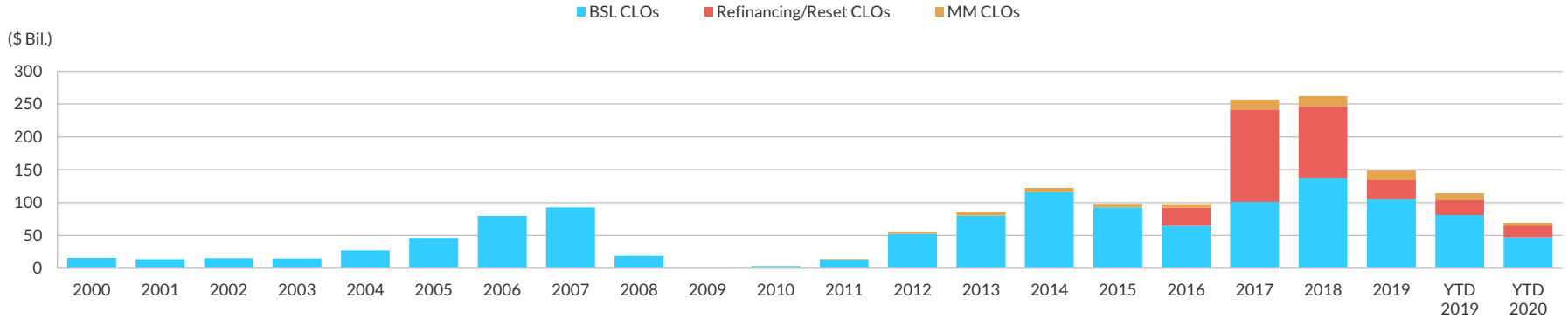
IDR - Issuer Default Rating. Note: Prices as of Sept. 15, 2020.

Source: Fitch U.S. Leveraged Loan Default Index, Advantage Data, Refinitiv LPC, Bloomberg.

## Credit Availability Indicators: CLO Issuance Trails Last Year

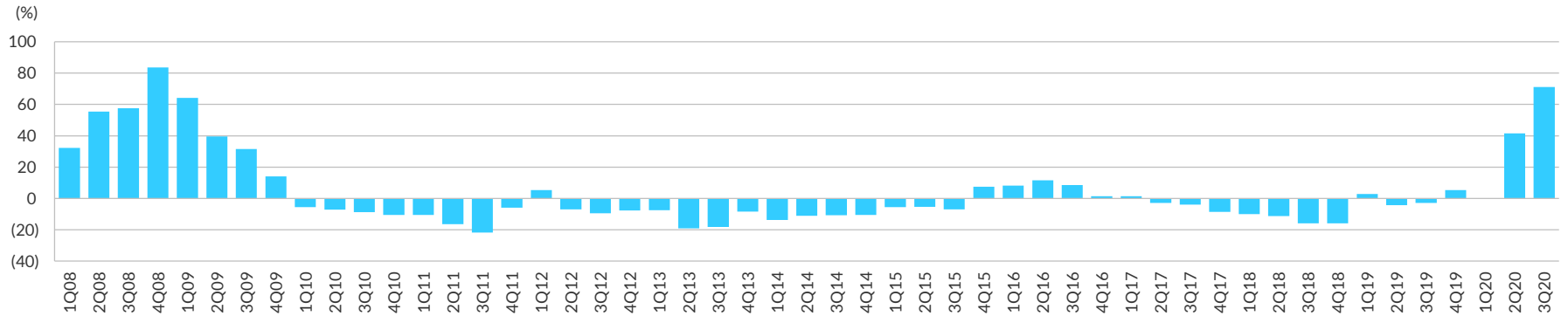
### U.S. CLO Issuance

(As of Sept. 10, 2020)



BSL – Broadly Syndicated Loan. MM – Middle Market; MM not captured prior to 2010.  
Source: Fitch U.S. Leveraged Loan Default Index, The Royal Bank of Scotland, public domain.

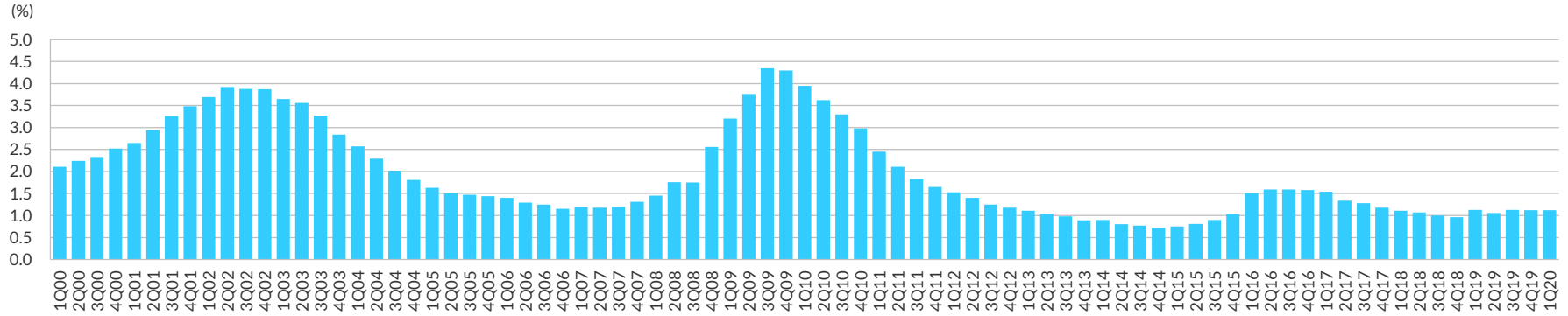
### Federal Reserve Senior Loan Officer Survey – Percentage of Banks Tightening Standards on C&I Loans



C&I – Commercial and industrial.  
Source: The Federal Reserve.

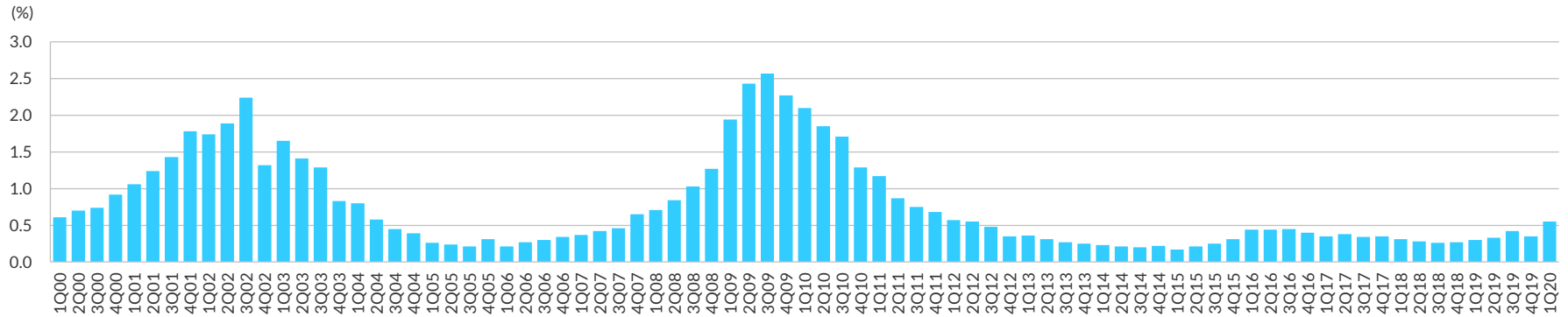
Credit Availability Indicators: C&I Delinquency Rates Low

Commercial and Industrial Loans Bank Delinquency Rates



Source: The Federal Reserve.

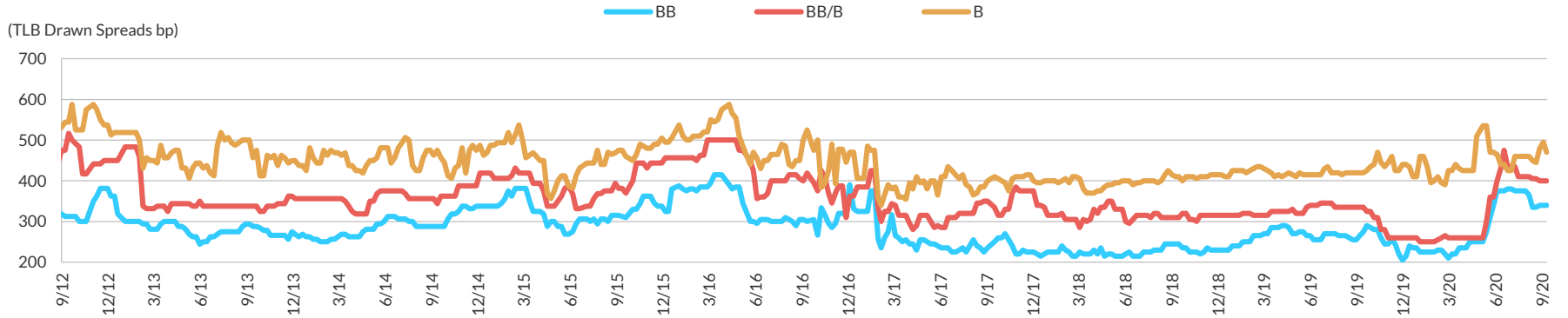
Commercial and Industrial Loans Bank Charge-Off Rates



Source: The Federal Reserve.

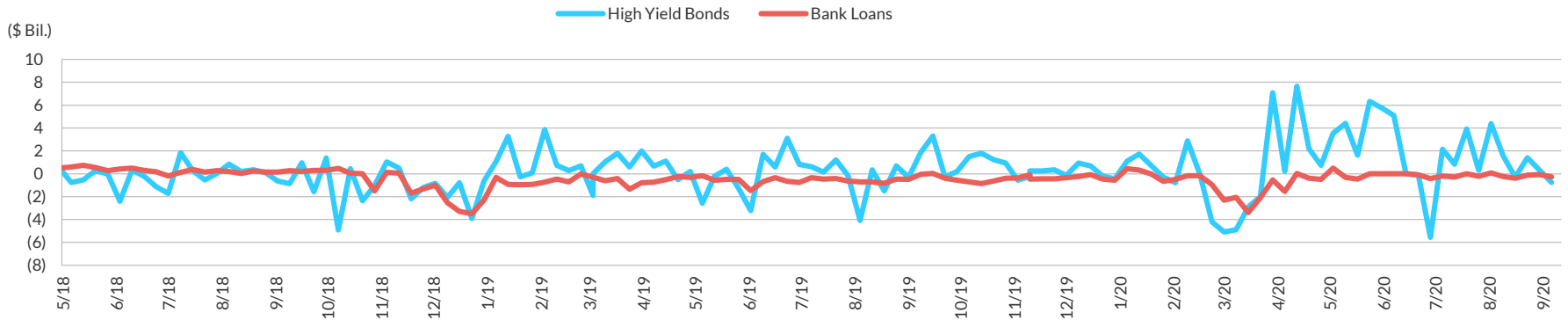
## Credit Availability Indicators: LL Outflows Tally \$19 Billion in 2020

### Primary Market Spreads – Term Loan B



Source: Refinitiv LPC.

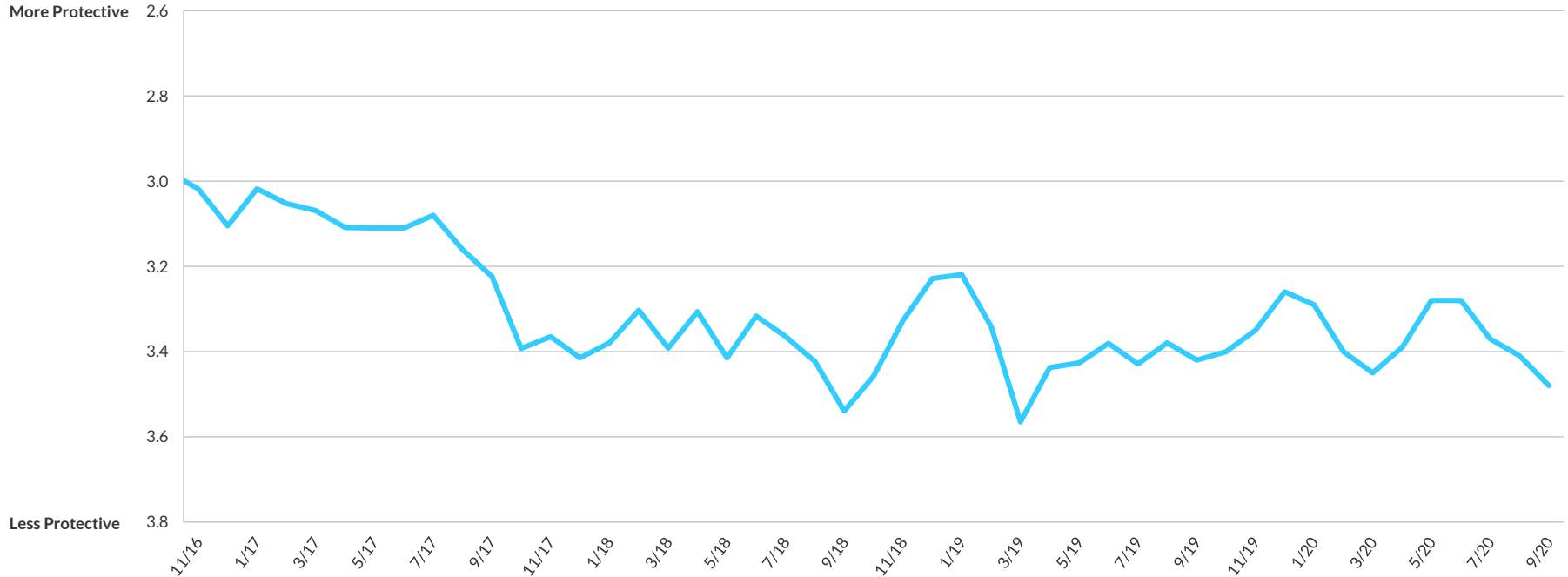
### High Yield Bond and Bank Loan Mutual Fund Flows



Source: Refinitiv Lipper.

## Credit Availability Indicators: Documentation Weakens

### Covenant Review's Composite Documentation Score — Three-Month Rolling Average



Note: Covenant Review's Documentation Scoring Overview: The score, subscores and qualitative scores will be expressed as follows: 1, Most Protective; 2, Fairly Protective; 3, Flexible; 4, Deficient; 5, Seriously Deficient. To augment these scores, Covenant Review will modify scores that fall in between the main categories with pluses and minus, resulting in a 13-point scale: 1, 1-, 2+, 2-, and so forth to 5 (there will be no 1+ or 5-).

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 Anthony Canale, Global Head of Covenant Review Legal Research, +1 (212) 716-5784, acanale@covenantreview.com;  
 Jessica Reiss, Head of Covenant Review U.S. Loan Research, +1 (212) 716-5798, jreiss@covenantreview.com;  
 Jonathan Blau, Quantitative Consultant to Covenant Review, jblau@covenantreview.com.

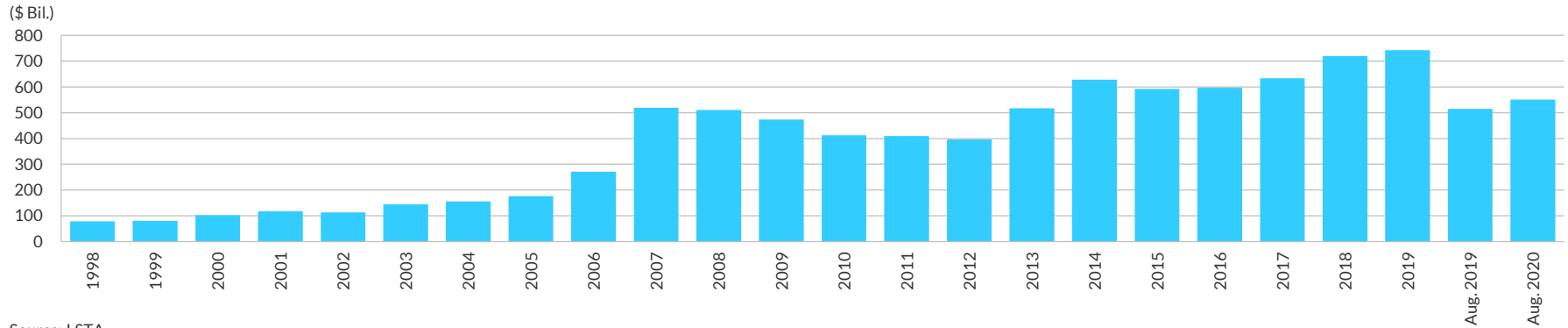
Source: Covenant Review.

## Secondary Trends

- Average secondary bids stand at 93.9, down from 96.6 at YE 2019.
- 5% of the market bid above par compared to 44% at YE 2019.

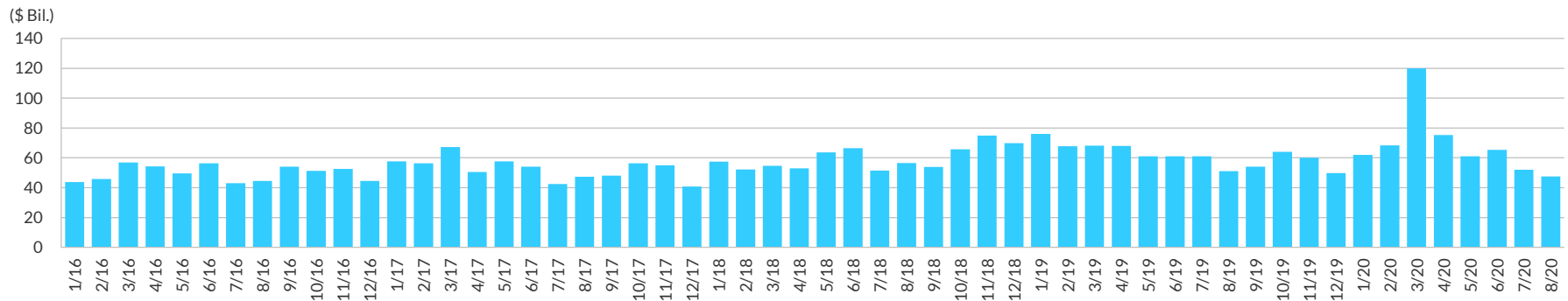
## Secondary Trends: 2020 Up 7% Versus Last Year

### Historical Secondary Trading Volume



Source: LSTA.

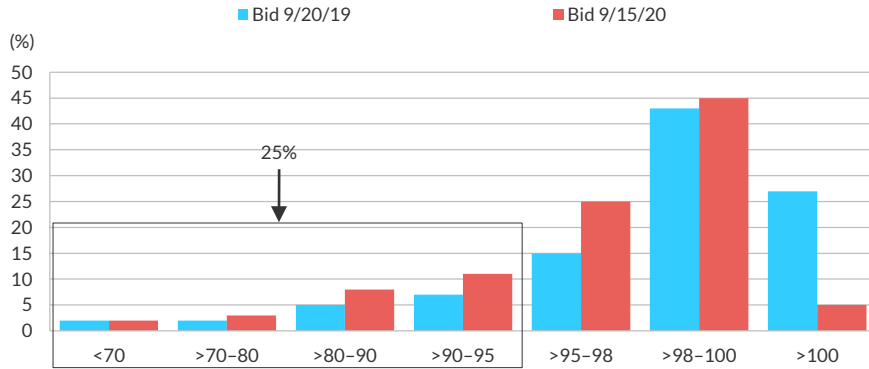
### Monthly Secondary Trading Volume



Source: LSTA.

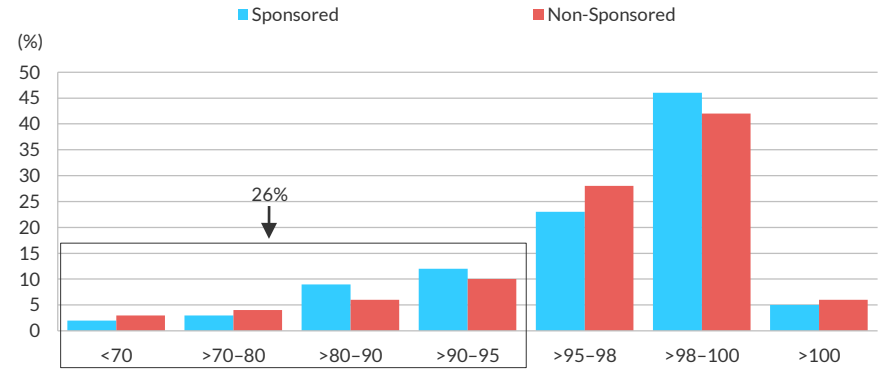
Secondary Trends: 50% First-Lien Loans Bid Above 98

25% of Outstanding First-Lien Institutional Loans Bid Under 95



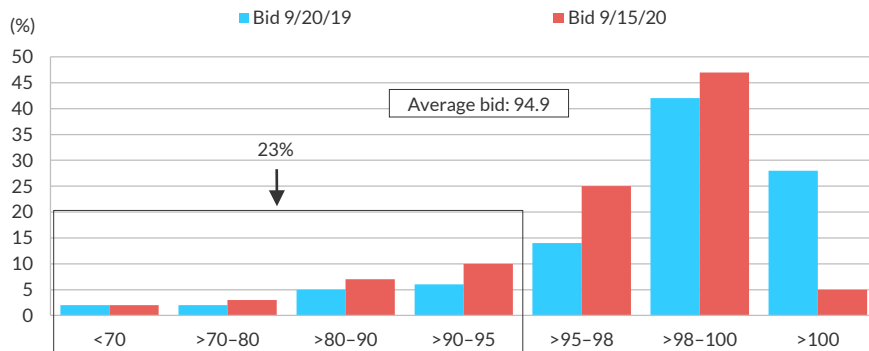
Source: Fitch U.S. Leveraged Loan Default Index, Advantage Data.

26% of Outstanding First-Lien Sponsored Loans Bid Under 95



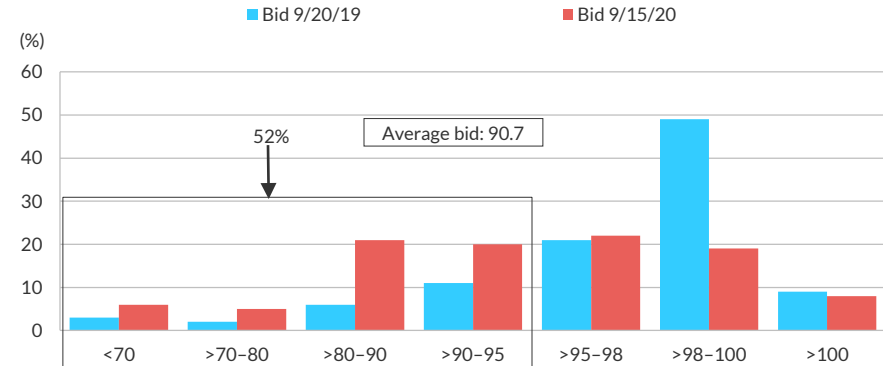
Source: Fitch U.S. Leveraged Loan Default Index, Advantage Data.

23% of Outstanding First-Lien BSL Institutional Loans Bid Under 95



BSL – Broadly syndicated loans.  
Source: Fitch U.S. Leveraged Loan Default Index, Advantage Data.

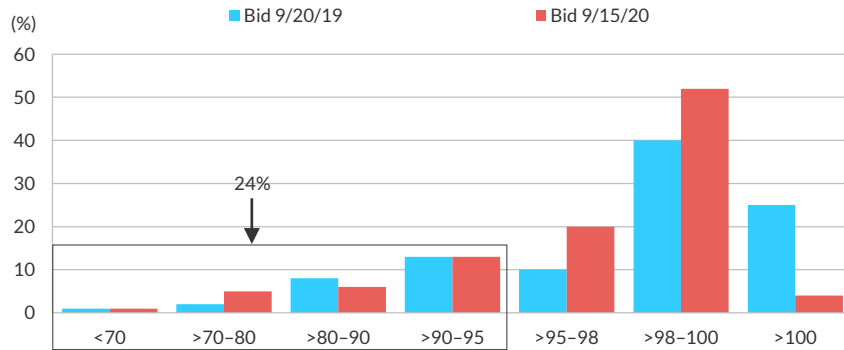
52% of Outstanding First-Lien LMM Institutional Loans Bid Under 95



LMM – Large middle market.  
Source: Fitch U.S. Leveraged Loan Default Index, Advantage Data.

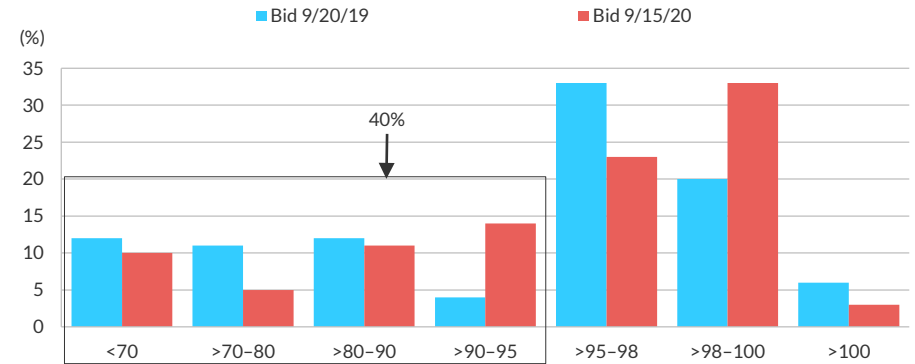
Secondary Trends: 3% of First-Lien Retail Bid Above Par

24% of Outstanding First-Lien Healthcare/Pharmaceutical Institutional Loans Bid Under 95



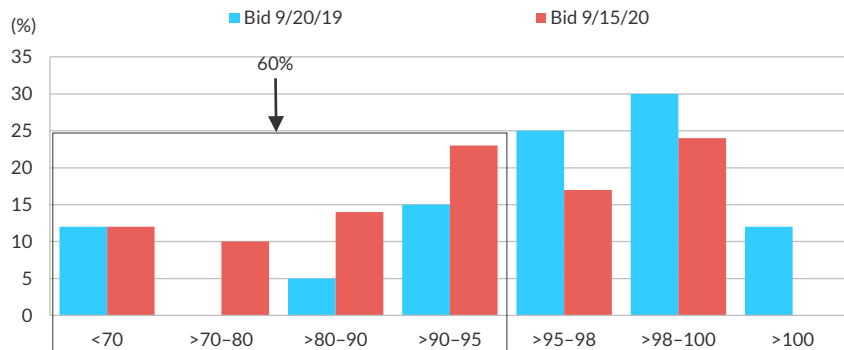
Source: Fitch U.S. Leveraged Loan Default Index, Advantage Data.

40% of Outstanding First-Lien Retail Institutional Loans Bid Under 95



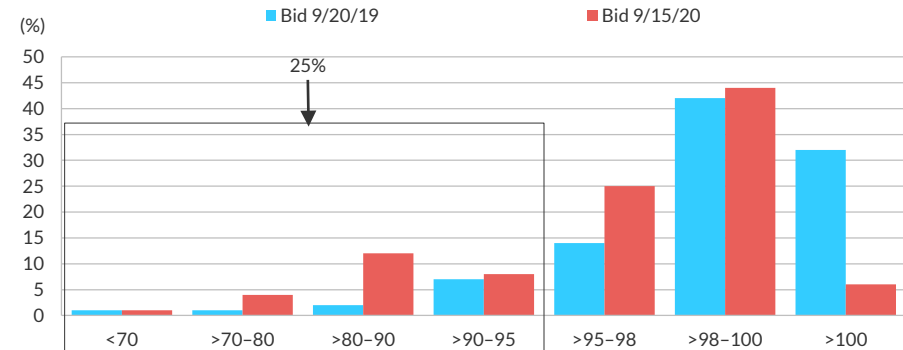
Source: Fitch U.S. Leveraged Loan Default Index, Advantage Data.

60% of Outstanding First-Lien Energy, Metals/Mining Institutional Loans Bid Under 95



Source: Fitch U.S. Leveraged Loan Default Index, Advantage Data.

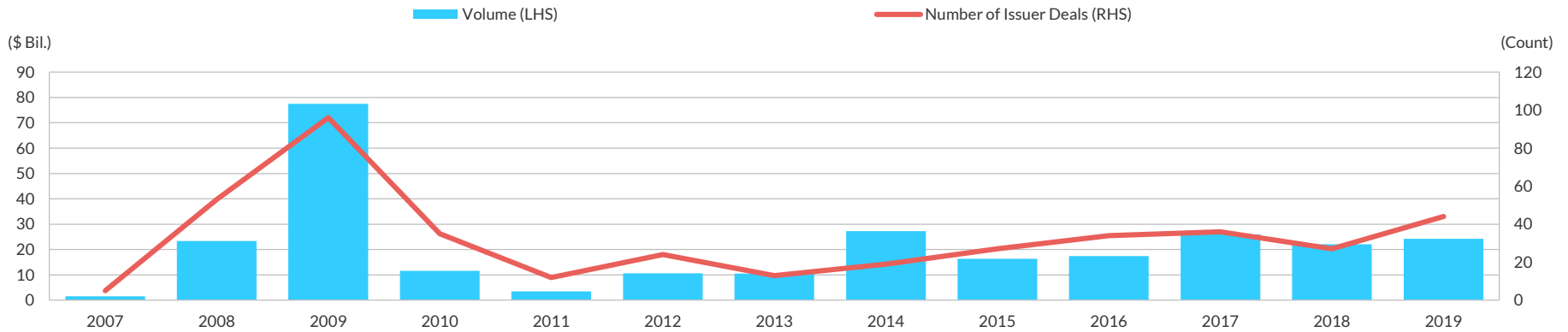
25% of Outstanding First-Lien TMT Institutional Loans Bid Under 95



Source: Fitch U.S. Leveraged Loan Default Index, Advantage Data.

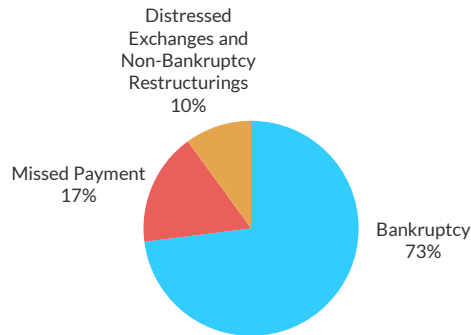
## Historical Defaults: 2007–2019

### Default Volume and Issuer Count



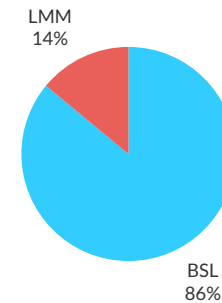
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

### Default Source



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

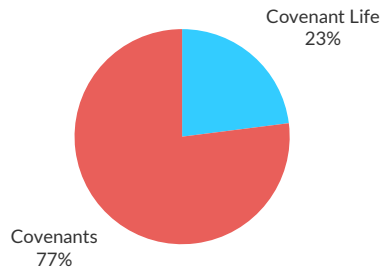
### Market Share



BSL – Broadly syndicated loans. LMM – Large middle market.  
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

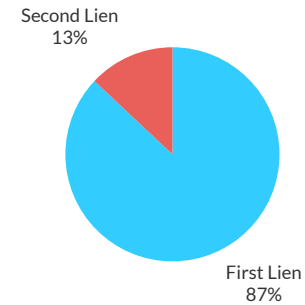
Historical Defaults: 2007–2019

Covenant Status



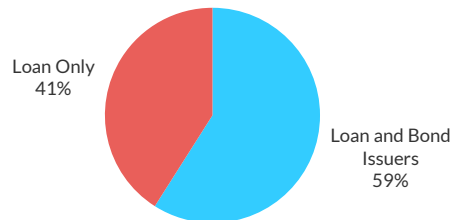
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Priority



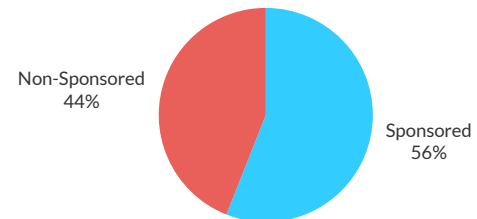
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Capital Structure



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Sponsor Status



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

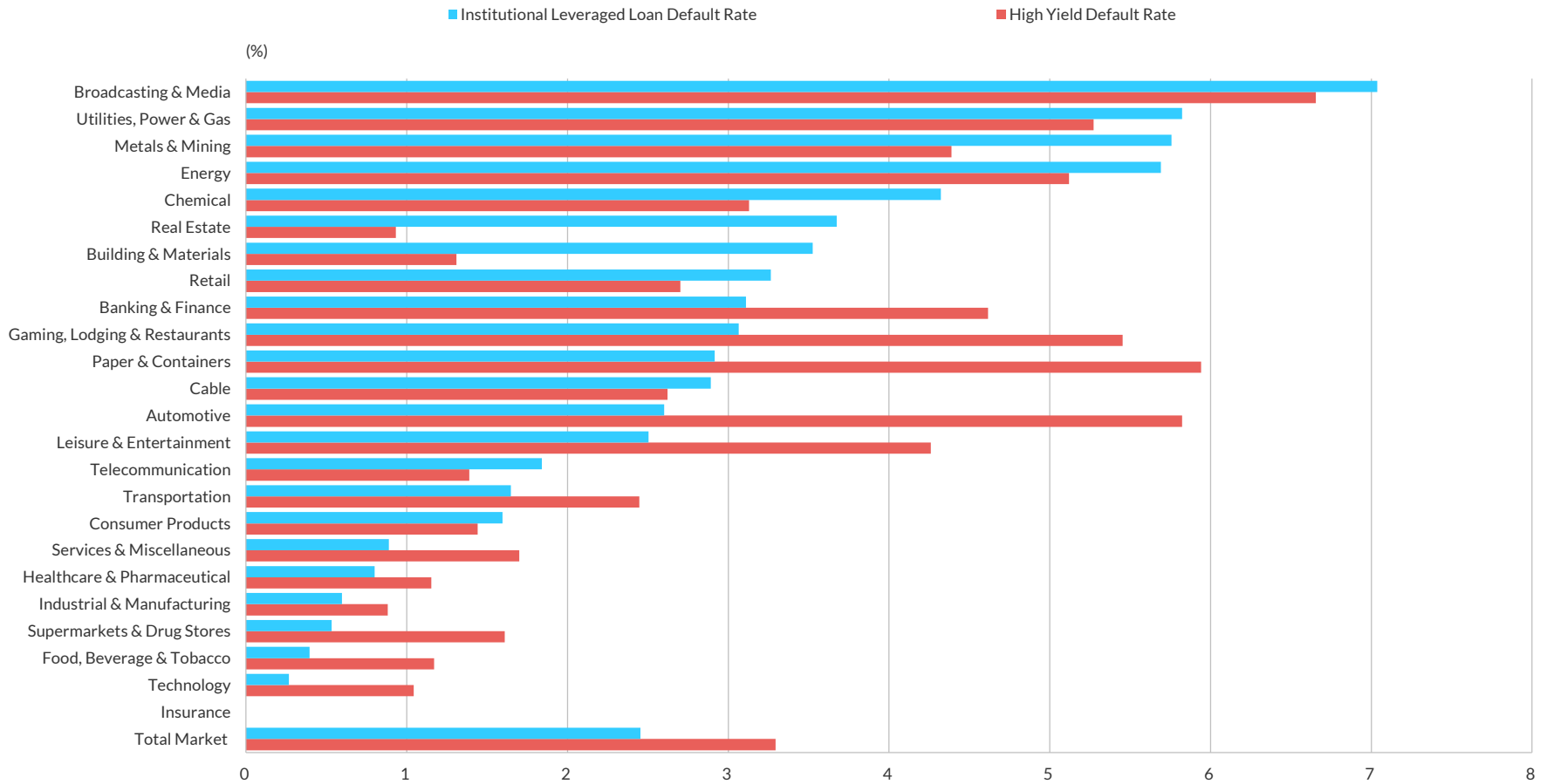
## Historical Defaults 2007–2019: Industry Details

(\$ Bil.)

Industry	Loans	Bonds	Total	% of Total
Energy	28.6	92.5	121.1	16.9
Broadcasting & Media	47.1	42.2	89.3	12.5
Banking & Finance	14.8	66.2	81.0	11.3
Utilities, Power & Gas	25.7	30.5	56.2	7.9
Gaming, Lodging & Restaurants	15.0	33.6	48.6	6.8
Metals & Mining	12.4	23.7	36.1	5.1
Retail	20.7	14.6	35.4	4.9
Chemicals	17.9	9.2	27.1	3.8
Telecommunications	11.0	16.0	27.0	3.8
Automotive	7.8	17.7	25.6	3.6
Paper & Containers	6.0	18.8	24.9	3.5
Healthcare & Pharmaceutical	9.3	12.6	21.8	3.1
Services & Miscellaneous	11.0	10.4	21.4	3.0
Cable	7.8	12.6	20.4	2.9
Transportation	7.3	7.1	14.4	2.0
Building & Materials	6.8	7.0	13.8	1.9
Leisure & Entertainment	7.0	6.5	13.5	1.9
Technology	3.2	7.1	10.3	1.4
Real Estate	4.7	2.9	7.6	1.1
Consumer Products	4.0	2.6	6.6	0.9
Industrial/Manufacturing	2.2	3.0	5.2	0.7
Food, Beverage & Tobacco	1.2	3.2	4.3	0.6
Supermarkets & Drug Stores	0.7	2.3	3.0	0.4
Insurance	0.0	0.0	0.0	0.0
<b>Total</b>	<b>272.1</b>	<b>442.3</b>	<b>714.5</b>	<b>100.0</b>

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Historical Defaults 2007–2019: Industry Details (Continued)



Note: Ranked by highest to lowest loan default rate.

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

Historical Default and Post-Default Prices

Fitch U.S. Leveraged Loan Default Rate, Post-Default Prices and Loss Rate by Industry

(%)	2017			2018			2019		
	Default Rate	Post-Default Prices	Loss Rate	Default Rate	Post-Default Prices	Loss Rate	Default Rate	Post-Default Prices	Loss Rate
Automotive	2.3	53.1	1.1	2.6	88.6	0.3	1.3	66.2	0.5
Banking & Finance	3.5	84.2	0.6	—	—	—	1.5	64.5	0.5
Broadcasting & Media	3.4	86.0	0.5	14.7	66.0	5.0	3.5	24.0	2.7
Building & Materials	—	—	—	—	—	—	0.7	49.3	0.3
Cable	—	—	—	—	—	—	—	—	—
Chemicals	—	—	—	0.5	59.0	0.2	—	—	—
Consumer Products	—	—	—	—	—	—	0.7	48.0	0.4
Energy	17.5	66.5	5.9	11.2	52.6	5.3	5.5	61.9	2.1
Food, Beverage & Tobacco	—	—	—	0.4	70.0	0.1	1.7	36.7	1.1
Gaming, Lodging & Restaurants	0.3	—	—	—	—	—	—	—	—
Healthcare & Pharmaceutical	1.6	85.4	0.2	0.6	73.0	0.2	1.2	70.3	0.4
Industrial/Manufacturing	1.9	46.8	1.0	—	—	—	0.5	70.0	0.2
Insurance	—	—	—	—	—	—	—	—	—
Leisure & Entertainment	0.7	99.3	0.0	—	—	—	1.9	6.8	1.8
Metals & Mining	—	—	—	14.2	85.6	2.0	19.1	36.2	12.2
Paper & Containers	1.0	97.3	0.0	—	—	—	—	—	—
Real Estate	—	—	—	—	—	—	—	—	—
Retail	8.2	49.5	4.1	4.7	54.5	2.1	7.0	84.0	1.1
Services & Miscellaneous	0.3	78.6	0.1	0.7	35.7	0.5	1.2	63.1	0.4
Supermarkets & Drug Stores	—	—	—	1.1	—	—	—	—	—
Technology	0.3	29.3	0.2	0.0	76.0	0.0	0.4	44.0	0.3
Telecommunications	5.3	79.5	1.1	—	—	—	4.0	81.0	0.8
Transportation	0.9	71.9	0.2	1.6	42.0	1.0	1.9	45.8	1.0
Utilities, Power & Gas	2.9	90.6	0.3	1.2	—	—	0.9	72.0	0.2
<b>Total Market</b>	<b>2.4</b>	<b>67.8</b>	<b>0.8</b>	<b>1.8</b>	<b>61.2</b>	<b>0.7</b>	<b>1.8</b>	<b>59.8</b>	<b>0.7</b>

Note: Post-default prices based on price of defaulted issues 30 days after default. Includes first and second lien issues. Loss Rate = Default Rate x (1-Post-Default Prices).

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg.

## Historical First-Lien Post-Default and Emergence Prices

### 30-Day Post-Default Prices — First Lien (\$245.9 Bil.)

(% of Par)				
Default Year	Weighted Avg.	Straight Avg.	Median	Tranches
2007	88.8	92.9	92.9	2
2008	49.4	59.0	65.8	32
2009	54.9	52.5	48.1	68
2010	77.9	71.8	75.3	23
2011	60.5	62.3	53.8	6
2012	65.5	66.2	68.5	24
2013	69.4	72.1	73.9	15
2014	78.4	78.9	82.0	15
2015	49.9	50.6	43.2	16
2016	50.1	54.9	52.0	30
2017	70.2	66.7	71.6	34
2018	67.8	60.4	59.0	27
2019	60.8	56.2	53.3	48
2020	51.1	51.9	49.9	68
<b>2007-2020</b>	<b>60.4</b>	<b>59.1</b>	<b>61.2</b>	<b>408</b>

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

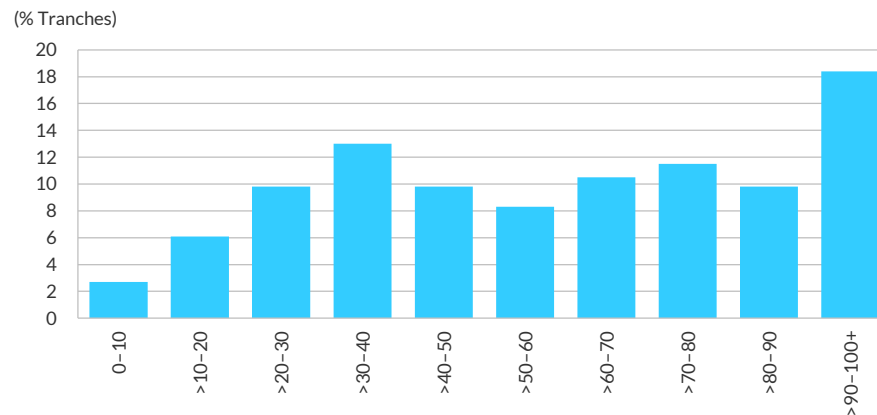
### Emergence Prices — First Lien (\$128.9 Bil.)

(% of Par)				
Default Year	Weighted Avg.	Straight Avg.	Median	Tranches
2007	74.7	83.2	83.2	2
2008	58.6	50.0	51.9	19
2009	78.9	74.1	89.3	49
2010	76.2	73.2	84.0	9
2011	67.0	66.5	66.5	2
2012	57.1	57.4	54.9	4
2013	77.1	66.5	70.0	9
2014	70.2	74.8	79.0	5
2015	36.3	42.5	39.0	6
2016	71.6	69.6	84.5	13
2017	67.8	57.2	55.5	20
2018	62.7	57.6	52.0	15
2019	42.9	44.5	44.3	18
2020	40.6	43.5	34.6	12
<b>2007-2020</b>	<b>66.0</b>	<b>61.4</b>	<b>63.7</b>	<b>183</b>

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Post-Default Price Distribution

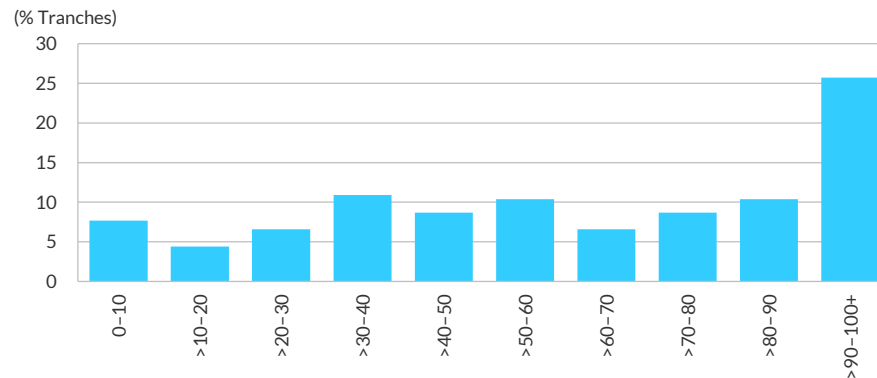
Average: 60.4%, Median: 61.2%



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Emergence Distribution

Average: 66.0%, Median: 63.7%



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

## Historical Second-Lien Post-Default and Emergence Prices

### 30-Day Post-Default Prices – Second Lien (\$23.3 Bil.)

(% of Par)

Default Year	Weighted Avg.	Straight Avg.	Median	Tranches
2007	41.3	41.6	41.6	2
2008	18.5	16.5	15.0	11
2009	31.9	24.2	11.3	18
2010	12.1	12.3	10.8	8
2011	13.5	29.6	24.8	4
2012	26.5	21.1	8.6	6
2013	40.0	40.0	40.0	1
2014	53.3	39.3	43.4	4
2015	49.6	52.1	54.8	7
2016	23.7	37.1	26.6	9
2017	28.6	30.0	16.9	9
2018	18.3	43.3	53.0	7
2019	33.5	33.0	30.0	7
2020	14.8	20.4	12.8	22
<b>2007–2020</b>	<b>27.3</b>	<b>27.8</b>	<b>15.3</b>	<b>115</b>

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Emergence Prices – Second Lien (\$11.2 Bil.)

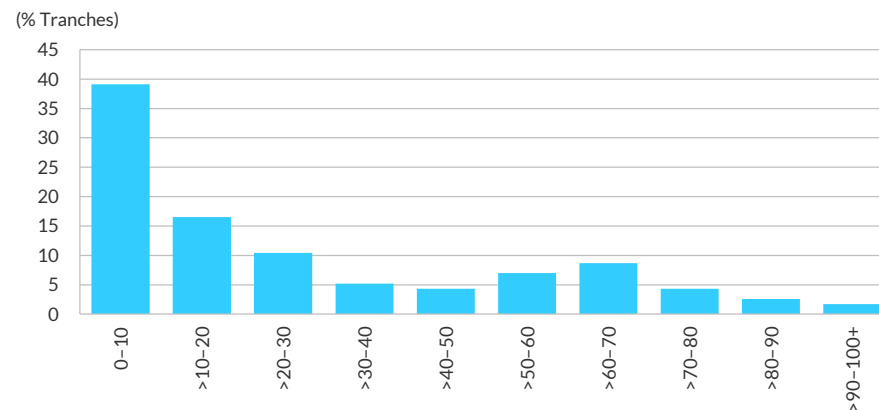
(% of Par)

Default Year	Weighted Avg.	Straight Avg.	Median	Tranches
2007	20.6	20.6	20.6	2
2008	2.3	2.5	2.0	6
2009	29.2	15.1	5.3	10
2010	6.5	6.2	0.8	4
2011	55.0	55.0	55.0	1
2012	–	–	–	0
2013	–	–	–	0
2014	60.8	61.2	61.2	2
2015	19.5	24.7	18.5	3
2016	11.5	11.5	11.5	1
2017	2.4	2.2	2.2	2
2018	11.6	6.8	2.7	3
2019	14.4	17.5	17.5	2
2020	2.8	2.8	2.8	1
<b>2007–2020</b>	<b>21.1</b>	<b>15.1</b>	<b>4.5</b>	<b>37</b>

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Post-Default Price Distribution

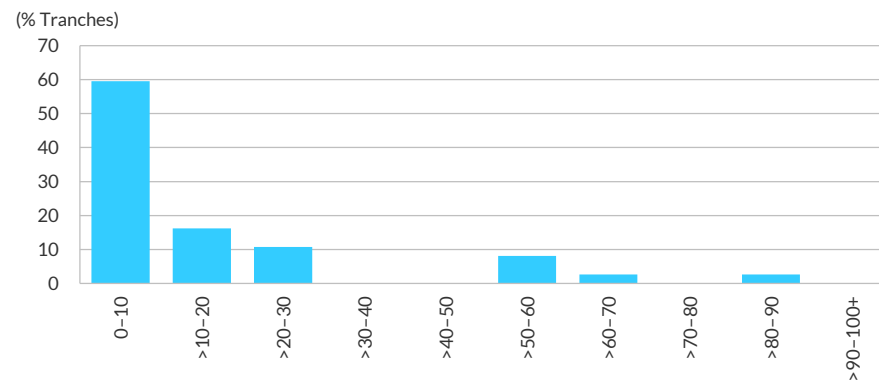
Average: 27.3%, Median: 15.3%



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Emergence Distribution

Average 21.1%, Median: 4.5%



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

## Historical First-Lien BSL Post-Default and Emergence Prices

### 30-Day Post-Default Prices – First Lien BSL (\$219.2 Bil.)

(% of Par)

Default Year	Weighted Avg.	Straight Avg.	Median	Tranches
2007	88.8	92.9	92.9	2
2008	48.0	55.9	57.0	19
2009	56.1	55.8	56.2	47
2010	84.7	83.5	83.2	11
2011	68.9	80.1	80.1	2
2012	67.3	68.1	68.5	14
2013	68.8	68.8	71.0	13
2014	78.5	74.3	79.0	9
2015	52.3	55.8	49.3	10
2016	46.5	55.0	57.6	20
2017	69.0	63.5	62.2	26
2018	69.2	63.5	69.0	22
2019	60.8	57.9	57.5	30
2020	51.3	51.0	47.3	52
<b>2007-2020</b>	<b>60.8</b>	<b>59.8</b>	<b>63.0</b>	<b>277</b>

BSL - Broadly Syndicated Loans.

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Emergence Prices – First Lien BSL (\$118.2 Bil.)

(% of Par)

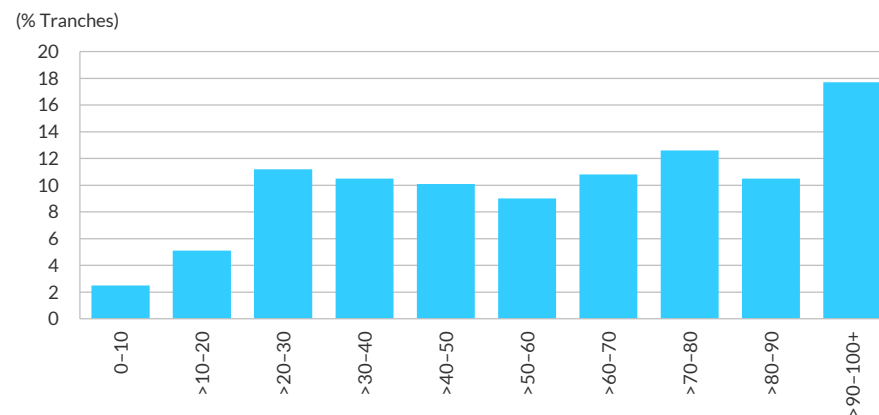
Default Year	Weighted Avg.	Straight Avg.	Median	Tranches
2007	74.7	83.2	83.2	2
2008	59.6	44.6	44.6	13
2009	80.7	78.8	91.2	34
2010	86.5	88.6	91.2	4
2011	–	–	–	0
2012	58.8	62.1	56.0	3
2013	76.8	62.4	59.3	8
2014	76.5	81.0	79.0	3
2015	31.9	30.3	34.7	4
2016	69.6	66.7	76.8	10
2017	68.4	59.9	55.5	17
2018	63.1	61.0	62.8	14
2019	41.6	42.2	38.3	14
2020	38.7	35.5	34.6	8
<b>2007-2020</b>	<b>66.8</b>	<b>61.5</b>	<b>63.5</b>	<b>134</b>

BSL - Broadly Syndicated Loans.

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Post-Default Price Distribution

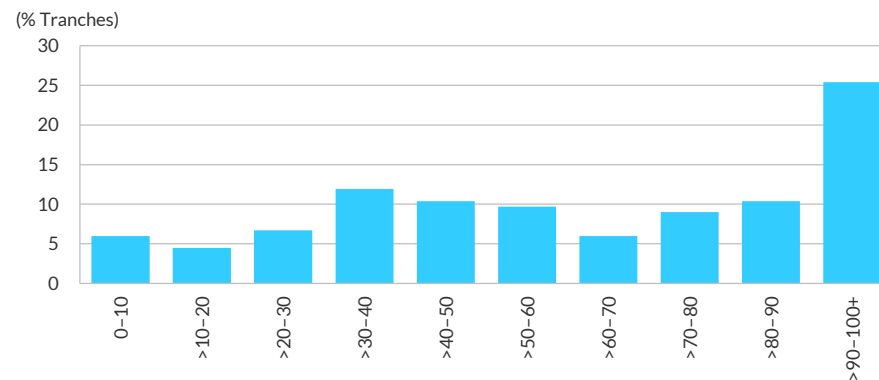
Average: 60.8%, Median: 63.0%



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Emergence Distribution

Average 66.8%, Median: 63.5%



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

## Historical First-Lien LMM Post-Default and Emergence Prices

### 30-Day Post-Default Prices – First Lien LMM (\$26.7 Bil.)

(% of Par)				
Default Year	Weighted Avg.	Straight Avg.	Median	Tranches
2007	—	—	—	0
2008	58.6	63.4	67.0	13
2009	39.7	45.3	40.0	21
2010	64.9	61.0	69.9	12
2011	54.5	53.3	43.9	4
2012	60.0	63.6	66.6	10
2013	93.6	93.6	93.6	2
2014	77.6	85.9	93.3	6
2015	39.0	41.8	30.9	6
2016	40.7	54.9	47.5	10
2017	82.7	76.8	85.6	8
2018	44.9	46.5	38.0	5
2019	60.6	53.4	48.7	18
2020	49.4	54.8	59.4	16
<b>2007–2020</b>	<b>57.4</b>	<b>57.6</b>	<b>55.9</b>	<b>131</b>

LMM – Large middle market.

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

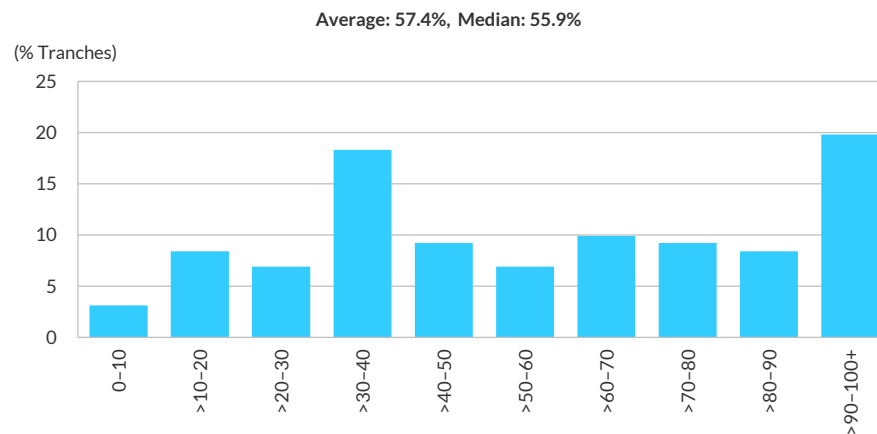
### Emergence Prices – First Lien LMM (\$10.6 Bil.)

(% of Par)				
Default Year	Weighted Avg.	Straight Avg.	Median	Tranches
2007	—	—	—	0
2008	48.2	61.7	57.8	6
2009	55.7	63.6	66.0	15
2010	58.0	60.8	61.5	5
2011	67.0	66.5	66.5	2
2012	43.5	43.5	43.5	1
2013	99.5	99.5	99.5	1
2014	47.3	65.5	65.5	2
2015	68.5	67.0	67.0	2
2016	83.3	79.6	85.5	3
2017	53.2	42.4	50.0	3
2018	10.0	10.0	10.0	1
2019	57.4	52.8	63.6	4
2020	52.4	59.6	60.5	4
<b>2007–2020</b>	<b>57.1</b>	<b>61.1</b>	<b>63.7</b>	<b>49</b>

LMM – Large middle market.

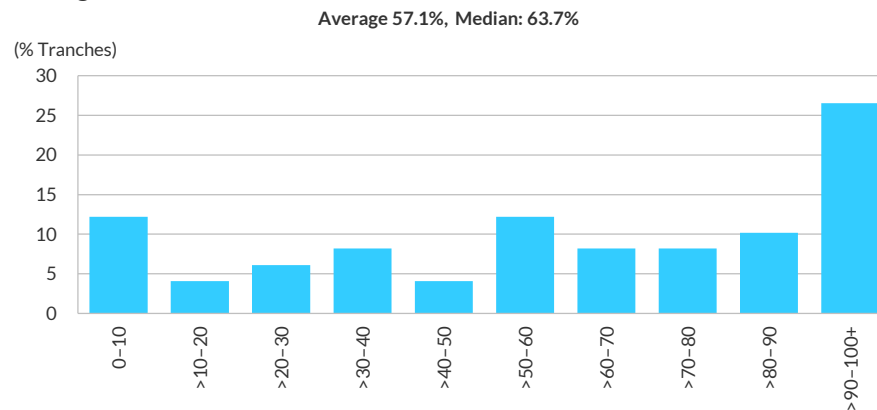
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Post-Default Price Distribution



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Emergence Distribution



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

## Historical First-Lien Loans and Bonds Post-Default and Emergence Prices

### 30-Day Post-Default Prices – First Lien Loans and Bonds (\$147.3 Bil.)

(% of Par)

Default Year	Weighted Avg.	Straight Avg.	Median	Tranches
2007	88.8	92.9	92.9	2
2008	45.3	63.8	70.0	11
2009	63.0	61.7	66.1	33
2010	82.7	78.6	93.0	5
2011	97.5	97.5	97.5	2
2012	68.9	81.4	94.0	5
2013	71.5	78.2	84.3	4
2014	78.3	76.6	79.0	9
2015	53.3	49.4	42.4	10
2016	48.2	59.5	54.0	12
2017	74.6	73.8	80.1	18
2018	77.4	71.7	79.5	11
2019	65.2	65.1	64.5	14
2020	53.5	53.9	47.2	24
<b>2007–2020</b>	<b>64.8</b>	<b>65.3</b>	<b>73.1</b>	<b>159</b>

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Emergence Prices – First Lien Loans and Bonds (\$83.7 Bil.)

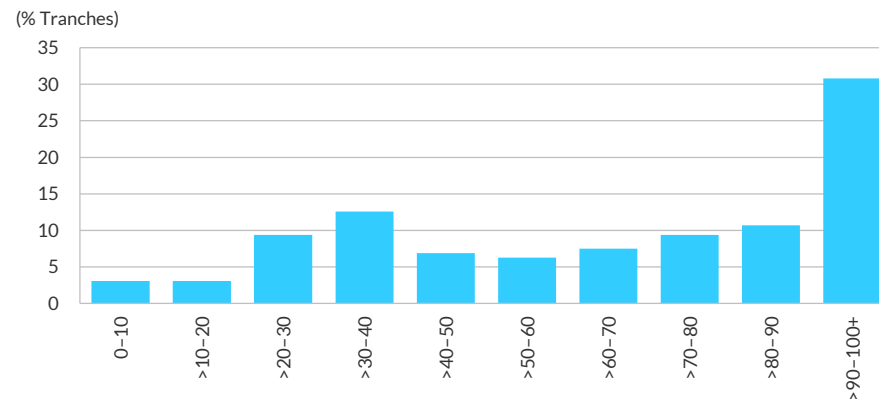
(% of Par)

Default Year	Weighted Avg.	Straight Avg.	Median	Tranches
2007	74.7	83.2	83.2	2
2008	70.5	67.8	75.0	10
2009	89.3	87.8	94.3	28
2010	60.9	54.3	54.3	2
2011	78.0	78.0	78.0	1
2012	54.2	54.9	54.9	2
2013	87.0	84.3	94.5	4
2014	90.5	89.3	89.3	2
2015	43.1	55.1	40.0	3
2016	74.0	74.1	85.5	7
2017	72.0	63.8	71.0	11
2018	69.6	62.0	62.8	8
2019	48.8	57.4	44.6	6
2020	39.2	55.8	45.9	5
<b>2007–2020</b>	<b>74.2</b>	<b>72.8</b>	<b>85.1</b>	<b>91</b>

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Post-Default Price Distribution

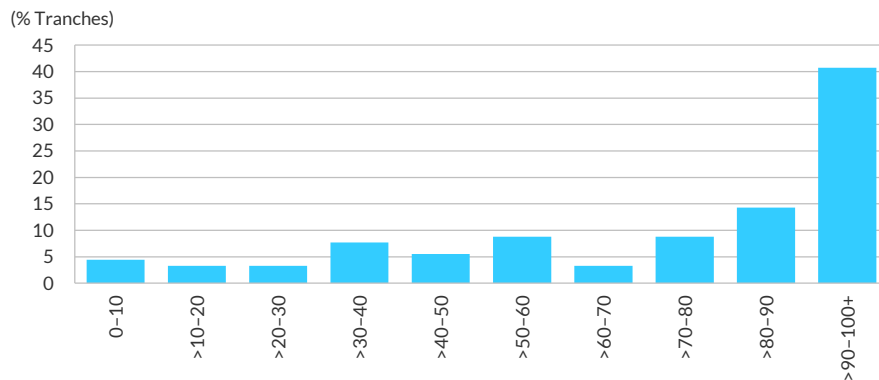
Average: 64.8%, Median: 73.1%



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Emergence Distribution

Average 74.2%, Median: 85.1%



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

## Historical First-Lien Loans Post-Default and Emergence Prices

### 30-Day Post-Default Prices – First Lien Loans Only (\$98.6 Bil.)

(% of Par)

Default Year	Weighted Avg.	Straight Avg.	Median	Tranches
2007	–	–	–	0
2008	56.4	56.5	65.0	21
2009	42.1	43.8	40.0	35
2010	76.5	69.8	74.6	18
2011	49.2	44.6	43.9	4
2012	64.5	62.2	66.7	19
2013	66.7	69.9	71.0	11
2014	80.1	82.4	89.8	6
2015	44.3	52.5	48.1	6
2016	52.0	51.9	52.0	18
2017	59.6	58.6	57.3	16
2018	52.0	52.6	52.9	16
2019	55.4	52.9	50.0	35
2020	48.5	50.8	51.1	44
<b>2007–2020</b>	<b>53.8</b>	<b>55.1</b>	<b>55.9</b>	<b>249</b>

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

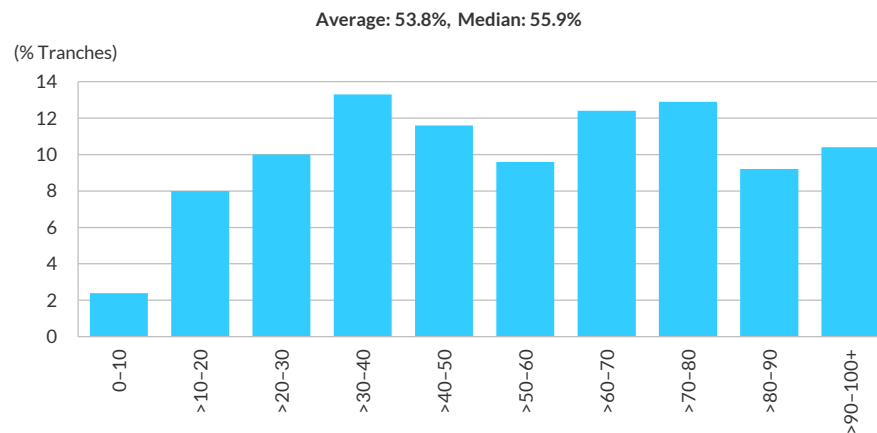
### Emergence Prices – First Lien Loans Only (\$45.2 Bil.)

(% of Par)

Default Year	Weighted Avg.	Straight Avg.	Median	Tranches
2007	–	–	–	0
2008	23.3	30.1	25.8	9
2009	55.7	55.9	46.0	21
2010	81.7	78.5	84.0	7
2011	55.0	55.0	55.0	1
2012	63.9	59.9	59.9	2
2013	59.0	52.3	39.1	5
2014	58.7	65.2	64.5	3
2015	32.6	29.9	38.0	3
2016	67.0	64.4	62.0	6
2017	56.7	49.2	54.8	9
2018	49.0	52.5	42.5	7
2019	35.1	38.1	40.7	10
2020	42.3	34.7	30.0	7
<b>2007–2020</b>	<b>50.7</b>	<b>50.1</b>	<b>49.5</b>	<b>92</b>

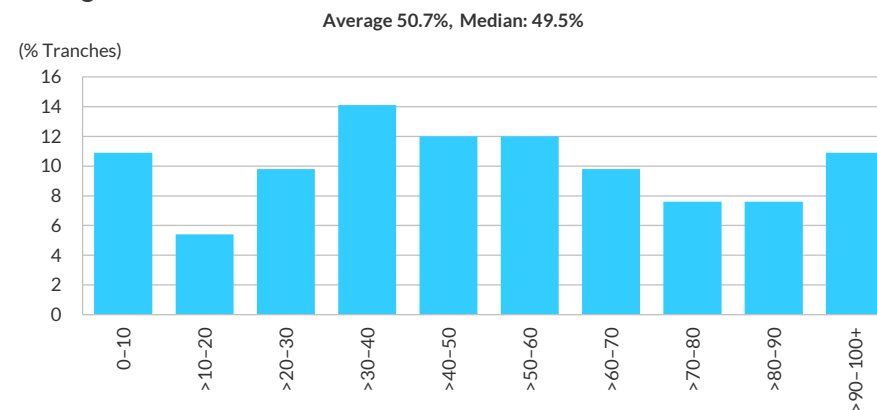
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Post-Default Price Distribution



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Emergence Distribution



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

## Historical First-Lien Covenant-Lite Post-Default and Emergence Prices

### 30-Day Post-Default Prices – First Lien Covenant Lite (\$74.2 Bil.)

(% of Par)

Default Year	Weighted Avg.	Straight Avg.	Median	Tranches
2007	–	–	–	0
2008	37.6	37.6	37.6	1
2009	42.0	33.5	34.2	8
2010	–	–	–	0
2011	–	–	–	0
2012	59.0	60.4	57.8	5
2013	54.1	58.8	39.1	5
2014	–	–	–	0
2015	32.9	33.0	30.7	6
2016	43.1	51.2	42.8	13
2017	65.4	60.2	59.4	23
2018	66.0	62.0	60.5	12
2019	58.4	47.9	38.5	20
2020	45.3	47.8	45.3	33
<b>2007–2020</b>	<b>52.8</b>	<b>51.0</b>	<b>45.1</b>	<b>126</b>

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

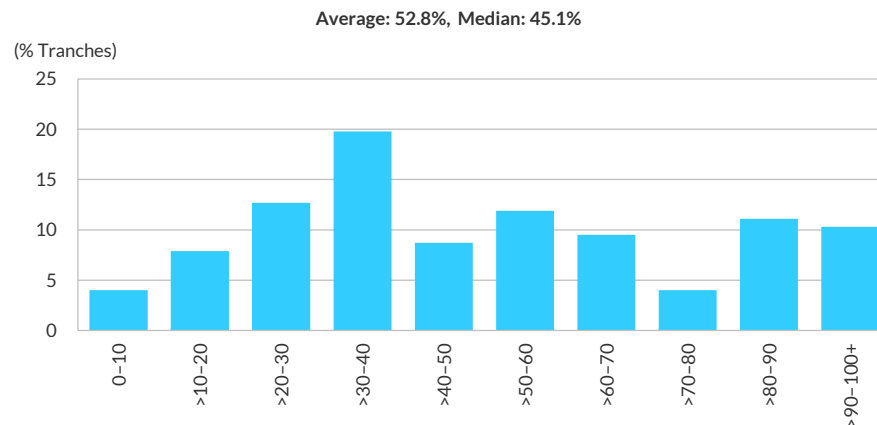
### Emergence Prices – First Lien Covenant Lite (\$36.4 Bil.)

(% of Par)

Default Year	Weighted Avg.	Straight Avg.	Median	Tranches
2007	–	–	–	0
2008	80.3	80.3	80.3	1
2009	85.7	79.5	94.8	7
2010	–	–	–	0
2011	–	–	–	0
2012	53.9	53.9	53.9	1
2013	51.0	53.0	39.1	4
2014	–	–	–	0
2015	37.1	35.4	35.4	2
2016	81.6	77.3	85.0	4
2017	66.4	57.3	55.1	14
2018	63.3	61.4	52.0	9
2019	26.5	28.9	31.3	5
2020	53.0	44.5	49.0	4
<b>2007–2020</b>	<b>61.1</b>	<b>58.0</b>	<b>52.2</b>	<b>51</b>

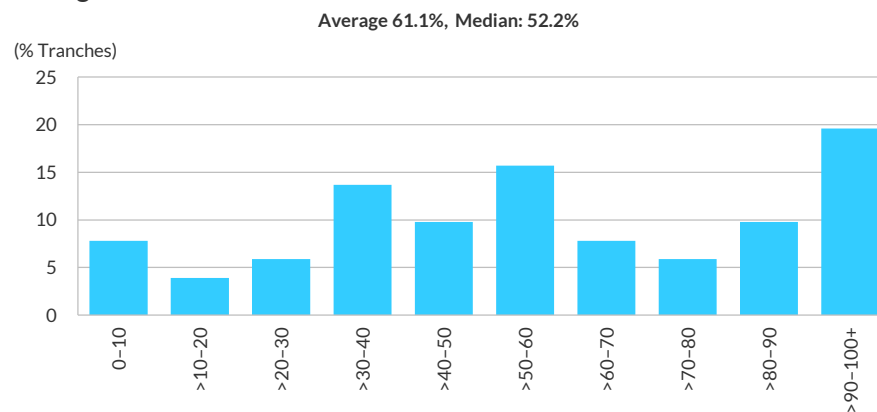
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Post-Default Price Distribution



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Emergence Distribution



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

## Historical First-Lien Sponsored Post-Default and Emergence Prices

### 30-Day Post-Default Prices – First Lien Sponsored (\$139.6 Bil.)

(% of Par)

Default Year	Weighted Avg.	Straight Avg.	Median	Tranches
2007	—	—	—	0
2008	39.9	55.5	65.0	19
2009	45.7	50.8	55.5	37
2010	78.6	73.0	75.3	15
2011	50.3	44.7	43.3	3
2012	66.0	66.7	76.8	16
2013	64.0	70.0	71.0	10
2014	76.8	70.2	78.7	10
2015	62.1	59.2	61.3	5
2016	49.2	53.1	50.0	13
2017	63.1	58.5	58.2	20
2018	65.5	59.1	56.0	21
2019	57.2	49.6	42.4	30
2020	51.4	51.9	47.7	34
<b>2007–2020</b>	<b>58.6</b>	<b>57.0</b>	<b>58.0</b>	<b>233</b>

Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

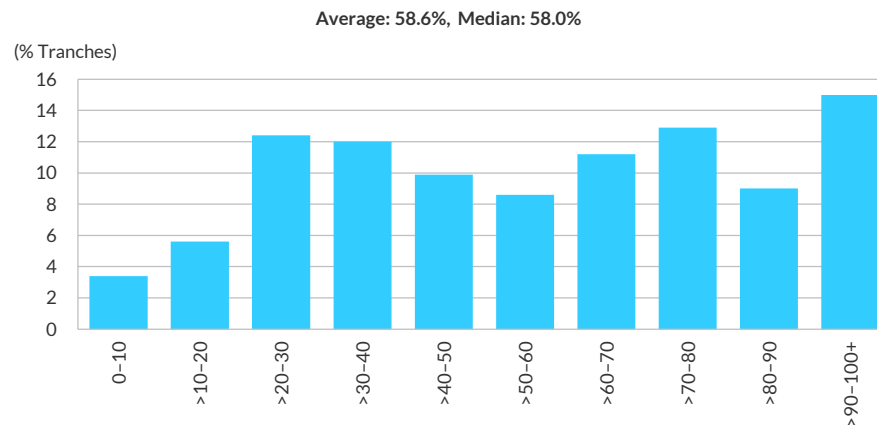
### Emergence Prices – First Lien Sponsored (\$64.5 Bil.)

(% of Par)

Default Year	Weighted Avg.	Straight Avg.	Median	Tranches
2007	—	—	—	0
2008	71.0	49.8	52.0	12
2009	62.8	67.1	84.6	24
2010	73.7	71.2	80.9	6
2011	—	—	—	0
2012	58.8	62.1	56.0	3
2013	55.7	63.6	54.5	6
2014	55.0	55.5	55.5	2
2015	31.1	33.7	33.7	2
2016	53.0	58.8	62.0	4
2017	55.2	44.8	50.0	11
2018	63.2	58.7	62.8	14
2019	40.5	39.4	38.0	9
2020	54.5	51.9	49.0	6
<b>2007–2020</b>	<b>59.9</b>	<b>56.5</b>	<b>52.2</b>	<b>99</b>

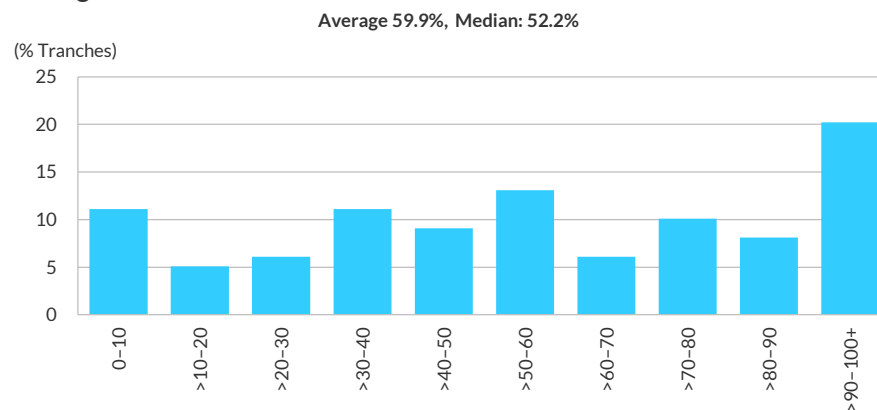
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Post-Default Price Distribution



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Emergence Distribution



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

## Historical First-Lien Non-Sponsored Post-Default and Emergence Prices

### 30-Day Post-Default Prices – First Lien Non-Sponsored (\$106.3 Bil.)

(% of Par)				
Default Year	Weighted Avg.	Straight Avg.	Median	Tranches
2007	88.8	92.9	92.9	2
2008	70.0	64.1	67.0	13
2009	63.6	54.6	40.0	31
2010	76.1	69.5	76.0	8
2011	76.9	79.8	97.3	3
2012	64.5	65.2	64.8	8
2013	71.6	76.4	73.9	5
2014	94.6	96.4	99.0	5
2015	42.8	46.6	41.7	11
2016	50.7	56.3	54.0	17
2017	77.3	78.3	80.4	14
2018	79.3	64.9	76.7	6
2019	66.7	67.1	68.3	18
2020	51.0	51.9	54.0	34
2007–2020	62.8	61.8	63.2	175

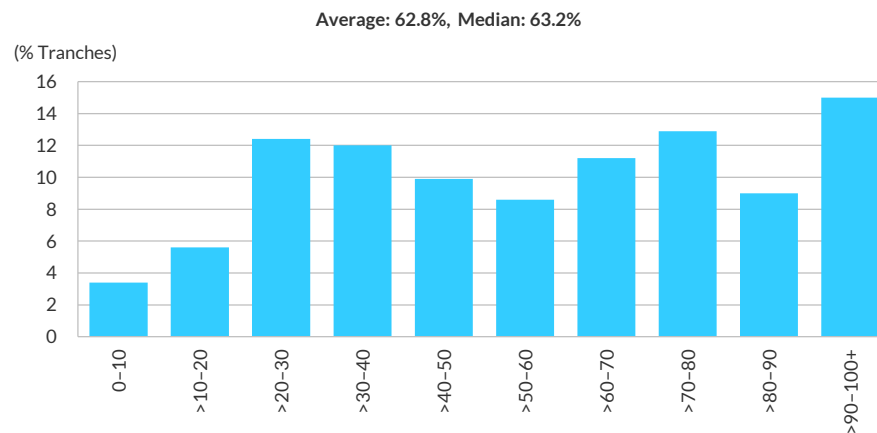
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Emergence Prices – First Lien Non-Sponsored (\$64.3 Bil.)

(% of Par)				
Default Year	Weighted Avg.	Straight Avg.	Median	Tranches
2007	74.7	83.2	83.2	2
2008	27.4	50.2	32.5	7
2009	89.6	80.9	92.0	25
2010	83.6	77.1	84.0	3
2011	67.0	66.5	66.5	2
2012	43.5	43.5	43.5	1
2013	83.3	72.3	74.1	3
2014	77.6	87.7	99.0	3
2015	38.5	46.9	40.8	4
2016	78.0	74.5	85.5	9
2017	76.1	72.4	71.0	9
2018	42.0	42.0	42.0	1
2019	47.2	49.6	51.5	9
2020	29.8	35.2	28.5	6
2007–2020	72.0	67.1	74.2	84

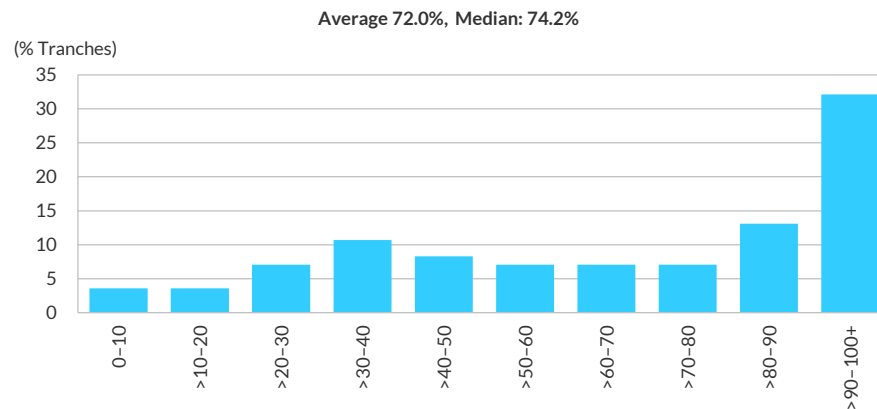
Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Post-Default Price Distribution



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

### Emergence Distribution



Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC.

## U.S. Leveraged Loan Default Insight

### Parameters of the Fitch Ratings U.S. Leveraged Loan Default Index

- This index comprises rated and unrated, active institutional leveraged loans with a minimum deal size of \$100 million. The loan facilities are all denominated in U.S. dollars and are comprised of institutional term loans, drawn acquisition facilities, and bridge loans. Rated issuers in the index encompass companies with senior debt ratings from Fitch, Moody's, or S&P. Unrated issuers and some investment-grade rated issuers are included based on spread and leverage statistics.
- Broadly syndicated loans (BSLs) are defined as loans with a total deal size in excess of \$500 million, while large middle market (LMM) consists of loans with deal size of \$100 million–\$500 million. Those LMM loans with revenue of at least \$500 million are classified as BSL. Traditional middle market deals (under \$100 million) are not included.
- A default is recorded when an index company: 1) files for bankruptcy protection, 2) after a 30-day grace period expires for a missed bond payment or a five-day grace period expires for a missed loan payment without a forbearance, or 3) there is a distressed exchange, which affects the loan facilities. The default rate is calculated by dividing the par value of affected loans by the average size of the market over a stated time horizon.
- Source: Fitch U.S. Leveraged Loan Default Index, Refinitiv LPC, Bloomberg, SEC filings.

### Parameters of the Fitch Ratings Loans of Concern

- Top Loans of Concern: Key components for inclusion in this table are low ratings, discounted secondary-market bid levels relative to par, adverse market information/events (e.g. hiring restructuring attorney, issuer considering bankruptcy, etc.) and/or fundamental coverage analyst input.
- Tier 2 Loans of Concern: Issuers have additional measures of financial flexibility, greater liquidity options and/or potentially more tenable capital structures than issuers on the Top Loans of Concern list. Key components for inclusion in this table are low ratings, discounted secondary-market bid levels relative to par, adverse market information/events and/or fundamental coverage analyst input.

## U.S. Leveraged Loan Default Insight

### Related Research

[Fitch U.S. High Yield Default Insight \(September TTM Default Rate Holds Steady; Top Bonds of Concern Total Declines Again\) \(September 2020\)](#)

[Energy, Power and Commodities Bankruptcy Enterprise Values and Creditor Recoveries \(2020 Fitch Case Studies\) \(August 2020\)](#)

[U.S. Leveraged Finance: Corporate Recovery Rating Trends \(First-Lien Recovery Prospects Continue to Weaken\) \(July 2020\)](#)

[Revolving Credit Facility Performance in Bankruptcy \(U.S. Corporate Bankruptcy Utilization Rates and Recovery Rates Remain Stable\) \(June 2020\)](#)

[U.S. Leveraged Loan Chart Book: First-Quarter 2020 \(May 2020\)](#)

[U.S. Recovery Ratings and the Coronavirus \(Recovery Ratings Mostly Steady, Higher-Risk Sectors More Affected\) \(May 2020\)](#)

[Telecom, Media and Technology Bankruptcy Enterprise Values and Creditor Recoveries \(2020 Fitch Case Studies\) \(April 2020\)](#)

[Investment-Grade Bond Market Monitor \(IG Issuance Registers Record 1Q Volume; IG Universe Grows Despite Fallen Angels\) \(April 2020\)](#)

[Retail Bankruptcy Enterprise Value and Creditor Recoveries \(2020 Fitch Case Studies\) \(January 2020\)](#)

[Fitch Ratings 2020 Outlook: U.S. Leveraged Finance \(Higher Default Rates and Mounting Downgrade Pressure\) \(December 2019\)](#)

[Healthcare, Food, Beverage and Consumer Bankruptcy Enterprise Values and Creditor Recoveries \(2019 Fitch Case Studies\) \(July 2019\)](#)

[Front-Loaded Maturities for Top Loans of Concern \(Majority of Top Loans of Concern Face Maturities by YE 2020\) \(June 2019\)](#)

[Telecom, Media and Technology Bankruptcy Enterprise Values and Creditor Recoveries \(2020 Fitch Case Studies\) \(June 2019\)](#)

[Comparing Recovery Rate Measures \(Three Methods for Measuring Creditor Recoveries in Bankruptcy\) \(April 2018\)](#)

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