

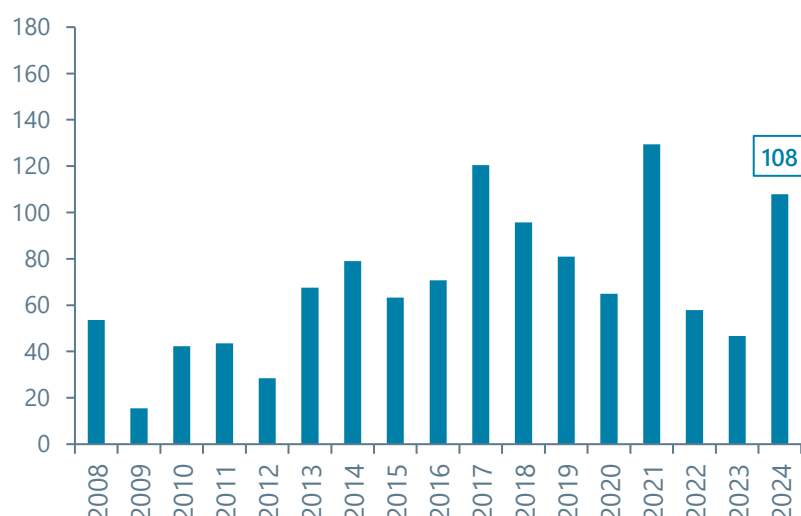
February 2025

Active primary market driven by opportunistic transactions

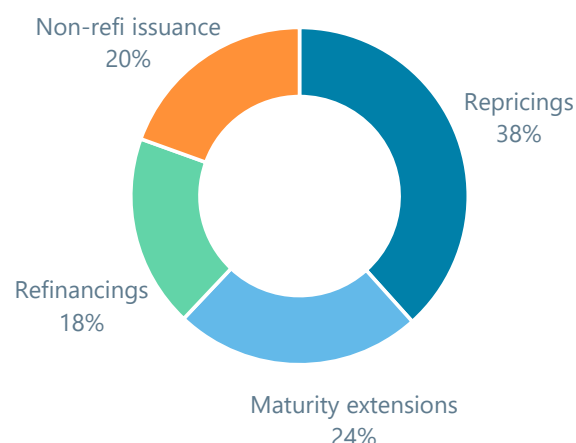
The year 2024 will remain a historic year in terms of activity for the syndicated loan market. The primary issuance figures for the year exceed EUR 100 billion.

This historic amount is mainly explained by refinancing operations, repricing, and maturity extensions, as was the case in 2023. However, we have observed a restart in acquisition financing, which gives hope for more significant M&A activity in 2025.

European leveraged loans volume of primary issuance¹
in EUR billion



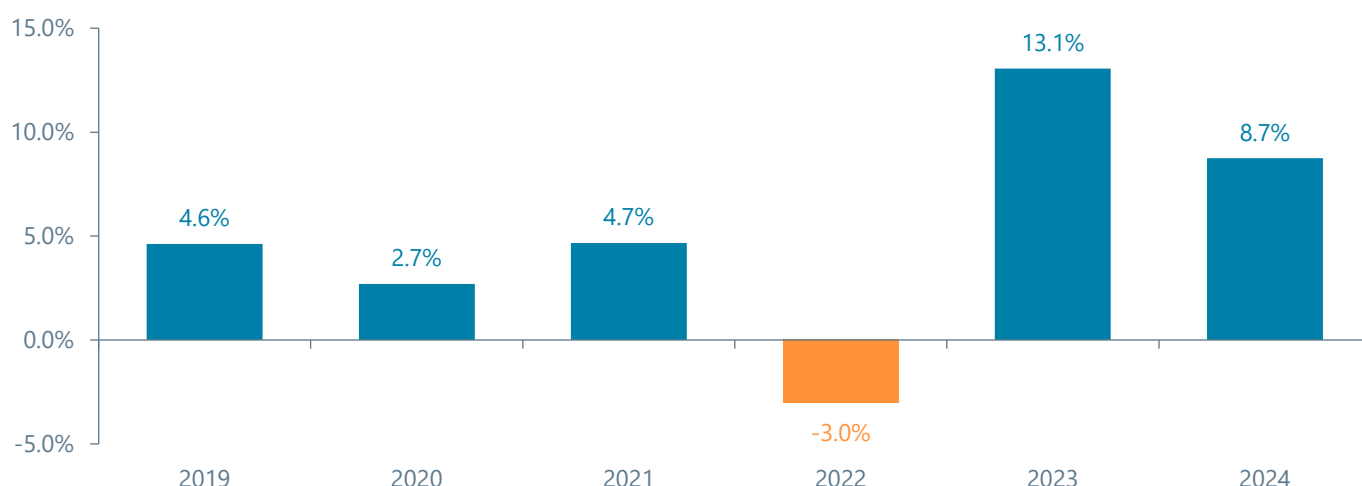
European institutional activity¹
in EUR billion



Positive trend driven by technical factors

After a double-digit performance in 2023, the results of leveraged loans was again very satisfactory in 2024. The Morningstar European Euro Denominated Loan Total Return Index posted a return of 8.70%, including 0.85% price appreciation. The carry of the asset class remains the main performance driver in a context of positively oriented technical factors, largely explained by a record year for CLOs.

Morningstar European Euro Denominated Loan Total Return¹



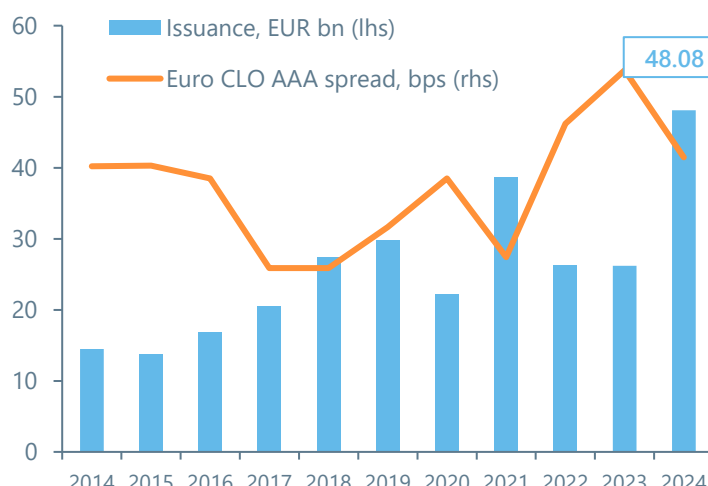
¹ Source: Pitchbook, data as at 31.12.2024

High level CLO issuance, leading to some spread tightening

It has been a record year for CLOs, providing a strong technical backdrop for the asset class. The volume of primary issues reached EUR 48 billion in 2024 through 114 transactions. The number of managers in Europe continues to increase, reflecting the growing maturity of this asset class, maintaining strong liquidity, which led to a balanced net supply even with a high volume of issuances throughout the year. The margin of AAA tranches gradually normalized throughout the year and ended below 130 bps. In addition, the rolling 12-month default rate remains stable at 0.42%, as of end of December 2024.

The counterpart of this good performance is a tightening of credit margins throughout the year. Primary margins are 400 bps on average at the end of the year compared to 465 bps in January 2024. This tightening may continue at the beginning of 2025 due to significant buyer flows and could bring margins to a level close to 375 bps.

CLO new-issue volume¹



Average TLB spread²

in bps



2025 outlook

In a context of tight credit spreads across the fixed income spectrum, the syndicated loan market should perform well again in 2025. The carry, around 7%, remains a performance support. Positive technical flows can also offset any potential deterioration in the fundamentals of certain sectors. The default rate should remain controlled in 2025 and will depend on the outcome of emblematic market situations.

¹ Source: Pitchbook, data as at 31.12.2024

² Source: Pitchbook, SCOR Investment Partners, data as at 31.12.2024, for illustration purpose only

CONTACT

Client Service
+33 (0)1 53 64 65 50
scorip.sales@scor.com
www.scor-ip.com

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