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CLO: Monroe Says Among 1st Middle-Market That Meets Europe Rules

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By Christopher DeReza

Sept. 19 (Bloomberg) -- Monroe Capital CLO 2014-1 U.S.

middle-market CLO among the first middle-market transactions structured to comply with European risk retention guidelines, Monroe Capital managing director Jeremy VanDerMeid said during a phone interview.

* "We wanted to broaden the investor universe for our middle-market CLO, and create a structure that serves as a platform so we can do multiple middle-market CLOs. It was not a one-off trade"

* Monroe plans to launch another middle market CLO and a broadly syndicated CLO within the next year

* 2014-1 was the 1st issued by Chicago-based Monroe since crisis

* Monroe both originates and acquires assets

* Investors included those who took Monroe's pre-crisis bonds and new buyers

* Monroe, which was founded in 2004, issued the \$409.5m MC Funding 2006-1 CLO in 2006, according to Bloomberg data

* While there is opportunity in middle market sector, it takes more time to build assets, and there's a more narrow investor base, VanDerMeid said

* Deals price at higher spread vs those backed by broadly syndicated loans

* European investors may see 2014-1 "as way to diversify their book, giving a chance to create alpha in their portfolio and add diversity"