

Spreads tighten dramatically as four arrangers team up on GoldenTree CLO

A unique, collaborative approach to launching CLOs has clearly paid off for GoldenTree Asset Management after the firm yesterday priced triple As in its new US CLO at 122 basis points over Libor. This is one of the tightest senior CLO prints in the US market since the financial crisis.

Creditflux understands that Morgan Stanley was the lead arranger on the GoldenTree deal, dubbed GLM US CLO 1. However, the bank did not act alone with Bank of America Merrill Lynch and Wells Fargo taking on roles as joint book runners. GreensLedge also had an involvement with the New York-based brokerage working as placement agent on the CLO.

This is believed to be the first time that four CLO arrangers have teamed up on one deal although according to Creditflux data, three underwriters clubbed together on a CLO back in late 2011. On that occasion Credit Suisse, GreensLedge and Mitsubishi UFJ joining forces to print Atrium VII CLO for Credit Suisse Asset Management.

GLM US CLO 1 weighs in at \$710.7 million and will be managed by GoldenTree's new CMV, which is likely to make the deal compliant with both European and US risk retention rules. In addition to retaining equity in its CLO, GoldenTree is also holding on to double-B and single-B rated notes.

The 122bp triple-A print is at least 10bp tight of recent US CLOs. GoldenTree's CLO has a four year reinvestment period while its non-call period ends in two years.

GLM US CLO 1					
Tranche	Size (\$m)	Rating (M/S)	Coupon (L+bp)	DM	Price
Class X	6.4	Aaa/AAA	80	80	100
Class A	428.75	Aaa/AAA	122	122	100
Class B-1	66	-/AA	155	155	100
Class B-2	18	-/AA	fixed: 3.79%		100
Class C	57.75	-/A	220	220	100
Class D	45.5	-/BBB-	335	335	100
Class E	26.25	-/BB-	455		not offered
Class F	15.75	-/B-	560		not offered
Equity	46.25	-/-	-		

Source: Creditflux