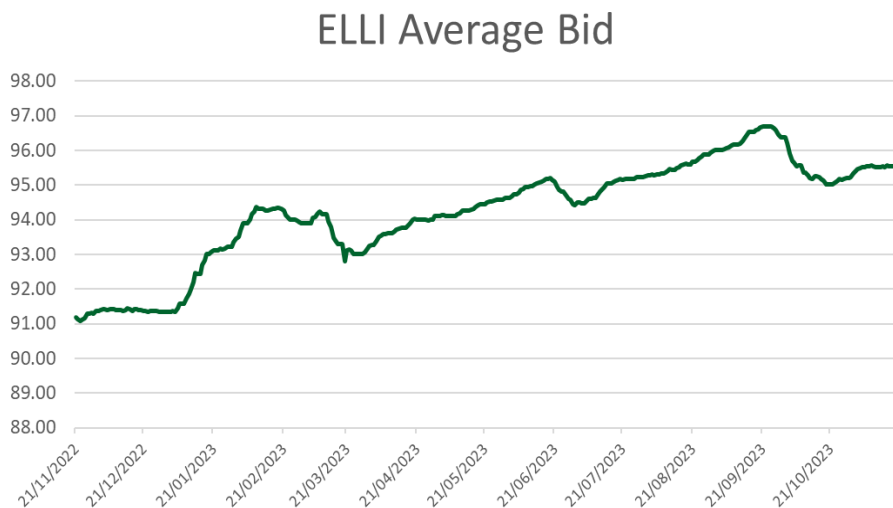


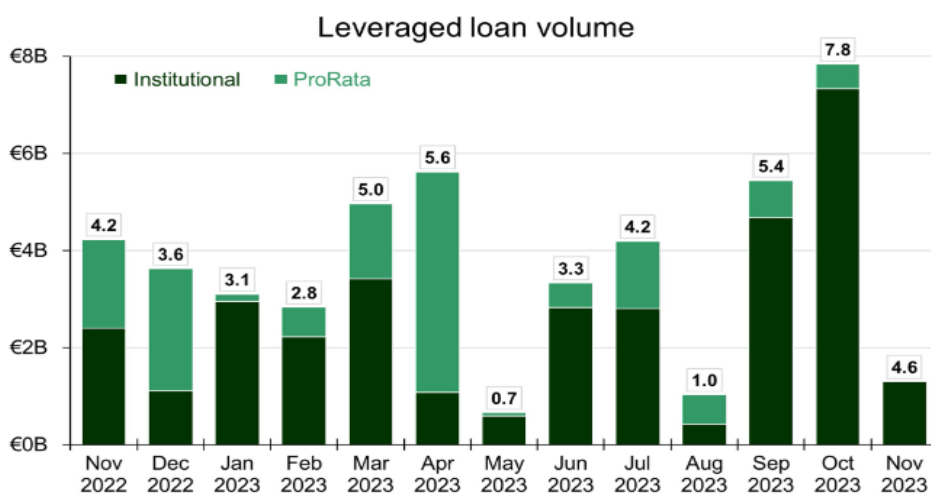
A healthy correction

European Leveraged Loan Index (ELLI) has registered a positive YTD performance equal to 11.67% as of 17/11/2023.



Sources: PitchBook | LCD; Morningstar European Leveraged Loan Index

October has been the second negative month in 2023 for leveraged loans after March, with the ELLI Index reporting a monthly performance of -0.5%, mainly due to the renewed geopolitical fears related to the Israel-Palestine conflict. In fact, last month's step back saw the average bid in the Morningstar European Leveraged Loan Index (ELLI) fall from an early autumn and 16-month high of 96.69, to a low of 95.02, before starting to recover, thanks to a positive MTD performance of 0.62% in November. Considering that the borrowers' credit still looks solid, with default rates increasing but still near to historic low, the decrease in prices was a welcome correction in the opinion of market participants, which believe the market was gone too far.



Source: PitchBook | LCD

The above came amid severe volatility in rates that shut the fixed rate European market, and issuance in loans slowed as a result. Looking ahead there is realistically no more than four weeks of syndication business remaining, taking into account the year-end holidays. During this time bankers and investors agree issuance will be no more than light, with around one or two new launches each week, such as the Global Blue refinancing and the take private of Synlab.