

SFA Market Snapshot

October 6, 2022



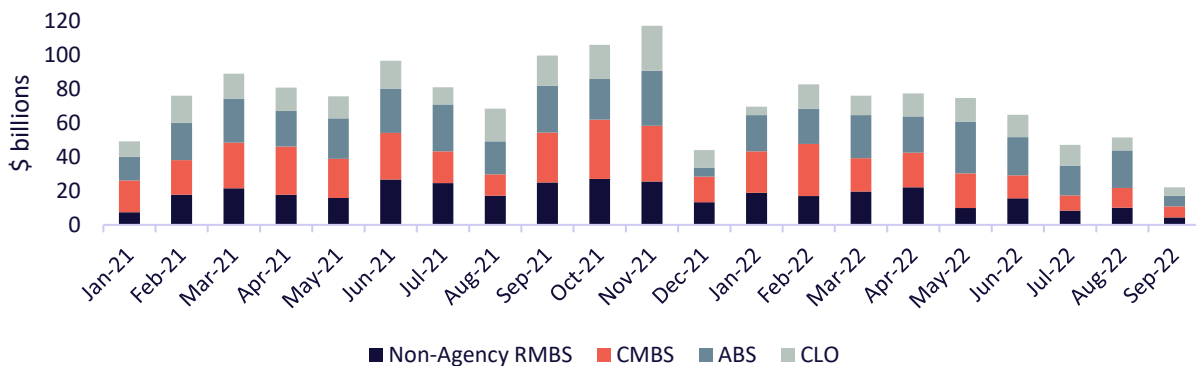
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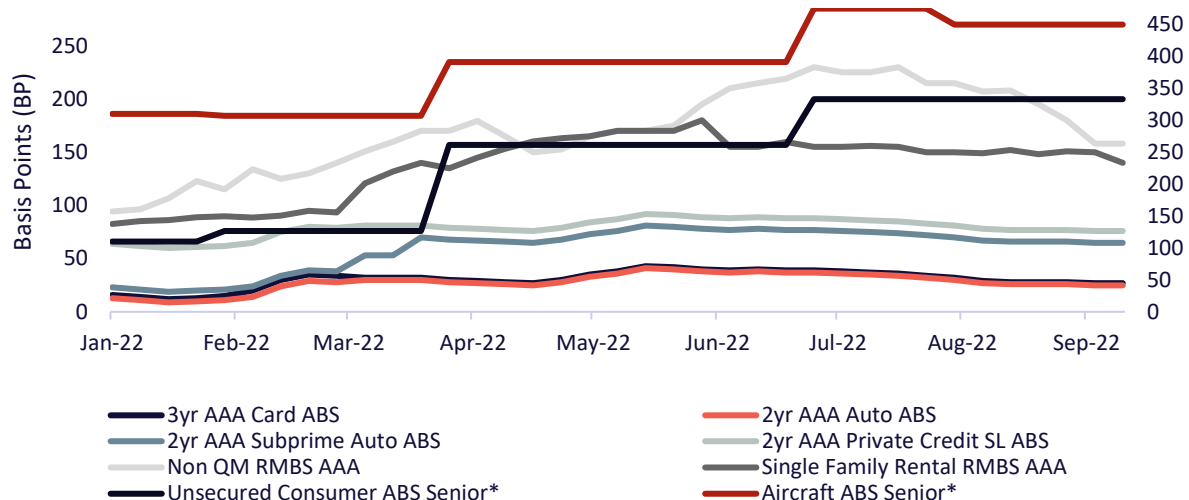
Market Snapshot

Supply and Demand—Total new issuance has reached \$566 billion, 21% below this time last year. Secondary market bid-ask spreads held firm or moved slightly tighter during the month (resulting in higher prices) as investors sought the relative safety of highly-rated securitizations amidst broader market volatility.

Issuance for RMBS, CMBS, ABS and CLO



Secondary market risk spread to benchmark (BP)



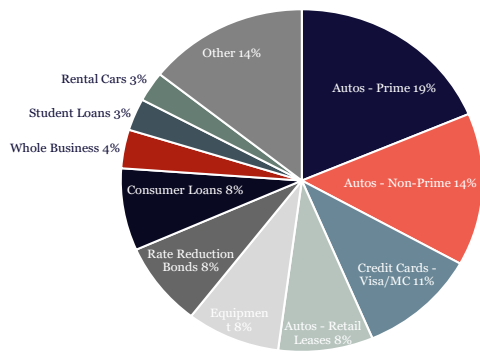
*See Right Scale
Source: SFA Market Compilation

Asset Class Details--ABS

The ABS sector saw over \$190 billion of new bonds. ABS backed by prime and nonprime auto loans contributed 33% of the total as ABS backed by credit cards added another 11%. Over 14% of the market is composed of asset classes with total issuance of less than \$5 billion. The top three categories in this group are ABS backed by fleet leasing, device payments, and solar leases.

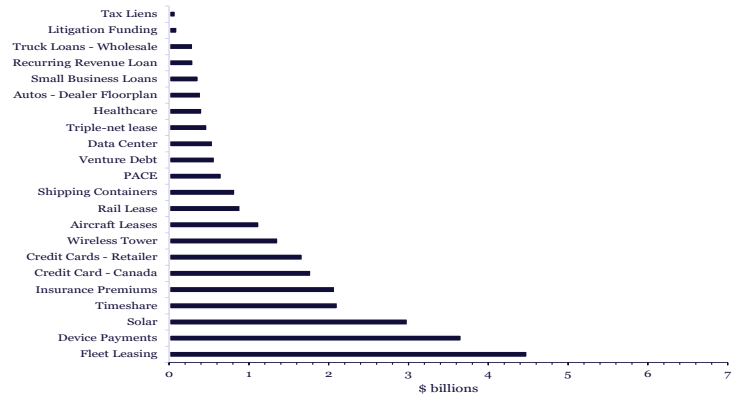
Over 50% of the ABS market is issued under Rule 144a. So far in 2022, 20 new issuers raised over \$8 billion from the 144a securitization market. These transactions funded consumer financings (prime and non-prime auto loans, financing of farm harvest insurance coverage) and a myriad of business financings (data centers, equipment and rail leases, small business, solar, cell tower and music royalty streams).

ABS new issuance reaches \$190 billion



Source: SFA Market Compilation

ABS other issuance*



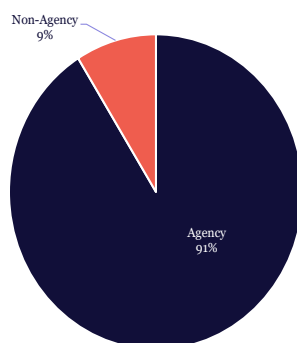
*Asset Classes with Total Issuance of Less than \$5 billion

Source: Deutsche Bank Research

Asset Class Details – RMBS

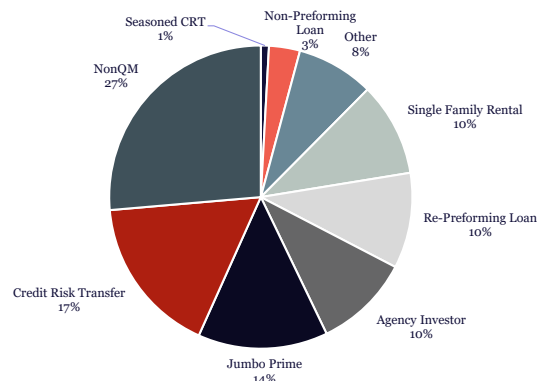
Over \$1.4 trillion of RMBS has been offered in 2022. Less than 10% of that amount was offered in the private or non-agency market. Securitizations backed by non-QM loans and credit risk transfer transactions compose 44% of the non-agency RMBS transactions.

Total RMBS 2022 YTD



Source: SFA Market Compilation

Non-agency RMBS only



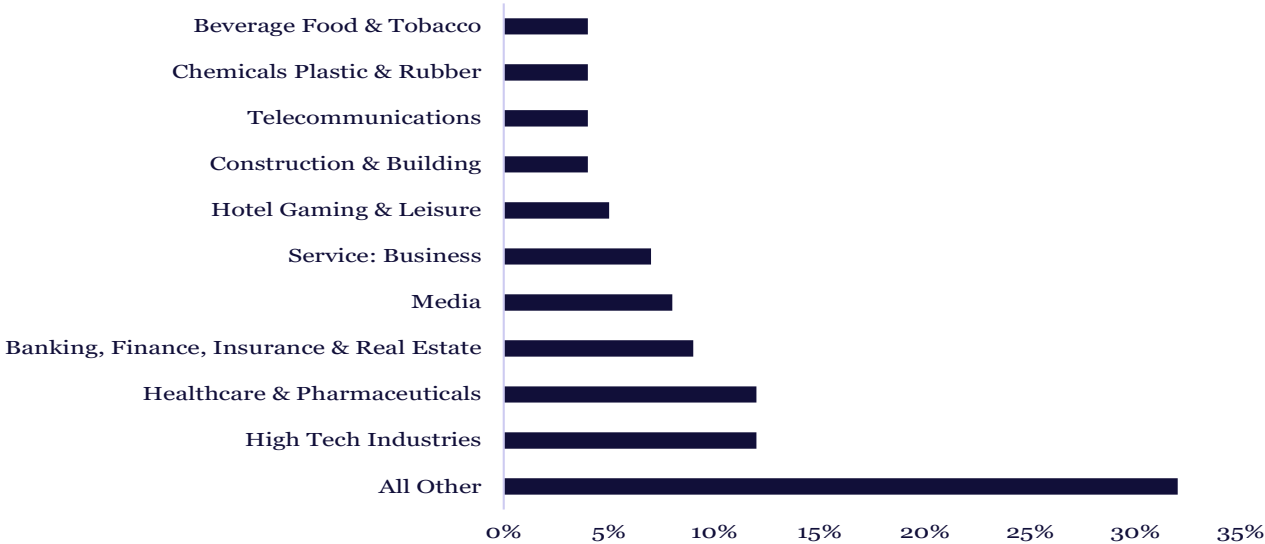
Source: SFA Market Compilation

Asset Class Details—CLO

Nearly \$100 billion of new CLOs have been issued so far this year, reflecting a slowdown of 26% versus this time last year. Rising credit risk, higher cost of funds and economic uncertainty to the downside have weighed heavily on CLO new issuance and pricing.

CLOs hold a highly diversified portfolio of corporate loans across industries. According to Moody’s data, as compiled by Morgan Stanley Research, the top CLO loan holdings come from high tech industries, healthcare and pharmaceuticals — each group contributes 12% of the loans in US CLO holdings. CLOs are required to be highly diversified with limits placed on issuer and industry concentrations CLOs are required to be highly diversified, with limits placed on issuer and industry concentrations, and typically have exposure to more than 200 obligors across 25 or more industries in each

CLO holdings breakdown by industry (top 10) 2022



Source: Morgan Stanley, Manager Factbook September