

Fitch Rates A Voce CLO, Ltd./LLC

Written by Australian Business

NEW YORK--([BUSINESS WIRE](#))--Fitch Ratings assigns the following ratings to A Voce CLO, Ltd./LLC (A Voce):

--\$194,000,000 class A-1a senior secured floating rate notes, 'AAAsf'; Outlook Stable;

--\$192,400,000 class A-1b senior secured floating rate notes, 'AAAsf'; Outlook Stable.

Fitch does not rate the class A-2a, A-2b, B, C, D, E or subordinated notes.

TRANSACTION SUMMARY

A Voce is an arbitrage cash flow collateralized loan obligation (CLO) that will be managed by Invesco Senior Secured Management, Inc. A portion of net proceeds from the issuance of secured and subordinated notes will be used to repay parties that provided interim financing, allowing Invesco to purchase collateral prior to the closing date. The balance of net proceeds will be used to purchase assets to reach a target portfolio of approximately \$600 million of primarily leveraged loans. The CLO will have a four-year reinvestment period.

KEY RATING DRIVERS

Sufficient Credit Enhancement: Credit enhancement (CE) of 35.6% for class A-1a and A-1b (together, class A-1) notes, in addition to excess spread, is sufficient to protect against portfolio default and recovery rate projections in the 'AAAsf' stress scenario. The level of CE for class A-1 notes is below the average for recent CLO issuances.

'B/B-' Asset Quality: The average credit quality of the indicative portfolio is 'B/B-', which is comparable to recent CLOs. Issuers rated in the 'B' rating category denote relatively weak credit quality; however, in Fitch's opinion, class A-1 notes are unlikely to be affected by the foreseeable level of defaults. Class A-1 notes are robust against default rates of up to 60.3%.

Strong Recovery Expectations: The indicative portfolio consists of 96.8% senior secured loans, of which about 86.1% have strong recovery prospects or a Fitch-assigned Recovery Rating of 'RR2' or higher. This is in line with the seniority profile of recently issued CLO transactions.

Consistent Portfolio Parameters: The portfolio will be actively managed and bound by concentration limitations addressing various loan characteristics. The concentration limitations presented to date are within the range of limits set in the majority of recent CLOs. Fitch addressed the impact of the most prominent risk-presenting concentration allowances.

RATING SENSITIVITIES

In addition to Fitch's stated criteria, the agency analyzed the structure's sensitivity to the potential variability of key model assumptions including decreases in weighted average spread or recovery rates and increases in default rates or correlation. The class A-1 notes are expected to remain investment grade even under the most extreme sensitivity scenarios. Results under these sensitivity scenarios ranged between 'Asf' and 'AAAsf' for the class A-1 notes.

The sources of information used to assess these ratings were the transaction documents provided by the arranger, Citigroup Global Markets Inc., and the public domain.

Key Rating Drivers and Rating Sensitivities are further described in the accompanying new issue report, which will be available shortly to investors on Fitch's website at www.fitchratings.com

For more information about Fitch's comprehensive subscription service FitchResearch, which includes all presale reports, surveillance and credit reports on more than 20 asset classes, contact product sales at +1-212-908-0800 or at 'webmaster@fitchratings.com'.

Additional information is available at 'www.fitchratings.com'.

Applicable Criteria & Related Research:

--'Global Structured Finance Rating Criteria' (May 20, 2014);

--'Global Rating Criteria for Corporate CDOs' (Aug. 8, 2013);

--'Criteria for Interest Rate Stresses in Structured Finance Transactions and Covered Bonds' (Jan. 23, 2014);

--'Counterparty Criteria for Structured Finance and Covered Bonds' (May 14, 2014).

Applicable Criteria and Related Research:

Global Structured Finance Rating Criteria

http://www.fitchratings.com/creditedesk/reports/report_frame.cfm?rpt_id=748821

Global Rating Criteria for Corporate CDOs

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=715492

Criteria for Interest Rate Stresses in Structured Finance Transactions and Covered Bonds

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=725537

Counterparty Criteria for Structured Finance and Covered Bonds

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=744158

Additional Disclosure

Solicitation Status

http://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=839673

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