

Fitch Rates Avery Point V CLO, Limited/Corp.

Written by Australian Business

NEW YORK--([BUSINESS WIRE](#))--Fitch Ratings assigns the following ratings to Avery Point V CLO, Limited/Corp. (Avery Point V):

--\$2,000,000 class X senior secured floating rate notes, 'AAAsf'; Outlook Stable;

--\$152,000,000 class A senior secured floating rate notes, 'AAAsf'; Outlook Stable;

--\$100,000,000 class A loans, 'AAAsf'; Outlook Stable.

Fitch does not rate the class B, C, D, E, F or subordinated notes.

TRANSACTION SUMMARY

Avery Point V is an arbitrage cash flow collateralized loan obligation (CLO) that will be managed by Sankaty Advisors, LLC. Net proceeds will be used to purchase collateral to reach a target portfolio of approximately \$400 million of primarily senior secured leveraged loans. The CLO will have a four-year reinvestment period.

KEY RATING DRIVERS

Sufficient Credit Enhancement: Credit enhancement (CE) of 37% for class A notes and A loans (together, class A debt), 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 debt is in line with the average for recent CLO issuances. Class X notes are expected to be paid in full from interest proceeds within one year of close.

'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 X and A debt are unlikely to be affected by the foreseeable level of defaults. Class X and A debt are robust against default rates of up to 100% and 62.3%, respectively.

Strong Recovery Expectations: The indicative portfolio consists of 97.1% senior secured loans, of which about 94.9% 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 X notes are expected to remain 'AAAsf', and the class A debt 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 debt.

The sources of information used to assess these ratings were the transaction documents provided by the arranger, GreensLedge Capital Markets LLC, 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/creditdesk/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=839675

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DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS
BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY
PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.