Private Credit CLOs: A Valuable Window into Private Credit Performance

Vibrant Capital Partners

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Data as of June 30, 2026 unless otherwise specified

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Dear Investors,

We hope this letter finds you well. 2026 has been an eventful year for credit markets, marked by ongoing conflicts and geopolitical tensions as well as stress in the software/technology sector, with borrowers facing potential AI-related disruptions to their business models. Retail investors grew notably fearful as a result, and some who rushed to seek liquidity from semi-liquid funds were met with redemption caps. This follows a challenging 2025 when constantly shifting U.S. tariff policies dominated headlines and both public and private credit markets were unsettled by high-profile defaults.

Yet despite these challenges, the private credit market has grown to nearly $2.0 trillion in size per Pitchbook | LCD as of 1H 2026, representing an 11.0% CAGR over the last 10 years. In contrast, the broadly syndicated leveraged loan market has grown a little over the last three years and stands at approximately $1.5 trillion (5.8% CAGR over the past 10 years). Institutional allocators have generally maintained their interest in private credit, albeit with a greater eye on credit risk.

In light of these conditions, many of our partners have asked for our views on the private credit market over the last 18 months, and some have cited a relative lack of transparency in the reporting provided by private credit funds. We therefore turn to the growing Private Credit CLO ("PC CLO") market, as there is relatively more data available in this space. Many private credit fund managers are also active in PC CLOs as well as the BDC space. The U.S. PC CLO market has grown to $168 billion in size as of 1H 2026, with nearly 60 CLO managers having issued deals since 2019. PC CLOs have accounted for 21% of total U.S. CLO new-issue volumes over the last 18 months, highlighting robust investor demand. PC CLOs are required to provide a certain degree of transparency through trustee reports (generally monthly, some quarterly), which rating agencies and investors use for ongoing monitoring.

In short, PC CLOs offer a valuable window into the state of the broader private credit universe, and we are pleased to present a study of this market. We welcome any feedback and look forward to connecting with you to discuss further at the earliest opportunity.

Methodology & Data Gathering

Our study focuses on 2019 to 2025 vintage PC CLOs, core vintages that represent 84% of the overall PC CLO market. We exclude the 2026 vintage, as many deals have yet to report data.

In conducting the study, we were quickly reminded how much more structural variation exists among PC CLOs than in the larger, more standardized BSL CLO market. We therefore defined key inclusion criteria to focus on what we view as the most transparent and comparable subset of the PC CLO space.

The following transactions/market subsets were intentionally **excluded** from our study:

1. Static PC CLOs: While these transactions offer valuable insights into managers' underwriting capabilities, they may distort overall results, as most CLOs can reinvest principal proceeds during the Reinvestment Period ("RP"). Static PC CLOs represent 7% of the universe by volume.

2. PC CLOs with revolving AAA tranches: Revolvers make it exceedingly difficult to compare credit deterioration against fully funded CLO structures, as it is challenging to adjust for the swings in revolver deals' collateral par balances over time. "AAA Revolver" PC CLOs represent 6% of the universe by volume.

3. Deals that do not consistently report issuer names: While trustee reports for PC CLOs are generally transparent and informative, a number of deals do not report issuers at all or do so inconsistently. These "non-transparent" PC CLOs represent 12% of the universe by volume.

The table below summarizes the **inclusion rates** across vintages in the study.

Vibrant PC CLO Study — Inclusion Metrics

Vintage	2019	2020	2021	2022	2023	2024	2025	2019 — 2025
Par Amt of CLOs in Vintage ($)	16.2	13.8	26.0	16.7	30.7	43.2	48.5	**195.1**
Par Amt of CLOs Included in Study($)	9.9	4.5	16.1	11.0	23.4	38.7	39.5	**143.1**
Inclusion %	61%	33%	62%	66%	76%	90%	81%	**73%**
# of Managers Included	17	8	21	15	28	32	31	**57**

Source: Intex, Vibrant research. Data as of June 30, 2026 and based on the inclusion criteria described above.

Major Findings

1) PC CLO Collateral Trends

Overall, our analysis indicates that, over the last 18 months, credit performance in the private credit universe has been relatively stable, despite increased dispersion across managers.

Most PC CLO analyses examine exposure to defaulted and Payment-in-Kind (PIK) assets, which we agree are important metrics for analyzing credit performance. However, we believe a more granular analysis of PIK trends is essential to assessing risk. PIK exposure potentially becomes troubling if lenders are incentivized to grant flexibility in order to maintain a claimed "low-to-no defaults" track record. We categorize PIK exposure in PC CLOs into three categories:

- PIK toggles embedded in loan documentation at origination ("Good-PIK")
- PIK toggle features added via amendments to preemptively stave off a default ("Bad-PIK")
- Instances where issuers have actually exercised the PIK option ("Actual-PIK")

Please see the Appendix for detailed assumptions and methodologies applied to the categories above.

The table below presents cumulative default and PIK rates by vintage. It includes all loans purchased into the 2019—2025 vintage PC CLOs, applying the methodology and data filters described in the previous section.

Cumulative Default Rate and PIK Rate by Vintage

CLO Vintage	% Cumulative Default Rate	% PIK Toggle (Good + Bad PIK)	% Good-PIK	% Bad-PIK	% Actual-PIK
2019	**7.1%**	**9.7%**	0.2%	9.4%	**4.8%**
2020	**4.7%**	**9.5%**	0.7%	8.8%	**3.3%**
2021	**4.7%**	**12.3%**	1.4%	10.9%	**5.1%**
2022	**4.9%**	**16.6%**	1.5%	15.1%	**8.6%**
2023	**2.5%**	**13.5%**	3.5%	10.0%	**6.0%**
2024	**1.2%**	**10.7%**	3.9%	6.8%	**4.4%**
2025	**0.5%**	**8.7%**	3.2%	5.5%	**3.1%**
Total	**2.8%**	**11.5%**	2.6%	8.9%	**4.9%**

Source: Intex, Vibrant research. Data as of June 30, 2026 trustee reports. Analysis based on all loans that were present in the 2019-2025 vintage PC CLOs, subject to the methodology mentioned in the previous section and additional data quality filters e.g. excluding loans with no reported issuer names). Please refer to the Appendix for full details.

Based on this analysis, we estimate that 11.5% of all loans in PC CLOs have had a PIK toggle, and 23% of such loans had their PIK toggles structured at origination ("Good-PIK"). This feature tends to be more prevalent in the upper middle market segment of the private credit space. While the word "Good" has positive implications relative to Bad-PIK, we find that Good-PIK loans are five times more likely to default than loans that were not structured with a PIK toggle at origination. The distinction between having a PIK toggle and using one also matters: we estimate that about 40% of loans with a PIK toggle ended up using it (the "Actual-PIK" metric).

The ability to discern between Good-PIK, Bad-PIK, and Actual-PIK allows us to differentiate risk and performance across PC CLO managers. For instance, a manager's low cumulative default rate may not reflect the actual credit deterioration in its portfolio if it also carries high Bad-PIK and Actual-PIK exposure, which indicates borrowers utilizing PIK toggles to avoid default.

While the data above does show stress accumulating, performance dispersion among managers at the underlying portfolio level remains substantial. This may be driven by several factors, including underwriting quality, issuer and sector concentrations, and partial exposure to BSL loans (and associated trading gains/losses) among PC CLOs.

The table below presents the same metrics at the manager level. Please note that these metrics reflect our methodology and the data available to us, and are not intended to express any opinion on the performance of any individual CLO manager. Readers should form their own views, using this report alongside other available information.

Private Credit CLOs: A Valuable Window into Private Credit Performance   Data as of June 30, 2026

Cumulative Default Rate and PIK Rate by Manager

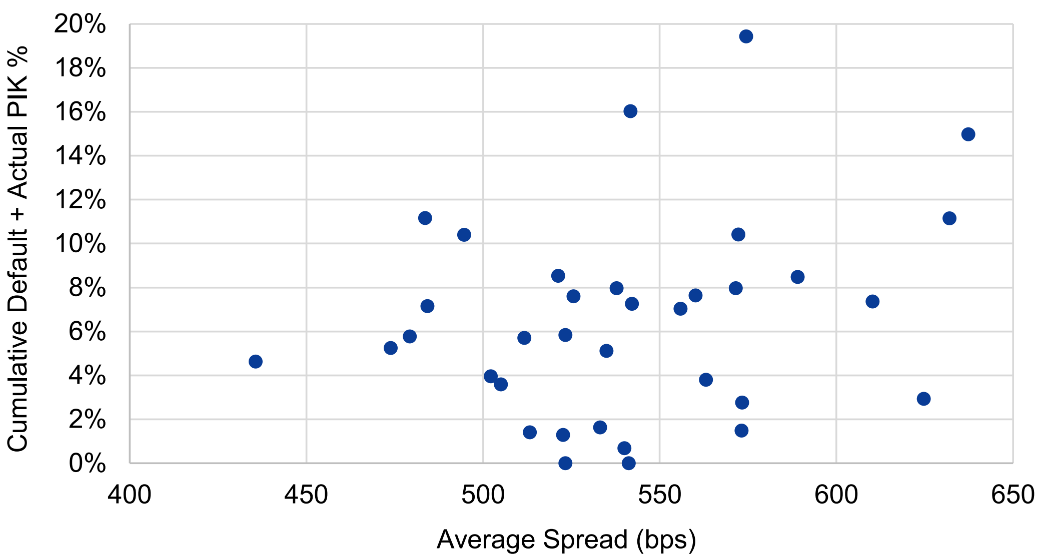
Manager	# of CLOs	Cumulative Default %	% PIK Toggle	% Good-PIK	% Bad-PIK	% Actual PIK
AllianceBernstein	15	**0.4%**	**13.4%**	1.5%	11.8%	**6.9%**
Angelo, Gordon & Co	5	**0.0%**	**8.1%**	1.0%	7.1%	**3.8%**
Antares Capital	11	**1.3%**	**9.5%**	2.3%	7.1%	**4.5%**
Apogem	3	**2.4%**	**11.2%**	2.7%	8.5%	**6.2%**
Apollo	10	**2.9%**	**15.1%**	4.2%	10.9%	**5.1%**
Ares Management	9	**0.4%**	**7.7%**	3.4%	4.3%	**3.6%**
Audax Management	8	**2.5%**	**4.2%**	0.7%	3.5%	**2.1%**
Bain Capital Credit	5	**1.5%**	**10.5%**	0.4%	10.1%	**5.6%**
Barings	7	**3.4%**	**8.6%**	1.1%	7.6%	**4.2%**
Blackrock	16	**7.2%**	**17.7%**	2.4%	15.3%	**12.2%**
Blackstone	9	**0.7%**	**8.6%**	2.0%	6.6%	**2.9%**
Blue Owl	22	**0.3%**	**5.5%**	3.2%	2.3%	**0.4%**
BMO Asset Management	6	**5.4%**	**12.5%**	0.9%	11.7%	**0.3%**
Brightwood	4	**7.5%**	**18.3%**	8.2%	10.0%	**7.5%**
Carlyle Group	2	**0.0%**	**9.6%**	7.0%	2.6%	**2.2%**
Cerberus	16	**5.1%**	**10.9%**	1.6%	9.3%	**2.2%**
Comvest	5	**2.8%**	**6.1%**	1.5%	4.7%	**0.0%**
Deerpath	8	**0.3%**	**4.3%**	0.6%	3.7%	**1.4%**
Eldridge	9	**5.8%**	**15.4%**	1.4%	14.0%	**10.2%**
First Eagle	5	**5.6%**	**9.3%**	1.5%	7.8%	**5.6%**
Fortress	10	**3.2%**	**13.0%**	6.3%	6.8%	**5.3%**
FS KKR	2	**1.0%**	**11.7%**	5.7%	6.0%	**7.0%**
Golub Capital	24	**0.2%**	**14.3%**	3.9%	10.4%	**4.9%**
Guggenheim Partners	5	**1.3%**	**7.0%**	1.5%	5.5%	**4.5%**
HIG WhiteHorse	4	**5.0%**	**18.4%**	5.0%	13.3%	**6.1%**
HPS	9	**0.8%**	**14.0%**	5.5%	8.5%	**9.6%**
Jefferies Finance	5	**1.3%**	**13.3%**	3.5%	9.7%	**0.0%**
KKR	1	**0.0%**	**11.2%**	4.5%	6.8%	**10.4%**
MidCap Financial	1	**0.0%**	**2.8%**	1.8%	0.9%	**1.5%**
Monroe	10	**6.5%**	**7.4%**	1.2%	6.2%	**0.6%**
MSD Partners	1	**0.0%**	**14.2%**	11.1%	3.0%	**0.0%**
NXT Capital	1	**1.0%**	**1.7%**	0.4%	1.2%	**0.4%**
PennantPark	11	**3.2%**	**9.5%**	1.9%	7.6%	**4.5%**
Silver Point	6	**0.0%**	**7.9%**	1.0%	6.9%	**2.9%**
TIAA Advisory Services	10	**2.4%**	**6.5%**	0.7%	5.8%	**2.9%**
Willow Tree	2	**0.0%**	**13.7%**	4.7%	9.0%	**0.0%**
25th Percentile	4	**0.3%**	**7.6%**	**1.2%**	5.3%	**1.5%**
Median	7	**1.3%**	**10.0%**	**2.0%**	7.1%	**4.0%**
75th Percentile	10	**3.3%**	**13.5%**	**4.3%**	9.8%	**5.7%**

Source: Intex, Vibrant research. Data as of June 30, 2026 trustee reports. Analysis based on all loans that were present in the 2019-2025 vintage PC CLOs, subject to the methodology mentioned in the previous section and additional data quality filters e.g. excluding loans with no reported issuer names). Please refer to the Appendix for full details.

2) Asset Spread Trends

PC CLO managers have varying focuses on borrower segments, with strategies ranging from lower middle-market (e.g., <$25mm EBITDA) issuers to upper middle-market issuers bordering the BSL loan market (e.g., EBITDAs >$100mm). While spreads tend to be wider in the lower middle-market segment than the upper middle-market segment, we also observe significant variance in portfolio spreads, which could be driven by industry exposure or manager risk appetite.

Portfolio weighted average spread (WAS) for PC CLOs range from S+440 bps to S+640 bps. In the scatter plot below, each data point represents a CLO manager. The X-axis shows the average spread of all loans that were deployed in each manager's PC CLOs, and the Y-axis shows the cumulative default rate plus the Actual-PIK% for the same loans, as a proxy for credit performance. Interestingly, portfolio WAS alone appears to be a poor predictor of performance: we find outperformers and underperformers from every style segment along the WAS spectrum.



Source: Intex, Vibrant research. Data as of June 30, 2026. Analysis based on all loans that were present in the 2019-2025 vintage PC CLOs, subject to the filters mentioned in earlier sections and data quality filters (e.g. excluding loans with no reported issuer names). Please refer to the Appendix for full details.

In our analysis, we also found no significant correlation between each manager's median EBITDA of the borrowers in their portfolios and the manager's performance (cumulative defaults + Actual-PIK). The table below presents the average asset spread across all loans in each manager's PC CLOs vs. the median S&P EBITDA (from the S&P report "Private Credit And Middle-Market CLO Quarterly" as of 2026 Q2). The spread data is subject to the same methodology described previously.

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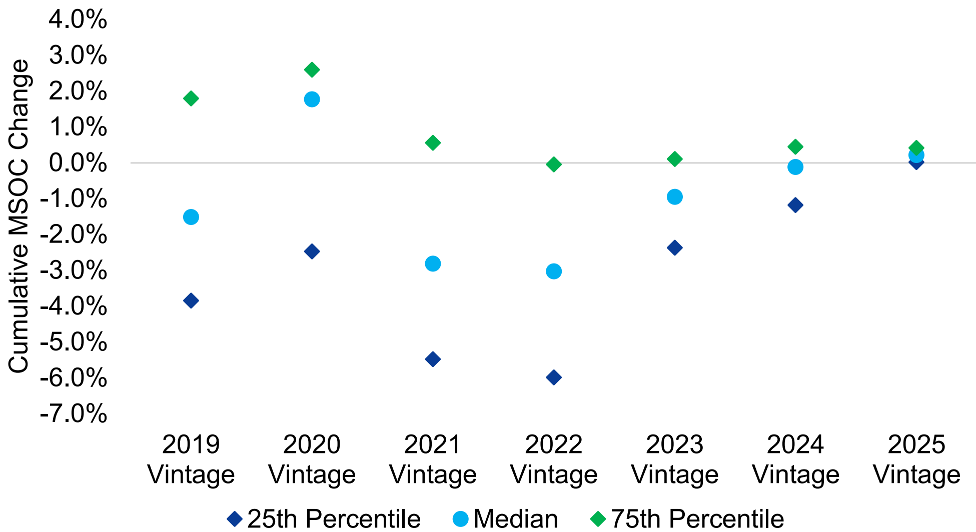
Manager WAS vs. Median S&P EBITDA

Manager	# of CLOs	Average Spread (bps)	Median S&P EBITDA ($mm)
AllianceBernstein	15	542	32
Angelo, Gordon & Co	5	563	19
Antares Capital	11	523	61
Apogem	3	521	24
Apollo	10	538	149
Ares Management	9	502	49
Audax Management	8	436	67
Bain Capital Credit	5	556	46
Barings	7	526	52
Blackrock	16	574	59
Blackstone	9	505	99
Blue Owl	22	540	122
BMO Asset Management	6	512	18
Brightwood	4	637	22
Carlyle Group	2	515	79
Comvest	5	573	27
Deerpath	8	533	18
Eldridge	9	542	18
First Eagle	5	484	6
Fortress	10	589	50
Golub Capital	24	535	67
Guggenheim Partners	5	479	56
HIG WhiteHorse	4	632	30
HPS	9	495	112
Jefferies Finance	5	523	117
KKR	1	572	116
MidCap Financial	1	573	32
Monroe	10	484	84
MSD Partners	1	541	45
NXT Capital	1	513	25
PennantPark	11	560	26
Silver Point	6	625	84
Willow Tree	2	523	44
Weighted Average	12	529	65
25th Percentile	4	513	26
Median	6	535	49
75th Percentile	10	563	79

Source: Intex, Vibrant research. Data as of June 30, 2026. Analysis based on all loans that were present in the 2019-2025 vintage PC CLOs, subject to the filters mentioned in earlier sections and data quality filters (e.g. excluding loans with no reported issuer names). Please refer to the Appendix for full details.

3) Overcollateralization Test Trends

The overcollateralization ("OC") test metric across PC CLOs is another important indicator of credit stress and reflects realized credit loss. To ensure the data is significant and comparable, we focus on the Most Senior OC Test (MSOC), since PC CLO capital structures vary significantly: some deals do not include BB, BBB, or even higher-grade mezzanine tranches, while others feature full capital stacks from AAA to BB. Focusing on MSOC controls for these differences. The chart below shows the cumulative change in MSOC cushions by each vintage.



Source: Intex, Vibrant. Data as of June 30, 2026 and based on cumulative monthly changes in the senior-most OC test ratios during a CLO's reinvestment period. Please refer to the Appendix for detailed methodology.

Based on this analysis, certain vintages have underperformed others e.g., the 2021-22 vintage PC CLOs with tech/ software LBOs underwritten in a low interest rate environment. That said, we find that the manager is a far greater driver of OC performance, as credit selection and risk management are crucial factors.

One variable that could skew OC ratios higher is PIK interest. In PC CLO indentures, the PIK portion of a loan is typically included in the OC ratio calculation at par, unless the asset is not a "Permitted Deferrable Obligation". We do not adjust our calculations for this effect.

Another caveat is that our analysis reflects the perspective of a CLO debt investor focused on credit loss, not total return. A manager with greater realized credit losses could still outperform on a total return basis, if interest income more than offsets credit losses.

The table below presents the same metrics at the manager level. To reiterate, these figures reflect our methodology and data available to us, and do not represent an opinion on any individual CLO manager's performance.

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Cumulative MSOC Change by Manager and Vintage

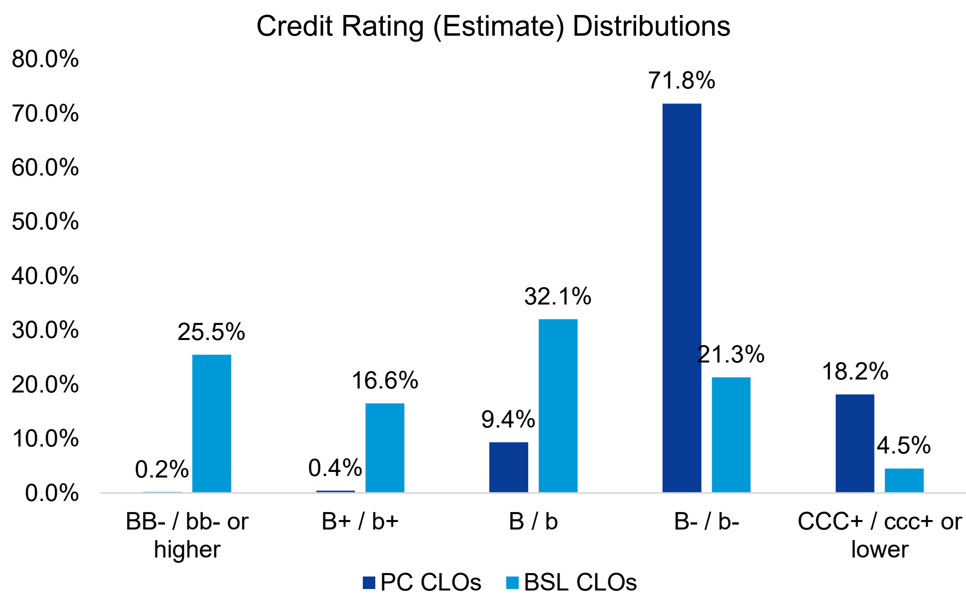
Manager	# CLOs	2019 Vintage	2020 Vintage	2021 Vintage	2022 Vintage	2023 Vintage	2024 Vintage	2025 Vintage
AllianceBernstein	19	3.1%	2.8%		1.2%	0.9%	0.6%	0.8%
Angelo Gordon	4						0.7%	0.2%
Antares	13	2.5%	2.4%	0.9%		0.5%	0.3%	0.0%
Apogem	4	-1.0%		3.2%		0.5%		
Apollo	9	-2.4%	1.8%	-4.4%	-7.9%	-0.5%		-0.6%
Ares	10			0.3%		-2.4%	0.3%	0.2%
Audax	11	0.8%	0.8%	0.0%		-2.4%	-0.6%	1.1%
Bain	7	-1.5%				-0.4%	-0.5%	0.4%
Barings	6	3.5%		-2.3%		-1.8%		0.4%
Blackrock	8		-7.3%	-10.5%	-8.4%	-9.5%	-2.8%	0.1%
Blackstone	9			-0.2%	-1.8%	-1.0%	0.5%	-0.2%
Blue Owl	26	1.8%	3.9%	0.9%	0.2%	-0.2%	-0.1%	0.2%
BMO	6	-1.7%		-3.6%			-1.3%	0.1%
Brightwood	4	-5.3%				-3.1%	-3.1%	-3.0%
Carlyle	3						0.5%	0.4%
Cerberus	22	-3.7%	-5.5%	-6.5%	-5.2%	-2.5%	-3.2%	0.0%
Comvest	3						-1.4%	0.1%
Deerpath	8		2.0%	1.2%	2.5%	1.1%	0.8%	0.3%
Eldridge	9	-5.7%	0.5%	-5.4%	-6.2%	-2.8%	-2.4%	-1.1%
First Eagle	4	-6.5%		-9.0%	-6.2%			
FS KKR	3	0.3%						2.6%
Golub	26	2.9%	3.8%	0.5%	0.4%	0.4%	0.5%	0.6%
Guggenheim	6	1.8%		-5.7%		-0.9%	-4.3%	
HIG WhiteHorse	4				-3.0%		-0.1%	-1.5%
HPS	9					-0.4%	-0.5%	0.5%
Jefferies Finance	5					-1.6%	-1.1%	0.1%
KKR	1						0.4%	
Monroe	10	-4.0%	-6.5%	-5.7%	-5.4%	-1.8%	-0.2%	
MSD Partners	1					5.6%		
NXT Capital	1						0.4%	
PennantPark	10	-3.6%		-4.4%	-3.1%	-5.1%	-0.5%	-0.2%
Silver Point	5			3.2%			2.1%	0.5%
TIAA	12	-6.4%		-3.3%	-0.8%	-0.2%	0.2%	0.3%
Willow Tree	1						0.2%	
25th Percentile		**-3.8%**	**-2.5%**	**-5.5%**	**-6.0%**	**-2.4%**	**-1.2%**	**0.0%**
Median		**-1.5%**	**1.8%**	**-2.8%**	**-3.0%**	**-0.9%**	**-0.1%**	**0.2%**
75th Percentile		**1.8%**	**2.6%**	**0.6%**	**0.0%**	**0.1%**	**0.4%**	**0.4%**

Source: Intex, Vibrant. Data as of June 30, 2026. a 1% decrease in MSOC cushion roughly represents 0.7% of credit loss given that the MSOC ratio is typically calculated as Adjusted collateral par balance / Total notional of AAA-AA tranches (AAA + AA tranches are about ~70% of the capital structure). Color coding shows relative ranking across each vintage e.g. managers with cumulative MSOC change that is better than the median are coded in green (vs. red for worse than median).

4) Concentration Risk

Unlike BSL CLOs where underlying assets have daily marks/price metrics that provide insights into portfolio quality, marks on PC CLO assets are inconsistent across managers and could be unreliable. Therefore, to gauge credit quality, we review credit estimates provided trustee reports. Credit estimates are rating agency's indications of likely credit ratings on unrated assets and can provide additional insights into portfolio quality, although relying on them has certain limitations. While rating agencies review audited financial statements, credit agreements, and other information, the analysis behind a credit estimate is more abbreviated than the process for establishing a credit rating. For example, a rating agency has no direct contact with the issuer, which typically provides insights into operating, financial or strategic issues. Also, credit estimates in PC CLOs are typically reviewed at least once every 12 months, less frequent than credit ratings in BSL CLOs.

The chart below shows the distribution of credit ratings/estimates across BSL and PC CLOs. In PC CLOs, the vast majority of credit estimates are b- (72% exposure) vs. the 21% B- exposure in BSL CLOs. Additionally, the share of ccc+ or lower credit estimates is about 18% in PC CLOs, far greater than the 5% CCC exposure in BSL CLOs.



Analysis based on current snapshot of collateral in BSL and PC CLOs, subject to the methodology detailed in the Appendix.
Source: Intex, Vibrant research. Data as of June 30, 2026

Concentration risk in PC CLOs is a meaningful driver of the dispersion in manager performance. The largest sectors in PC CLOs are typically Software and Healthcare. The top three and five sectors in PC CLOs comprise 36% and 49% of overall exposure, respectively, on an aggregate basis[1]. Issuer concentration is also worth considering for investors, as the top five and ten issuers represent 12% and 23% of overall exposure, respectively.

Private credit investors should also consider overlap across managers. Portfolios of certain managers tend to overlap more with peers, especially those active in the upper middle market segment, where deals are larger and tend to involve more lenders.

1 Data as of June 30, 2026 and based on S&P Industries. Exposure calculation based on Market Value.

CONCLUSION

- Based on our analysis, we find significant dispersion in key metrics (PIKs, defaults, WAS, OC tests) across PC CLO managers, and this observation is true to every private credit market segment i.e., lower / core / upper middle market. In certain specific deals, we foresee that BB tranches and even some BBBs could incur principal impairment. We expect the range of outcomes to be much wider in PC CLOs than in BSL CLOs.
- PIK exposure warrants careful monitoring, as a subset of these assets are actively PIKing and could signal increased credit risk. It is important to analyze PIK exposure more granularly as outcomes can vary meaningfully across the different subsets of PIK assets (“Good-PIK”, “Bad-PIK”, “Actual-PIK”).
- We have observed secondary trading activity of PC CLOs, especially in the senior parts of the capital structure, although trading volumes are much lower than BSL CLOs. As the PC CLO market continues to develop, we foresee significant opportunities to emerge for seasoned CLO investors in the coming years.

Final Notes: we have also internally conducted a similar study for the business development company ("BDC") universe. If you’d like to see some of this data as well, please do not hesitate to reach out to our team. Lastly, we would also be happy to share underlying data and charts that support this research study upon request.

Appendix A — Sector Exposure in PC CLOs vs. BSL CLOs

S&P Industry	BSL CLOs	PC CLOs
Software	10.7%	12.7%
Media	6.6%	2.3%
Hotels, Restaurants & Leisure	5.3%	2.5%
Health Care Providers & Services	5.2%	9.7%
Financial Intermediaries	4.7%	3.2%
Professional Services	4.4%	6.3%
Commercial Services & Supplies	4.3%	5.6%
Insurance	4.0%	4.6%
Aerospace and Defense	3.2%	1.9%
Oil, Gas & Consumable Fuels	3.0%	0.7%
Chemicals	2.9%	1.6%
Machinery	2.9%	1.3%
Specialty Retail	2.9%	1.3%
Capital Markets	2.9%	0.7%
Containers & Packaging	2.8%	2.0%
Diversified Consumer Services	2.6%	4.5%
Food Products	2.4%	2.8%
Health Care Technology	2.3%	3.4%
Building Products	2.0%	0.9%
Health Care Equipment & Supplies	1.8%	2.8%
Other	23.3%	29.0%
Grand Total	**100.0%**	**100.0%**

Source: Intex, Vibrant research. Data as of June 30, 2026 and based on S&P Industries. Exposure calculation based on Market Value.

Appendix B — Methodology Description

In this section, we describe how we calculate and estimate each metric shown in this report.

Cumulative default rate: We consider every loan that has been present in PC CLO portfolios and whether it has ever been flagged as a default in the trustee report. We weight this metric by the maximum balance of each loan over time (i.e. the peak balance of the loan across CLOs over time).

% Good-PIK: We assume a loan is structured with a PIK toggle at origination if the trustee report indicates that it has a PIK toggle on the first date the loan appears in any CLO. We weight this metric by the maximum balance of each loan over time.

% Bad-PIK: For any loan that is not categorized as “Good-PIK”, we categorize it as “Bad-PIK if the trustee report flags it as having a PIK toggle on any date subsequent to the first date the loan appears in any CLO. We exclude loans that were flagged as defaulted from this metric to avoid double-counting. We weight this metric by the maximum balance of each loan over time.

% Actual-PIK: For any loan that has a PIK toggle (“Good-PIK” or “Bad-PIK”), we detect borrowers that utilize their PIK toggle by analyzing the change in loan notional balance over time (i.e. if the balance increases month-over-month that falls within certain thresholds). We set the thresholds within a logical range to avoid false positives (e.g. incremental secondary market purchases). A loan is deemed to have utilized its PIK toggle if we detect more than one occurrence of a change in balance within our set thresholds. While these assumptions do not perfectly capture actual PIK usage, we believe they are able to detect the vast majority of PIK activity.

Change in OC cushion: We estimate this metric by analyzing monthly changes in the senior-most OC test ratios during a CLO’s reinvestment period. This metric captures the impact of defaults (since defaulted assets are haircut at the lower of market value and recovery rate). CCC assets are also haircut if exposure exceeds a certain threshold (typically around 17.5-20.0%). We exclude any period where a CLO is out of its reinvestment period, as amortization of the capital structure skews OC ratios. We also exclude data points that coincide with the reset of a CLO, as the OC tests are typically reset as well. In a scenario where a CLO exits its initial reinvestment period and amortizes before it is subsequently reset, we exclude the data points during the amortization period before the reset date.

Data quality note: Data quality varies across CLO managers and trustees. We made best efforts to normalize and clean loan-level details (e.g., issuer name, asset name, spread, maturity date) across nearly 50,000 unique asset identifiers, but the report may reflect some data imperfections.

About Vibrant Capital Partners

Founded in 2006, Vibrant Capital Partners is a New York-headquartered alternative credit investment management firm serving predominantly institutional investors including pensions, family offices, and insurance companies globally. The firm is majority owned by employees and partners. As of Q2 2026, the firm manages approximately $4.0 billion in structured credit and corporate credit assets.

Business Development Contacts

Alex Nerguizian, Managing Director	anerguizian@vibrantcapitalpartners.com	Tel: +971 50 462 7262
Charlotte Fan, Director	cfan@vibrantcapitalpartners.com	Tel: +1 646 747 8465

New York Headquarters
Vibrant Capital Partners, Inc.
350 Madison Avenue, 17th Floor
New York, NY 10017
Tel: +1 212 488 1544
Fax: +1 212 488 1546
www.vibrantcapitalpartners.com
ir@vibrantcapitalpartners.com

Abu Dhabi Affiliate
Vibrant Capital International Ltd.
Unit 22, Level 12, Al Sila Tower
ADGM Square, Al Maryah Island
Abu Dhabi, United Arab Emirates
Tel: +971 2 411 6226