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Livermore Investments Group anchors latest USD500m CLO by Ares Management

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Livermore Investments Group, a leading Collateralised Loan Obligations (CLO) equity anchor investor in over USD13 billion of new issue CLO transactions, has anchored the majority equity stake in Ares 61 - Ares Managements' latest USD500 million CLO which closed on 30 September 2021.

The transaction, arranged by Nomura Securities, priced with a competitive weighted average cost of debt of Libor + 1.61 per cent. The CLO has a five-year reinvestment period and will be managed by Ares Management, one of the largest and most experienced CLO managers, with over USD28 billion of CLO AUM. Livermore's controlling equity also comes with the options to refinance the debt or reset the CLO to enhance value, as it has done across other CLO positions on several occasions this year.

This latest move from Livermore follows its recent co-investment in Blackstone's USD650 million Peace Park CLO and signals the continuation of the management team's accelerated transaction schedule and its active CLO deals pipeline.

Livermore Investments Group, which has anchored over 25 new issue CLOs over the last decade, is one of the leading CLO investors in the primary market, where it leverages its strong relationships, deep expertise and large size to negotiate non-mark-to-market longer maturity warehousing terms and deeply discounted equity prices.

Livermore's management team is led by industry veterans Ron Baron and Gaurav Suri, under which Livermore Investments Group has achieved gross IRRs in excess of 20 per cent over the last ten years. The Group also recently reported an increase of over 18 per cent on the CLO-related portfolio in its first half 2021 results.

Gaurav Suri, investment manager at Livermore Investments Group, says: "CLOs are finally being recognised as a mainstream asset class following their resilient performance through several credit cycles, including the turbulent Global Financial Crisis and the ongoing Covid-19 pandemic. The projected low-default environment combined with investors' strong desire for yield is an attractive backdrop for new-issue CLO equity. Its high cash-on-cash return profile shortens the investment duration and its long reinvestment period allows CLO managers to add value from bursts of volatility."