Creditflux
global credit trading & investing
August 2016 Online

Reborn Churchill prices inaugural mid-market CLO 2.0


Ken Kencel

Churchill Asset Management has made its return to the CLO market, after pricing a $382 million middle market deal. TIAA Churchill Middle Market CLO I was arranged by Wells Fargo, and is expected to close on 15 September.

Churchill's new CLO is notable for several firsts – as well as being the firm's first 2.0 transaction, it is also the first open market CLO to be rated by rating agency DBRS. The Toronto-based agency, which has long been involved in mid-market credit, rated the triple-A tranche, while Moody's rated the entire capital structure. At the same time, the CLO is the first ever mid-market deal to feature a single-B rated tranche, according to Creditflux data.

Sources say that Churchill's new CLO complies with both US and European risk retention rules, with parent firm TIAA retaining the entirety of the deal's $40 million equity tranche. The senior notes in the transaction priced at par, and will pay 215 basis points over Libor.

Churchill was re-founded last year as a subsidiary of insurance giant TIAA, and is run by the same team as 1.0 mid-market CLO issuer Churchill Financial, which was acquired by Carlyle Group in 2011. Churchill Financial founder Kenneth Kencel serves as chief executive of the reborn firm.

Churchill's new CLO is TIAA's second foray into the new issue CLO market this year. The firm priced its inaugural broadly-syndicated CLO in June, in a $455.5 million that was also arranged by Wells Fargo (see TIAA achieves tight pricing with upsized debut CLO).

TIAA Churchill Middle Market CLO I

Tranche	Size ($m)	Ratings (Moody's/ DBRS)	Coupon (L+bp)	DM	Price
A	212.00	Aaa/AAA	215	215	100.00
B	36.00	Aa2/-	288	301	99.25
C	30.75	A2/-	368	401	98.00
D	24.00	Baa3/-	540	600	96.46
E	16.00	Ba2/-	800	950	92.03
F	23.00	B3/-	1000	1200	90.03
SUB	40.44				100.00