S&P Global Ratings

Research

Presale:

Madison Park Funding LI Ltd./Madison Park Funding LI LLC

June 23, 2021

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Preliminary Ratings

Class	Preliminary rating	Balance (mil. $)	Overcollateralization (%)	Subordination (%)	Par subordination (%)	Interest rate (%)
A-1	AAA (sf)	300.00	166.67	41.01	40.00	Three-month LIBOR + 1.10
A-2	AAA (sf)	7.50	162.60	39.54	38.50	Three-month LIBOR + 1.40
B	AA (sf)	72.50	131.58	25.29	24.00	Three-month LIBOR + 1.70
C (deferrable)	A (sf)	30.00	121.95	19.39	18.00	Three-month LIBOR + 1.95
D (deferrable)	BBB- (sf)	30.00	113.64	13.49	12.00	Three-month LIBOR + 3.05
E (deferrable)	NR	20.00	108.70	9.56	8.00	Three-month LIBOR + 6.27
Subordinated notes	NR	48.60	N/A	N/A	N/A	N/A

Note: This presale report is based on information as of June 23, 2021. The ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings. NR--Not rated. N/A--Not applicable.

Executive Summary

Madison Park Funding LI Ltd. is a $508.60 million broadly syndicated CLO managed by Credit Suisse Asset Management LLC (CSAM). This will be CSAM's third CLO in 2021, which will bring its total CLO assets under management (AUM) to approximately $29.90 billion.

Based on provisions in the transaction documents and portfolio characteristics:

- The transaction will be collateralized by at least 90.0% senior secured loans, cash, and eligible investments, with a minimum of 80.0% of the loan borrowers required to be based in the U.S..

- A maximum of 60.0% (or 70.0%, after satisfaction of certain conditions as outlined in the underlying documentation) of the loans in the collateral pool can be covenant-lite.
- Of the identified underlying collateral obligations, 99.62% have credit ratings assigned by S&P Global Ratings.
- Of the identified underlying collateral obligations, 93.30% have recovery ratings assigned by S&P Global Ratings.

All or some of the notes issued by this CLO transaction contain stated interest at LIBOR plus a fixed margin. While the original deadline for LIBOR cessation was December 2021, the phase out date is now expected after June 2023 for most dollar LIBOR maturities, such as one-month and three-month. In 2019, the Federal Reserve's Alternative Reference Rates Committee published recommended guidelines for fallback language in new securitizations and the language in this CLO transaction is generally consistent with its key principles: trigger events, a list of alternative rates and a spread adjustment. We will continue to monitor reference rate reform and take into account changes specific to this transaction and its underlying assets when appropriate.

Key Credit Metrics

Selected Credit Metrics

	Madison Park Funding LI Ltd.	Three-month average(i)
Total leverage (x)(ii)	9.47	9.30
Subordination ('AAA'/'BBB') (%)	39.54/13.49	39.04/14.37
Weighted average cost of debt (%)(iii)	1.61	1.64
Portfolio WAS (excluding LIBOR floors)(%)	3.50	3.46
Excess spread (%)(iv)	1.89	1.81
SDR ('AAA'/'BBB') (%)	61.80/42.90	61.69/39.56
WA portfolio recovery ('AAA'/'BBB') (%)	40.39/62.15	42.06/63.77

(i)The three-month average comprises S&P Global Ratings-rated deals for the three months ended May 31, 2021. (ii)Total debt/equity (excluding any class X notes, if applicable). (iii)Spread over LIBOR for all classes, excluding the subordinated notes and, if applicable, any class X notes (if there is a fixed-rate tranche, LIBOR is subtracted from the fixed coupon in the calculation). (iv)WAS minus the weighted average cost of debt. WA--Weighted average. WAS--Weighted average spread. SDR--Scenario default rate.

Deal comparison

Compared to other broadly syndicated CLOs that we assigned preliminary ratings to in the three months ended May 31, 2021, Madison Park Funding LI Ltd. has:

- A higher total leverage and a higher 'AAA' subordination with a lower 'BBB' subordination.
- A comparable weighted average cost of debt.
- A slightly higher weighted average spread and a slightly higher available excess spread, which show a slightly stronger underlying portfolio from a cash flow perspective.
- A higher scenario default rate and a lower weighted average recovery rate, which show a weaker underlying portfolio from a credit perspective.

Transaction Timeline/Participants

Transaction Timeline

Expected closing date	June 28, 2021.
Effective date	Dec. 19, 2021.
Non-call period end date	July 19, 2023.
Reinvestment period end date	July 19, 2026.
Stated maturity date	July 19, 2034.
Note payment frequency	Quarterly, beginning Jan. 19, 2022.

Participants

Collateral manager	Credit Suisse Asset Management LLC.
Initial purchaser	BofA Securities Inc.
Trustee	Wells Fargo Bank N.A.

Rationale

The preliminary ratings assigned to Madison Park Funding LI Ltd.'s floating-rate notes reflect our assessment of:

- The diversification of the collateral pool, which consists primarily of broadly syndicated speculative-grade (rated 'BB+' and lower) senior secured term loans.
- The credit enhancement provided through the subordination, excess spread, and overcollateralization.
- The experience of the collateral manager's team, which can affect the performance of the rated notes through collateral selection and ongoing management.
- The transaction's legal structure, which is expected to be bankruptcy remote.

S&P Global Ratings believes there remains a high degree of uncertainty about the evolution of the coronavirus pandemic. Reports that at least one experimental vaccine is highly effective and might gain initial approval by the end of the year are promising, but this is merely the first step toward a return to social and economic normality; equally critical is the widespread availability of effective immunization, which could come by the middle of next year. We use this assumption in assessing the economic and credit implications associated with the pandemic (see our research here: www.spglobal.com/ratings). As the situation evolves, we will update our assumptions and estimates accordingly.

In light of the shifting credit dynamics within CLO portfolios due to continuing rating actions (downgrades, CreditWatch placements, and outlook revisions) on speculative-grade corporate loan issuers, we may choose to make qualitative adjustments to our analysis when rating CLO tranches to reflect the likelihood that changes to the credit profile of the underlying assets may affect a portfolio's credit quality in the near term. This is consistent with paragraph 15 of our criteria for analyzing CLOs (see "Global Methodology And Assumptions For CLOs And Corporate CDOs," published June 21, 2019).

To do this, we may review the likelihood of near-term changes to the credit profile of the portfolio by evaluating the transaction's specific risk factors, including the percentage of the underlying portfolio that comes from obligors that:

- Have ratings in the 'CCC' rating category;
- Are rated 'B-'.
- Have ratings currently on CreditWatch with negative implications;
- Have ratings currently with a negative outlook; and/or
- Operate in what we view as a higher-risk corporate sector.

Based on our review of these factors, we believe there is adequate cushion between this CLO tranches' break-even default rates (BDRs) and scenario default rates (SDRs) to address the possibility of near-term changes to the credit quality of the portfolio given the transactions below-average exposures to assets considered by us to be in high-risk industries, assets on CreditWatch with negative implications, assets that have ratings currently with a negative outlook, and assets with an S&P Global Ratings' credit rating of 'B-' and below.

As we noted above, the purpose of this analysis is to take a forward-looking approach for potential near-term changes to the credit profile of the underlying portfolio. Deterioration in credit quality of the portfolio between pricing and closing might increase the possibility of a transaction being assigned preliminary ratings that would later fail to pass our analysis at closing. This approach seeks to account for any such changes that may actually occur to the underlying portfolio.

Environmental, Social, And Governance (ESG)

Our rating analysis considers a transaction's potential exposure to ESG credit factors. We regard this transaction's exposure as being broadly in line with our benchmark for the sector (see "ESG Industry Report Card: Collateralized Loan Obligations," published March 31, 2021). For CLOs, we view the exposure to environmental credit factors as below average, social credit factors as below average, and governance credit factors as average, primarily due to the diversity of the assets within the sector. For this transaction, the documents prohibit assets from being related to the following industries: thermal coal mining, the manufacturing or marketing of controversial weapons (or components used therein), assets whose primary business activity relates to pornography, prostitution, tobacco, as well as in certain assets whose primary business activity relates to pesticides, ozone depleting substances, or certain wildlife related products (subject to global conventions and agreements). Accordingly, since there are no material differences compared to our ESG benchmark for the sector, we made no specific adjustments in our rating analysis to account for any ESG-related risks or opportunities.

Rating Considerations

In our analysis, we considered the factors in table 1, among others.

Table 1

Rating Considerations

Risk	Risk description	Mitigating factors
Reduction in cash flow	Defaults, adverse interest rate movements, and low recoveries can reduce the cash flow generated by the underlying portfolio and affect the issuer's ability to meet its obligations in a timely manner.	S&P Global Ratings' quantitative analysis simulates various default patterns and interest rate movements under various stress scenarios, considering portfolio characteristics, payment mechanics, covenants, collateral quality tests, and excess spread.
Excess concentration in certain types of collateral obligations	The collateral manager's ability to invest in certain types of collateral is outlined in the indenture. Larger concentrations in certain obligations can introduce additional risks to the rated notes.	S&P Global Ratings' cash flow analysis generally assumes that the underlying portfolio contains the maximum allowable amount of certain types of collateral obligations to stress test the transaction for concentration risk. Examples include: 7.5% 'CCC+' or lower, 2.5% current pay (which can be increased to 7.5% current pay, subject to certain conditions), 5.0% fixed-rate, 0.0%/5.0% fully deferrable/partial deferrable, and 0.0% long-dated obligations (which can be increased to 2.0% long-dated obligations, subject to certain conditions), as well as 5.0% assets paying less frequently than quarterly (but not less than semiannually). For current pay, long-dated, and 'CCC+' or lower obligations, we generally apply stresses when the exposure is greater than 10.0%, 5.0%, and 7.5%, respectively. For more details, see table 8.
Collateral manager trading performance	During the reinvestment period (and after the reinvestment period, subject to additional restrictions), the collateral manager can change the underlying portfolio's composition, thus exposing the transaction to potential deterioration in credit enhancement. The collateral manager can reinvest all proceeds received during the reinvestment period. For this particular transaction, the collateral manager can also continue to reinvest proceeds from credit risk sales, unscheduled prepayments, and after satisfaction of certain conditions, sale proceeds received from credit improved obligations, after the reinvestment period.	The transaction documents require that any collateral obligation purchased will have equal or higher par value (or, with respect to proceeds from credit risk and defaulted obligations, that the obligation purchased with those sale proceeds will at least equal the related sale proceeds), or that the trade maintains or increases the transaction's overcollateralization level. However, both during and after the reinvestment period, the principal collateral amount is not required to be maintained if the collateral manager has built sufficient excess par in the transaction so that the aggregate collateral balance is greater than or equal to the reinvestment target par balance of the portfolio after reinvestment.In addition, the indenture generally requires that each additional purchase satisfy, maintain, or improve concentration limits, coverage tests (except, unless certain conditions are satisfied, principal proceeds received from defaulted obligations, which are subject to satisfaction of coverage tests only), and certain collateral quality tests. After the reinvestment period, in addition to some other requirements, the asset purchased must have the same or higher S&P Global Ratings' credit rating (or, as an alternative, the class scenario default rate must be maintained or improved) and the same or lower stated maturity than the asset being replaced and the coverage tests (or, after satisfaction of certain conditions, O/C tests) must be satisfied.
Divergence of the effective date portfolio from preliminary assumptions	Most underlying portfolios are not fully purchased by closing. Therefore, there is a risk that the fully ramped-up portfolio at the transaction's effective date will be materially different than the one presented to S&P Global Ratings for its preliminary analysis.	S&P Global Ratings offers collateral managers a formula-based version of its CDO Monitor at closing. This tool is intended to assist the collateral manager in maintaining a similar credit risk and cash flow profile to what was initially presented for our preliminary analysis.

Table 1

Rating Considerations (cont.)

Risk	Risk description	Mitigating factors
Exposure to covenant-lite loans	The collateral manager can purchase covenant-lite loans (those that do not contain incurrence or maintenance covenants for the benefit of the lending party) for up to a certain percentage of the underlying portfolio (see table 8). Exposure to these types of loans may reduce the transaction's recovery prospects.	For covenant-lite loans that do not have an asset-specific recovery rating, we apply reduced recovery rates in our cash flow analysis (41% under a 'AAA' level of stress versus 50% for a senior secured first-lien loan that is not covenant-lite). In addition, the transaction documents mandate that any loan that is pari passu with a covenant-lite loan of the same obligor, or that contains a cross-default provision with the loan, will also use the reduced recovery rates regardless of whether these pari passu or cross-defaulted loans are counted as covenant-lite for the purposes of portfolio concentration limits.
Long-dated collateral obligation can introduce market value risk	A portfolio containing long-dated collateral obligations exposes a transaction to market value risk. To repay the noteholders at the transaction's maturity, the collateral manager will be forced to sell those obligations at the prevailing market price, which may be below par.	According to the transaction documents, the collateral manager generally cannot purchase any long-dated collateral obligations or generally vote in favor of any waiver, modification, or amendment that would extend a collateral obligation's maturity beyond the notes' stated maturity; provided, however, after certain conditions are met, the collateral manager may both purchase and vote in favor of an amendment that would result in long-dated collateral obligations, subject to an aggregate maximum of 2% of the underlying portfolio. Any long-dated collateral obligations will receive a haircut in the O/C numerator. The weighted average life test must generally be satisfied (or, after satisfaction of certain conditions, if not satisfied, it must be maintained or improved, subject to a maximum cap found in the transaction documents) following any maturity amendment.
Recovery covenant is set above the current portfolio average	The WARR of the identified portfolio is below the minimum covenant in the transaction documents. If the collateral manager is unable to acquire collateral obligations with similar recovery characteristics to those represented in the unidentified portion of the portfolio, the initial ratings may not be confirmed on the transaction's effective date.	S&P Global Ratings' cash flow analysis assumes the lower of the WARR covenant and the actual WARR of the portfolio presented to us. If our analysis shows passing results under the additional stress of the actual WARR, it indicates that the transaction has sufficient credit enhancement to make up for a WARR that is lower than the covenant.

Table 1

Rating Considerations (cont.)

Risk	Risk description	Mitigating factors
Closing date participation transfers	A small portion of the collateral obligations identified for purchase on the closing date may initially be transferred to the issuer in the form of participations. Where the issuer participates in the collateral obligations through a third-party selling institution, additional counterparty risk is introduced to the transaction and the participation seller's creditworthiness may generally be a risk to the rated notes; this is because if the participation seller files for bankruptcy, the participation seller's bankruptcy case may delay or otherwise disrupt the participation seller's ability to service the loan and forward loan proceeds to the participation buyer. A failure to elevate any participation to an assignment prolongs this risk to the rated notes. Generally, if we determine that a participation seller is a bankruptcy-remote entity, we do not consider whether its credit risk is mitigated because we consider that entity's bankruptcy risk to be sufficiently remote.	If closing date participation interests are not elevated to assignment, on each date on and after the effective date, certain participation interests may be carried at the lower of S&P Global Ratings' recovery and Moody's recovery for purposes of the O/C test calculation until such closing date participation interest has been elevated to an assignment. In addition, we understand that the closing date participation transfers will be from entities that are expected to be bankruptcy-remote.

O/C--Overcollateralization. BDR--Break-even default rate. SDR--Scenario default rate. WARR--Weighted average recovery rate. WAS--Weighted average spread. I/C--Interest coverage. NRSROs--Nationally recognized statistical rating organizations.

Collateral Manager

As of March 2021, CSAM managed 33 CLOs rated by S&P Global Ratings for approximately $23.00 billion in total CLO AUM. Also, as of January 2021, CSAM managed 37 CLO transactions for approximately $25.09 billion in total CLO AUM; of those, six transactions are in their post reinvestment period while 31 are still in their reinvestment period. Including non-CLO assets, CSAM had $65.00 billion in total AUM as of January 2021.

Analysis of past CLO 2.0 transactions (i.e., deals issued after the financial crisis) that are managed by CSAM and its affiliates and rated by S&P Global Ratings reveals the following:

- An average overlap in collateral composition of 64.19%, which is higher than the average of 55.45% for all CLO 2.0 transactions S&P Global Ratings rates.
- An average portfolio turnover rate of 15.39% over the past 12 months, which is lower than the average of 19.66% for all CLO 2.0 transactions S&P Global Ratings rates.
- Industry concentration favors software, and hotels, restaurants, and leisure.
- Of the transactions that are still in the reinvestment period, 74.07% have a current par amount that is above the effective date target par.
- An average senior overcollateralization cushion of 10.32% at the transaction's closing date.

Quantitative Analysis

In analyzing this transaction, S&P Global Ratings conducted a quantitative review consisting of two analyses: a portfolio analysis and a cash flow analysis.

Understanding our portfolio and cash flow analyses

For the portfolio analysis, S&P Global Ratings ran the portfolio presented to us through the CDO Evaluator model, which defaults portions of the underlying collateral based on the default probability and correlation assumptions defined in S&P Global Ratings criteria. This resulted in a set of scenario default rates (SDRs) that represent expected default levels for the portfolio under the different stress scenarios associated with each rating level (see chart 1).

For example, the 'AAA' stress scenario assumes an extreme level of stress, one similar to what was experienced during the Great Depression, while the 'BBB' stress scenario assumes a high, but less severe, level of stress that is more akin to the 2008 recession. As a result, the portfolio will experience a higher level of defaults in the 'AAA' stress scenario than the 'BBB' stress scenario.

For the cash flow analysis, we input the transaction-specific structural features presented to us into the Standard & Poor's Cash Flow Evaluator model to generate a base case set of cash flows. These cash flows are then subjected to various default timing and interest rate stress scenarios to arrive at a break-even default rate (BDR) for each rated class of notes (see chart 2).

For each class, the BDR represents the maximum amount of defaults that it can withstand while still being able to pay timely interest and ultimate principal to its noteholders. Classes with higher subordination typically have higher BDRs.

Chart 1

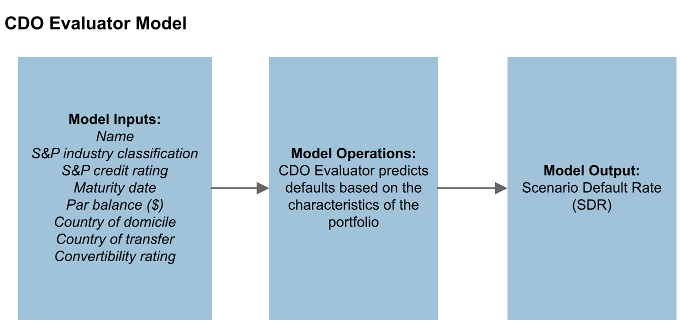
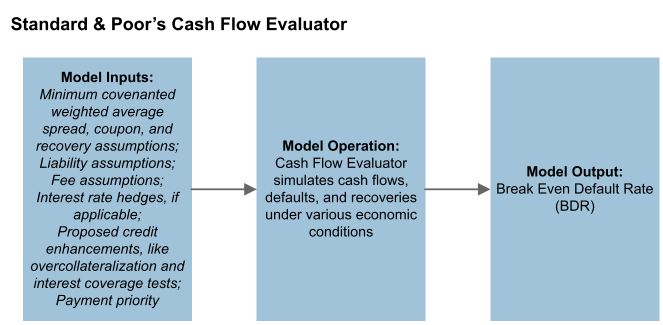


Chart 2

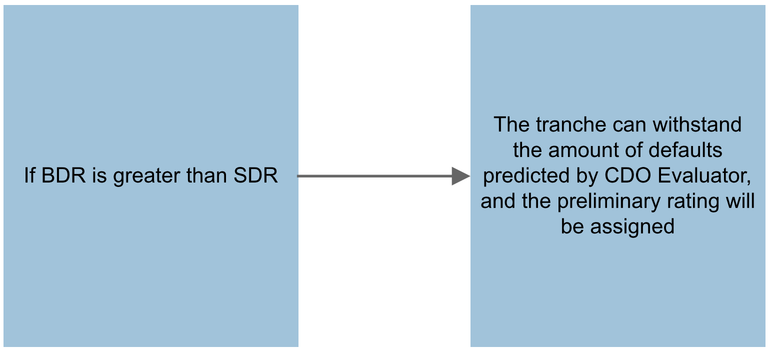


Connecting the portfolio and cash flow analyses

For a tranche to achieve a particular rating, it must be able to withstand the level of defaults projected by the CDO Evaluator and still pay timely interest and principal (see chart 3).

Chart 3

Assignment Of Tranche Rating



The results shown in table 2 indicate that the rated notes have sufficient credit enhancement to withstand our projected default levels.

Table 2

Credit Enhancement

Class	Preliminary rating	BDR (%)	SDR (%)	BDR cushion (%)
A-1	AAA (sf)	68.35	61.80	6.55
A-2	AAA (sf)	66.90	61.80	5.10
B	AA (sf)	59.61	54.38	5.23
C (deferrable)	A (sf)	52.66	48.40	4.26
D (deferrable)	BBB- (sf)	43.47	39.21	4.26
E (deferrable)	Not rated	N/A	N/A	N/A

BDR--Break-even default rate. SDR--Scenario default rate.

Supplemental tests

We also conduct a largest-industry default test and largest-obligor default test according to "Global Methodology And Assumptions For CLOs And Corporate CDOs," published June 21, 2019. Under these assumptions, the notes can withstand the loss amounts indicated in table 3 at their preliminary rating levels.

Table 3

Supplemental Tests

Class	Preliminary rating	Preliminary amount (mil. $)	Largest industry default test loss amount (mil. $)	Largest obligor default test loss amount (mil. $)
A-1	AAA (sf)	300.00	45.88	41.73

Table 3

Supplemental Tests (cont.)

Class	Preliminary rating	Preliminary amount (mil. $)	Largest industry default test loss amount (mil. $)	Largest obligor default test loss amount (mil. $)
A-2	AAA (sf)	7.50	45.88	41.73
B	AA (sf)	72.50	41.13	34.62
C (deferrable)	A (sf)	30.00	N/A	27.16
D (deferrable)	BBB- (sf)	30.00	N/A	19.26
E (deferrable)	Not rated	20.00	N/A	N/A

N/A--Not applicable.

Collateral Quality Tests

In addition to the quantitative framework, we produce and review collateral quality metrics to assess specific risks inherent in a transaction. Results for the collateral quality tests based on the identified portfolio provided to us are shown in table 4.

Table 4

Collateral Quality Metrics – Performing Identified Collateral

Test	Weighted average	Covenant	Margin
Weighted average life (years)(i)	5.06	9.00	3.94
Weighted average spread (including LIBOR floors) (%)	3.85	3.50	0.35
Weighted average LIBOR floor (%)	0.80	N/A	N/A
Weighted average fixed coupon (%)(ii)	N/A	4.00	N/A
Weighted average rating	B	N/A	N/A

(i)The calculated value may include an adjustment to some asset maturity inputs if the resulting pool's weighted average maturity is less than the length of the reinvestment period. (ii)The calculated value does not give credit to excess spread, which may positively adjust the calculation when determining compliance with the covenant. N/A--Not applicable.

Portfolio Characteristics

Metrics based on the portfolio presented to S&P Global Ratings and the level of ramp-up completion are shown in tables 5A and 5B.

Table 5A

Target Collateral Obligations

Target par balance (mil. $)	500.00
Par balance of identified collateral (mil. $)	458.23
Par balance of collateral not yet identified (mil. $)	41.77
S&P Global Ratings' ratings and confidential indications (% of identified collateral)(i)	99.62

(i)May include confidential ratings, private ratings, and credit estimates.

Table 5B

Identified Collateral Obligations (Obligors)

No. of obligors	227
Avg. obligor holding (%)	0.44
Largest-obligor holding (%)	1.15
Smallest-obligor holding (%)	0.07

In the portfolio data referenced for this analysis, the issuer had identified approximately 91.65% of the portfolio's collateral. As the portfolio composition changes, the information and results presented in tables 6-7 and charts 4-7 are also likely to change.

Obligor concentration

Table 6 shows the top five obligor holdings of the underlying portfolio presented to S&P Global Ratings.

Table 6

Top Obligor Holdings As Of June 23, 2021

						Notional amount (mil. $)		Notional amount (%)	
Obligor reference	**Industry**	**Security type**	**S&P Global Ratings' credit rating**	**S&P Global Ratings' implied rating**	**CreditWatch/Outlook**	**Obligor**	**Cumulative**	**Obligor**	**Cumulative**
1	Specialty Retail	Senior secured	No	Yes	N/A	5.27	5.27	1.05	1.05
2	Chemicals	Senior secured	No	Yes	N/A	5.00	10.27	1.00	2.05
3	Software	Senior secured	B	No	Stable	5.00	15.27	1.00	3.05
4	Capital Markets	Senior secured	No	Yes	N/A	5.00	20.27	1.00	4.05
5	Software	Senior secured	B-	No	Stable	5.00	25.27	1.00	5.05

N/A--Not applicable.

Industry and ratings distribution

Chart 4 shows the top five industry distribution in the portfolio, and chart 5 shows the ratings distribution in the portfolio.

Chart 4

Industry Distribution

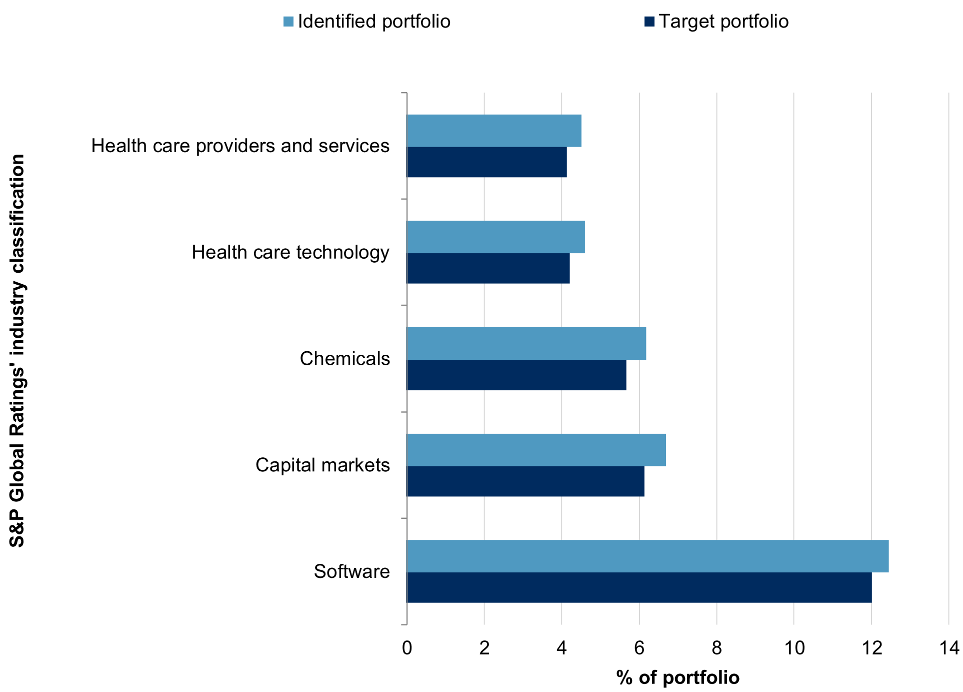
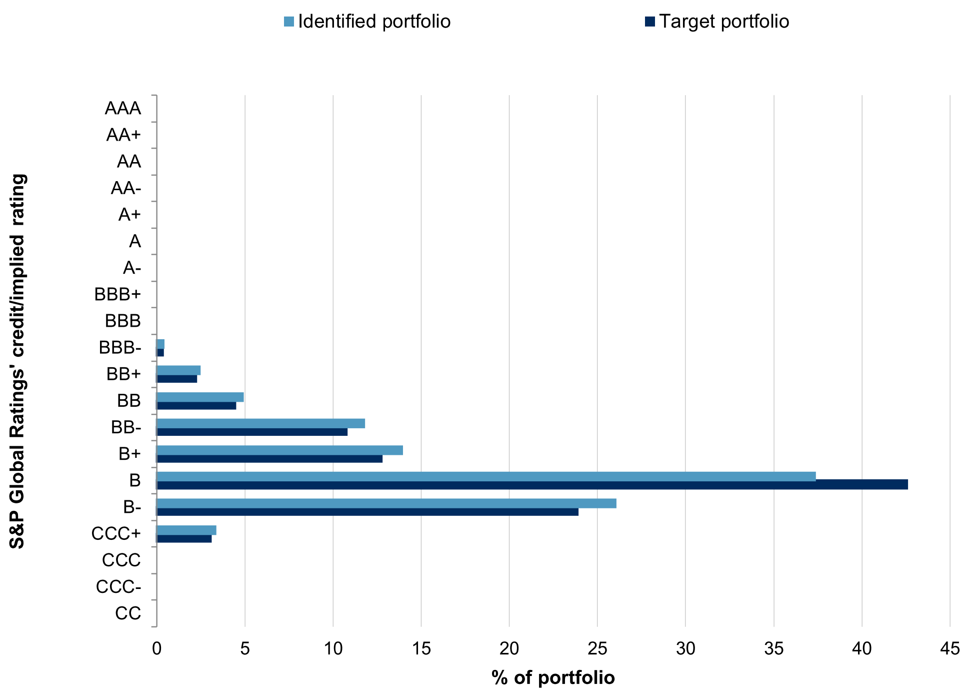


Chart 5

Rating Distribution



Recovery rating and maturity distribution

Table 7 and chart 6 present a summary of identified portfolio S&P Global Ratings' loan recovery rates. Chart 7 shows the maturity distribution in the identified portfolio.

Table 7

Performing Identified Collateral Modeled WARR

Liability rating category	WARR (%)	Min. covenanted WARR (%)
AAA (sf)	40.39	41.15
AA (sf)	49.91	50.71
A (sf)	55.67	56.41
BBB (sf)	62.15	62.81

WARR--Weighted average recovery rate.

Chart 7

Maturity Distribution
Based on the legal final maturity date

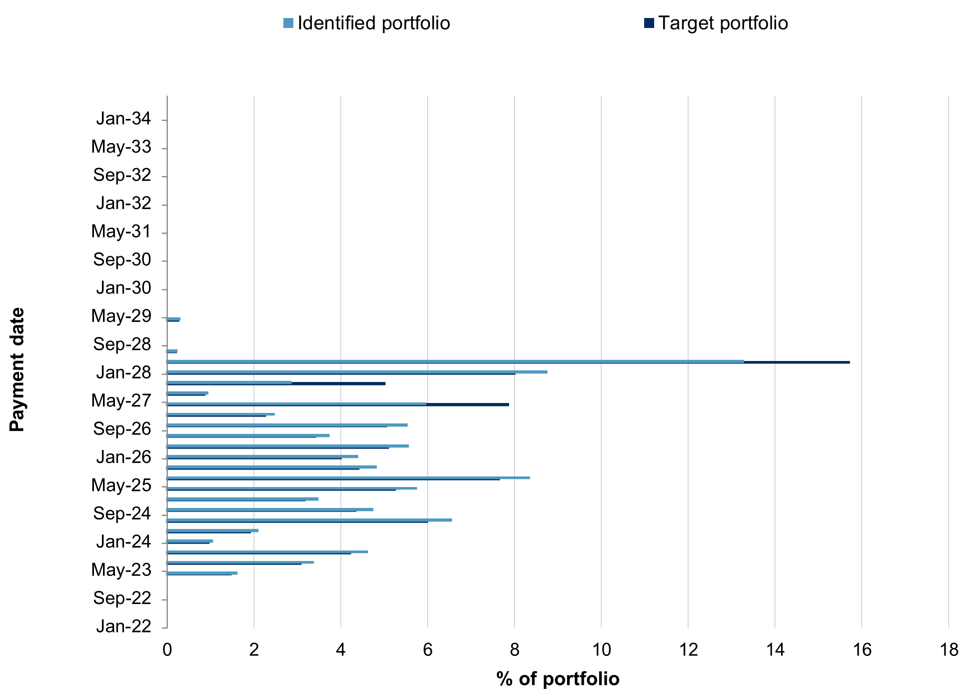
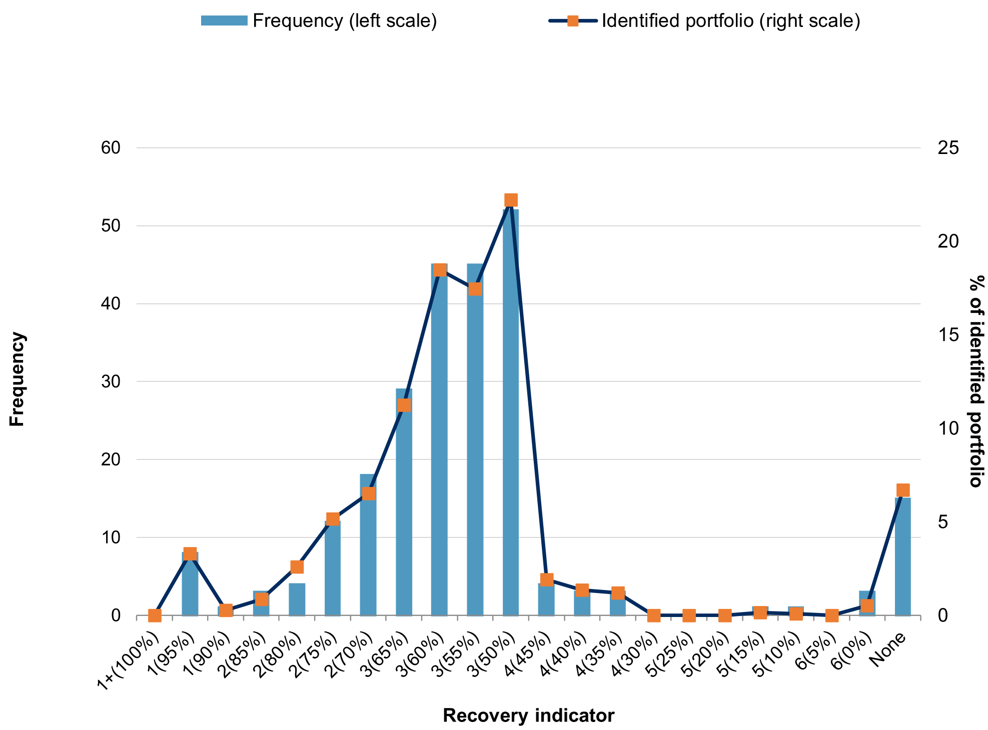


Chart 6

Recovery Indicator Distribution



Portfolio Investment Guidelines

The underlying portfolio will consist primarily of U.S. dollar-denominated senior secured loans to broadly syndicated corporate borrowers. The collateral portfolio's effective date and reinvestment guidelines are expected to comply with the limitations shown in table 8.

Table 8

Collateral Pool Guidelines

	Limit (%)
Type of obligation	
Other than senior secured loans, cash, and eligible investments	10.0
Covenant-lite loans(i) - before satisfaction of certain conditions/after satisfaction of certain conditions	60.0/70.0
Current pay obligations(ii) - before satisfaction of certain conditions/after satisfaction of certain conditions	2.5/7.5
Debtor-in-possession obligations - before satisfaction of certain conditions/after satisfaction of certain conditions	7.5/10.0

Table 8

Collateral Pool Guidelines (cont.)

	Limit (%)
Deferrable obligations(ii)/partial deferrable obligations	0.0/5.0
Delayed-drawdown and revolving obligations	10.0
Discount obligations - before satisfaction of certain conditions/after satisfaction of certain conditions	20.0/25.0
Fixed-rate obligations(ii)	5.0
Long-dated obligations(ii) - before satisfaction of certain conditions/after satisfaction of certain conditions	0.0/2.0
Obligations purchased at a price less than 60% prior to satisfaction of certain conditions/obligations purchased at a price less than 60% after satisfaction of certain conditions (but not below 50% of its principal balance)	0.0/10.0
Obligations that pay interest less frequent than quarterly (but not less than semiannually)(ii)	5.0
Obligor and its affiliates: single/up to five (each)	2.0/2.5
Participation interests	10.0
Second-lien and senior unsecured loans/senior secured and high yield bonds, senior secured and second priority senior secured notes, and certain workout related assets that are bonds (in the aggregate)	10.0/5.0
S&P Global Ratings' industry classification: single/second largest (up to two, each)/largest	10.0/12.0/15.0
S&P Global Ratings' credit rating of 'CCC+' or below(ii)	7.5
Step-Up obligations: before satisfaction of certain conditions/after satisfaction of certain conditions	0.0/5.0
Step-Down obligations: before satisfaction of certain conditions/after satisfaction of certain conditions	0.0/5.0
Structured finance obligations	0.0
Location	
Other than the U.S.	20.0
Emerging markets	0.0

(i)Covenant-lite loans are assigned lower recovery ratings than similar obligations that require continued compliance with covenants. (ii)S&P Global Ratings generally conducts its cash flow analysis assuming that the CLO holds the maximum amount of these types of obligations permitted under the transaction documents. For current pay, long-dated, and 'CCC+' or lower obligations, we generally apply stresses when the exposure is greater than 10.0%, 5.0%, and 7.5%, respectively. N/A--Not applicable.

Risk of concentration in certain obligation types

S&P Global Ratings considers larger concentrations in the types of obligations shown in table 9 to pose additional risk to the transaction. If the transaction can purchase those collateral obligations, our quantitative analysis would consider the risk associated with those types of obligations (see table 8 above for transaction-specific limitations).

Table 9

Risks Of Obligation Types

Obligation type	Risk specific to the obligation
Current pay obligations	S&P Global Ratings' criteria allow transactions to purchase current pay obligations as long as the collateral manager reasonably believes the obligor will remain current on all contractual payments (as well as other factors). Due to the increased risk associated with these obligations, they may be carried at the higher of its issue rating or 'CCC' in the portfolio analysis, which may increase the SDRs produced by the CDO Evaluator. In addition, any excess holding allowance above 10% is carried as defaulted in the cash-flow analysis, which will decrease the BDRs produced by the Cash Flow Evaluator.
Deferrable obligations	Obligations where interest payments may be deferred can result in a discrepancy in the timing of cash inflows and outflows. If this mismatch is significant, it may result in a shortfall in cash available to pay the rated noteholders. S&P Global Ratings conducts its cash flow analysis assuming that the transaction holds the maximum amount of deferrable obligations permitted. The timing differences will be captured in the BDRs generated by the Cash Flow Evaluator.
Fixed-rate obligations	Because interest payments for the majority of the rated notes are tied to a floating reference rate (initially, three-month LIBOR), obligations in the underlying portfolio that pay a fixed-rate create exposure to interest rate movements. Should market rates change significantly over the transaction's life, this may reduce excess spread. To account for that risk, S&P Global Ratings' cash flow analysis assumes the transaction holds the maximum amount of fixed-rate obligations permitted. The results are captured in the BDRs generated by the Cash Flow Evaluator.
Long-dated obligations	Collateral obligations scheduled to mature after the transaction's stated maturity date introduce market value risk because the collateral manager must sell the obligations at the prevailing market price to pay the rated noteholders. To account for this risk, in the event that the allowable bucket exceeds 5% of the asset balance and absent any other risk mitigating factors, S&P Global Ratings' cash flow analysis haircuts the par amount of these obligations (10% per year after the transaction's stated maturity), which will lower the BDRs produced by the Cash Flow Evaluator. This stress may also be considered for long-dated assets that the transaction can hold after any maturity amendments.
Obligations that pay interest less frequently than quarterly	Because transactions typically require quarterly interest payments to be made to the noteholders, a portfolio consisting of collateral obligations that pay interest less frequently creates a discrepancy in the timing of cash inflows and outflows. If this mismatch is significant, it may result in a shortfall in cash available to pay the rated noteholders. S&P Global Ratings conducts its cash flow analysis assuming that the transaction holds the maximum amount of non-quarterly obligations permitted. The timing differences will be captured in the BDRs generated by the Cash Flow Evaluator.
S&P Global Ratings' rating of 'CCC+' or below	Transaction documents typically limit the amount of obligations rated 'CCC+' or below that the collateral manager can purchase. A higher concentration of obligations rated 'CCC+' or below will increase the SDRs produced by the CDO Evaluator.

SDRs--Scenario default rates. BDRs--Break-even default rates.

Note Payment Considerations

Overcollateralization, interest coverage, and reinvestment overcollateralization tests

The rated notes benefit from certain structural features that require sequential mandatory redemption upon a breach of any overcollateralization or interest coverage test. Additionally, during the reinvestment period, the rated notes benefit from the reinvestment of up to a certain amount of the excess interest proceeds, captured upon breach of the transaction's reinvestment overcollateralization test (see table 10).

Table 10

Overcollateralization, Interest Coverage, And Reinvestment Overcollateralization Tests

Class	Actual O/C (%)	Min. O/C required (%)	Min. I/C required (%)
A/B	131.58	121.58	120.00
C	121.95	113.95	110.00
D	113.64	107.64	105.00
E	108.70	103.70	N/A
Reinvestment O/C(i)	108.70	104.20	N/A

(i)The reinvestment O/C test will be satisfied when the class E O/C test is equal to or higher than the specified level. O/C--Overcollateralization. I/C--Interest coverage. N/A--Not applicable.

Payment priorities

Under the transaction documents, the collateral's interest and principal collections are payable according to separate payment priorities. On each payment date during and after the reinvestment period, unless an acceleration following an event of default occurs or on the stated maturity, the proceeds will be distributed in the priorities outlined in tables 11 and 12.

Table 11

Interest Waterfall Payment Priority

Priority	Payment
1	Taxes and fees and then administrative expenses (capped).
2	Base management fee; and then the accrued and unpaid deferred base management fee (capped).
3	Deposit liquidity reserve amount in the interest collection account; then hedge payments, if applicable, pro rata, except for amounts due to termination (or partial termination), then hedge payments pursuant to an early termination (or partial termination).
4	Class A-1 note interest and then class A-2 note interest.
5	Class B note interest.
6	Class A/B coverage tests(i).
7	Class C note interest.
8	Class C coverage tests(i).
9	Class C note deferred interest.
10	Class D note interest.
11	Class D coverage tests(i).
12	Class D note deferred interest.
13	Class E note interest.
14	Class E coverage test(i).
15	Class E note deferred interest.
16	Reinvestment overcollateralization test (during the reinvestment period only). If it fails, use the lesser of 50% of the remaining interest proceeds or the amount needed to satisfy the test to purchase additional collateral obligations or after the non-call period end date, pay according to the note payment sequence(ii).
17	Subordinated management fee, then accrued and unpaid deferred subordinated management fee (uncapped).
18	Administrative expenses (uncapped), then, hedge payments (uncapped), if applicable, pro rata.
19	Deposit excess spread into the supplemental reserve account for certain permitted uses (at the collateral manager's direction).
20	Pay contribution repayment amounts to specified contributors.
21	To the holders of the subordinated notes until the subordinated noteholders have realized an internal rate of return of 9%; provided, if effective date ratings confirmation has not been obtained, apply special redemption amount as principal proceeds, purchase collateral obligations (in each case, to the extent necessary to obtain effective date ratings confirmation), or retain as interest proceeds.
22	20% of remaining proceeds to the incentive management fee; then the accrued and unpaid deferred incentive management fee (uncapped).

Table 12

Principal Waterfall Payment Priority

Priority	Payment
1	Items 1-15 of the interest waterfall, in each case, to the extent not paid in full thereunder and in the same order of priority therein (provided items 7, 9, 10, 12, 13 and 15 are paid only to the extent that the relevant class is the controlling class).
2	On any redemption date, pay redemption price according to the note payment sequence (ii); or, if the subordinated notes are to be optionally redeemed on such distribution date, remaining funds will be distributed pursuant to items 5-11 below.
3	During the reinvestment period, apply available proceeds (and after the reinvestment period, apply proceeds from credit risk sales, unscheduled prepayments, and after satisfaction of certain conditions, sale proceeds received from credit improved obligations) to purchase additional collateral obligations or invest in eligible investments.
4	After the reinvestment period, pay according to the note payment sequence (ii).
5	Subordinated management fee, then accrued and unpaid deferred subordinated management fee (uncapped).
6	Administrative expenses (uncapped).
7	Hedge payments (uncapped), if applicable, pro rata..
8	Pay contribution repayment amounts to specified contributors.
9	To the holders of the subordinated notes until the subordinated noteholders have realized an internal rate of return of 9%.
10	20% of remaining proceeds to the incentive management fee; then the accrued and unpaid deferred incentive management fee (uncapped).
11	Remaining proceeds to the holders of the subordinated notes.

(i)If it fails, pay according to the note payment sequence until each test is satisfied. (ii)See table 11 footnotes for the note payment sequence.

Table 11

Interest Waterfall Payment Priority (cont.)

Priority	Payment
23	Remaining proceeds to the holders of the subordinated notes.

(i)If it fails, pay according to the note payment sequence until each test is satisfied. (ii)Note payment sequence: Class A-1 note interest; then class A-1 note principal; then class A-2 note interest; then class A-2 note principal; then class B note interest; then class B note principal; then class C note interest; then, class C note deferred interest; then class C note principal; then class D note interest; then, class D note deferred interest; then class D note principal; then class E note interest; then, class E note deferred interest; then class E note principal.

Application Of Standard & Poor's CDO Monitor/Compliance With Standard & Poor's CDO Monitor Test

Standard & Poor's CDO Monitor is a tool that collateral managers use during the reinvestment period to determine if a particular trade or series of trades increases the risk to the rated liabilities.

The CDO Monitor Test will be considered passing if the results indicate that the current portfolio produces an SDR that is equal to or below the transaction's BDR. There is no requirement that the CDO Monitor Test be considered after the reinvestment period, or when reinvesting proceeds from the sale of a credit risk or defaulted obligation.

For this transaction, the non-model version of CDO Monitor may be used as an alternative to the model-based approach. This version of CDO Monitor is built on the foundation of six portfolio benchmarks, which are used to provide insight into the characteristics that inform the way S&P Global Ratings assesses credit quality. These benchmarks are meant to enhance transparency for investors and other CLO market participants by allowing them to compare metrics across transactions and assess changes within a given CLO over time (for details, see "Standard & Poor's Introduces Non-Model Version Of CDO Monitor," published Dec. 8, 2014, and "S&P Global Ratings' Updated Assumptions For CDO Monitor Non-Model Version," published June 21, 2019).

Table 13 illustrates the benchmarks for Madison Park Funding LI Ltd. in the context of average values by vintage.

Table 13

CDO Monitor Metrics

	Madison Park Funding LI Ltd.	Trailing 12-month average	Difference	Typical values
S&P Global Ratings' weighted average rating factor (SPWARF)(i)	2,715.11	2,791.77	(76.66)	2,500-3,000
Default rate dispersion(ii)	667.28	728.73	(61.44)	500-1,000
Obligor diversity measure(iii)	203.80	162.85	40.95	100-250
Industry diversity measure(iv)	24.91	21.68	3.23	12-22
Regional diversity measure(v)	1.18	1.18	(0.01)	1.0-1.3 for U.S. CLOs (higher for euro CLOs)

Table 13

CDO Monitor Metrics (cont.)

	Madison Park Funding LI Ltd.	Trailing 12-month average	Difference	Typical values
Weighted average life (years)(vi)	4.72	4.98	(0.26)	4-7

(i)S&P Global Ratings' weighted average rating factor (SPWARF): the SPWARF is calculated by multiplying the par balance of each collateral obligation that has a 'CCC-' or higher rating from S&P Global Ratings by S&P Global Ratings' rating factor, then summing the total for the portfolio, and then dividing the result by the aggregate principal balance of all collateral obligations included in the calculation. (ii)Default rate dispersion (DRD): the DRD is calculated by multiplying the par balance for each collateral obligation that has a 'CCC-' or higher rating from S&P Global Ratings by the absolute value of the difference between S&P Global Ratings' rating factor and the SPWARF, then summing the total for the portfolio, and then dividing the result by the aggregate principal balance of the collateral obligations included in the calculation. (iii)Obligor diversity measure (ODM): the measure of the effective number of obligors in the pool obtained by squaring the result for each obligor and taking the reciprocal of the sum of these squares [i.e., 1/sum()^2]. (iv)Industry diversity measure (IDM): the effective number of industries in the pool obtained in the same way as the ODM. (v)Regional diversity measure (RDM): the effective number of regions in the pool obtained in the same way as the ODM and IDM. (vi)Weighted average life: the portfolio's weighted average life is based on the remaining number of years to maturity for each loan.

Surveillance

S&P Global Ratings will maintain active surveillance on the rated notes until the notes mature or are retired, or until its credit ratings on the transaction have been withdrawn. The purpose of surveillance is to assess whether the rated notes are performing within the initial parameters and assumptions applied to each rating category. The issuer is required under the terms of the transaction documents to supply periodic reports and notices to S&P Global Ratings to maintain continuous surveillance on the rated notes. For more information on our CLO surveillance process, see "CDO Spotlight: Standard & Poor's Surveillance Process For Monitoring U.S. Cash Flow CLO Transactions," published Oct. 19, 2016.

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- CDO Spotlight: How Deferrable Assets In CLOs Are Treated Under Standard & Poor's Methodology, Oct. 1, 2012