

# Spotlight on *CLOs*: Navigating Risk and Reward to Position for Upside

A conversation with Vibrant Capital Partners & UBS AM



**Kashyap Arora**

Managing Director & Co-Chief Investment Officer

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The risks are elevated today, but so are the return potentials. And it's important to distinguish between what's fundamental, what really impacts us, versus what's headline and what's noise. Our view is that valuations have dropped significantly more than the risk has increased.

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**KASHYAP ARORA**

Managing Director & Co-Chief Investment Officer, Vibrant Capital

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CLO equity may be one of the few long credit spread volatility products within the credit markets. You have long-term, locked-up, non-mark-to-market financing, and anytime you see an increase in spread volatility, CLO managers are able to reinvest into wider-spread loans, and that has a 10-times-levered effect on CLO equity.

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Managing Director & Co-Chief Investment Officer, Vibrant Capital

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What's needed to succeed in investing in CLOs is access to a deep bench of credit analysts. The second thing you need are good systems and technology. And then the last thing I would say is sourcing and access. Specifically, when it comes to the opportunity set in secondary CLO equity.

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**KASHYAP ARORA**

Managing Director & Co-Chief Investment Officer, Vibrant Capital



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**Explore Vibrant Capital and our  
approach to *CLO investing*.**

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