

ECC Earnings Call Transcript

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Quarter: 3

Operator: Greetings, and welcome to Eagle Point Credit Company's Third Quarter 2025 Financial Results Conference Call. At this time, all participants are in a listen-only mode. A brief question and answer session will follow the formal presentation. If anyone should require operator assistance during the conference, as a reminder, this conference is being recorded. At this time, I will turn the conference over to Mr. Darren Dougherty from Protech Partners. Please go ahead.

Darren Dougherty: Thank you, operator, and good morning. Welcome to Eagle Point Credit Company's earnings conference call for 2025. Speaking on the call today are Thomas Majewski, Chief Executive Officer, and Ken Inorio, Chief Financial Officer and Chief Operating Officer. Before we begin, I would like to remind everyone that the matters discussed on this call include forward-looking statements or projected financial information that involve risks and uncertainties that may cause the actual results to differ materially from such projections. For further information on factors that could impact the company and the statements and projections contained herein, please refer to the company's filings with the Securities and Exchange Commission. Each forward-looking statement or projection of financial information made during this call is based on the information available to us as of the date of this call. We disclaim any obligation to update our forward-looking statements unless required by law. Earlier today, we filed our third quarter 2025 financial statements and investor presentation with the Securities and Exchange Commission. These are also available in the Investor Relations section of the company's website eaglepointcreditcompany.com. A replay of this call will also be made available later today. I will now turn the call over to Thomas Majewski, Chief Executive Officer of Eagle Point Credit Company. Tom?

Thomas Majewski: Thanks, Darren. And good morning, everyone. We're glad you've joined the call today. We were very active in managing our portfolio during the quarter, both through deployment into new investments and rotation and optimization of portfolio investments already on the ground. We deployed almost \$200 million into new investments, taking advantage of attractive opportunities in both the primary and secondary markets. The CLO equity investments that we made during the quarter had a weighted average effective yield of 16.9%. Additionally, during the quarter, we proactively completed 16 refinancings and 11 resets which strengthened our CLO equity portfolio's earning power and helped partially offset the loan repricings that we faced throughout the year. Importantly, we still have a robust pipeline of additional resets and refinancings planned into 2026. Third quarter recurring cash flows came in at \$77 million or 59¢ per share. This is a decrease from \$85 million or 69¢ per share in the second quarter. During the quarter, the company generated net investment income less realized losses from investments of \$0.16 per share, consisting of 24¢ of net investment income and offset by 8¢ of realized losses from sales on certain investments. The realized losses from investments were primarily driven by rotating some of our underperforming September, our NAV stood at \$7 per share, which is down 4.2% from \$7.31 per share as of June 30. For the third quarter, the company generated a GAAP return on equity of 1.6%. Our portfolio's weighted average remaining reinvestment period or WARP ended the quarter at 3.4 years, roughly 26% above the market average of 2.7 years. This is slightly higher than the 3.3 years as of June 30, and reflects our long-term strategy to seek to maximize our portfolio's WARP when the reset market is open. As I mentioned at the beginning of the call, we focused efforts during the quarter on portfolio rotation and optimization, which should ultimately

enhance our cash flows and earning power going forward. Our position as a majority CLO equity holder in most cases gives us multiple levers to pull to unlock value for the company over time. As many of you know, the loan market has been facing pressure from loan repricings in recent quarters. We did see repricing activity slow down when the credit markets were spooked recently by the idiosyncratic bank of First Brands. However, 42% of loans are trading above par again and we may see repricing activity return. I'd also like to point out that ECC's exposure to First Brands was small, and the losses related to the name were well within our annual credit loss assumptions. In addition, we saw a pickup in LBO activity during September, which is healthy for the market overall and supportive of loan spreads. In other words, an increased supply of new issue loans should help mitigate spread compression pressure, which is ultimately a good thing for our cash flows and our NAV trajectory. During the quarter, we utilized our at-the-market program selectively issuing \$26 million of common stock at a premium to NAV. We also issued approximately \$13 million of our 7% series double a and b convertible perpetual preferred stock as part of our continuous public offering. We believe this is a highly attractive cost of capital for the company and presents a real competitive advantage for us. We are unaware of any other publicly traded entity focused primarily on investing in CLO equity that has such an attractive program. During the quarter, we paid 42¢ per share in cash distribution to our common shareholders across three monthly distributions of 14¢ per share. Earlier today, we declared regular monthly distributions of 14¢ per share for 2026. The company's board of directors considers numerous factors when setting the monthly distribution level, including cash flow generated from the company's investment portfolio, GAAP earnings, and the company's requirement to distribute substantially all of its taxable income. Before I hand the call off to Ken, I'd like to highlight Eagle Point Income Company, which also trades on the New York Stock Exchange under the symbol EIC. That entity principally invests in junior CLO debt securities. We'll be hosting EIC's investor call today at 11:30 AM Eastern and invite you to join us for that call as well. Ken will now provide details on our financial results. After his remarks, I'll share additional insights on the loan and CLO markets broadly. Thank you, Tom, and thanks, everyone, for joining our call today.

Ken Inorio: For 2025, the company recorded net investment income less realized losses from investments of \$21 million or 16¢ per share. Net investment income was 24¢ per share. This compares to NII less realized losses from investments of \$0.16 per share in the last quarter and NII less realized losses of \$0.23 per share in 2024. Additionally, for 2025, the company recorded losses from forward currency contracts of 1¢ per share. Including unrealized gains, the company recorded GAAP net income of \$16 million or \$0.12 per share for the quarter. This compares to a GAAP net income of \$0.47 per share last quarter and 4¢ per share in 2024. The company's third quarter GAAP net income was comprised of investment income of \$52 million and unrealized gains on investments and forward currency contracts of \$4 million, partially offset by financing costs and operating expenses of \$21 million, realized losses on investments of \$10 million, distributions and amortization of costs on temporary equity of \$6 million, and unrealized losses on certain liabilities held at fair value of \$2 million, and realized losses from forward currency contracts of \$1 million. As a reminder, temporary equity refers to our multiple series of perpetual preferred stock. In addition, the company recorded an other comprehensive loss of \$2.5 million for the third quarter. The company's asset coverage ratios as of September 30 for preferred stock and debt calculated pursuant to Investment Company Act requirements were 239% and 529% respectively. These measures are above the statutory requirements of 200% and 300%. During the third quarter, we deployed nearly \$200 million in gross capital into new investments. Our debt and preferred securities outstanding at quarter end totaled 42% of the company's total assets less current liabilities, above our target range of 27.5% to 37.5% when operating the company under normal market conditions. Consistent with our long-range financing strategy for the company, all of our financing remains fixed rate, and we have no maturities prior to April 2028. In addition, a significant portion of our preferred stock financing is perpetual with no set maturity date. So far in the current quarter through October 31, we've collected \$70 million in recurring cash flows and expect additional collections throughout the balance of the quarter. Additionally, management's unaudited estimate of the company's NAV as of October month-end was between \$6.69 and \$6.79 per share. With that, I'll turn back to Tom for a look at market insights and closing thoughts.

Thomas Majewski: Thanks, Ken. Stepping back to the market, loan fundamentals remain quite strong.

The S&P; UBS Leveraged Loan Index returned 1.6% for the third quarter and has continued to perform well through October, returning 30 basis points for the month. There were five leveraged loan defaults during the third quarter, and as of September 30, the trailing twelve-month default rate stood at 1.5%. This is up from 1.1% as of June 30 but well below the long-term average of 2.6%. The widely reported First Brands default drove most of the increase in the default rate, though its impact on the broader CLO market was actually minimal. First Brands accounted for only 30 basis points of our portfolio on a look-through basis, and we do not view it as a widespread indication of credit weakness. While the First Brand loan itself was large, it's important to remember that a good portion of that loan was held in BDCs, not CLOs. Our portfolio's look-through default exposure as of September 30 stood at 34 basis points, which is well below the broader market levels. With rates expected to fall further, we believe defaults should remain muted as loan issuers will have lower interest costs. In addition, corporate fundamentals across the loan market remain quite resilient with issuers generally continuing to grow revenue and EBITDA despite the effects of inflation, tariffs, and movements in interest rates over the past years. During the quarter, the market saw approximately 6.8% of the leveraged loan market or roughly 27% annualized prepaid at par. In general, loan issuers continue to be proactive in tackling their near-term maturities, and the maturity wall we have mentioned on prior calls continues to be pushed out. Unfortunately, while pushing out the maturity wall is good, many of these refinancings by borrowers have also included reducing the spread on loans leading to the spread compression that we've talked about over the past few quarters. On the CLO side, the market saw \$53 billion of volume during the quarter, which was up slightly from \$51 billion during the last quarter. Reset and refinancing activity for the third quarter was \$69 billion and \$36 billion respectively, and both of these measures represented significant increases on a quarter-over-quarter basis. Our portfolio metrics continue to stand out versus the market. As of quarter-end, triple C rated exposures within our CLO equity portfolio stood at 4.6%, which is lower than the broader market average of 4.8%. Similarly, only 2.7% of the loans in our CLOs were trading below eighty, and this compares to 3.4% across the market. Our weighted average junior OC cushion stood at 4.6%, well in excess of the market average of 3.7%. These are all important measures that underscore the quality of our CLO equity portfolio. And overall, we believe we have a higher quality portfolio than the market more broadly. The Fed's recent rate cuts have had limited direct impact on CLO equity, as our returns are largely driven by spreads not base rates. In many respects, lower rates can be constructive for the CLO equity asset class easing interest costs for loan issuers. It also helps increase LBO activity, which contributes to new loan supply and potentially wider loan spreads in the future. Looking ahead, we're excited about our near-term investment pipeline. Market conditions have continued to stabilize following the volatility earlier this year. Loan fundamentals remain resilient. If CLO debt spreads remain flat or continue to tighten, we expect to take action on over 20% of our portfolio and unlock refinancing upside in the coming months and quarters. To wrap up, we opportunistically deployed capital at attractive levels, executed resets and refinancings that strengthened the recurring cash flows on our portfolio, and maintained portfolio metrics that are favorable to the broader market. We are positioned with strong fundamentals, meaningful reinvestment optionality within our portfolio, and the flexibility to capitalize on opportunities as they arise. We thank you for your time and interest in Eagle Point Credit Company. Ken and I will now open the call to your questions. Operator?

Operator: Thank you. We will now be conducting a question and answer session. If you would like to ask a question, please press 1 on your telephone keypad. A confirmation tone will indicate you may press 2 if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. And our first question will come from Gaurav Mehta with Alliance Global Partners.

Gaurav Mehta: Thank you. Good morning. I want to ask you on your comments around portfolio resets and refi. I think you mentioned over 20% of your portfolio will be reset and refi. Just want to get some more color on the timeline for that and what would the impact be. Sure. Thank you.

Thomas Majewski: Thank you for your question, Gaurav. As we laid out, we completed a significant number of refis and resets during the third quarter, so we were very proactive with our portfolio. And when we talk about our outlook for the future, we're anticipating another 20% of the portfolio makes sense to have some actions taken over the next one to two quarters generically. It's all market condition

specific. The biggest thing I would draw your attention to in our investor deck is page 28 or 25 through 28 now where we lay out position by position every single CLO that we have. And what the, what the triple A's are. You'll see the weighted average AAA spread is 134 basis points over SOFR. Right now, generically, you should think of the market as one twenty to one twenty five. Some deals wider, some deals tighter. But and then start looking through the deals that have the highest AAA spreads, and those are gonna be the ones that we that we go after. Combination of triaging, and making an, you know, an educated decision. It's as much of an art as a science of which CLOs will get the biggest potency for us, whether or not we're doing a refi or reset, which ones have the most upside savings or the value in lengthening the reinvestment period. You can see over the course of the year, we've done, I think we're on pace for comfortably over 75 different corporate actions. So, a highly, highly proactive ownership program. And I would expect that to continue market conditions permitting. We may have even a few more slated for this year, and we'll kick off into next year. So I would expect a slow and not slow, but a consistent reduction in triple A costs across the CLO portfolio and lengthening or lengthening of the reinvestment periods of those that were resetting. That said, it is all market dependent, and there's been a period of time. If you look back to Q1, it was reset mania until March 1. And then we put pencils down because the market didn't cooperate proverbially. So there is always that market caveat, but we are working very hard, and we'll do everything, you know, within reason to to keep the cost lower on the right side of our balance. And I would say no one in the market has done more than us is my belief.

Gaurav Mehta: Thanks for that color. Second question, I want to ask you on your near-term investment opportunities. Can you provide some color on what you guys are seeing in the primary and secondary markets for senior equity?

Thomas Majewski: Yeah. The market continues open and active right now. Primary market, we continue to see plenty of issuance opportunities. We have a number of loan accumulation facilities, which are kind of the precursor to creating CLOs. Some of those are ripe and ready to go into CLOs whether or not we issue any more this year, a little bit market dependent. As I'm sure you're aware, insurance companies are big buyers of a lot of the rate tranches, and they often have annual budgets to deploy. And they have a funny habit of deploying that budget before the end of the year. So sometimes you see things back up a little bit. In the last week or two. So we may get one or two new done this year. But certainly a robust pipeline into Q1 of next year. And then on the secondary side, you know, hundreds of millions of dollars CLO equity trades every single week. The market's not cheap today by any stretch. It's not you know, bond equity is not being given away. That said, there are still selective opportunities out there. We have both been buying and selling in the secondary market. One of the things we made reference to in our remarks was some rebalancing and lightening on a handful of collateral managers in positions where you know, perhaps we saw more more risk than upside. That said, we've also been deploying in the secondary market in investments where we see more paths for upside. So market is open and active right now. And we are an active participant in every segment of it. But we do remain very selective in the in the areas we're in in the investments we're making.

Gaurav Mehta: Okay. Thank you. That's all I had.

Thomas Majewski: Great. Thank you very much.

Operator: And our next question comes from Mickey Schleien with Clear Street.

Mickey Schleien: Good morning, Tom and Ken. I hope you're well. Tom, you mentioned the impact of First Brands on loan spreads. Could you characterize how trends and CLO loan asset spreads in October and maybe even, you know, through mid-November relative to September?

Thomas Majewski: Let's see here. So loan spread compression has slowed somewhat. If a few weeks doesn't make a trend. I unfortunately, I wish I could say better there. You know, when we look across our portfolio, you know, this the you know, lots of people ask us about default rates and all that stuff. You know, the number one thing that I don't like right now and you've heard it from us in earnings here for a few quarters, is spread compression. And the weighted average spread on these loans is down I'm gonna say, circa 50 basis points, give or take, over the last year. That is not good. We're doing our part to tighten on the right side through our reset and proactive and refinancing program. An analogy I like to make to people, and this is an analogy, we've got well over a thousand loans and a little over a 100 CLOs. It's kinda picture a wall of sand coming at us on one side. That's the loans repricing. While

our team is tossing boulders on the other side. It just things move at a different pace and sometimes a different activity. To your point, there's always a silver lining in clouds, and while, you know, First Brands is certainly not the credit market's finest moment, ironically, it was actually a repricing that they were working on that gave rise to figuring out the fraud, and their quality of earnings were my understanding is the quality of earnings report was getting prepared. And as part of that, some of the things going on at the holdco above the borrower became known. That has certainly put a chill on the repricing market. There are far fewer repricings right now than you'd expect 40% of the loan market trading above par. Regrettably, I'll say it's too soon to declare a victory, though. And, you know, we, you know, we wouldn't surprise me to see a little more pick back up, but it certainly has slowed since the First Brands news. By a non by a healthy margin.

Mickey Schleien: Tom, you sort of segued into my next question, which is sort of the longer-term outlook for spreads. Loan spreads. When I look at page 19 of your presentation, you know, those spreads look like they're heading down to their long-term average, as you said, you know, we don't know for sure. Spreads, you know, can move up and down. Over long periods of time, but over the long run, looking at the supply and demand of capital in the loan market, you know, what is your outlook long-term for loan spreads?

Thomas Majewski: That's a tough one. Yeah. And we show two averages here. We show the, you know, thirty-five-year average, give or take, and the ten-year average. Obviously, I like the ten-year average better than the thirty-five-year average. What I will say when you think about the pre-2007 average, you know, in the old, old days, and our good friend Peter Gleisstedt might get might I might be slightly off on this. He might know better. Loans had two two two spreads, two fifty and two seventy-five. Like, those are the two choices when you called the loan desk at Chemical or Manufacturers' Hanover a long time ago. Obviously, the market's gotten a lot more sophisticated. When loan spreads were two fifty back in 2006, and I remember as a CLO banker modeling, you know, two fifty, two forty spreads. That was back when AAAs were twenty-five and thirty basis points over. So the funding cost in the market was much, much lower. The loan market and CLO market, whether we like it or not, are inextricably linked. The CLO market, you know, owns about two-thirds of the loan market, even a little more right now. So while we are at the low on spreads over the last ten years at \$3.47, I'd love to call a bottom. I can't quite call a bottom there. But when I think about the long-term average going back to the early nineteen nineties, that was influenced significantly by the availability of in those days, LIBOR plus 25 triple A's. When, you know, we're up. A 100 basis points away from that. So if I had to guess, we're closer to the bottom in the ten-year band than well, certainly than the top. You get one or two other credit things pop up. You know, frankly, you know, the way media cycles work, like, I'll use an example. Like, our friends at, you know, Citibank for a while, it felt like they could do nothing right. They had the mistake with the Revlon loan, then that, like, \$27 trillion wire. You know, just everything that went wrong, you know, kind of seemed to get attention. My sense is the credit markets are gonna be that kinda get that focus from the media. You know, there was some headline I saw in Bloomberg about a loan in a, you know, in a BlackRock BDC that took a big write-down. Again, it's probably one loan in a portfolio of hundreds, but it got attention. The good news around that is it probably helped abate loan spreads and, you know, potentially even a path for widening. One of the pieces we did share is that M&A; activity does seem like it's picking up, which is good. To the extent, you know, what's been going on is a lot of the same loans are just getting repriced and handed around and refinanced and repriced tighter. To the extent we see new names coming into the market, which it feels like we are with loan spreads lower. It makes M&A; a little more easy. Could we see a little new supply which would help? So can't call a bottom. I'd love to. We are at the ten-year low if you look at this chart. Hopefully, that means there's some upside to go. Our focus from the media, the credit industry broadly, odd as that sounds, probably is a good fact at least to get on spread compression.

Mickey Schleien: I appreciate that, Tom. It's pretty much in line with my thesis. Couple more questions if I can. On page 24, you show that your recurring cash flows dipped below the total of the distribution and your operating expenses. So I'd like to, you know, understand what drove that decline. And could you also walk us through what factors the board considered when you look at that decline in keeping the dividend stable?

Thomas Majewski: Yes. We have a prepared answer for the latter one. But to the first one, you know,

combination the principal thing, spread compression. Was a nontrivial factor there. I'm gonna say the weighted average spread fell at eight or so basis points. Eight basis points this quarter. So that's you know, it's while we're lowering our costs on the right side of the balance sheet with resets and refis, we're, you know, we didn't lower our weighted average eight basis points, unfortunately, quarter over quarter. So that's you know, that's the principal manifestation of it. That said, there are a and we do say this often, but there seems to be, as I was looking through it the other day, a disproportionate number of investments that haven't yet made their first payments in the portfolio. So that there are some green shoots. It's not as if everything is paying yet. And not that there's a problem with those investments, just a little bit of a delay. In getting in in in you know, when you make investments, sometimes it's six months before the cash flow turns on. So a little bit of that principal driver spread compression, a little bit offset by some reset activity that we do. Even the reset activity hurts cash flows in the first quarter because you gotta pay the bankers, the lawyers, the rating agencies, and that all comes out of your distribution. In the quarter you do that. So in many cases, the equity distribution comes down as for one period as a result of that activity. So those are some things going on there. In ECC, we did maintain the distribution at 14¢ a month. For the first quarter. The board considers any number of factors, all factors regarding both the outlook for company, the portfolio, the economy, taxable income are all drivers in there. You know, obviously, the board reviews these matters every single quarter. No one thing is a particular driver of the decision, but a collage of all the factors. Went into the board's decision.

Mickey Schleien: I understand. One last question, Tom. You talked about borrowers taking advantage of tighter spreads and CLO managers and equity holders like yourselves. Also taking advantage of tighter spreads. To refinance. But if I'm not mistaken, your most expensive liability, the series F preferreds, will become callable soon. I might be wrong, but I think I'm right.

Thomas Majewski: Yeah. Ken's smiling even when you say that just to on the comes to mind to me. Am I right on that, Ken?

Ken Inorio: To tip our hand down. Yeah. It's hard for me to keep track of all of them, but I those are the most expensive. They're callable. Very soon. Under current conditions, does it make sense to refinance them? In other words, did Ken's smile just get broader?

Thomas Majewski: And the banker smile might have gotten as well. No. I'm sure if they're listening. But yeah, no. As we look at the capital structure, and this is on page 10 of the deck, a very astute observation on your part. You know, interest rates have certainly come down a bunch. You know, we're above our target leverage limit. You know, target leverage guidelines, I should say, that we say we wanna run the company, and we're well within our statutory limits. And, you know, we talk about while we're doing it very slowly, right now because of where we are, you know, we've got that 7% perpetual preferred program that we issue through Eagle Point Securities the series double a, double b, you know, that I say this. This is a meaningful advantage. No other principally CLO equity-oriented vehicle has such a program. I love that program and, you know, could you see us opening up or doing something with the F five the board will make the decisions on the appropriate days. But the call date is 01/18/2026, and it wouldn't surprise me if Ken has a reminder in his calendar around that day.

Mickey Schleien: Yeah. Me neither. Okay. I appreciate it. That's it for me this morning. I appreciate you taking my questions.

Thomas Majewski: Thanks so much, Mickey.

Operator: And we'll go next to Eric Zwick with Lucid Capital Markets.

Eric Zwick: Hey, Eric. Good morning.

Thomas Majewski: Good morning, Tommy.

Eric Zwick: Hey. Good morning, Tom again. So wanted to my first question, maybe a bit of a follow-up on some of kind of the kind of broader topics you've been talking about. But in terms of, you know, you've mentioned there's quite a bit of opportunity still for some of the, you know, the borrowers, the asset side of the CLOs to refinance. You have opportunities remaining on, you know, the liability side. Just from quarter to quarter, you know, one may outweigh the other, but over the long term, you know, that the kind of the changes should be offsetting, so to speak, your arbitrage opportunity remains the same. Is that the right way to think about it?

Thomas Majewski: Generically, yes. Over the long term, and given period, it widens or tightens. You know, the days loans are widening are usually the days CLO debt is widening. Know, that's kind of a

you know, a bad fact. The good news is CLO debt is longer than loan debt. And yeah, we think these things move in cycles. Credit spreads tighten. Credit spreads widen back and forth. The good part about loans being shorter term than CLO debt is when things get choppy in the credit markets, you see if you look back historically, and we have the data going back to 2014 on our website, you'll see there's periods of time where the portfolio spread on the underlying loans increases and sometimes increases quite handsomely. The triple A's we're locking in today can be around for twelve years if we need them. So your statement is absolutely correct. When you look over the long term these things have a nice habit of balancing out. And some of it is just due to the CLO market and loan market again are so intertwined. There are periods. And if you were to listen to our calls in 2018, I'm the recordings are gone, but the transcripts are still around. We might have lamented the same thing of spread compression beating us up. And then when it went the other way, and we had the triple A's, you know, locked in place and you know, from January 2020 to the January '21 was a great period. Not a straight line, but a great destination. So over time, these things should all balance out. They rarely feel like they balance out on any given day.

Eric Zwick: Got it. That's helpful. And you anticipated that the second part of the question there with your answer, so I won't go on there. Just in terms of, you know, funding activity going forward, you know, it's certainly been a rerating of not only your stock, but the other, you know, CLO funds that are traded out there. Trading now at a discount to NAV. How does that, you know, change your thoughts about potentially shifting to a share buyback, you know, kind of strategy as opposed to using the ATM?

Thomas Majewski: Yep. And, certainly, yeah, so we look at things over a long term. You know, in the vast majority of the decade plus we've been public, the you know, ECC, we've been fortunate, and investors have been demanding the stock such that it's traded at a handsome premium. To NAV. Right now, it has been at a discount as I think have all of the or so substantially, certainly all of the major CLO equity funds. It's a little bit frustrating why that, you know, why that is. There's you know, it could be any number of reasons. The BDC index is down a bunch over the last kinda six days as well. You know, frankly, BDCs, in my opinion, are more levered to interest rates than we are and that they have floating rate loans where the floaters are falling. And they have fixed rate debt which is gonna have to be refinanced wider. So, you know, any number of things. And then overlay, you know, the credit news in the world doesn't help matters. The impact on the major CLO equity funds, ours including, is frustrating. We do make long-term decisions about these things. And our, you know, our management style that Ken and I bring to the table as well as the advice and direction from our board. Very much long-term focused. We won't make hair-trigger decisions around any stuff. That said, I will say all things are, you know, up for consideration at the company, and we'll continue to be. But we think about these things very much on a long-term basis.

Eric Zwick: And last one for me, just looking at the, you know, the decline in NAV. Curious if you could kind of frame how much of that is related to changes in kind of market pricing and spreads versus maybe, you know, return of capital, you know, how much of that, you know, could potentially be recaptured if there are changes in the market.

Thomas Majewski: Yeah. I have the exact yeah, I don't have the exact split. I'll say the vast we did have some realized losses from repositioning. By and large, those prices were already factored into the NAV. So that's more of just a reclass from unrealized to realized, not our favorite, but not a big NAV impact. And then, you know, the NII was less than, you know, unfortunately, nontrivially less than the cash distributions paid. So I don't have the exact components, but I'm gonna judgmentally say right now, and we can check the numbers later, the largest component of the NAV move in the quarter was the excess of distributions over NII and Ken is nodding. Yes. K. With a yes. That's I'm right, which is good. We're directionally right. It was the myriad of factors that go in there. But the biggest factor, in my opinion, on the NAV move, frankly, was the distribution relative to NII.

Eric Zwick: And then I guess my follow-up to that would be in I know Mickey kind of already asked about the dividend a little bit, but I guess maybe what levers or what would need to happen, you know, in the market, or what can you do to potentially get the NII back above the dividend?

Thomas Majewski: Yeah. You know, all things are, you know, considered at all times. You know, continuing to rotate the portfolio into higher earning investments. Is something we've been doing a lot of. We haven't used the word rotation, too much lately. Or in a while, but we have used it recently here.

In terms of working on a couple of positions that have, you know, not bad, but have underperformed our expectations. And are rerotating into things that we think have some higher earnings potential. I think Mickey was kind enough to suggest we call the apps. And maybe replacing 8% financing with 7% financing. That might, you know, that might have a nice ring to it. Obviously, we'll make the decision on that day based on market conditions. And continuing to optimize, you know, every aspect of our portfolio. At the end of the day, I'm just looking at some numbers here. Bear with me one second. Rotation. Yep. So here to there. So the things we of a selection of things we exited, had a look like, in about an 11% effective yield. And this is the you know, the 20 plus percent effective yield on things that we were putting into the ground during the past quarter. So it's rotating out of some things that were, you know, for whatever reason, either late in life. I'm looking at a 2015 vintage CLO. That just you know, that's one of the larger sales largest sales we had. One of the sales we had, not the largest necessarily. But looking at a nine and a half percent yield, but the weighted average effective yield on the things we sold was 11. And the weighted average, of the things that of a handful of investments that were some of that kind of rotation offsets that have to handle in front of them. So doing everything we can to get more earnings into the box is part of it. We can do that through resets and refis. As well as buying and selling CLO securities. We can also do it by optimizing the right side of our balance sheet. I am mindful of where we are on the leverage ratio. We're, you know, we're comfortably on sides with all the limits, but we are operating outside our target band as well. We do like to be within the target band most of the time, so that's something in the equation. But, you know, it's very much a collage. And very much things that we think about on a long-term basis. We don't know, while we do these calls every quarter, you know, we think about where we wanna be over multiple years, not just are we gonna say on the next quarterly call.

Eric Zwick: But we like to have good things on the next quarterly call, of course. Not to dismiss it either.

Thomas Majewski: Of course. Thanks for taking my questions today.

Eric Zwick: Yep. Thank you very much, Eric. Very thoughtful questions.

Operator: And we'll go next to Christopher Nolan with Ladenburg Thalmann.

Christopher Nolan: Hey, guys. How are you doing? Tom, on your comments on the twelve-month trailing default rate, I presume that's for industry. And is that First Brands at all? I know First Brands is small, but I'm trying to get an understanding why the trailing default rate starts creeping up the way it is.

Thomas Majewski: If yeah. It picked up to that's that's market-wide. It's not really I mean, our default exposure is relatively low. That said, you know, CLO managers have a funny habit of selling things a day before they default to keep their optical default rates low as well. So know, there's any number of factors. That go into that. The pickup in defaults, I think we said there were five defaults during the quarter. First Brands was a roughly \$5 billion loan. So that's one of the biggest fees we've had in a long time. So that's the principal driver on a quarter-over-quarter basis. The good news you know, as I that that or the I don't good news, at least for us, I'm in the CLO market. A lot of that loan was held in BDCs. And it was not a CLO only loan by any stretch. It was think that's SOFR plus 500 loan. Which met the met the requirements to get into a lot of BDCs. So our exposure to it was quite low. You know, we model significant amount of reserves for losses. Obviously, we like not to use them. But and this this was well within our tolerable band that we know we're always gonna have a few problems every year. So for us, it was fine. But the overall pickup, which I think we're, like, one thirty or something, 1.3% trailing twelve months, still well less than the long-term average, but you know, if we were talking six months ago, I think that was a double-digit basis point number. So trending up a bit, but driven by, you know, First Brands at 50 basis points, of a \$1.5 trillion or \$5 billion of a \$1.5 trillion market. That one can move the percentage quite a bit.

Christopher Nolan: And excuse the what might be a dumb question, but in the case of fraud, let's first who's responsible for vetting that fraud before the CLO's packaged and sold?

Thomas Majewski: Let's see. So an investment bank underwrote the loan and placed it. And then institutional money managers who manage the CLOs reviewed the loan and push buy. And we review those institutional money managers to determine that they have, you know, processes they have the right people in place and processes in place. So it's, you know, the chain is somewhere in there. And auditors audit things and tell you what's going on and, you know, that's, you know, the that's kind of the, you know, the broad things that go on in a system like that. One of the interesting things about First

Brands, as best I'm aware, and is a lot of the things that were of that are raising questions for sure today. And if you read the headlines and the bankruptcy court docket, a lot of things going on were going on at a holding company. Above the operating company where this \$5 billion senior secured loan was. Doesn't make it right or wrong. Obviously, it's still wrong what happened. But it seemed like there were, you know, move money moving up and down from holdco to opco. Our loan at Opco is where that \$5 billion loan was facing. The subsidiary of Holdco. It seems like they were getting advances from Holdco, best I'm aware based on factoring some receivables. But it sounds like they may have been, you know, multiple factored. The company had something like a billion dollars of EBITDA a year ago. I might mine might be slightly off on that, but directionally accurate, I believe. And, you know, on the surface, like, you know, \$5 billion of debt against a billion of EBITDA, that's, you know, that's not low, but that's not absurdly high either. In the credit market. That said, and while they talk about brands and First Brands, you know, things they made, you know, or generic, you know, aftermarket auto parts, with limited exception. Do you know what brand windshield wipers you have on your car? You know what I mean? It's not like you think about, like, a J. Crew, which went bankrupt many years ago. J. Crew still exists. The brand is valuable. And, you know, and that, you know, people, oh, I buy my stuff at J. Crew. My son likes to get his stuff there. He thinks he looks cool. A lot of the products, I think Fram is one of the brands that First Brands. Maybe some people have some loyalty to that for oil filters and things like that. But there's not a lot of you know, the biggest challenge that I see is a lot of those parts, while they're essential to the operation of your automobile, if you're a kind of person purchasing at a, you know, at an aftermarket shop, are you gonna buy one versus the other? Who knows? And if these guys are not able to produce and get product to the stores, someone else will, and they lose their shelf space. So when we look at the ultimate recovery on First Brands, which is still quite uncertain in my opinion, some CLOs still own it, we've got this dynamic of okay. Let's say they were at a billion of EBITDA a year ago. That doesn't mean they're gonna be at a billion of EBITDA next year. I would certainly take the under on that. They did get some additional funding on their DIP facility released but it sounded like cash was extremely tight there. For a while. So my sense is it probably continues in some way, shape, or form, but it's probably a much smaller company. The ultimate recovery for the creditors, you know, the jury's still out. Doesn't look great, but not but I think a lot of it will be how quickly they can get back into business and if they're a \$700 million EBITDA company, versus a \$300 million EBITDA company, and I'm just pulling those numbers out of the air, could be very, very different outcomes for the creditors that remain.

Christopher Nolan: Great. That's great color. Thank you.

Thomas Majewski: Welcome. Thank you.

Operator: And we have time for one final question, and that will come from Timothy D'Agostino with B. Riley Securities.

Timothy D'Agostino: Hey, Tim. How are you? Thanks for taking the question. Good. How are you? Great. Thanks for taking the question. Joining a little bit late here, I apologize if I'm reiterating anything. But in the press release, you mentioned that your common stock issuance via your ATM was issued at a premium to NAV. Was just wondering if you could quantify how much accretion to NAV that created.

Ken Inorio: Yeah. Sure. It was a few pennies. We have it in the press release. I would say 2 to 3¢ accretion.

Timothy D'Agostino: Okay. Great. And then just one another quick question. In the third quarter, you did 11 resets in 16 refinances. I was wondering if you could provide an update quarter to date of how many you've done for the fourth quarter.

Thomas Majewski: I don't think we we don't publish that number. And that sometimes it's episodic earlier versus late. We do give the cash flow collected because most of it comes in and out in the first month of the quarter. We haven't published it per se, so if you wanted to figure it out, what I'd probably see we do list every investment we have. If you look on Bloomberg, you can see which of those have been reset. I recognize that that would take a little bit of time. So we don't we don't publish the stats around that. Just because at this midpoint in the here we are exactly roughly at the midpoint of the quarter. It may not be indicative of the total volume. So I can assure you we've continued with them and we will continue with them. But we don't we don't share a mid-quarter stat on that.

Timothy D'Agostino: Okay. Great. Thank you so much. Yeah. Those are the two quick ones for me.

Thomas Majewski: Thank you very much.

Operator: And this now concludes our question and answer session. I would like to turn the floor back over to Thomas Majewski for closing comments.

Thomas Majewski: Great. Thank you very much, everyone, for joining the call today. We really appreciate your attention and frankly, the very thoughtful questions from all the analysts. Ken and I are around for the balance of the day. If people have further questions, we're happy to continue the discussion. Thank you very much for your time and interest in Eagle Point Credit Company.

Operator: Ladies and gentlemen, thank you for your participation. This does conclude today's teleconference. You may disconnect your lines, have a great day.