

Octus Daily Brief

August 26, 2026

Top Signals

First Brands denied confirmation, converted to Chapter 7. On August 24, Judge Christopher Lopez rejected the debtors' plan of reorganization, finding it could not be salvaged into a viable path, and sent the case to liquidation. He found liquidating trustee Marc Kirschner's litigation-recovery case underbuilt: reliant on debtor-supplied material, no analysis of defendants' defenses, and no position on the government's potential claim to recovered funds.

- **Why it matters:** a rare mega-case confirmation denial that flips a going-in reorg thesis into straight liquidation overnight. Anyone holding First Brands claims or paper needs to reset recovery and timeline assumptions now, and the ruling is a live data point on how much diligence a liquidating-trust litigation case needs to survive confirmation in other pending mega-cases.

Trinseo confirmation trial concludes; judge signals against CastleKnight. The three-day trial wrapped August 19. Judge Lopez appeared skeptical of holdout OpCo lender CastleKnight's bid to have its votes disregarded and of its challenge to Trinseo's 2023 "triple-dip" liability-management exercise and refinancings, drawing a clear line between Trinseo's fact pattern and the more aggressive "contractual collapsing" theory that undid Judge Isgur's Incora/Wesco ruling.

- **Why it matters:** this will be a key precedent for how courts treat lenders who buy into a blocking position after an LME specifically to litigate confirmation, a strategy embedded in a number of distressed books across the market. A debtor-favorable ruling narrows that playbook (see Positioning Watch below for the read-through to similarly positioned names).

Victory Capital to acquire First Eagle Investments for ~\$7 billion. Victory is buying First Eagle from Genstar Capital, funded by \$4.4 billion cash and \$2.0 billion of new Victory equity, plus assumption of \$575 million of First Eagle's existing 7.25% secured notes due 2032. BofA and RBC have fully committed \$3.5 billion of new TLB, ~\$950 million of new secured notes, and an upsized \$200 million RCF to back the deal, expected to close by Q1 2027.

Source: [Victory Capital to Acquire First Eagle Investments for \\$7B Cash, Equity; Secures Fully Committed Financing from BofA, RBC Comprising New \\$3.5B TLB, \\$950M Secured Notes, Upsized \\$200M RCF - Aug. 26, 2026](#)

- **Why it matters:** a sizable new leveraged-loan and HY paper event to price against asset-manager comps, and it folds First Eagle's \$41 billion CLO/alternative-credit platform into a larger combined manager. It's also a reminder that asset-manager consolidation, itself a credit theme this year, keeps generating fresh loan and bond supply that needs to clear the market this fall.

Company-specific developments

Restructuring & special situations

Nicklaus Cos. received unanimous creditor support for its combined plan and disclosure statement, with no opposition filed. Both voting classes (general unsecured and convenience claims) accepted 100%. Confirmation hearing is set for Tuesday, September 1 at 10 a.m. ET.

Source: [Nicklaus Cos. Plan Gets Unanimous Creditor Support, Eyes Fully Consensual Confirmation Hearing - Aug. 26, 2026](#)

EchoStar/DISH DBS/DISH Wireless/Hughes remain the most contested complex in the market. Judge Lopez has pushed the combined DISH confirmation timeline into November/December after the FCC voided the \$2.4 billion trust EchoStar hoped would fund tower-lessor and trade-creditor recoveries. On August 24, the UST joined Hughes noteholders' motion for an examiner, focused on debtors' counsel's dual representation of EchoStar and the DISH/Hughes debtor entities.

- The October 28 RSA confirmation milestone for DISH DBS is now in tension with the compressed litigation schedule on tower claims and the intercompany-claim dispute. *Source: Court Opinion Review: The EchoStar Triple Play, Trinseo Trial Predictions, Another Chapter 15 Doozy From the SDNY and First Brands Now in Chapter 7, Aug. 26, 2026*

Grupo Antolin (EMEA) filed Chapter 15 in the SDNY on July 20 to seek recognition of its Spanish main proceeding and to blunt a UK bondholder suit alleging the Spanish restructuring breaches an English-law intercreditor agreement. A standstill was reached August 14, pushing the recognition hearing down the road. *Source: Court Opinion Review: The EchoStar Triple Play, Trinseo Trial Predictions, Another Chapter 15 Doozy From the SDNY and First Brands Now in Chapter 7, Aug. 26, 2026*

Aston Martin (EMEA) bondholders have asked a New York court for discovery from HPS Investment Partners, Authentic Brands Group, Moelis, and Lazard, to support a pending English claim alleging the company's £550 million refinancing and IP transfer was a transaction at an undervalue. Aston Martin says no brand IP left the restricted group and the financing complies with the indenture. *Source: Aston Martin AHG Bondholders Seek US Legal Discovery for Pending UK Claim; OPmobility Pursues Preliminary Injunction Against Marelli; Fitch Revises Air Baltic Rating to CC, Aug. 26, 2026*

Springs Window Fashions (Clearlake-backed) posted a second straight quarter of double-digit EBITDA declines: Q2 adjusted EBITDA fell 25% year over year, following a 22.2% drop in Q1. Liquidity has fallen to \$217 million since the company's late-2024 liability-management exercise. The \$1.5 billion term loan due 2028 was last quoted at 48.5, down from 54 three months ago. *Source: EARNINGS: Springs Window Fashions Earnings Continue to Slide, Adjusted EBITDA Drops 25% YoY in Q2, Aug. 26, 2026*

Also noted: Jackson Walker moved to withdraw its challenge to the UST's standing in the fee-clawback matter tied to the David Jones/Elizabeth Freeman scandal, with the parties finalizing a settlement (expedited hearing Aug. 28; evidentiary hearing on standing still set for Sept. 9).

Rating actions

Americas, from the Daily Ratings Digest:

- Cox Communications downgraded to BB+, removed from CreditWatch on completed acquisition, outlook stable (S&P)
- Light & Wonder/Scientific Games downgraded to B-, outlook stable (Fitch)
- Gainwell Technologies upgraded to B- following debt refinancing, removed from CreditWatch, outlook stable (S&P)
- Gulfeagle/Gulfside Supply outlook revised to negative on elevated leverage and a covenant breach, ratings affirmed (S&P)
- Amsted Industries downgraded to BB- from BB on increasing ESOP liability, outlook stable (S&P)
- TTM Technologies outlook revised to stable from positive on acquisition news, BB affirmed (S&P)
- Mercer International downgraded to CCC- from CCC+ on elevated default likelihood, outlook negative (S&P) *Source: Daily Ratings Digest - Aug. 26, 2026*

EMEA:

- Air Baltic: Fitch first downgraded the long-term issuer default rating to restricted default (RD) after the airline secured bondholder consent to capitalize August and November coupons on its EUR380 million senior secured bonds, then immediately upgraded it to CC, reflecting a still extremely weak liquidity position. Fitch is treating the coupon capitalization as a distressed debt exchange undertaken to avoid a probable default; an interim EUR225 million financing is expected to be replaced with long-term funding. *Source: Aston Martin AHG Bondholders Seek US Legal Discovery for Pending UK Claim; OPmobility Pursues Preliminary Injunction Against Marelli; Fitch Revises Air Baltic Rating to CC, Aug. 26, 2026*

M&A / sponsor activity

Victory Capital's acquisition of First Eagle Investments (see Top Signals) is the marquee item this window.

Marle (EMEA): ICG, La Caisse, and Park Square Capital are providing a EUR700 million unitranche for the French orthopedic-implants maker, letting sponsor Dentressangle take out roughly EUR300 million of dividend and refinance debt ahead of a possible sale. The financing prices at Euribor +500bps with 98.75 OID and roughly doubles leverage to about 6.25x EBITDA. Dentressangle has hired Houlihan Lokey and Jefferies to run a sale process; the unitranche is portable to a new owner. *Source: Park Square, ICG, La Caisse Line Up EUR700M Unitranche for Marle's Divi Recap, Aug. 26, 2026*

Also noted: Monroe Capital arranged the senior credit facility backing Hidden Harbor Capital Partners' acquisition of Escape Fire Protection, a lower-middle-market fire and life-safety services provider (below the size threshold that typically moves Buyside portfolios).

Earnings & guidance surprises

Vistry Group (EMEA): shares jumped on news of a £350 million UK government grant that offers cash-flow relief after insurer Allianz Trade reportedly cut supply-chain coverage. That offsets a reported first-half pretax loss of about £30 million and average daily net debt of £799 million; management still expects over £100 million of net cash by year-end. Investors remain focused on the CEO's September 24 strategic review and December financial-covenant tests across roughly £1 billion of committed facilities. *Source: Aston Martin AHG Bondholders Seek US Legal Discovery for Pending UK Claim; OPmobility Pursues Preliminary Injunction Against Marelli; Fitch Revises Air Baltic Rating to CC, Aug. 26, 2026*

Also noted (EMEA): Aroundtown posted flat year-over-year H1 adjusted EBITDA of EUR500 million; Exmar's H1 revenue fell 4% and EBITDA dropped 27% on a warranty-provision reversal, though it has since closed EUR270 million of post-period fleet refinancing; Kudelski's group EBITDA loss narrowed and net debt was fully eliminated following the sale of Skidata.

Market-wide / thematic

CLO secondary market cooled sharply. Weekly CLO mezzanine BWIC volume fell to roughly \$325 million equivalent, down about 31% week over week, with U.S. supply off 11.8% (driven by a 30% drop in double-B volume) and European supply down a much steeper 78%.

- European spread dispersion widened more than in the U.S.: triple-B and double-B tightened 3bps and 13bps respectively, while single-B widened a full 16bps, a sign that lower-quality European mezzanine is repricing faster than the rest of the stack. *Source: Weekly CLO Mezzanine BWIC Volume Drops 31%, Aug. 26, 2026*

CLO primary is picking back up after the August lull. More than 15 managers have new-issue CLOs in the U.S. pipeline for a fall push, including debut deals from Rokos Capital Management (arranged by JPMorgan) and Palmer Square's first U.S. hybrid CLO. In Europe, Blackstone is marketing the Willsbrook Park new issue at 124bps over Euribor on the senior tranche, matching this month's tightest print (also a Blackstone deal, Lakelands Park).

Source: CLO Pipeline Pulse: Deals Trickle Into August Slump, Aug. 26, 2026

European leveraged loan covenants keep loosening in a specific way. Straight dividend-to-debt toggles fell to 20% of Q2 deals from 29% over the trailing four quarters, but the more aggressive multi-toggle variant, which lets unused capacity under any covenant be used interchangeably, rose to 24% of deals (30% of LBOs/full refinancings). High-water-mark “super grower” baskets and uncapped cost-savings add-backs both pulled back.

- **Read-through:** headline “tightening” numbers can understate actual flexibility if the multi-toggle mechanism is doing more of the work underneath. *Source: Q2’26 Aggressive Terms Spotlight (European Leveraged Loans): Fading Dividend-to-Debt Toggles Mask Pivot to Multi-Toggles, Aug. 26, 2026*

Life insurers are becoming a structurally important source of private-credit leverage. Per a Federal Reserve Bank of Chicago working paper cited in the piece, life insurers have more than doubled private-credit holdings to \$849 billion over the past decade, with private-equity-owned insurers driving the bulk of the growth via multi-year guaranteed annuities (MYGA). The NAIC has flagged related-party investment structures and single-rating-agency reliance (including scrutiny of Egan-Jones) for a possible overhaul of how risk-based capital treats this leverage.

- **Why it matters:** MYGA-funded leverage is now a real alternative (and in some structures, a competitor) to CLO leverage for private-credit portfolios, and any NAIC rule change could reshape demand for private-credit paper. *Source: It’s All About the Borrow; or Why Life Insurers Are So Important to Private Credit Right Now, Aug. 26, 2026*

AI monetization in HY software issuers is real but narrow. RingCentral is the standout with disclosed AI-tied ARR (~\$300 million, 13% of total, up from a year ago) and net retention above 100%. Twilio shows a smaller, early tailwind from AI-native customers. OpenText’s AI push is offsetting, not fixing, a softening renewal base (94% cloud net renewal, down 180bps year over year). PTC, Clarivate, and ZoomInfo are still “stage-setting,” with no material AI revenue disclosed yet.

- **Why it matters:** for HY software credits, AI narrative dispersion is wide enough that issuer-level diligence on actual disclosed metrics (not management framing) is doing real work right now. *Source: Q2 US Software Recap: Communications Software Outpaces the Sector in Early AI Monetization, Aug. 26, 2026*

On the radar

Date	Item	Region
Aug. 28, 2026, 11:00 a.m. ET	Jackson Walker expedited hearing on withdrawal of UST standing challenge	Americas
Sept. 1, 2026, 10:00 a.m. ET	Nicklaus Cos. confirmation hearing	Americas
Sept. 9, 2026, 10:30 a.m. ET	Jackson Walker evidentiary hearing on standing	Americas
Sept. 24, 2026	Vistry Group CEO’s strategic review	EMEA
Oct. 28, 2026	DISH DBS RSA confirmation milestone	Americas
December 2026	Vistry Group financial covenant tests (~£1bn facilities)	EMEA
Not yet set	Trinseo confirmation ruling (post-trial, under advisement)	Americas

Source: compiled from Nicklaus Cos. Plan Gets Unanimous Creditor Support, Court Opinion Review: The EchoStar Triple Play..., Aston Martin AHG Bondholders Seek US Legal Discovery..., all Aug. 26, 2026

Positioning watch

Air Baltic (EMEA): the RD-then-CC rating sequence is a technical marker, not a resolution. Fitch is explicitly treating the coupon-capitalization consent as a distressed debt exchange undertaken to avoid probable default, so holders should read the CC rating as “default avoided for now” rather than “credit stabilized.” The EUR380 million SSNs still sit on an interim EUR225 million financing that needs to be termed out.

Mercer International (Americas): the downgrade to CCC- from CCC+ on “elevated likelihood of a default” is a fast-moving deterioration signal worth checking against current secondary marks; if the bonds haven’t repriced to reflect the new rating, that gap is worth investigating.

Trinseo-adjacent litigation trades (Americas): CastleKnight built its position specifically to litigate the 2023 LME and refinancing transactions, and the trial record (about 75% of its OpCo loans came from sellers who had already released their claims) went badly for that thesis. Any book holding similarly-built blocking positions on litigation upside elsewhere in the market should treat Judge Lopez’s skepticism here as a data point against that strategy’s odds, not just a single-name outcome.