The Creditors' Ball

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The *Who's Who* of leveraged finance showed up for the Wells Fargo Investment Thought Leadership Forum at the Plaza Hotel in NYC last week.

In what has become the Davos of Credit, titans of our industry such as Howard Marks, Leon Black, and Larry Fink held forth on broad themes around what the smartest and biggest money is thinking and doing in today's challenging investing environment.

Direct lenders David Golub, Josh Easterly, Jim Zelter and Bennett Goodman addressed issues confronting these non-bank market leaders. Particular attention was paid to how their firms were positioning themselves for the next downturn.

Mike Arougheti, Mike Patterson, Joel Holsinger, and Tom Finke then took on the "public" versus "private" debate: where must you search for yield when the global rate outlook seems to be "lower for longer?"

Finally, Mike Bloomberg and Jamie Dimon offered their own unique, fascinating takes on both the commonplace and bizarre aspects of today's political and financial climates.

All of which was orchestrated expertly and *con brio* by the BDC maestro himself, Jonathan Bock. Over time Mr. Bock has developed the Forum into the best "must-attend" industry gathering of the year. If BDC stuff ever gets old, we're confident he can parlay this performance into a full-time gig.

As we wrap up *The Lead Left* for 2017, we thought we'd pass along a few conference nuggets of wisdom drawn from various panelists that caught our attention:

On rates: The Fed unwind and perennial search for yield will keep rates in a band.

On China: Its GDP expected to grow, but not at a pace to weigh on global commodity prices as it has historically; a stabilizing factor for the global economy.

On immigration: More restrictions will create upward pressure on wages.

On inflation: There's a definite correlation between interest rate increases and higher inflation.

On tax reform: The impact will be felt most by issuers with more than 6x leverage and issues yielding more than 9%.

On adjusting ebitda for revenue synergies: Makes no sense to "freeze all bad things that could happen to the top-line and add one good thing."

On risk: An extra 100 bps of yield never offsets lost capital; "it's not about spreads, it's about limiting your losses."

Most surprising response to audience poll question: “Has the capital base outgrown private credit opportunities?” a) Yes **– 50%**, b) No **– 50%**

Perhaps the best quote was from one long-time credit pro. When asked for advice on managing in this challenging environment, he replied: “Create your own weather.”

From the Editor: The Lead Left will be on break until January 4th. To all of our readers, best wishes for a wonderful holiday season.