Alternative investment expert Howard Marks addresses students

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Howard Marks, chairman of Oaktree Capital Management and one of the nation’s leading experts on distressed debt, brought his renowned investment insight to the Freeman School on Feb. 19 as special guest lecturer in the Aaron Selber Jr. Course in Alternative Investments.



Renowned investor Howard Marks, chairman of Oaktree Capital Management, served as a guest lecturer in the Aaron Selber Jr. Course in Alternative Investments.

Marks, a friend of the late Selber, co-founded Oaktree Capital in 1995 to focus on high-yield bonds, convertible securities, distressed debt and principal investments. Today, the company manages more than $90 billion on behalf of pension funds, foundations, endowments and sovereign wealth funds. Marks is also the author of a series of widely admired memos to clients that feature his commentary and analysis on investing, financial markets and the economy. In 2011, Marks wrote *The Most Important Thing: Uncommon Sense for the Thoughtful Investor* (Columbia University Press), which laid out his investment strategy and presented his thoughts on market opportunities and risks.

In his remarks to students, Marks outlined the boom-and-bust economic cycle that drives the distressed-debt market and presented a live case study on a distressed company whose debt Oaktree had purchased in the late 1990s. The most important lesson for prospective distressed debt investors? Pay attention to cycles.

“Understand where we are in the cycle and act accordingly,” Marks told the class. “When prices are high and everybody’s happy lending and there’s no panic, that’s not the time to buy. When people are in a panic and disgorging this stuff regardless of price, that’s the time to buy aggressively. My motto is that we never know where we’re going, but we sure as hell ought to know where we are, and you should too. Where are we in the cycle? That should determine your behavior.”