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Lead Left Interview – Ken Wormser and David Powar

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This week we chat with Ken Wormser and David Powar, managing partners at GreensLedge. Founded in 2008, GreensLedge is an independent investment banking firm focused on the global structured credit and alternative investment marketplace. With offices in New York, London, Tokyo and Seoul, the firm provides advisory and related transactional services to issuers, investors and other institutional market participants worldwide.

The Lead Left: *Gentlemen, anyone in the structured finance space is no doubt familiar with you both, but some readers may not be as familiar with GreensLedge. Tell us a bit about your firm.*

Ken Wormser: David and I have been at GreensLedge since July 2011, over six years now and have worked together for 20. We are a credit-focused investment banking boutique. Structured finance is just one of the tools in our arsenal. We are an advisory firm of placement in capital markets and private credit, as well as M&A, debt, and equity raises. We cover four geographies: the US, Japan, the UK, and Korea.

TLL: *How did the firm start?*

KW: The firm was founded by Jim Kane and Brian Zeitlin in September 2008. Their background was running structured credit at JPMorgan, and they started GreensLedge as a similar business. It's grown because of the people. For example, Iku Nishino came out of JPMorgan to help set up a Tokyo office. Brian and Jim knew David and me and reached out in 2011 to talk about coming over. Then in 2014 we reached out to Lesley Goldwasser who we knew from Bear Stearns and Credit Suisse to join the firm.

David Powar: It's a great place to join. Je Ahn was also a Credit Suisse banker in Seoul and he's now in our Korea rep office there. The common theme is people. It's a people and relationship business.

TLL: *You've both been doing this for a while. How has the practice changed since 2011?*

KW: A big change is the amount of cash coming into the credit markets, into the broadly syndicated and middle market loan space. On the broadly syndicated side, we are in the top ten of CLO arrangers, and the only firm without a balance sheet. We have found partners in warehousing and have built a strong distribution capability that has proven to be very powerful. In the middle market, we are also very involved in helping managers source the best fit regarding leverage facilities.

DP: We're good listeners. We find structures to match the issuer. We know who to call. Our success breeds success. We have one of the biggest credit structuring team on the street – 35 structurers/sales people.

TLL: *Who's your competition? Isn't it tough without a balance sheet? Is it all about thought leadership?*

KW: It's about relationships and being thoughtful and responsive. Too much of the street views these things as commodities. It's not a one-size-fits-all product. We compete with the big wall street firms and try to win with better ideas and solutions.

DP: There's so much cash flowing into single-B credits right now. So many institutional investors looking to deploy capital, looking for enhanced yield. Folks in the credit investing business are not paid to sit on cash waiting for the other shoe to drop. That is the strategic decision of the folks that allocated capital to them.

KW: Japan is a perfect example. Banks have gotten back into the structured finance market because of the attractive yields. There used to be only a handful, but in the last eighteen months the Japanese banks have expanded in both the number and types of CLO-type structures they exist in.

***TLL:** There used to be only two or three of those institutions who would invest in triple-A tranches.*

KW: Now there are fifty at least; probably 75-100. That's really part of what's brought liability costs down. It's still not a product that trades in $3 ticket sizes.

***TLL:** If you think about the CLO 1.0 liability structure vs. the post-crisis 2.0 structure, what's different?*

DP: It's still pretty stable. The rating agencies focused on the problems they thought would happen in the CLO space, but they didn't materialize. Players believed they would work, so there hasn't been a lot of tinkering. We look at making the structures match the management styles. It's about investor appetite versus the products out there. Diversification is important.

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