

## Meet 12 bankers, investors, and lawyers helping engineer the next big boom in the \$1 trillion world of CLOs

Aaron Weinman and Alex Morrell

- Collateralized loan obligations, or CLOs, are a nearly \$1 trillion asset class.
- Dealmakers, traders, and investors told us how they made a career in CLOs.
- They explained how they were winning investors over to a space that has a fair share of critics.

**W**onky. Tight-knit. And, insiders say, misunderstood.

Welcome to the obscure world of CLOs, or collateralized loan obligations, where low-rated loans for indebted companies are pooled into a bond and then sold to investors with varying degrees of risk.

CLOs were besieged in 2020 by a wave of pandemic-induced ratings downgrades to loans that tripped up the structure of CLO portfolios. While this temporarily affected investor returns, the overall improvement of credit markets and eventual reopening of economies enabled CLOs to not just heal but set the course for a banner 2021.

CLOs, however, are not without their critics.

US Treasury Secretary Janet Yellen and former Bank of England Governor Mark Carney have warned about the risks of CLOs to credit markets, particularly their high leverage and exposure to low-quality loans for indebted borrowers.

Unlike their much-maligned but structurally distinct cousin the collateralized debt obligation, CLOs have withstood economic crises and offer investors a rare dose of double-digit returns.

From the cashed-up investors, to the folks who structure and manage these complex vehicles, to the professionals who advise them, Insider got to know some of the faces behind the initialism.

Insider talked to 12 industry executives about the CLO-issuance boom, the product's evolution in recent years, and how they ended up finding a career in this corner of Wall Street.

This list is not a league table nor a definitive ranking, but rather a spotlight on leaders across the various CLO professions.



**Eagle Point Credit Management**  
Daniel Wohlberg, a director at Eagle Point Credit Management.

**The buy side: The dealmakers who raise capital, manage, and invest in CLOs**

**Daniel Wohlberg**

*Director at Eagle Point Credit Management*

At Eagle Point, an influential equity investor in the CLO world, Daniel Wohlberg analyzes asset managers and monitors the firm's investments, but he specializes in assessing and negotiating CLO structures and mitigating legal risk in the firm's trades – a skill honed in his previous career.

Before joining Eagle Point, he worked at Cadwalader, Wickersham, & Taft starting in 2010 and at Dechert from 2012 to 2015 – two top-tier advisers to asset managers.

He was primarily engaged with equity, currency, and commodity derivatives, but after Dodd-Frank legislation shook up the industry, he transitioned to advising clients on structured credit products, which he was drawn to in part by their flexibility in meeting investors' goals.

What he loved about CLOs was how the structure incorporated stable financing – CLOs aren't marked to current market valuations and thus have a high bar for triggering collateral liquidation – that was backed by the debt of large US corporations, versus, say, consumer mortgages or equity securities.

"I saw the potential for sustained growth," Wohlberg told Insider.

In 2015, he moved into the asset class full time, teaming up with Thomas Majewski, the founder and managing partner of Eagle Point.

His assessment was correct – and the industry's resilience over the past year has helped push it to new heights.

Despite severe shocks to credit markets last spring, assets at Eagle Point and its affiliates, including three publicly traded permanent capital vehicles, have grown to \$11 billion.

"The last 10 years for CLO growth has been meteoric," Wohlberg said. "I think we're going to continue to see new entrants."