

## James Bentley Discusses What's to Come in 2021 for Investment Professionals

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Wall Street would be hard-pressed to recall a year to match the one it is about to exit. As the planet suffered through the worst pandemic in a hundred years, debt and equity markets first collapsed, then recovered, propelled by unprecedented stimulus from central banks. The question now confronting investment professionals: what's to come in the year ahead?

Drilling down into the U.S. leveraged loan segment, after severe weakening in the first and second quarters of 2020, credit stats of companies in the S&P/LSTA Leveraged Loan Index recovered somewhat in the third quarter. While that improvement may represent the first steps of an economic recovery in the year ahead, some believe it might just be a breather before further defaults and bankruptcies in 2021.

A look at the sectors containing loans priced under 80 at Nov. 30 could provide a hint as to which sectors could be ripe for defaults and bankruptcies in 2021. Leading the data is the Leisure sector, whose loans make up 4.2% of the \$1.2 trillion in outstanding U.S. loan debt. Some 12.3% of loans in that sector are priced under 80. Oil and gas, a sector seemingly on everyone's radar as either one to avoid or one ripe with opportunity, makes up only 2.6% of the index, though it is second when ranked by the percentage of its loans trading under 80, at 10.3%.

Winston & Strawn New York Partner James Bentley, who focuses on corporate restructuring, notes that video conferencing capabilities like Zoom "have changed business travel forever." He is not expecting people to return to a five-day in-the-office workweek, that, he says, will impact real estate, hospitality, and travel companies.

Referring to the energy sector, James noted, "We didn't see the explosion in the number of Chapter 11 cases we initially expected in 2020, although the amount of debt associated with those companies that did file for bankruptcy has been significant."

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