

Reading List + 15-Question Rapid-Fire Answer Sheet

Anchorage / Pat McGrath Interview Prep — Maxwell Nides

Supplement #3. Three uses: 1. Build a credible intellectual anchor by referencing real, verified primary sources 2. Answer the "what have you been reading / what's shaped your thinking" question with substance 3. Have polished answers ready for 15 of the most likely interview questions

PART I: THE READING LIST — VERIFIED PRIMARY SOURCES

Howard Marks — Three Memos to Internalize

These are the three Marks memos that map most cleanly to credit-investing framing. Read them in this order; quote from them sparingly.

"The Most Important Thing" — July 1, 2003 (the original memo)

URL: <https://www.oaktreecapital.com/docs/default-source/memos/2003-07-01-the-most-important-thing.pdf>

The origin document for **second-level thinking**. The book of the same name (2011, Columbia) is the expansion. Also see his 2022 follow-up ["I Beg to Differ"](#).

Quote to know:

"First-level thinking is simplistic and superficial, and just about everyone can do it. Second-level thinking is deep, complex and convoluted... Superior investing requires a way of thinking that's different from that of others, more complex and more insightful."

For interview use: In distressed credit specifically, the market is often pricing macro panic or technical forced-selling, not company-specific fundamentals — second-level thinking is where the alpha is.

"Risk Revisited" — September 3, 2014

URL: <https://www.oaktreecapital.com/docs/default-source/memos/2014-09-03-risk-revisited.pdf>

Also: ["The Indispensability of Risk"](#) (April 17, 2024) — his recent return to the framework.

Quote to know (from 2024):

"You shouldn't expect to make money without bearing risk, but you shouldn't expect to make money just for taking risk. You have to sacrifice certainty, but it has to be done skillfully and intelligently, and with emotion under control."

For interview use: Risk is permanent impairment of capital, not volatility. Credit's asymmetric payoff (capped upside, full downside) makes risk-control more important than insight.

"You Can't Predict. You Can Prepare." — November 20, 2001

URL: <https://www.oaktreecapital.com/docs/default-source/memos/2001-11-20-you-cant-predict-you-can-prepare.pdf>

The cycles memo. The long-form treatment is the 2018 book *Mastering the Market Cycle*.

Quote to know:

"Every once in a while, an up-or-down leg goes on for a long time and/or to a great extreme and people start to say 'this time it's different.' They cite changes in geopolitics, institutions, technology or behavior that have rendered the 'old rules' obsolete. And then it turns out that the old rules do still apply, and the cycle resumes."

For interview use: The 2020-21 zero-rate underwriting was a "this time it's different" moment. The 2027-29 maturity wall is the cycle resuming.

Apollo / Torsten Slok — The Maturity Wall**"The Shape of the Maturity Wall & Rates Higher for Longer" — Oct 31, 2024**

URL: <https://www.apolloacademy.com/the-shape-of-the-maturity-wall-rates-higher-for-longer/>

Key analytical contribution: Slok shows the maturity wall **isn't uniform**. CRE has a front-loaded wall (2025-26). Leveraged loans and HY have a **back-loaded** wall (2027-29). The 2020-21 zero-rate vintage refinances into 8-9% coupons.

"Software Maturity Wall"

URL: <https://www.apolloacademy.com/software-maturity-wall/>

Data point worth quoting: ~\$40B software sector maturity wall peaking 2028, dominated by B- credits facing both rate shock and AI-disruption headwinds.

"2026 Credit Outlook: From Scarcity to Selection"

URL: <https://www.apolloacademy.com/2026-credit-outlook/>

For interview use: Slok's framework is that the risk isn't operational failure — it's **path-to-capital**. Lower-rated credits face refinancing at coupons 3-4 turns above their underwritten cost. The catalyst isn't EBITDA collapse; it's the refi window closing.

CFA Institute — Technicals & External Forces in HY

"Foundations of High-Yield Analysis" — CFA Research Foundation Brief, 2018

URL (PDF): <https://www.cfainstitute.org/sites/default/files/-/media/documents/article/rf-brief/rfbr-v4-n5-1.pdf>

Landing page: <https://rpc.cfainstitute.org/en/research/foundation/2018/foundations-of-high-yield-analysis>

Analytical contribution: Decomposes HY price behavior into five drivers — macro, micro, impulse, pure risk, and technical features. Shows empirically that yield differentials are NOT solely fundamental — technical conditions drive material variation. Worked Kraton bonds case study showing pure technical dislocation generated 25%+ excess returns in a single year.

Quotable framing from the publication:

"Market technical factors can create an exceptional opportunity to generate alpha, excess returns relative to the market."

IMPORTANT CITATION NOTE: Your draft line about *"leveraged loans and high-yield bonds are often influenced by extraneous factors, and those external forces can create real opportunities"* is **your synthesis** of the framework, not a direct quote. Cite it as: *"The CFA Research Foundation's Foundations of High-Yield Analysis breaks down HY price behavior into macro, micro, and technical components and shows technical dislocations are among the strongest sources of alpha."*

Oaktree on LMEs — The Direct Practitioner Anchor

"The LME Wave" — Oaktree Credit Quarterly 4Q2024

URL: <https://www.oaktreecapital.com/insights/insight-commentary/market-commentary/oaktree-credit-quarterly-4q2024-the-lme-wave> **PDF:** <https://www.oaktreecapital.com/docs/default-source/default-document-library/ocq-4q2024.pdf>

Analytical contribution: Armen Panossian's team argues the 2022 rate increase (loan coupons 5% → 8.9%) was the primary catalyst for the LME wave. \$1.4 trillion in gross loan issuance in 2024. Their explicit view: *"The LME wave has only just begun, with a significant amount of maturities in the next two to three years that will need a capital solution."*

For interview use: Live, current, practitioner anchor from one of Anchorage's most credible peers. Cite this when discussing why the LME wave isn't over — it's the explicit Oaktree house view.

Roe & Rotaru — Academic Backbone on LMEs

"Liability Management's Limited Runway" — Forthcoming Yale Law Journal

SSRN: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=6103369 **Harvard Bankruptcy Roundtable summary:** <https://bankruptcyroundtable.law.harvard.edu/2026/02/24/liability-managements-limited-runway-corporate-restructuring-today/>

Analytical contribution: Most rigorous empirical study of uptier/drop-down LMEs to date. Finding: **non-pro-rata LMEs buy shorter, more fragile runways than sponsors claim** — most ultimately default again or file for bankruptcy anyway.

Verbatim quote:

"On average, non-pro rata LMEs buy a shorter, more fragile runway than proponents suggest, with most such non-pro-rata LMEs in [our] sample ultimately defaulting again or filing for bankruptcy anyway."

For interview use: This is the most credible academic counterweight to the sponsor argument that LMEs are value-preserving. Citing it signals you read at the academic frontier and supports the thesis that **the LME-to-Ch.11 pipeline is the real opportunity for patient distressed capital** — they're not solutions, they're extensions.

Marc Rubinstein — Net Interest (the practitioner reading habit)

URL: <https://www.netinterest.co> **Recent piece worth knowing:** *"Shuffling Risk"* (Apr 10, 2026) — traces genealogy from JPMorgan's 1997 Bistro through modern synthetic risk transfers (SRTs). **URL:**

<https://open.substack.com/pub/netinterest/p/shuffling-risk>

For interview use: "Marc Rubinstein's *Net Interest* is the practitioner-level writing I follow most carefully on structural credit issues — his piece on SRTs traces how bank balance-sheet optimization has evolved, which has direct implications for who holds leveraged credit risk today."

Bonus: Ed Altman (NYU Stern)

The intellectual godfather of distressed credit measurement. Z-Score (1968), fallen-angel framework, annual default rate studies. Faculty page: <https://www.stern.nyu.edu/faculty/bio/edward-altman>.

For interview use: "Altman's Z-Score and fallen-angel framing remain the foundation for thinking about where default probability concentrates in the rating stack — and why the CCC-to-B- migration is where the real convexity lives in a distress cycle."

Bloomberg Odd Lots — Specific Episodes

- "State of Distressed Debt, March 2024" with Houlihan Lokey's David Hardie on the "yet-to-crest wave of distressed debt": <https://www.bloomberg.com/news/audio/2024-03-09/houlihan-lokey-s-hardie-on-yet-to-crest-wave-of-distressed-debt>
 - "The Black Hole of Private Credit" (Aug 2024): <https://www.bloomberg.com/news/audio/2024-08-30/odd-lots-inside-the-black-hole-of-private-credit-podcast>
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PART II: 15 RAPID-FIRE QUESTIONS WITH ANSWERS

These are drafted in your voice, deployable in interview. Each has a primary answer and (where relevant) a shorter variant.

Q1. "Walk me through your background."

"Sure. Four years on restructuring from both sides of the table — two at Davis Polk papering the credit agreements, DIP financings, and RSAs, then two at Evercore building the recovery models, waterfall analysis, and lender outreach. Before that, two years on a municipal credit desk at Morgan Stanley out of

undergrad, then law school at Georgetown. The arc I've been building is the legal-and-financial synthesis on the same set of restructuring problems — and the seat I'm trying to step into is the one where that synthesis actually gets deployed as a thesis, not as a deliverable."

~25 seconds. Clean, structured, signals the JD-banker-RX integrated path.

Q2. "Why the switch to investing?"

See Supplement #2 (anchorage_why_investing_deepdive.md) for the full deep-dive on this question.

Primary 80-second answer + shorter / longer variants + all follow-up handling.

The 5-beat structural template: 1. Honest version setup — "four years on the analytical part without ever owning the outcome" 2. The pivot — "around year three, the questions I was spending the most time on weren't the ones that paid the fee" 3. The intellectual anchor — "credit investing pays you to be right, and right in credit is asymmetric: capped upside, full downside" 4. The acknowledgment — "what I'd be giving up is real" 5. The landing — "thousand deals at a centimeter / ten at a kilometer / I want the kilometer"

Q3. "Why Anchorage? Why this desk specifically?"

"Three reasons, and they're not interchangeable with Oaktree or Silver Point. First, the mandate. ACO IX at \$1.5B over a \$1.25B hard cap with 70%+ re-up tells me the LPs are buying the smaller-cap-complexity thesis specifically — that's a different game than the \$10B+ funds chasing the same syndicated names. Second, the platform shape. Lean — under 25 investment professionals on \$27B — means a senior associate actually owns names rather than supporting a coverage MD. Third, and this is why your desk in particular: your background is the inverse of mine. PwC accounting, Moelis, IC voting member — financial and negotiating, not legal-mechanics. I'm not coming in to duplicate what you do; the JD is complementary. J.Crew is the case study of what this platform does well, and Altice France is the live version. I want to be on those deals, not adjacent to them."

Q4. "What have you been reading?"

"On the framework side, I keep coming back to Howard Marks's memos — particularly 'Risk Revisited' and the early 'The Most Important Thing'. The frame I've taken from him is that risk is permanent impairment of capital, not volatility, and that being a good investor is being skillful about risk-taking, not avoiding it. On the current-market side, I read Torsten Slok's work on the maturity wall carefully — his point that the

leveraged loan wall is back-loaded into 2027-29 reframes how I think about catalysts: it's about the path to capital, not the trailing EBITDA print. I also try to stay on top of Marc Rubinstein's Net Interest for structural-credit reading habits and Oaktree's Credit Quarterly — Armen Panossian's 4Q2024 'LME Wave' note is the cleanest practitioner statement of where we are. On the academic side, the Roe & Rotaru paper forthcoming in the Yale Law Journal is worth knowing — they show empirically that non-pro-rata LMEs buy shorter, more fragile runways than sponsors claim. Most file again or restructure again."

~45 seconds. Deploys 4-5 sourced anchors with specific analytical contribution from each. Avoids name-dropping by giving each its specific use.

Q5. "What specific ideas from those readings have stuck with you?"

"Probably three.

First, risk control matters more than reaching for headline yield. In credit you can't outperform by being clever about upside — you cap at par. The asymmetry forces discipline. Marks's frame is right: the job is whether expected return compensates for the risk you've actually identified, not just the spread.

Second, technicals create opportunity when price moves more than value. The CFA Research Foundation's HY work shows empirically that technical dislocation has been among the strongest sources of alpha in HY — not fundamentals. Right now CLO forced-selling on CCC bucket overflows is the cleanest version of that.

Third, refinancing risk is the real fulcrum in stressed credit, not the latest quarter's EBITDA. Slok's maturity-wall work is the data; the analytical point is that companies don't fail because they stop functioning — they fail because the path to refinancing narrows. That reframes the entire underwriting question."

~45 seconds. Three crisp ideas, each tied to a specific source.

Q6. "Where are we in the cycle?"

"My read is that we're in a structurally elevated distress regime that hasn't been fully priced. Three forces compound:

One: the LME trilemma you outlined at WRDIC is becoming a maturity problem, not a discount problem. \$301B of leveraged loans mature in 2028, 68% rated B- or worse. The leverage shifts from sponsors (who could capture discount in 2022-23) to incumbent creditors who can credibly extend.

Two: CLO technicals are breaking. 13% of amortizing CLOs failing OC tests, 39% with under 1% cushion. Forced selling at the worst moments, structural bid leaving as the wall hits.

Three: macro overlay is tariff-driven margin compression, not rate-driven. 20.6% effective tariff rate is a 1940s number, and it lands on EBITDA, not interest expense.

The contrarian piece: private credit isn't the off-ramp. Bad PIK at 6.4%, IMF says 40% of PC borrowers have negative FCF. The PC books are the next wave of opportunity, not the savior. What would change my mind: a sustained Fed cut cycle that reopens primary HY below 7% pushes the wall out by 12-18 months."

~75 seconds. Numbers ready; contrarian view explicit; change-my-mind condition.

Q7. "Pitch me a name — long or short."

Have ONE specific name prepared. Do not pick a name Anchorage is publicly on either side of. Look for a recently Reorg-flagged stressed credit where the AHC composition is documented and you can speak to cap structure mechanics without claiming inside info.

Structure (90 seconds): 1. **The setup (15s):** Cap structure, current trading levels, why it's stressed 2. **The fulcrum analysis (20s):** Which tranche has real optionality vs structurally subordinated 3. **The catalyst (15s):** Specific event/path that resolves 4. **The trade (20s):** Where you'd want to be positioned, at what price 5. **What would change your view (10s):** Specific signal

If you don't have a name ready: prepare ONE before Monday. Reorg's "Distress Tracker" or 9fin's stressed list is the source.

Q8. "Walk me through a recent Evercore deal you worked on."

The reframe is total — see Supplement #1 Section 6. Banking framing ("we advised X on Y") → buy-side framing ("the fulcrum sat at the 2L").

3-part structure (~90s): 1. **30-second setup:** Cap structure, fulcrum, why stressed, what market was missing 2. **The decision point:** Where you'd want to have been positioned and why; AHC dynamics; which tranche had real optionality 3. **What you'd watch from here**

Critical: never say "we advised the company on..." — say *"the fulcrum sat at the 2L, here's how the AHC organized, and the trade I'd have wanted was X at Y price because Z."*

Q9. "How do you think about risk in credit?"

"Two distinctions matter. First, risk is permanent impairment of capital, not mark-to-market volatility — Marks's framing. A name that moves from 100 to 70 and back to 95 hasn't lost you anything if you were right about the cap structure and held through. A name that moves 100 → 70 and then defaults at 30 is permanent. The discipline is to underwrite the second case, not size the first.

Second, in credit specifically, the geometry is asymmetric. You cap at par plus coupon; you wear the full downside. Equity has the opposite shape — capped downside (you can lose 100) but uncapped upside. So in credit, discipline matters more than insight. You can't win the bad ones; you can only avoid them. That's why the screen for me isn't 'is this a good company' — it's 'what's already priced in, what is the path from here, and where do I want to sit in the capital structure if I'm wrong about the path.'"

~55 seconds. Two frames, both substantive.

Q10. "How do you underwrite an LME today?"

"Five-step framework, post-Serta and Mitel:

One, jurisdiction first. 5th Circuit is hostile per the December 2024 reversal; SDNY and Delaware remain permissive per Mitel. Where the credit agreement is governed materially changes the underwrite.

Two, 'open market purchase' definition risk. If the 5th Cir reading is going to apply, was the transaction a real open-market repurchase or a privately negotiated bilateral exchange?

Three, sacred rights and pro-rata sharing. Any 100%-consent requirements being walked over? What's the litigation option value for non-participating creditors?

Four, >51% participation is table stakes. But you have to model the non-participating minority's litigation drag on realized recovery — the headline yield on the priming tranche is not the actual yield.

Five, the Roe & Rotaru point. Empirically, most non-pro-rata LMEs ultimately default again. So even if you're in the participating group, you're often underwriting a Ch. 11 path 18-24 months later — which means the real question is whether the LME bought enough runway to find a real solution or just kicked the can to the next default."

~75 seconds. Concrete, current, technically sophisticated.

Q11. "Why credit and not equity or PE?"

"Two reasons. First, the asymmetry I described — credit's capped upside and full downside is a discipline that suits how I think. I'm more comfortable underwriting downside than reaching for upside. Equity is the inverse skill.

Second, in restructuring credit specifically, the legal architecture of the cap structure is part of the alpha. A PE shop buying equity doesn't have to read the intercreditor agreement to know how the waterfall pays. A credit investor positioning at the fulcrum has to know which covenants give blocking rights, which baskets stack into a trap-door, whether the cooperation agreement is enforceable. That's exactly the skill I trained for on the document side at Davis Polk and the modeling side at Evercore — and credit is where it actually generates alpha. PE doesn't reward it the same way."

Q12. "Tell me about a time you disagreed with a senior."

This is testing intellectual honesty, not conflict tolerance. The strong answer is a substantive analytical disagreement, not a process dispute.

Template (adapt to a real Evercore engagement):

"On [deal], we were advising [debtor/creditor]. My MD's view was that the company had [X] turns of debt capacity at emergence, which drove the recovery math to [Y cents] for the second lien. I thought the exit EBITDA assumption was too optimistic by 15-20% because [specific operational reason — customer concentration, covenant reset that didn't address the structural problem, etc.]. I modeled out three scenarios; the sensitivity showed if EBITDA was 15% lower, second lien went from 40-cent recovery to near-zero. The real disagreement wasn't the number — it was whether to surface that sensitivity in the client deliverable, because it complicated the narrative we were selling. I raised it. The outcome: [what happened — got included, was pushed back but came around, etc.]."

The structure shows: (1) analytical judgment, (2) willingness to hold a position, (3) understanding of the professional tension between honest analysis and client service in advisory — a tension the buy-side doesn't have in the same way.

Q13. "What's mispriced right now?"

"Two areas where I think the technical and the structural are both creating dislocation.

One, the B-/CCC migration in CLO portfolios. CLOs are dumping paper as it crosses the rating threshold — not because the credit deteriorated meaningfully, but because the OC test math forces it. That's pure

technical dislocation. The names trading in the 70s here that recover to par or convert to fulcrum equity in an LME — that's the cleanest current setup.

Two, the LME-tainted side of post-Serta credits. Markets are applying a uniform discount to anything that smells of uptier or drop-down, without distinguishing between structures that will survive jurisdictional challenge and those that won't. That requires reading the documents and the case law, not following price action. Specifically, the divergence between 5th Cir governance and SDNY governance is creating a structural mispricing I think very few participants are sophisticated enough to underwrite.

What's NOT mispriced, in my view: private credit at par. PIK toggle proliferation and 40% of borrowers with negative FCF suggest the marks are wishful. That's not an opportunity yet — it's a coming opportunity once the marks correct."

Q14. "What would change your view on the market?"

"Three things, in order of probability.

One, a sustained Fed cut cycle that reopens primary HY issuance below 7%. That pushes the maturity wall out by 12-18 months and compresses the LME wave by reducing the refinancing-path stress that's driving deal flow now. This is the highest-probability scenario that changes the thesis.

Two, a string of court decisions extending Mitel's permissive read rather than Serta's restrictive one. That reduces the legal uncertainty premium that creates mispricings in LME-tainted credits and pulls the alpha out of the document-reading layer.

Three, rating agency easing of CLO OC test thresholds. Lower probability — agencies are structurally conservative — but if it happened, it removes the technical forced-selling channel that's a meaningful part of the current opportunity set."

Q15. "Any questions for me?"

See Supplement #1 Section 8 for the full 5-question list. The top 3 to lead with:

1. *"On the Bloomberg podcast you talked about 'institutional reputation' as a negotiating asset — how do you operationalize that inside the team? Is it deal selection, is it who you co-invest with, or is it consistency on follow-on capital?"*

2. *"Post-Serta in the 5th Cir and Mitel in the First Department, how is the desk thinking about venue selection when you're building a co-op or AHC position? Are you actively picking jurisdiction at the entry trade?"*
 3. *"When you came over from Moelis in 2016, what was the hardest part of the advisor-to-principal transition that nobody warned you about? I'd like to know what to brace for."*
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PART III: SIGNATURE LINES TO HAVE IN YOUR HEAD

Memorize these as one-liners you can drop where they fit:

- **"Credit investing is really about underwriting the path to repayment, not just the business in a vacuum."**
 - **"I think about risk as permanent impairment of capital, not mark-to-market volatility."**
 - **"A lot of opportunity in credit comes when technicals overwhelm fundamentals in the short term."**
 - **"In stressed credit, the question is often less 'is this a good company' and more 'what is already priced in, what is the path from here, and where do I want to sit in the capital structure.'"**
 - **"A company can look fine on a trailing basis and still have a real problem if the refinancing path is narrowing."**
 - **"Credit is a series of questions: what can go wrong, what happens first, who controls the process, and does price adequately compensate me for that path?"**
 - **"Advisory pays you to close. Investing pays you to be right."**
 - **"You can't make more than par. You can lose 100. The discipline is asymmetric."**
 - **"I'd rather be deeply right or wrong about ten situations than superficially helpful on a hundred."**
 - **"The technical that pushed a loan to 70 — was that fundamental or a CLO manager dumping a CCC bucket on a thin Wednesday?"**
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PART IV: HOW TO STITCH IT ALL TOGETHER

If you remember nothing else:

1. **Open with the four-year integrated-path frame** (JD-and-banking on same problems). Don't lead with the JD alone.
 2. **One Marks reference, deployed not name-dropped.** Risk as permanent impairment of capital. Use the frame; don't quote the man.
 3. **One Apollo / Slok reference, used as evidence.** The maturity wall is back-loaded into 2027-29. The path-to-capital is the catalyst, not EBITDA.
 4. **One LME-mechanics reference, current and specific.** Serta vs Mitel jurisdictional split. Show you read the case law.
 5. **One contrarian point per major question.** Private credit isn't the savior. CLO selling isn't fundamental. The Roe & Rotaru finding that LMEs are extensions, not solutions.
 6. **One acknowledgment per pivot answer.** What you're giving up by leaving advisory is real. Honesty is signal.
 7. **One memorable line per major answer.** "Thousand deals at a centimeter / ten at a kilometer." "Capped upside, full downside." "Path to capital, not EBITDA."
 8. **One question to ask Pat that engages his actual published views.** The Bloomberg podcast quote on institutional reputation is the cleanest.
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Three supplements now in hand. Use this one for question-by-question rehearsal. Use Supplement #1 for the structural narrative. Use Supplement #2 for the "why investing" deep-dive. The McGrath podcast synthesis is the audio source-of-truth on his frameworks.

Good luck.