

Companies Looking for Trouble: Turnaround Letter Contrarian Investing Opportunity

George Putnam's Turnaround Letter notes growing evidence that U.S. bankruptcies are on the rise, which isn't necessarily a bad thing for these stocks.

QUINCY, MA, USA, October 26, 2015 /EINPresswire.com/ -- [The Turnaround Letter](#) continues to cite growing evidence that corporate bankruptcies and restructurings are on the rise. The principal drivers for this are the huge amount of debt that has been raised over the last decade, and the sharp decline in commodity prices. There are also industry specific issues, such as in retailing, where Internet sales are transforming the sector. You can read more about those trends and data analysis in this [FREE 3Q15 bankruptcy report](#).

Although those figures and trends are interesting, you're probably wondering how, exactly, that will impact your stock portfolio and investing strategy. As contrary as it may seem, an increase in bankruptcies isn't necessarily a bad thing: A periodic culling of weaker companies is healthy for the economy. The threat of distress also helps to focus

management's attention. As former Eastern Airlines CEO (and astronaut) Frank Borman once said, "Capitalism without bankruptcy is like Christianity without Hell."

As contrarian investors, we have another take on this bankruptcy/restructuring uptick. For a few companies in particular, that increase would definitely be a good thing: These are companies that consult or advise on corporate restructurings and those that invest in bankruptcies and other distressed situations. Many of these companies are privately held, but these seven contrarian opportunities (recently detailed in our [distressed investing newsletter](#)) have actively-traded public stocks and are poised to profit from the anticipated bankruptcy uptick.



3Q15 Corporate Bankruptcy Uptick

RESTRUCTURING SERVICES: SEASON FOR A CONSULT?						
Company	Symbol	Recent Price	5-Year Range	Market Cap (\$Mil.)	Forward P/E	Div. Yield %
FTI Consulting	FCN	41.26	46.73–22.88	1,730	15.6	0.0
Greenhill & Co.	GHL	28.22	84.51–26.38	827	12.4	5.8
Houlihan Lokey	HLI	21.21	23.10–18.22	1,360	13.4	0.0
Huron Consulting	HURN	61.86	78.89–18.69	1,360	13.8	0.0
Moelis & Company	MC	25.98	37.37–25.75	525	13.9	4.5
Navigant Consulting	NCI	15.80	19.78–8.30	757	14.5	0.0
Oaktree	OAK	50.20	62.30–34.00	2,430	12.7	3.0

Turnaround Letter Stock Market Advice

Oaktree (OAK), which we recommended last year, is one of the premier private equity and investment management firms that invests in distressed companies. It has a long and distinguished record of investing in corporate restructurings. The firm has recently raised a large new private equity fund, and so it is well positioned to take advantage of an uptick in distress.

FTI (FCN), Huron (HURN) and Navigant (NCI) are management consulting firms that do a significant amount of work advising companies about restructuring. FTI, which we recommended in February, is well-known in the restructuring field. Restructuring work is a smaller, but still significant portion of revenues and profits for Huron and Navigant.

Greenhill (GHL), Houlihan Lokey (HLI) and Moelis (MC) are all boutique investment banks that provide financial consulting and investment banking services to large companies. While all three firms provide advice in a number of other areas, such as mergers and acquisitions, restructurings are an important part of their business.

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*George Putnam, Publisher of
The Turnaround Letter*