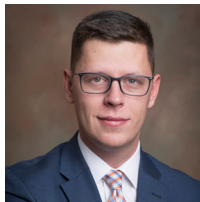




Puerto Rico: Searching for Green Shoots

After Hurricane Maria's 155-mile-per-hour winds devastated much of Puerto Rico's infrastructure, and before electricity was restored to much of the island, T. Rowe Price investment professional Vincent DeAugustino packed an overnight bag, and he and his team hopped on a plane headed for the island. Vincent, who covers the banking and specialty finance sectors, spent two days—most of the time in a rental car and from a helicopter—surveying damage, electricity transmission line reconstruction, and commerce activity. “I expected to see busy retail centers and home improvement stores, but I didn't expect to see how resilient the other areas of the economy were,” he says. As a longtime investor in Puerto Rico, Vincent was keenly aware of the challenges Puerto Ricans faced, most importantly, the significant loss of life linked to Hurricanes Maria and Irma. But he also witnessed firsthand that life was continuing as normally as possible. Furthermore, his research showed that credit from a banking standpoint probably wasn't going to deteriorate as much as the valuations suggested and some financial prognosticators believed. Vincent and his team combined data-driven as well as field research, including video and aerial pictures to gain greater insights. “The humanitarian impact of the storms is still devastating—seeing the resilience and strength of Puerto Rico firsthand gave us the confidence to invest more heavily in the recovery,” he says.



Talking With
Vincent DeAugustino
Investment Professional, T. Rowe Price

Going Beyond the Numbers Reveals the Full Story

At T. Rowe Price, our investment approach is to go beyond the numbers when evaluating which companies offer the best future investment potential. By meeting with executives, employees, and customers firsthand, we can ask the right questions to get a deeper understanding of where an industry stands and where it could go in the future. This rigorous research strategy is integral to Vincent's investment process.

Using Teamwork to Uncover Opportunities

Last year, Vincent traveled to Dallas-Ft. Worth to meet with several auto lenders. Used car values had plummeted, and many lenders were retrenching after credit loss acceleration. Armed with his proprietary vertical vintage analyses, he was able to foresee improvement in used vehicle values at the same time specialty lenders were about to benefit from tighter industry underwriting. Confident in their long-term prospects, he called several meetings with T. Rowe Price portfolio managers and other investment professionals to present his perspective,

“The humanitarian impact of the storms is still devastating—seeing the resilience and strength of Puerto Rico firsthand gave us the confidence to invest more heavily in the recovery.”

which contrasted with the market view that auto lending would be increasingly unattractive. "I had several conversations to immerse them in the financial data and let them see the totality of our work and what we learned on the road," Vincent says. His research convinced investment professionals to buy his recommended auto lender stocks.

capitalists, banking clients, real estate developers, attorneys, and brokers. To fully understand the financial industry, you must immerse yourself into other sectors and geographies to understand how the banks serve their clients and the risks they're exposed to, Vincent says. "As a result of a truly bottoms-up approach,

we get to see many more opportunities for investment." Vincent is keeping a watchful eye on the industry to get ahead of the changes for investors, and while fundamental data analysis is key, Vincent's on-site research helps him make better informed investment decisions.

Positioning For Better Insight

Vincent and his team spent three days on the U.S. West Coast talking to venture

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