T. Rowe Price
INVEST WITH CONFIDENCE

Cautious Optimism

Credit Investing in the New Era of Monetary Policy

What we've seen in 2020

- Extreme volatility followed by stimulus and powerful recovery
- Short-term rates cut, long-term rates plummeting
- Credit spreads normalizing, driving down capital costs
- Volatility moving from rates to currency
- Money supply increasing but velocity has slowed, supporting the need for a second fiscal package
- We are optimistic about recovery—including global credit

Recovery Opportunities

Cyclicals

Consider

- Transportation
- Lodging
- Entertainment
- Commodities

- Cyclicals should benefit from new stimulus
- Management teams shoring up balance sheets
- Consumer confidence improving
- Consolidation is likely

Credit Markets

Credit is expensive, **yet yield is there** if you're willing to take prudent risks

Fixed Income Sectors to Consider

- More international strategies, like **emerging markets corporate debt**
- **Floating rate bank loans**
- **Credit focused securitized assets,** like CLOs

Investor Game Plan

Current volatility has many **sitting on cash**

Investors will want to to **capitalize on dislocated markets**

Be ready— **Opportunities will be fleeting**

"Better days lie ahead"

— Mark Vaselkiv
Chief Investment Officer for Fixed Income

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