


Presented by



The Investment Expert

Asset allocation strategies for a new investment landscape

 @FTLiveTweets

Lead sponsors



Associate sponsors



Media partner



An event from FINANCIAL TIMES LIVE

Presented by



The
Investment
Expert



Keynote Address: Looking at credit opportunities in Europe – the importance of security selection

Mike Della Vedova

Fixed Income Portfolio Manager

T. Rowe Price

Lead sponsors



Associate sponsors



Media partner



LOOKING AT CREDIT OPPORTUNITIES IN EUROPE: THE IMPORTANCE OF SECURITY SELECTION

Mike Della Vedova

Fixed Income Portfolio Manager

Lead Portfolio Manager – European High Yield Bond Fund

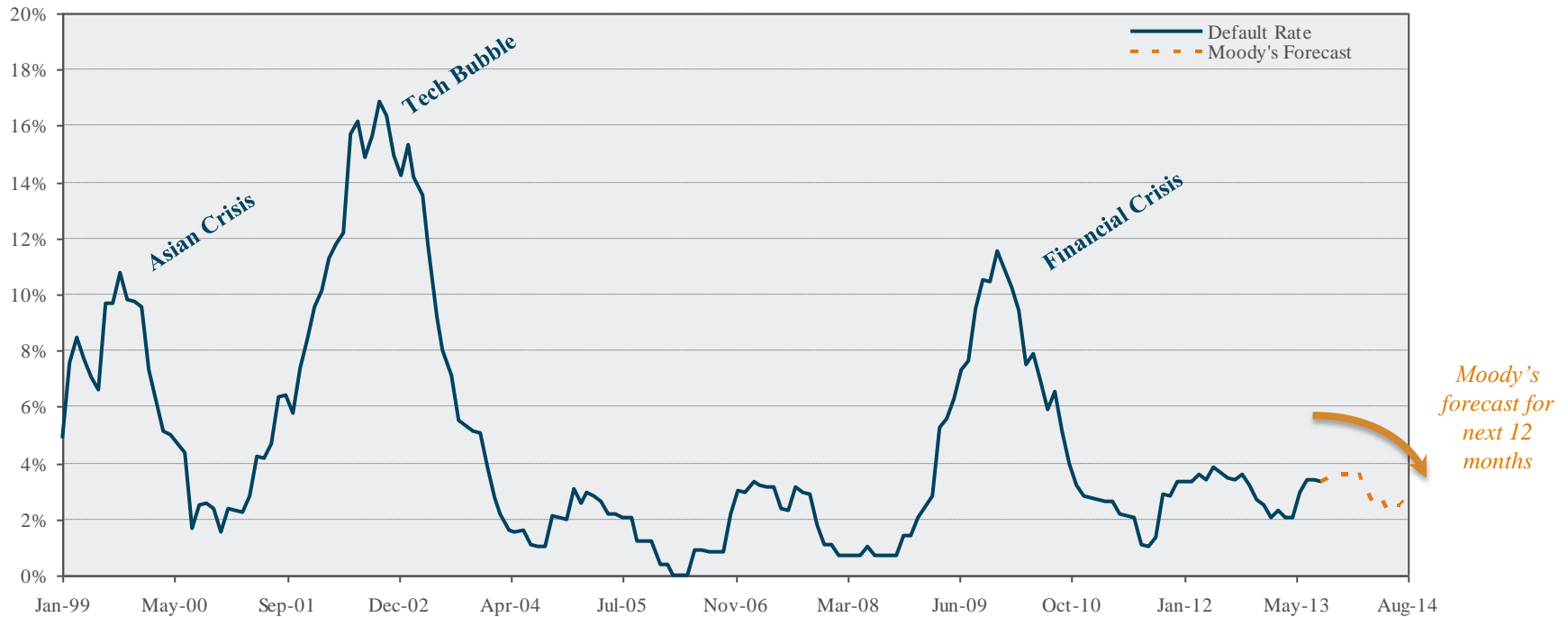
October 2013



European Corporate Bonds: What Risk?

As of 31 August 2013

European High Yield Trailing 12-Month Default Rate (%)
From Dec 1998


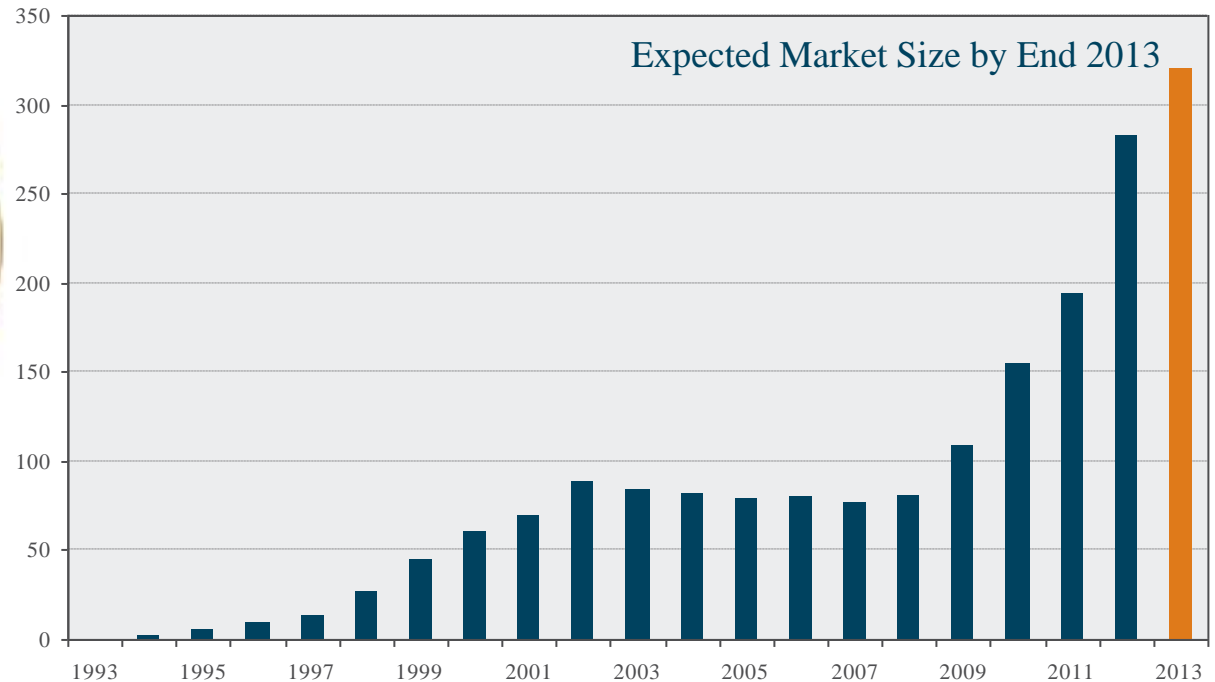


Current default rate is low and makes corporate bonds attractive
Default rate should improve as we enter 2014 despite weak growth environment

Liquidity Conditions in European High Yield Have Improved

As of 31 August 2013

European High Yield Market Size in EUR billion
From December 1996



2013
€75 billion
total new issuance
expected

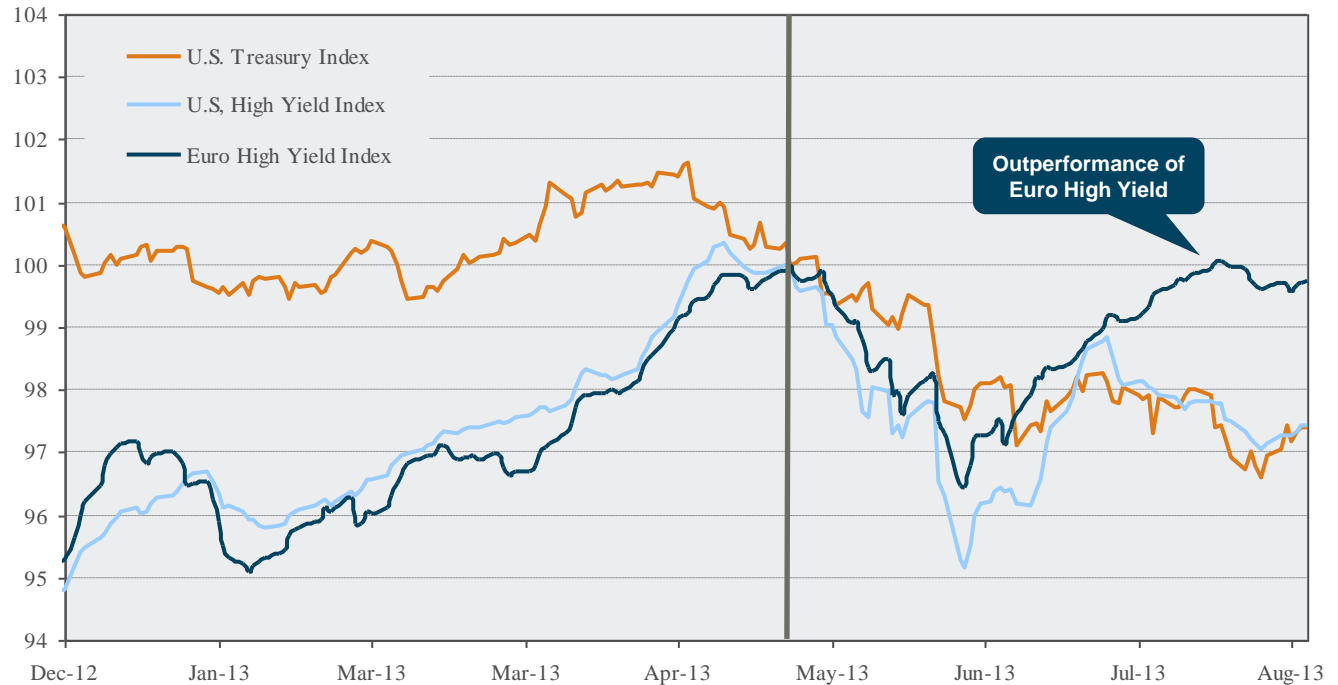
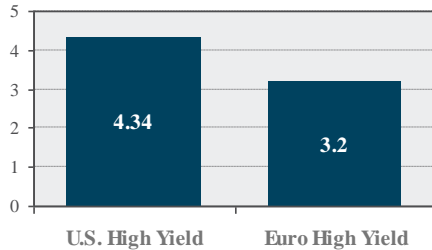
More liquidity, more depth, more diversity = more opportunities for security selection

Duration Profile And Geographic Location Have Benefited Euro High Yield This Year

As of 31 August 2013

Cumulative Performance in Local Currency Terms
(base 100 = 22 May 2013 - Fed Mentions Tapering)

Duration Profile
(Years)

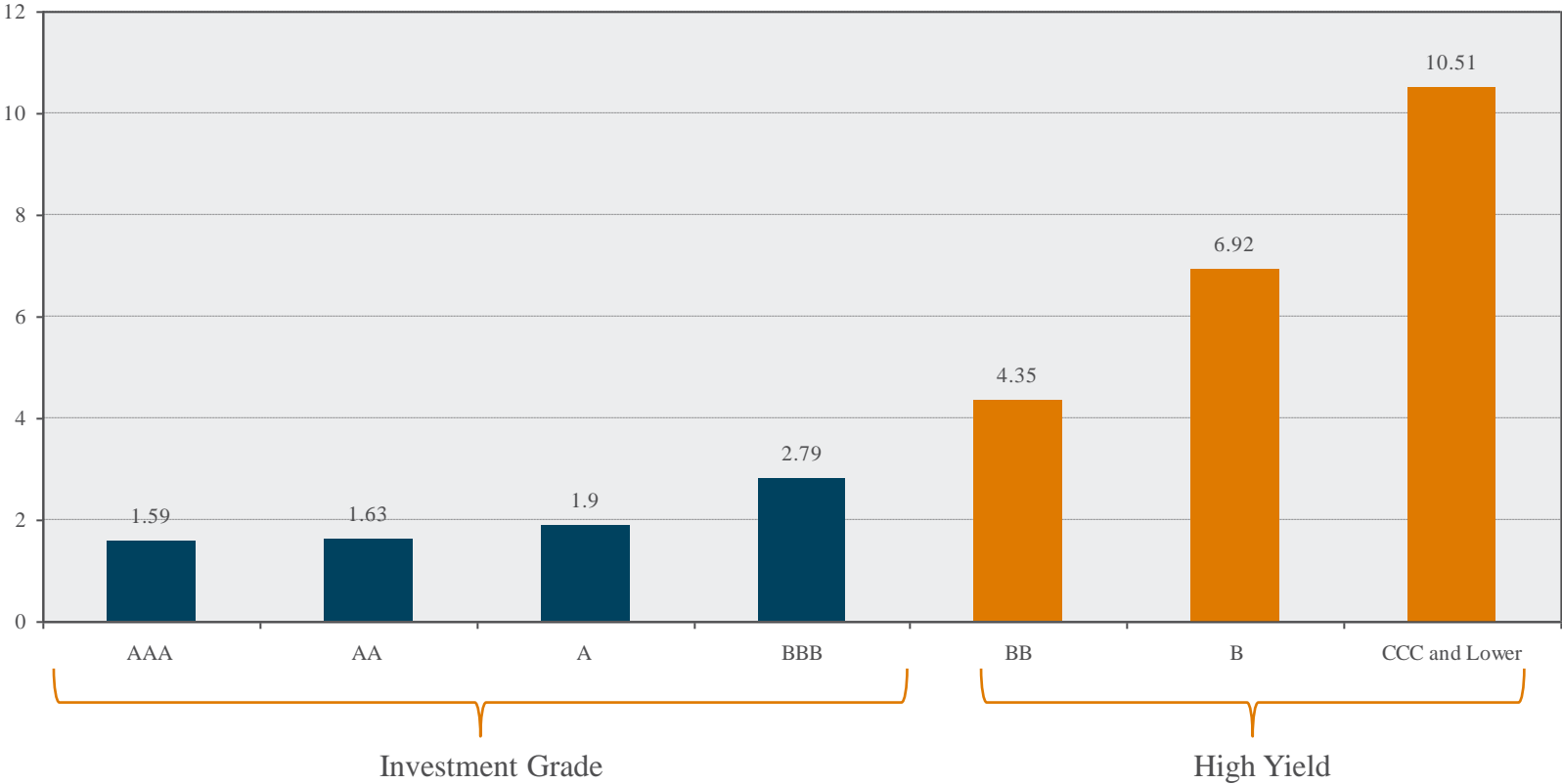


Less duration risk and strong fundamentals have supported the market in Europe at a time when the prospect of interest rates normalization has increased in the U.S.

Not Everything that Shines is Gold!

As of 31 August 2013

Yield to Maturity: Euro Corporate Bond Market by Rating (%)



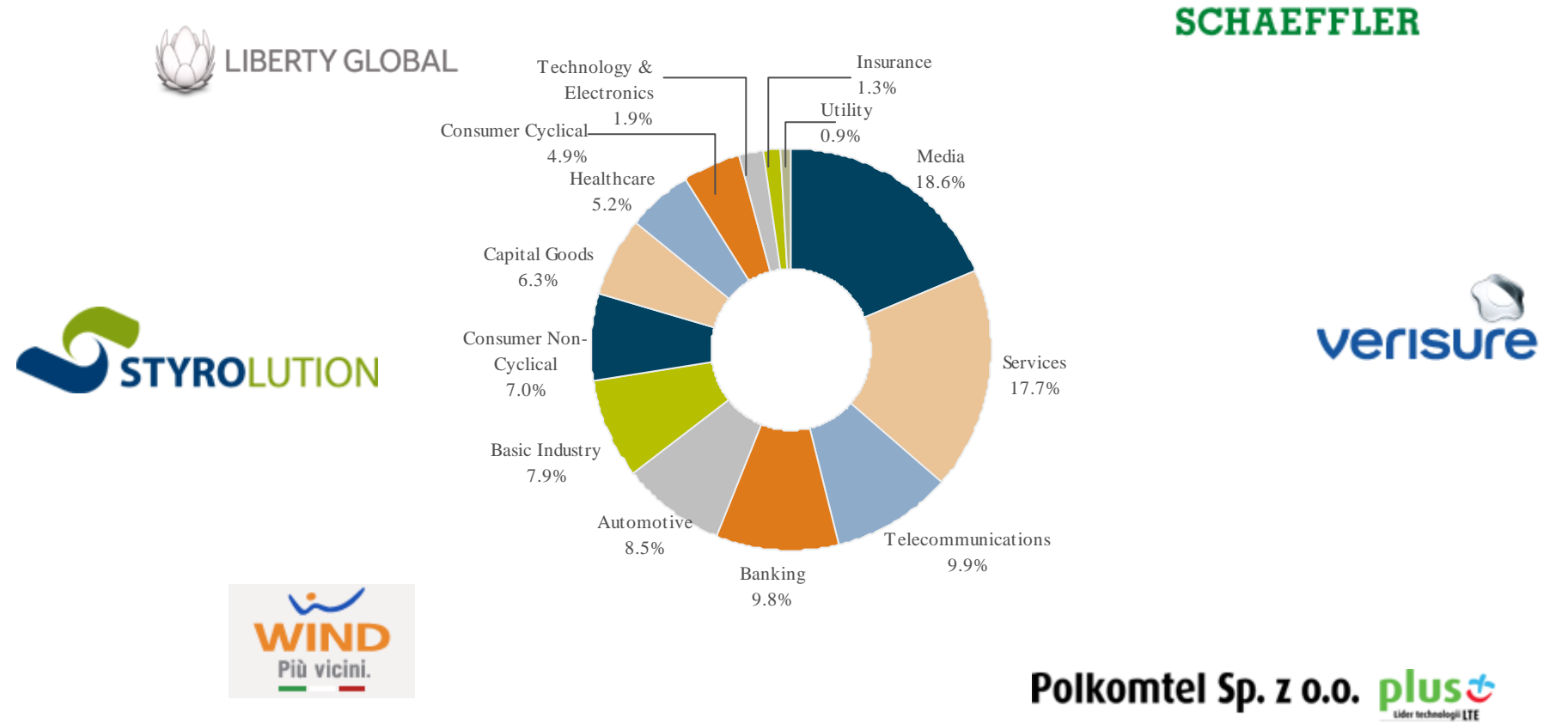
Limited upside potential in investment grade rated issuers

Sources: Bank of America, Merrill Lynch.

A Focus on the B-Rated Space

As of 31 August 2013

Euro High Yield Single B – Sector breakdown

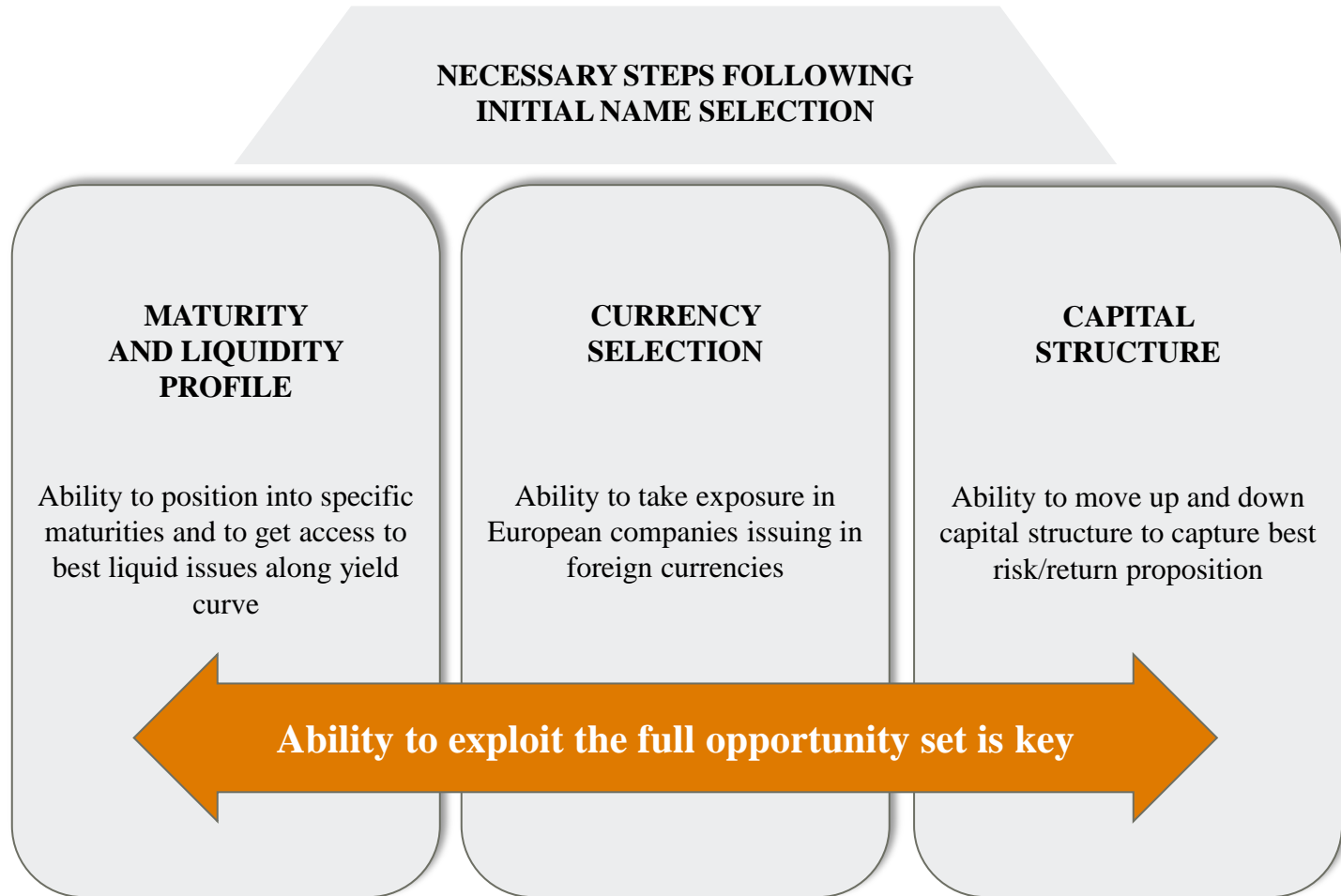


SCHAEFFLER



Sources: Bank of America, Merrill Lynch.

Security Selection Goes Beyond Name Selection



Additional Information

This marketing communication is directed at institutional investors only. It is not intended for distribution to retail investors in any jurisdiction.

This document, including any statements, information, data and content contained therein and any materials, information, images, links, sounds, graphics or video provided in conjunction with this document (collectively “Materials”) are being furnished by T. Rowe Price for your general informational purposes only.

The Materials are not intended for use by persons in jurisdictions which prohibit or restrict the distribution of the Materials and in certain countries these Materials are only provided upon specific request.

Under no circumstances should the Materials, in whole or in part, be copied, redistributed or shown to any person without consent from T. Rowe Price. The Materials do not constitute a distribution, an offer, an invitation, recommendation or solicitation to sell or buy any securities in any jurisdiction. The Materials have not been reviewed by any regulatory authority in any jurisdiction. The Materials do not constitute investment advice and should not be relied upon. Investors should seek independent legal and financial advice, including advice as to tax consequences, before making any investment decision.

Issued in the USA by T. Rowe Price Associates, Inc., 100 East Pratt Street, Baltimore, MD, 21202, which is regulated by the U.S. Securities and Exchange Commission.

Issued in Canada by T. Rowe Price (Canada), Inc. T. Rowe Price (Canada), Inc. enters into written delegation agreements with affiliates to provide investment management services. T. Rowe Price (Canada), Inc. is not registered to provide investment management business in all Canadian provinces. Our investment management services are only available to select clients in those provinces where we are able to provide such services. This material is intended for use by accredited investors only. Please contact us for more details.

Issued in Switzerland by T. Rowe Price (Switzerland) GmbH (“TRPSWISS”), Talstrasse 65, 6th Floor, 8001 Zurich, Switzerland.

T. Rowe Price International Ltd (“TRPIL”) is an authorised financial services provider under the Financial Advisory and Intermediary Services Act, 2002 (FSP Licence Number 31935), authorised to provide “intermediary services” to South African investors. TRPIL has further been approved as a Pension Funds Administrator in terms of section 13B of the Pension Funds Act, 1956.

Issued in the Dubai International Financial Centre by TRPIL. This material is communicated on behalf of TRPIL by the TRPIL Representative Office which is regulated by the Dubai Financial Services Authority.

Issued in Hong Kong by T. Rowe Price Hong Kong Limited (“TRPHK”), 21/F, Jardine House, 1 Connaught Place, Central, Hong Kong. TRPHK is licensed and regulated by the Securities & Futures Commission.

Issued in Singapore by T. Rowe Price Singapore Private Limited (“TRP Singapore”), 501 Orchard Road, #10-02 Wheelock Place, Singapore 238880. TRP Singapore is licensed and regulated by the Monetary Authority of Singapore.

T. Rowe Price International Limited (“TRPIL”), 60 Queen Victoria Street, London EC4N 4TZ is authorised and regulated by the Financial Conduct Authority.

T. ROWE PRICE, INVEST WITH CONFIDENCE and the Bighorn Sheep design are, collectively and/or apart, trademarks or registered trademarks of T. Rowe Price Group, Inc. in the United States, European Union, and other countries. This material is intended for use only in select countries.