



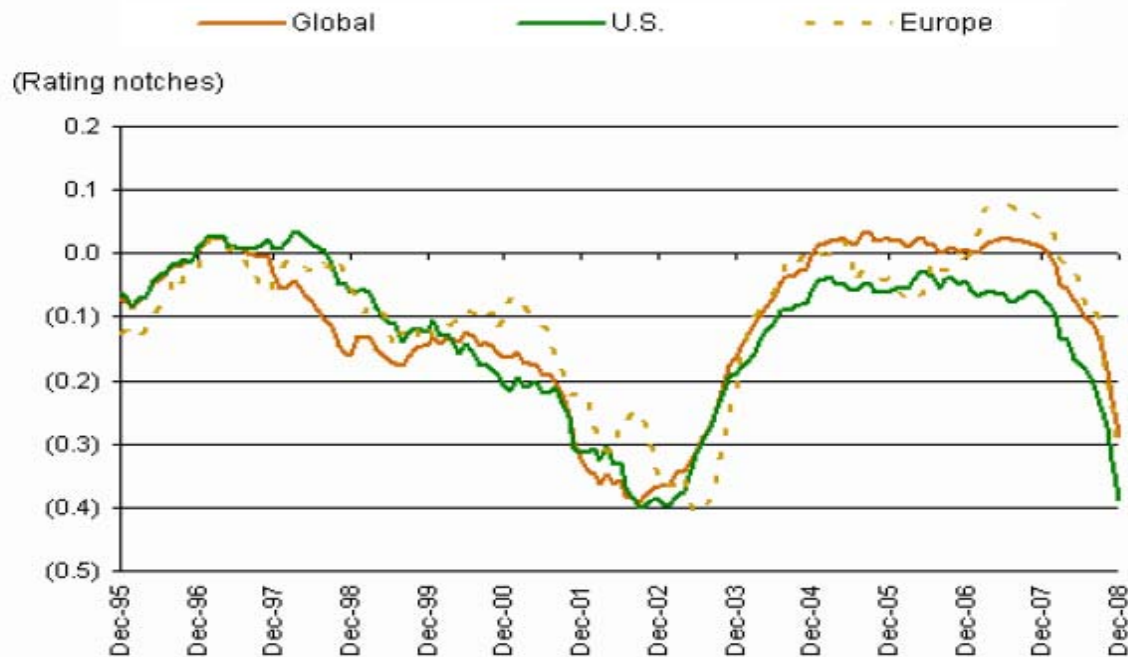
CORPORATE BONDS

Niall O'Leary
Head of Fixed Income
Bank of Ireland Asset Management



Credit quality has deteriorated rapidly

Trailing-12-Month Change In Credit Quality

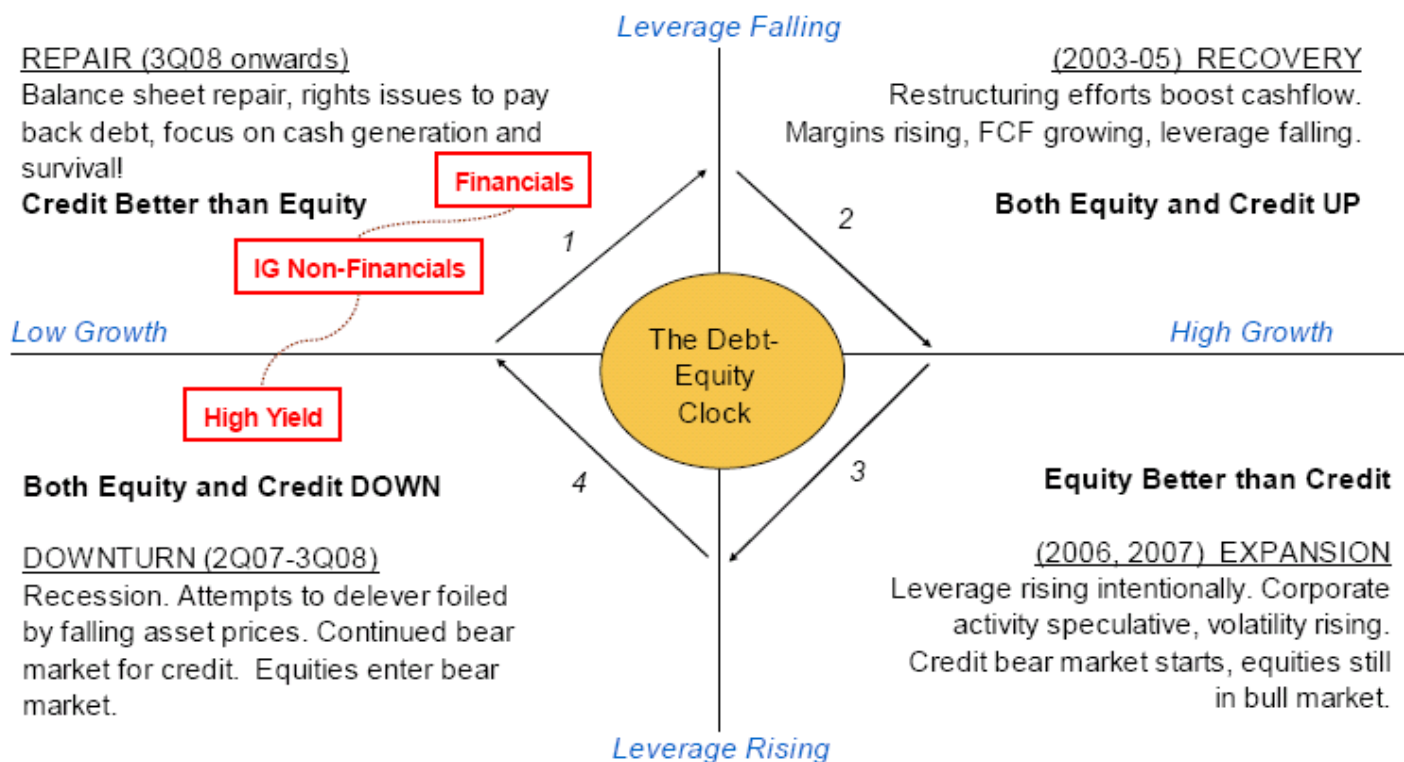


Transitions to NR (withdrawal) are not included as a change in this calculation. Sources: Standard & Poor's Global Fixed Income Research and Standard & Poor's CreditPro®.

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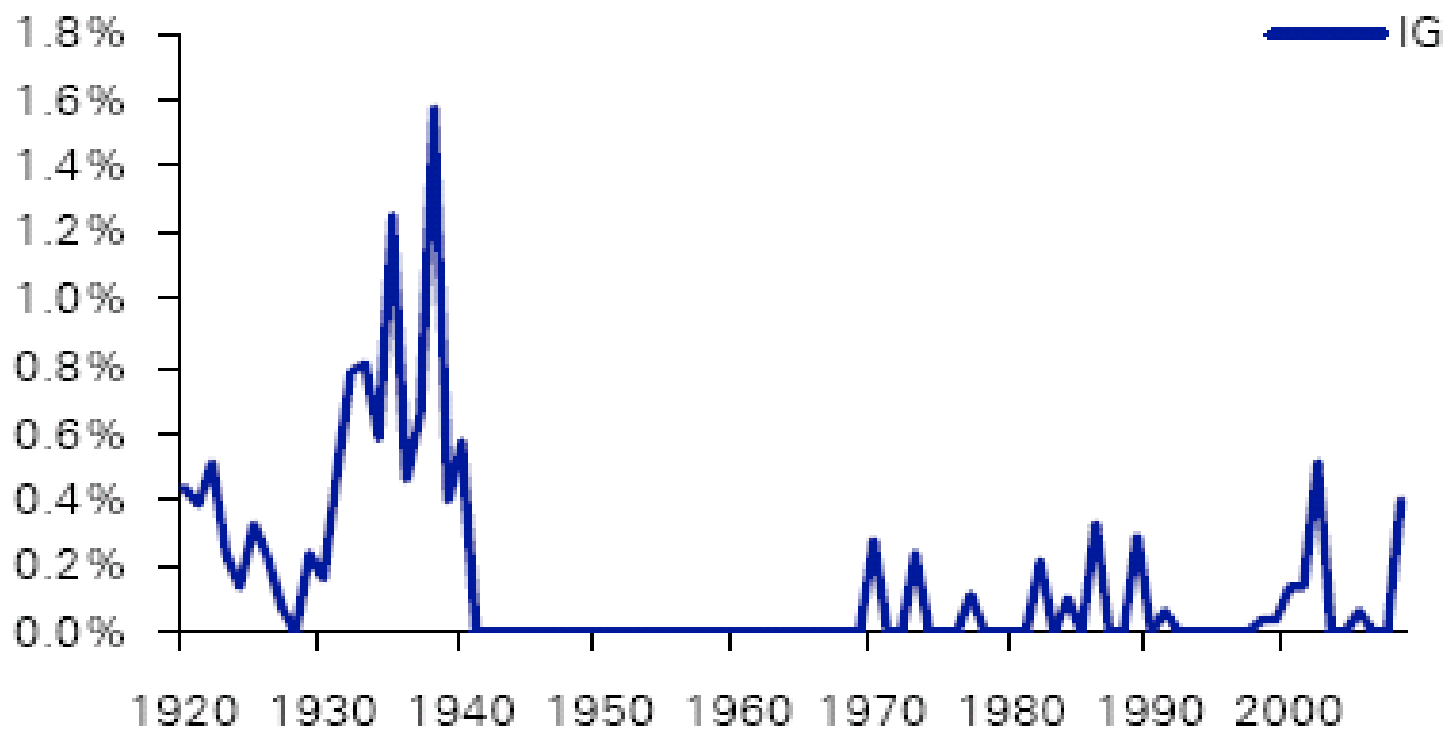
The credit cycle is well advanced



Source: Morgan Stanley Research

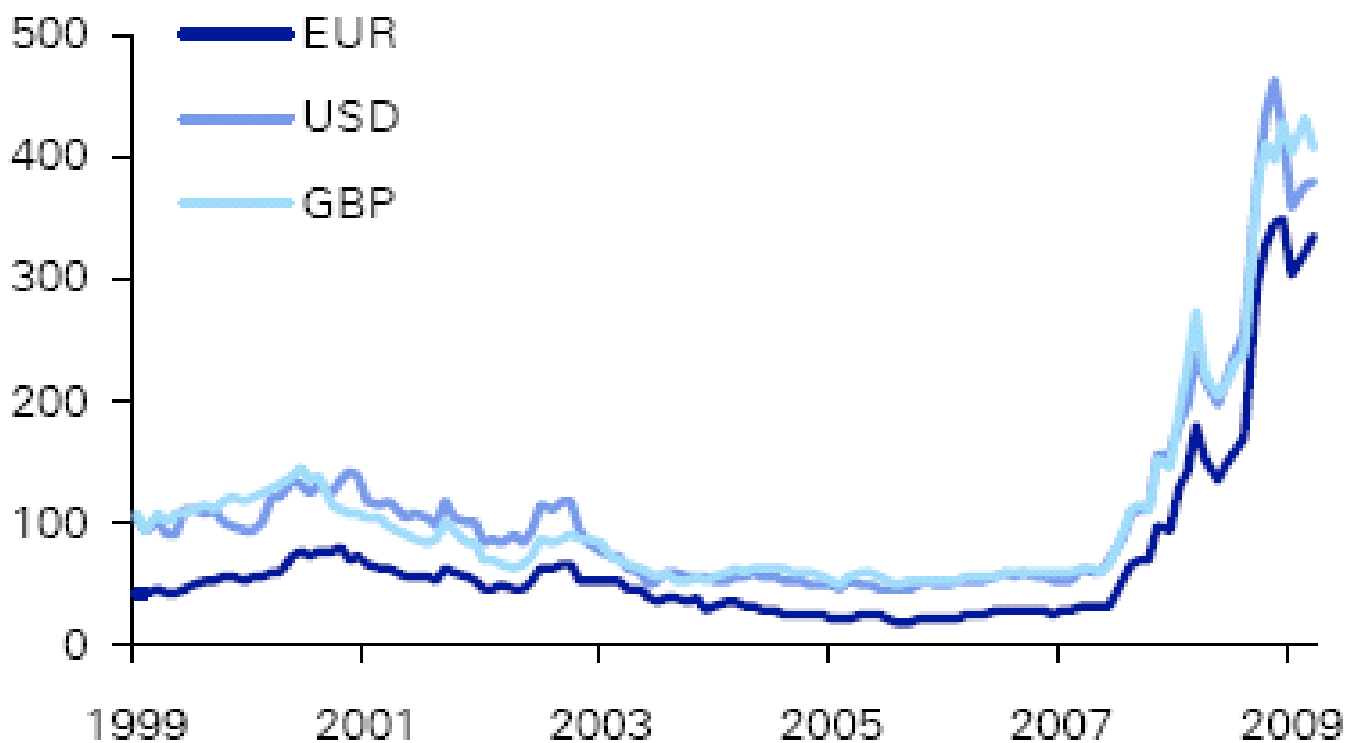


Defaults will rise from here





But corporate bonds now offer value





Credit – perhaps a safer place than equities

- Uncertainty favours balance sheet strength over growth
- Dividend cuts
- Policy initiatives favour bondholders relative to equity
- Investors are more conservative
- Pension liabilities are better matched with credit