

# Capturing Alpha Across the Credit Continuum

## Transcript

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**Greg Peters, Co-Chief Investment Officer, PGIM Credit:** Over the past five years or so, there's been a pretty radical transformation in the credit markets. On the public side, you see the advent of portfolio trading that's injected more liquidity into the public credit system. But credit itself has really changed as well. You've seen a lot more lending to asset-light businesses. That means recovery rates should be much lower. You're seeing a lot more LME. So, liability management exercises where, credit holders are being disadvantaged often times. And so the marketplace is much more fraught today as a result. And I think it requires a lot more deep credit understanding to not only take advantage but avoid the pitfalls.

I think the risk of continuing to think about credit in separate buckets is the risk of leaving alpha on the table. The credit market increasingly is melding together. I think it's really important for investors to take advantage of the opportunities across the gap. What we see in our own portfolios, public bonds are getting refinanced into privates. Privates refinance into publics. You have ABF, which is the bridge of both. And so we think it's really important for investors to have the ability to take advantage of that relative value.

Well, you know, there's a classic bond market phrase, which is there's no such thing as bad bonds, just bad bond prices. So, in a volatile time, that's actually when credit is most attractive. When credit is placid and spreads are tight and yields are low, that's when we find the credit markets least attractive. Now that we're seeing the volatility and the repricing, we're actually more excited around credit, not less.

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