



Emerging Markets: Attractive opportunities amidst uncertainty

Michael Ganske
Portfolio Manager
September 2024



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Today's Speaker



Michael Ganske

Portfolio Specialist
Emerging Market Corporate Bond

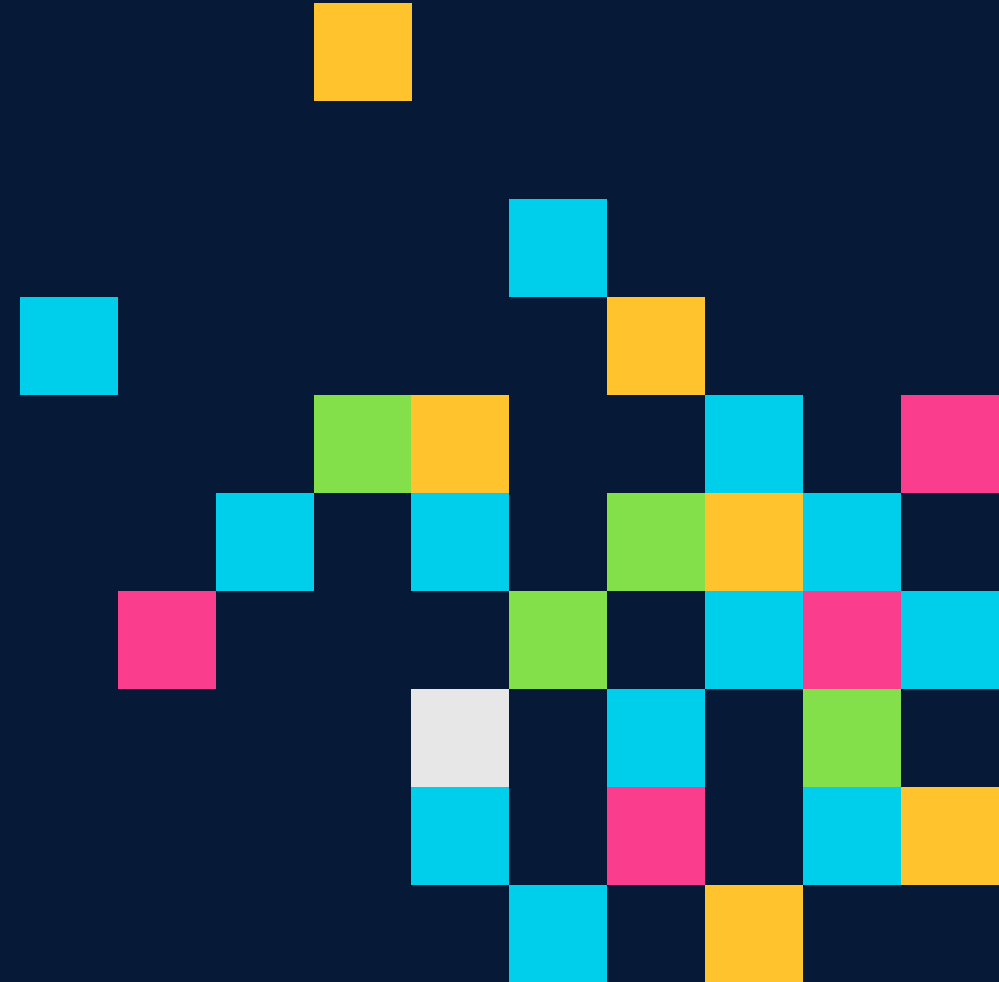


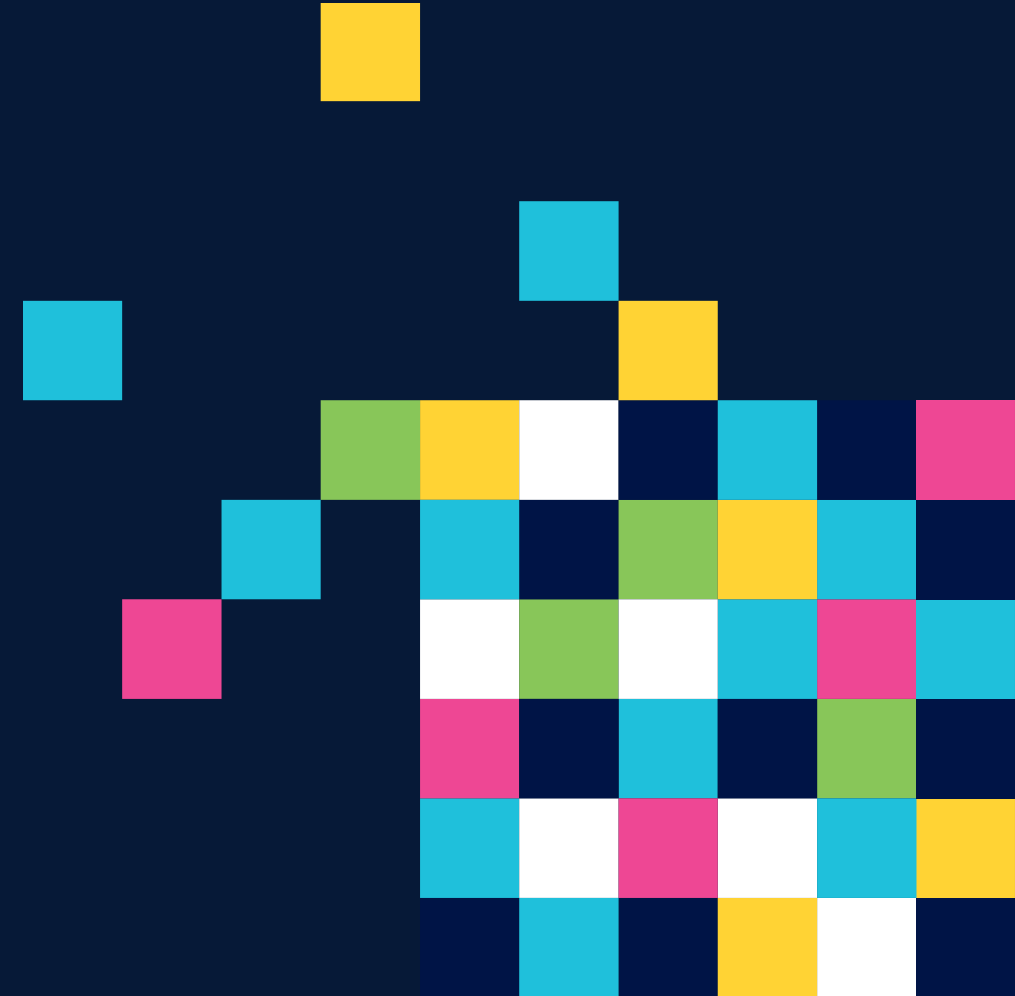
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- Asset Class Characteristics
- Why EM Corporate bonds stand out
- T. Rowe Price EM Corporate Strategy





Asset Class Characteristics



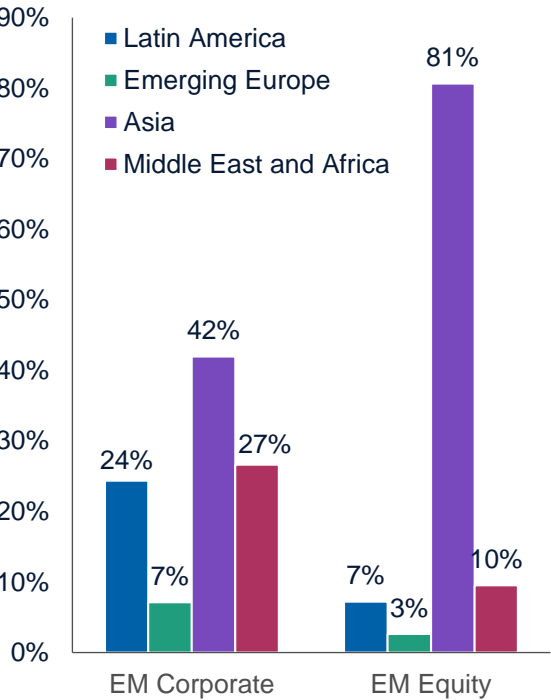
EM Corporate Composition

As of 30 June 2024

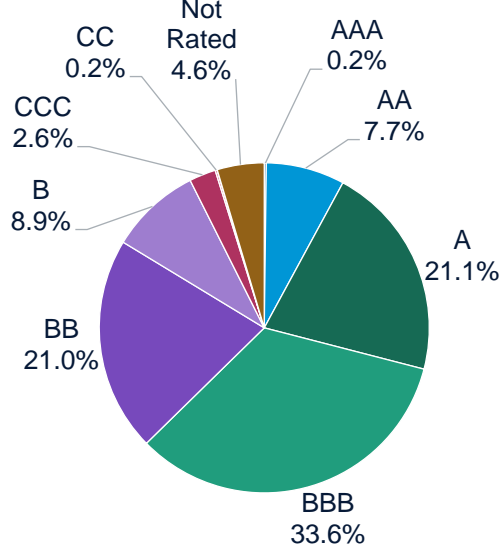
J.P. Morgan CEMBI Broad Diversified

YTM	7.0%
Duration	4.9years
Spread	253 bps
Investment Grade	58.9%
High Yield	41.1%

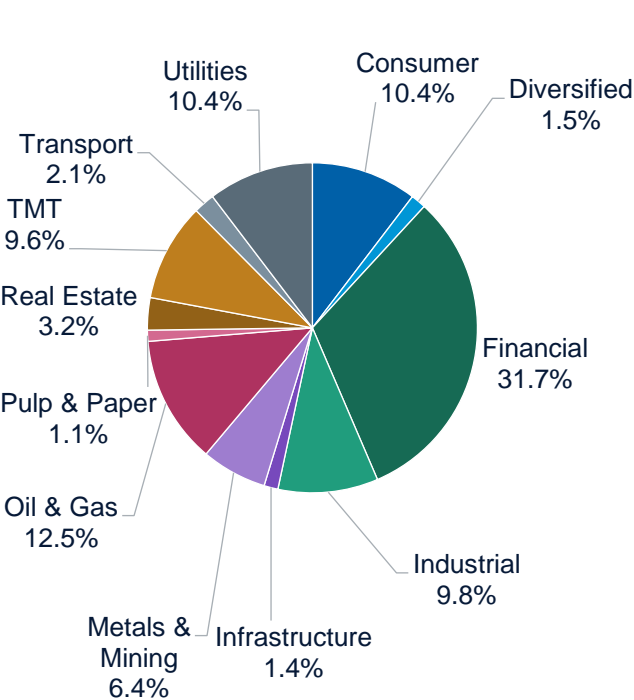
Regional exposure



Credit quality



Sector

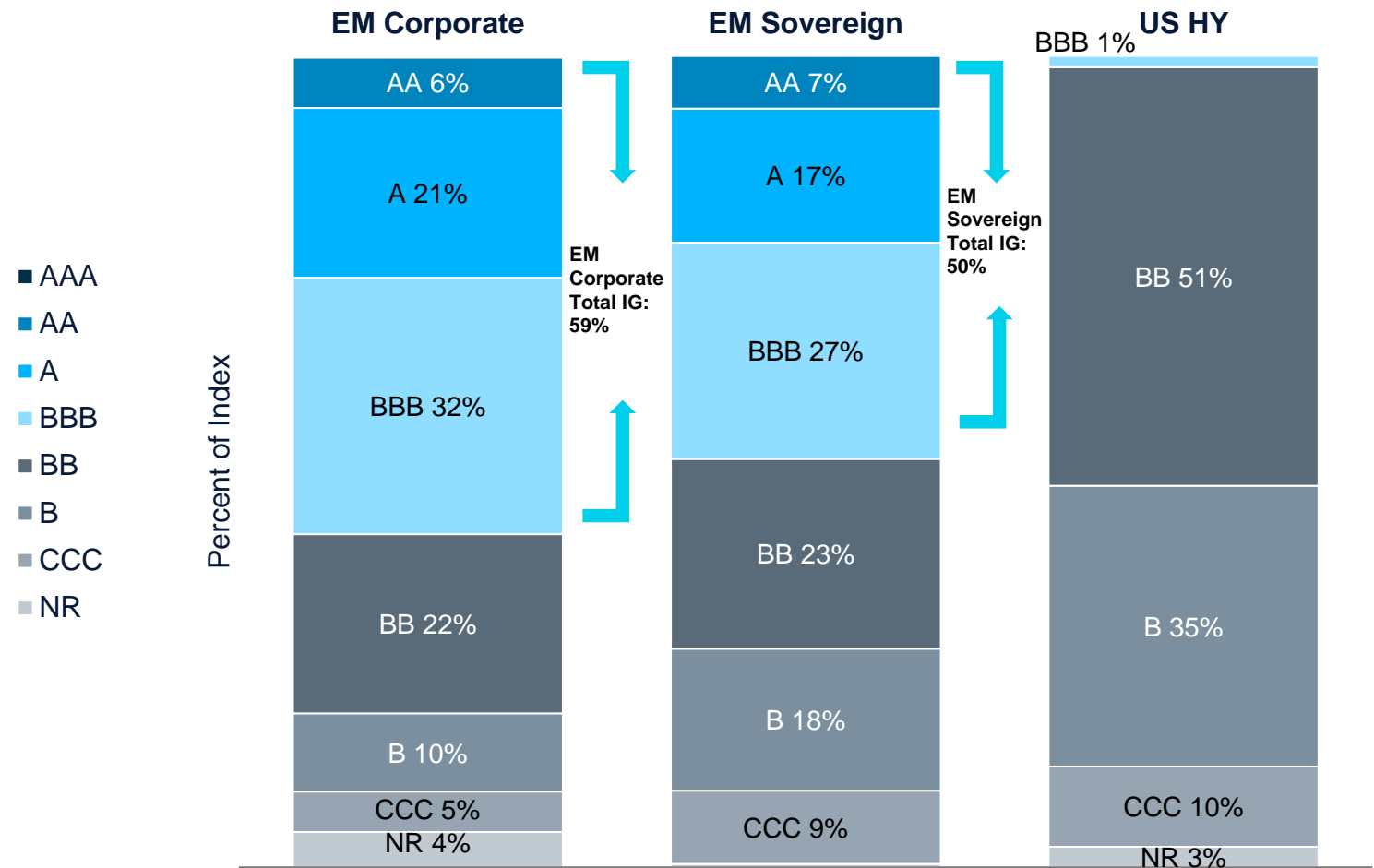


EM corporate offers a mix of sectors and credit quality, while offering more diverse regional exposure than EM equity.

Source: J.P. Morgan, MSCI. Data analysis by T. Rowe Price.
EM Equity: MSCI Emerging Markets Index. Spread: Strip spread. Other: Diversified, Pulp & Paper, and Transport.

EM Corporate Debt is Majority Investment Grade

As of 30 June 2024

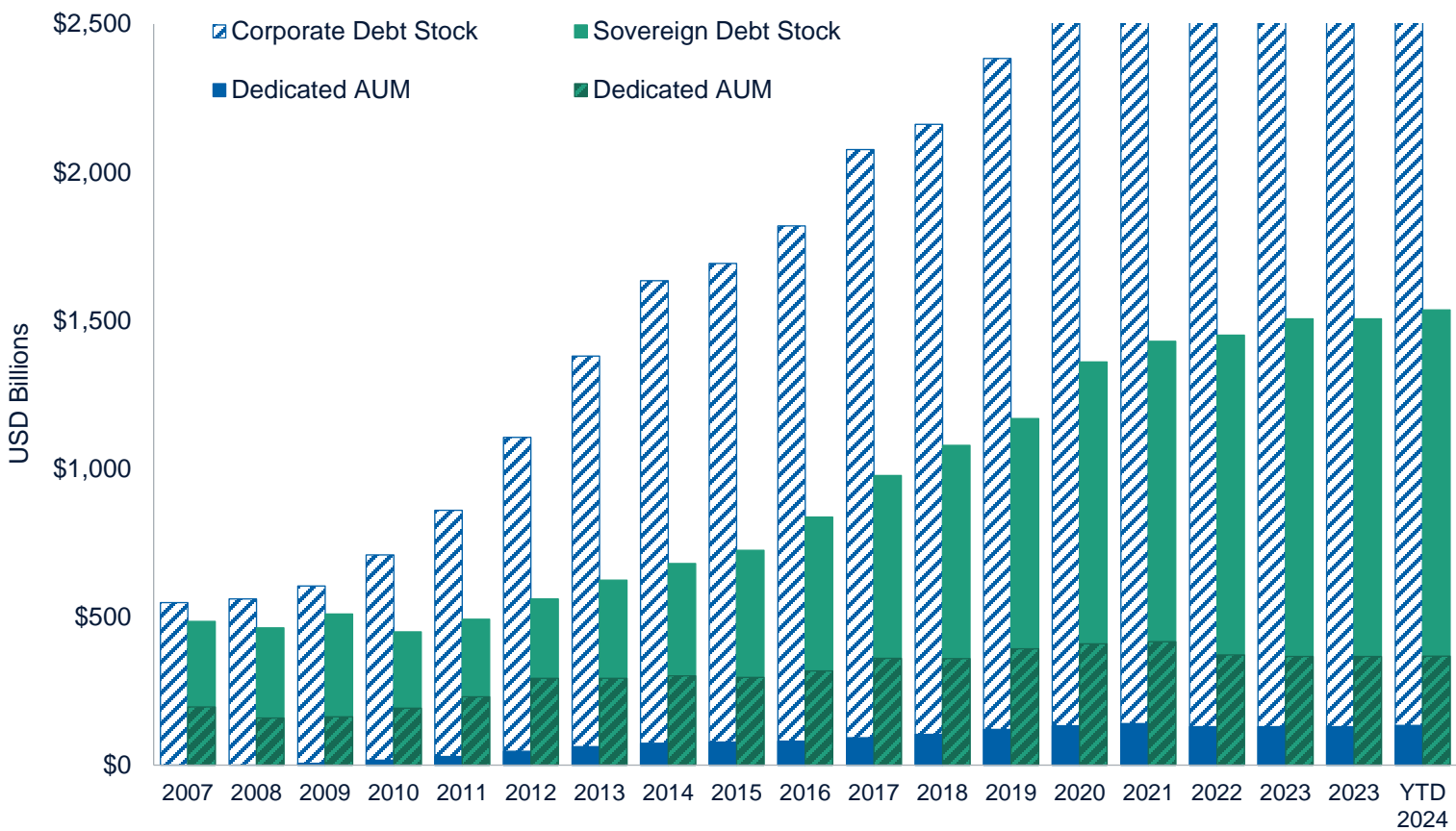


Credit ratings calculated by using a median credit rating if rated by all 3 ratings agencies (S&P, Moody's, and Fitch); the lower (more conservative) rating if rated by 2 ratings agencies; the available rating if rated by 1 ratings agency.
Sources: Moody's, S&P Global and Fitch Ratings. Analysis by T. Rowe Price.
EM Local: J.P. Morgan GBI—EM Global Diversified. EM Corporate: JP Morgan CEMBI Broad Diversified Index. EM Sovereign: JP Morgan EMBI Global Diversified Index. US HY: Bloomberg Barclays U.S. High Yield Index.
See additional disclosures page for detail.

Still Under Owned

As of 30 June 2024

EM Hard Currency Debt Stock Outstanding and Amount Managed in Dedicated Strategies



Past performance is not a reliable indicator of future performance.

Source: J.P. Morgan
Data Analysis by T. Rowe Price.

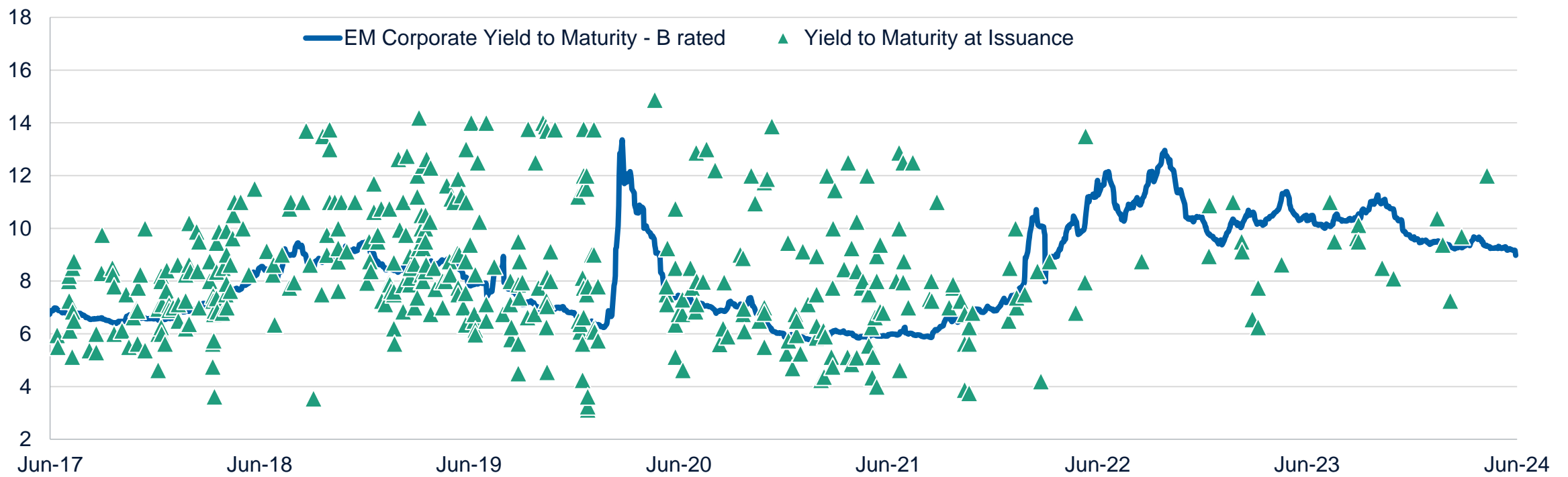
Dedicated investors only represent 12% of the capital in the EM debt market.

Dedicated capital is \$502 billion in a \$4,068 billion EM debt market.

Sources of EM Corporate Bond Inefficiency—Poor Information

As of 30 June 2024

Informational Inefficiencies¹

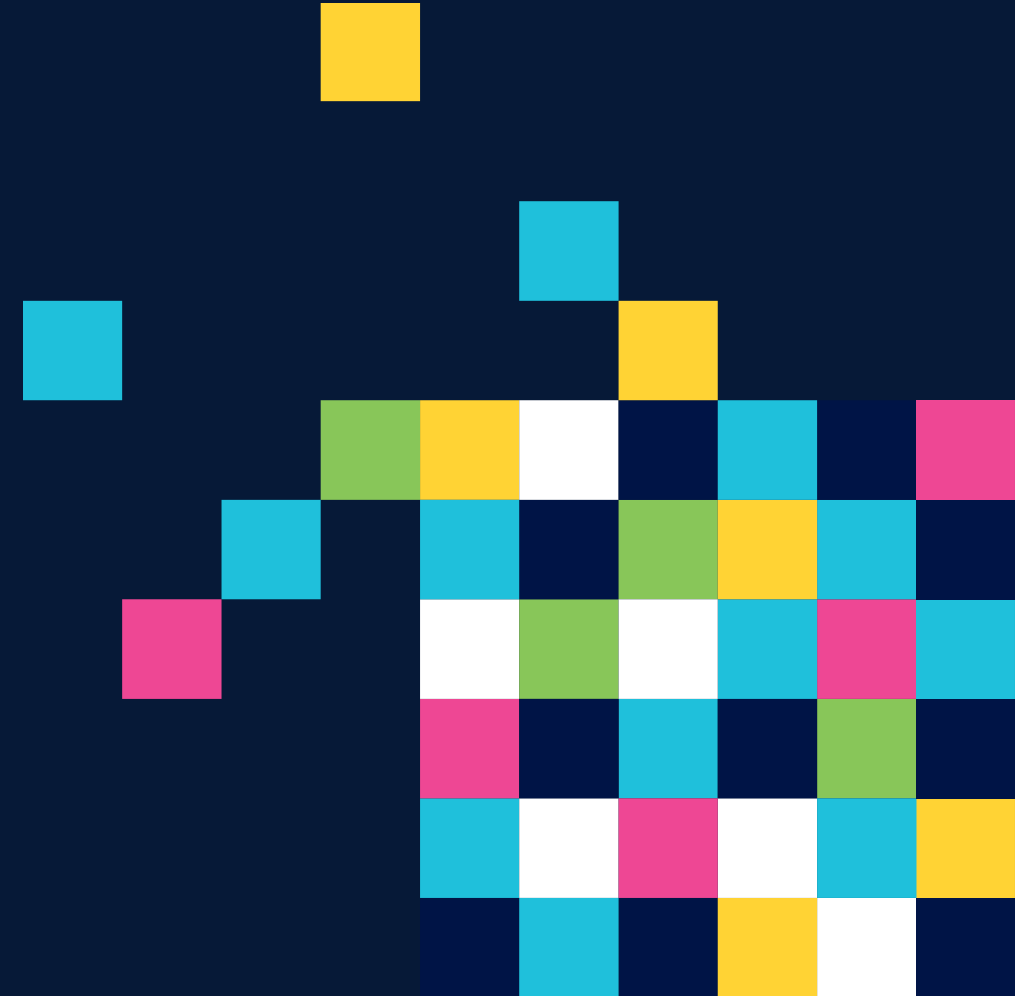


Single B bonds have been issued with coupons of 4% to 14%. Dispersion of new issue yields reflects the uncertainties and informational asymmetries inherent in the asset class which persist across time.

¹ The chart reflects B-rated bonds issued from emerging markets corporates in USD terms. It is a comprehensive universe including issues in and off the J.P. Morgan CEMBI Broad Diversified Index. Sources: J.P. Morgan Chase & Co., T. Rowe Price, Bond Radar. Information has been obtained from sources believed to be reliable, but J.P. Morgan does not warrant its completeness or accuracy. The index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright © 2024, J.P. Morgan Chase & Co. All rights reserved.



Why EM Corporate Bonds Stand Out?



Role of EMD in Portfolio— Income and Growth

As of 30 June 2024

		Sovereigns (EMBI-GD)	Local Currency (GBI-EM)	Corporates (CEMBI-BD)	EM Equity (MSCI EM Equity)
Characteristics	Yield to maturity	8.42	6.60	7.03	2.83
	Effective duration	6.54	4.95	4.29	N/A
	Average credit quality	BB+ (Below IG)	BBB+ (IG)	BBB- (IG)	N/A
	Number of securities	972	395	1,779	1,330
	10-year Return	2.60%	-0.87%	3.53%	3.16%
	10-year Volatility (St. Dev)	9.02%	11.18%	6.42%	17.19%

Past performance is not a reliable indicator of future performance.

Source: JP Morgan, MSCI. Data analysis by T. Rowe Price.

¹ Dividend yield.

Tick marks represent low, moderate and high levels of exposure.

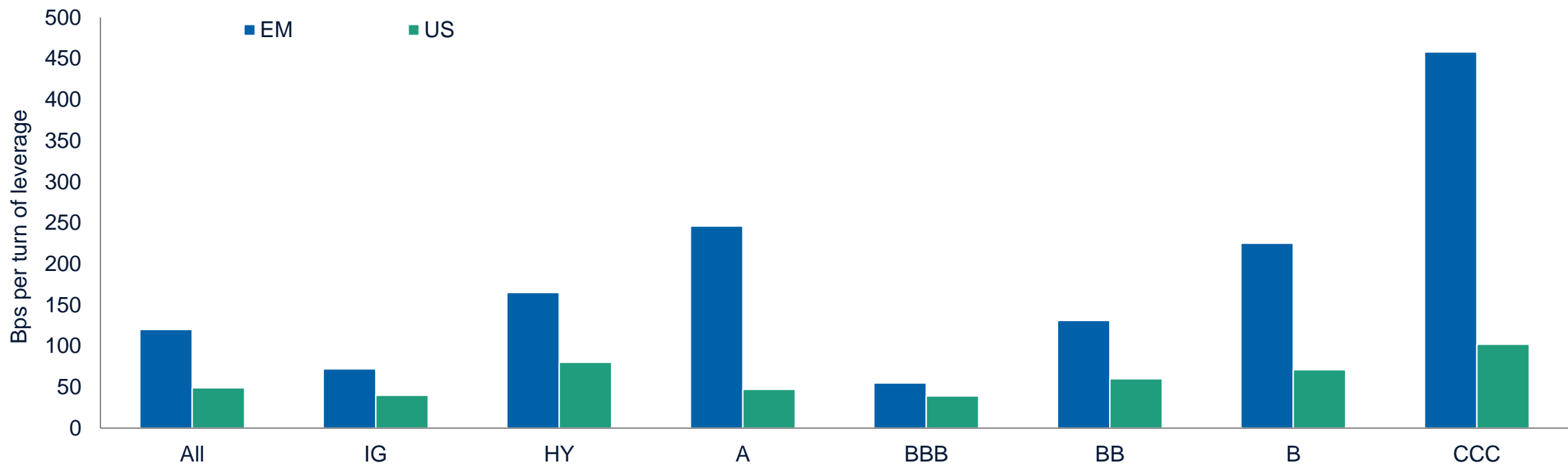
EMBI-GD: J.P. Morgan EMBI Global Diversified. GBI-EM: JP Morgan Government Bond Index – Emerging Markets Global Diversified. CEMBI BD: JP Morgan Corporate Emerging Markets Bond Index Broad Diversified. MSCI EM Equity: MSCI Emerging Markets Equity Index.



EM vs. US Corporate Credit

As of 30 June 2024.

Spread Per Turn Of Leverage



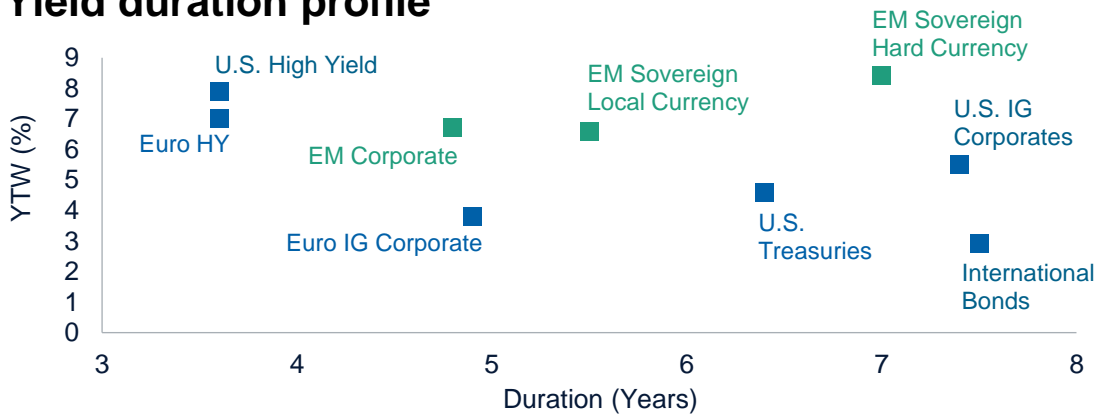
EM corporate credit offers significantly better spread to leverage than like-rated US credit. Single-A to BB EM issues provide 2-5x the spread of US credit peers, reflecting an unwarranted penalty from ratings agencies and a legitimate liquidity premium.

Source: ICE BAML USD EM and US credit indices. Please refer the audience to the Additional Disclosures for further source information.
Note: Leverage is as of December 2023, spread as of June 2024.

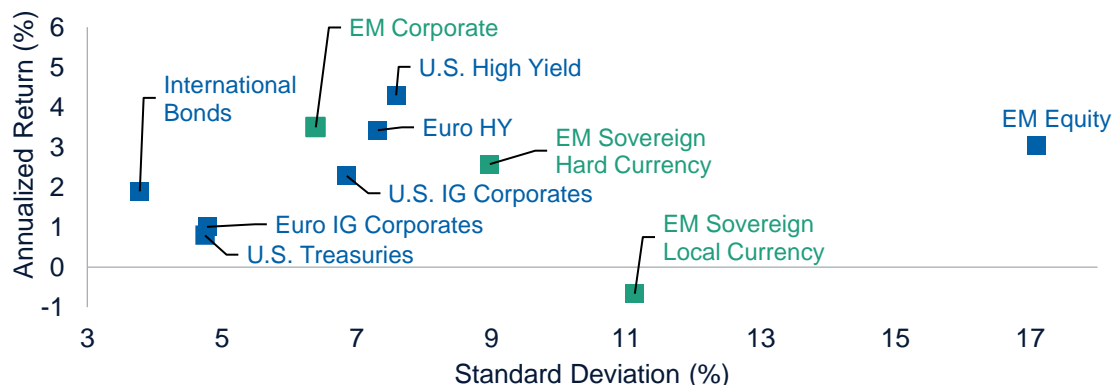
EMD remains attractive in a global FI context

As of 30 June 2024

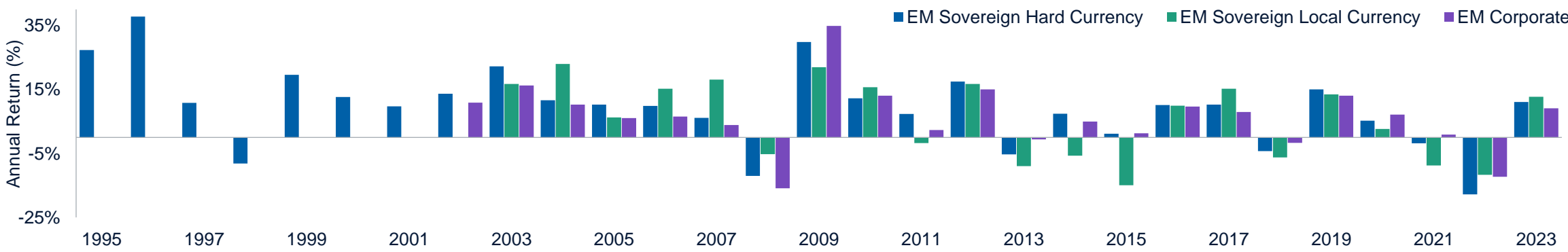
Yield duration profile



10 year risk/return profile



EM Debt annual returns



Past performance is not a reliable indicator of future performance.

Source: Bloomberg Barclays, J.P. Morgan, MSCI. Returns are in U.S. dollar terms. Data analysis by T. Rowe Price.

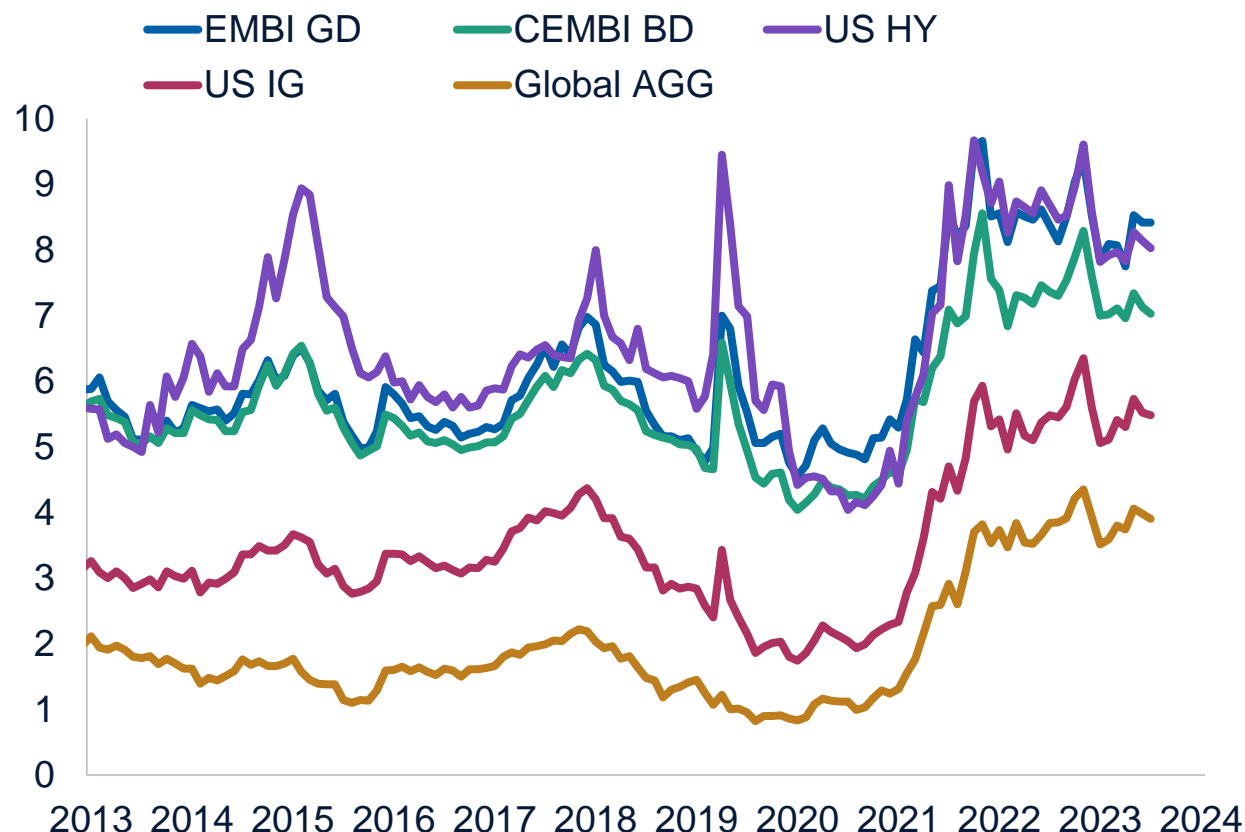
Benchmarks: EM Sovereign Hard Currency: J.P. Morgan EMBI Global; EM Sovereign Local Currency: J.P. Morgan GBI – EM Global Diversified; EM Corporate: J.P. Morgan CEMBI Broad Diversified; Euro High Yield: Bloomberg Barclays European High Yield; US High Yield: Bloomberg Barclays U.S. High Yield; US Investment Grade: Bloomberg Barclays U.S. Corporate Investment Grade; Euro Investment Grade: Bloomberg Barclays European Corporate Investment Grade; U.S. Treasuries: Bloomberg Barclays U.S. Aggregate – U.S. Treasury; International Bonds: Bloomberg Barclays Global Aggregate ex U.S.; Bunds: Bloomberg Barclays Global Aggregate – German Bund; JGB: Bloomberg Barclays Global Aggregate – Japanese Government Bond; EM Equity: MSCI EM Index.

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Attractive Source of Income

As of 30 June 2024

Source of Attractive Yield Providing a Premium Over Developed Markets



Emerging markets offer some the highest yields available to fixed income investors.

In hard currency, higher yields compensate for underlying economic and political risks.

Controlling for credit quality, emerging market issuers typically offer an additional 50 to 200 basis points of spread over developed markets.

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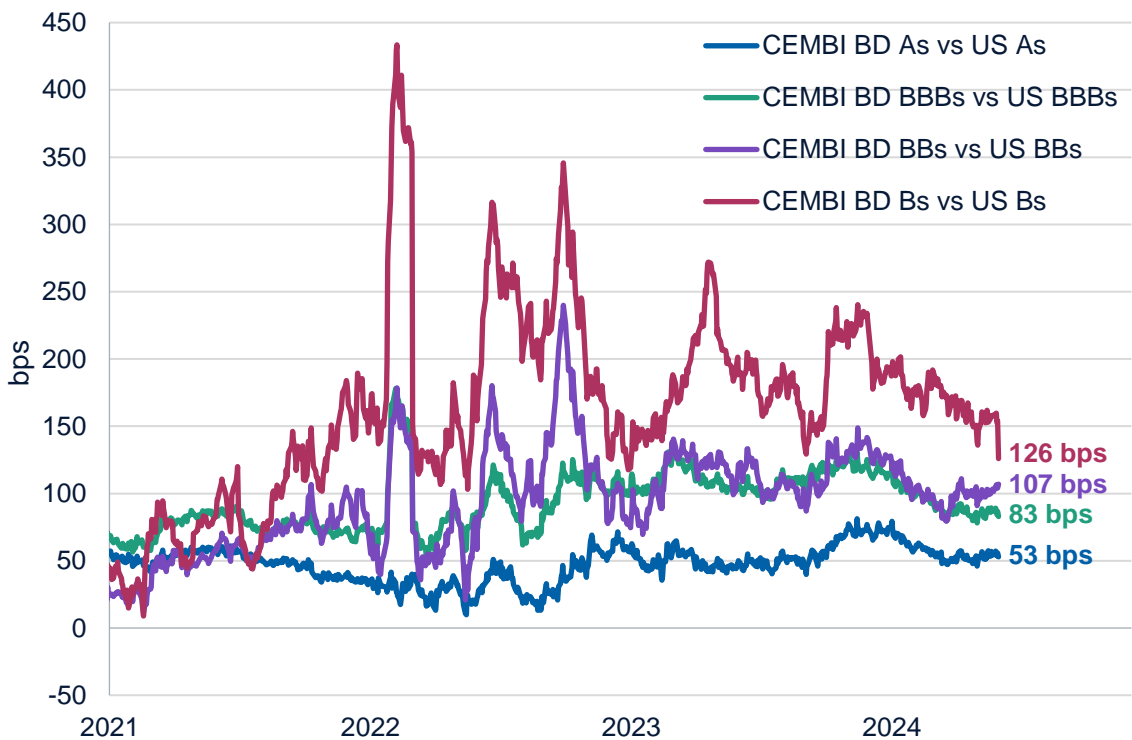
EMBI GD, and CEMBI BD represent the JP Morgan Emerging Markets Bond Index Global Diversified and Corporate Emerging Markets Bond Index Broad Diversified respectively.

Global AGG – EM represents the Bloomberg Global Agg – Emerging Markets sub index; US HY & IG represent the Bloomberg Barclays U.S. High Yield and the Bloomberg Barclays U.S. Investment Grade respectively.

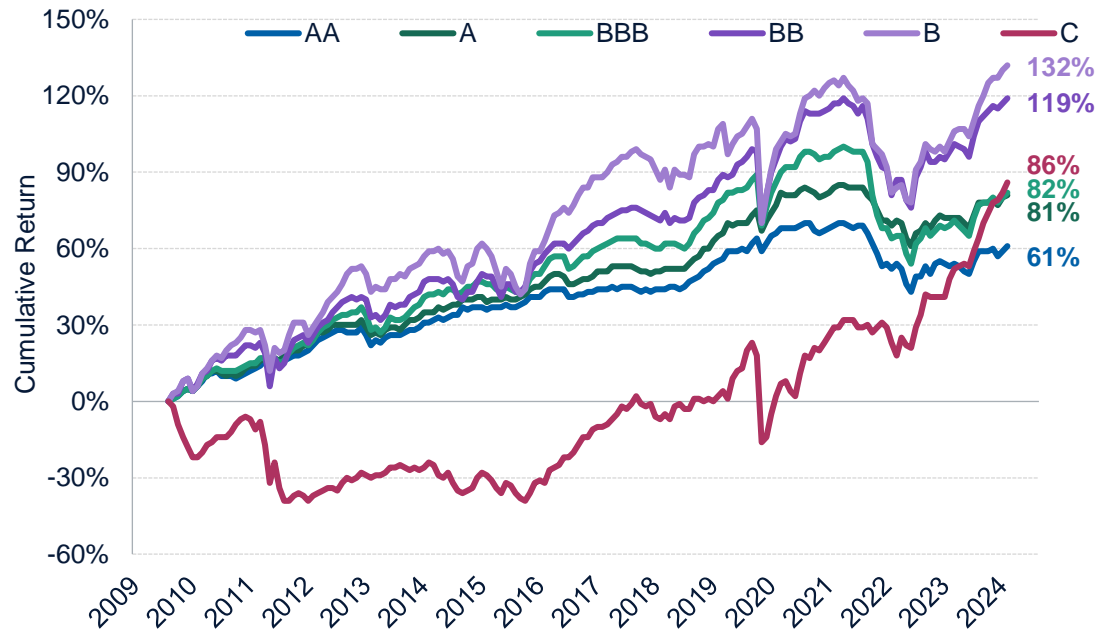
EM Corporates: High Risk-Adjusted Returns Across Ratings

As of 30 June 2024

EM Corporates Spread Premium over US Corporates



Security selection among BBB-B rated securities is key to differentiated performance

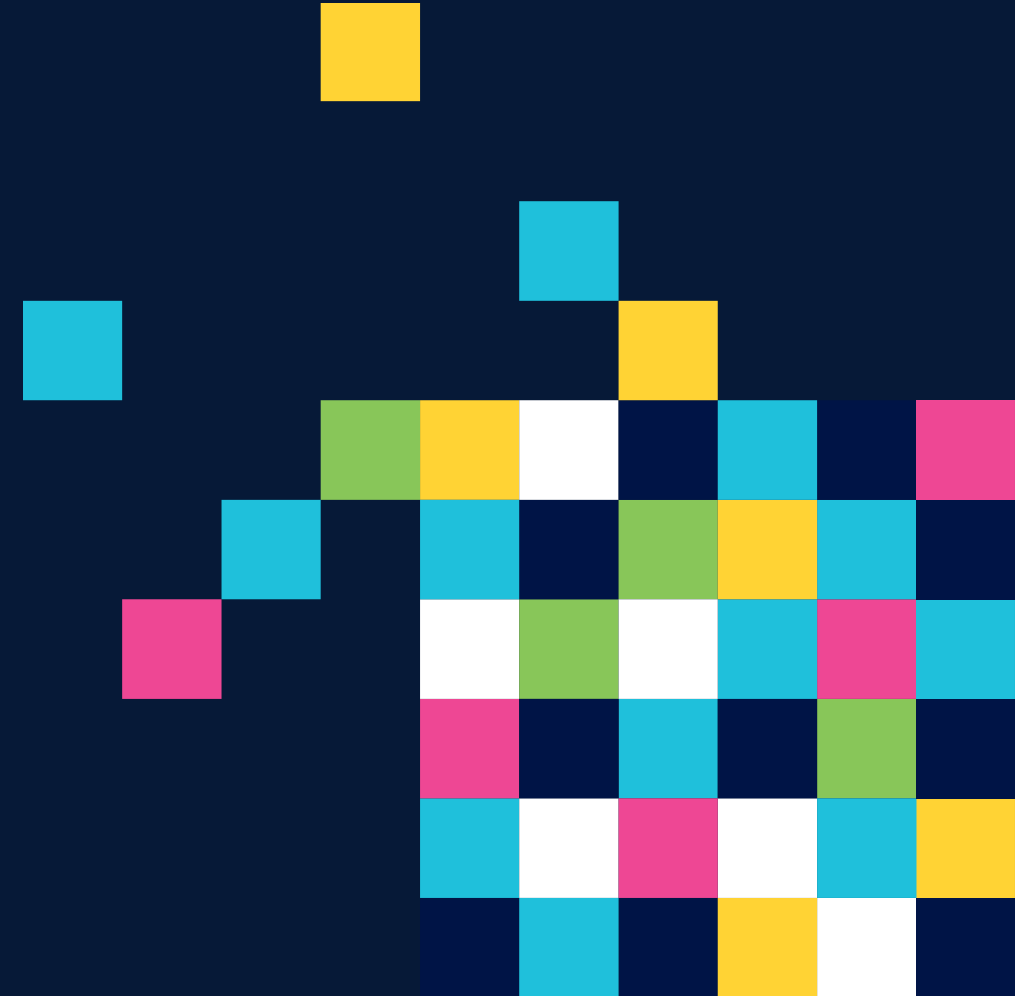


Dec. 2009 – May. 2024	AA	A	BBB	BB	B	C
Annualized Return	3.33%	4.18%	4.22%	5.57%	5.98%	4.36%
Annualized Volatility	3.91%	4.03%	6.18%	8.54%	9.95%	15.03%
Sharpe Ratio	0.85	1.04	0.68	0.65	0.60	0.29

Past performance is not a reliable indicator of future performance.
Indices: J.P. Morgan CEMBI Broad Diversified (by specific credit rating)
Sources: J.P. Morgan and Bloomberg. Analysis by T. Rowe Price. Monthly Returns in USD.
See Additional Disclosures for more information on the source.



T. Rowe Price EM Corporate Strategy



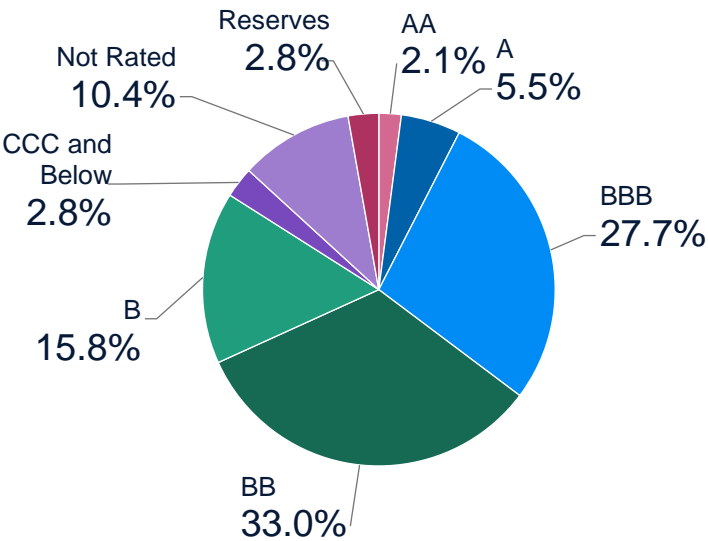
Summary Statistics

As of 30 June 2024

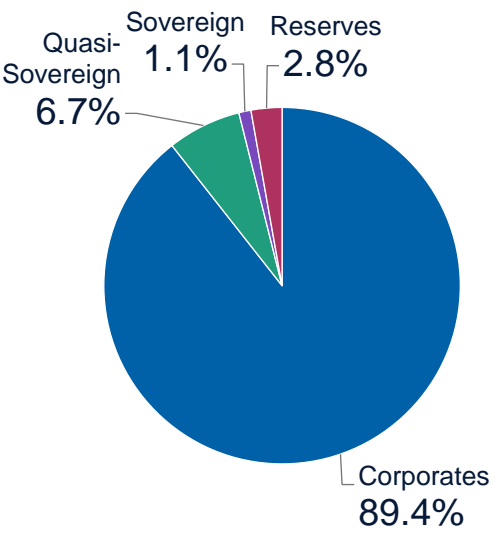
T. Rowe Price Funds SICAV—Emerging Markets Corporate Bond Fund

	T. Rowe Price Funds SICAV—Emerging Markets Corporate Bond Fund	J.P. Morgan CEMBI Broad Diversified ¹
Average Credit Quality ²	BB+	BBB
Weighted Average Duration to Worst (Years)	4.40	4.16
Number of Issuers	140	724
Number of Countries	47	61
Yield to Maturity	6.60%	6.77% ³
Yield to Worst	6.28%	6.59% ³

Rating Breakdown



Sector Breakdown



Past performance is not a reliable indicator of future performance.

¹ Please see the Additional Disclosures page for additional legal notices and disclaimers.

² Credit ratings for the securities held in the fund are provided by Moody's, Standard & Poor's and Fitch and are converted to the Standard & Poor's nomenclature. A rating of "AAA" represents the highest-rated securities, and a rating of "D" represents the lowest-rated securities. When a rating is available from all three agencies, the median rating is used. If there are two ratings, the lower rating is used and if only one rating is available, that rating is used. If a rating is not available, the security is classified as Not Rated (NR). The rating of the underlying investment vehicle is used to determine the creditworthiness of credit default swaps and sovereign securities. The fund is not rated by any agency.

³ Yield to maturity and yield to worst calculated using weighted average methodology. Using J.P. Morgan's super-bond method results in a yield to maturity for the index of 7.03% and a yield to worst for the index of 6.70%.

T. Rowe Price Funds SICAV—Emerging Markets Corporate Bond Fund

Objective and Risks

Objective

To maximise the value of its shares through both growth in the value of, and income from, its investments.

Investment Process

The fund is actively managed and invests mainly in a diversified portfolio of corporate bonds from emerging market issuers. Although the fund does not have sustainable investment as an objective, the promotion of environmental and/or social characteristics is achieved through the fund's commitment to maintain at least 10% of the value of its portfolio invested in Sustainable Investments, as defined by the SFDR. In addition to the E/S characteristics promoted, the fund also applies the investment manager's proprietary responsible screen (the T. Rowe Price Responsible Exclusion List). The fund may use derivatives for hedging, efficient portfolio management and investment purposes. The fund may also use derivatives to create synthetic short positions in currencies and debt securities. For full investment objective and policy details refer to the prospectus. The manager is not constrained by the fund's benchmark.

Risks—the following risks are materially relevant to the fund (refer to prospectus for further details):

- **China Interbank Bond Market**—The China Interbank Bond Market may subject the fund to additional liquidity, volatility, regulatory, settlement procedure and counterparty risks. The fund may incur significant trading and realisation costs.
- **Contingent convertible bond**—Contingent Convertible Bonds may be subject to additional risks linked to: capital structure inversion, trigger levels, coupon cancellations, call extensions, yield/valuation, conversions, write downs, industry concentration and liquidity, among others.
- **Country (China)**—Chinese investments may be subject to higher levels of risks such as liquidity, currency, regulatory and legal risks due to the structure of the local market.
- **Credit**—Credit risk arises when an issuer's financial health deteriorates and/or it fails to fulfill its financial obligations to the fund.
- **Default**—Default risk may occur if the issuers of certain bonds become unable or unwilling to make payments on their bonds.
- **Derivative**—Derivatives may be used to create leverage which could expose the fund to higher volatility and/or losses that are significantly greater than the cost of the derivative.
- **Distressed or defaulted debt securities**—Distressed or defaulted debt securities may bear substantially higher degree of risks linked to recovery, liquidity and valuation.
- **Emerging markets**—Emerging markets are less established than developed markets and therefore involve higher risks.
- **Frontier markets**—Frontier markets are less mature than emerging markets and typically have higher risks, including limited investability and liquidity.
- **High yield bond**—High yield debt securities are generally subject to greater risk of issuer debt restructuring or default, higher liquidity risk and greater sensitivity to market conditions.
- **Interest rate**—Interest rate risk is the potential for losses in fixed-income investments as a result of unexpected changes in interest rates.
- **Liquidity**—Liquidity risk may result in securities becoming hard to value or trade within a desired timeframe at a fair price.
- **Total Return Swap**—Total return swap contracts may expose the fund to additional risks, including market, counterparty and operational risks as well as risks linked to the use of collateral arrangements.

T. Rowe Price Funds SICAV—Emerging Markets Corporate Bond Fund

Objective and Risks

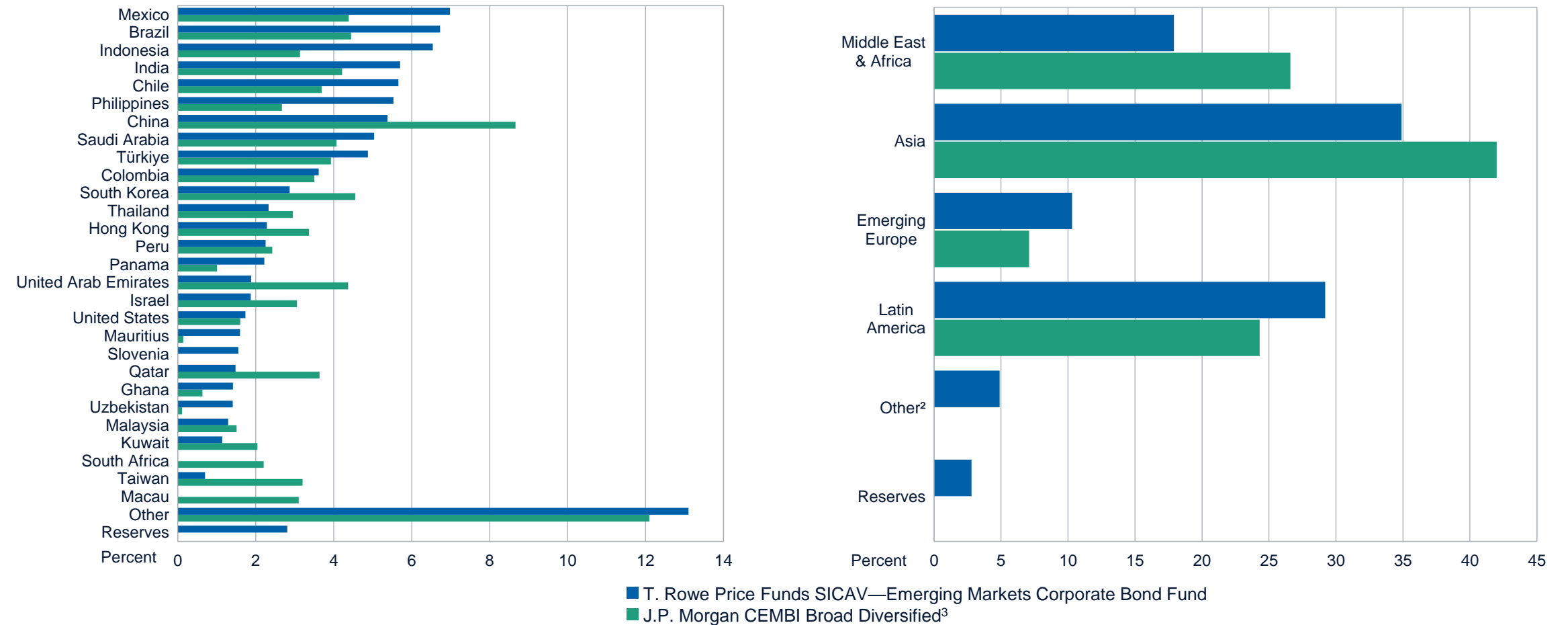
General Fund Risks

- **ESG and sustainability**—ESG and Sustainability risk may result in a material negative impact on the value of an investment and performance of the fund.
- **Geographic concentration**—Geographic concentration risk may result in performance being more strongly affected by any social, political, economic, environmental or market conditions affecting those countries or regions in which the fund's assets are concentrated.
- **Hedging**—Hedging measures involve costs and may work imperfectly, may not be feasible at times, or may fail completely.
- **Investment fund**—Investing in funds involves certain risks an investor would not face if investing in markets directly.
- **Management**—Management risk may result in potential conflicts of interest relating to the obligations of the investment manager.
- **Market**—Market risk may subject the fund to experience losses caused by unexpected changes in a wide variety of factors.
- **Operational**—Operational risk may cause losses as a result of incidents caused by people, systems, and/or processes.

Country and Regional Exposure

As of 30 June 2024

T. Rowe Price Funds SICAV—Emerging Markets Corporate Bond Fund Allocation



¹ Other includes: Angola, Argentina, Australia, Bermuda, Cyprus, Dominican Republic, Egypt, Georgia, Guatemala, Hungary, Kazakhstan, Morocco, Oman, Poland, Romania, Tanzania, Ukraine, United Kingdom, Vietnam.

² Developed Markets.

³ Please see the Additional Disclosures page for additional legal notices and disclaimers.

What to keep in mind on EM Corporate bonds



Return premium vs Euro Bonds

Lower risk to EM equity



- Access to EM return premium without direct equity or FX risk
- Spread premium over EUR/DM credit



Broad & established
fixed income segment



- USD 2.5 trillion asset class with a high volume of new issues
- Still overlooked and under-researched



Solid Recovery history



- Favourable default and recovery rates
- 3.5% annualized return over the past decade, with modest drawdowns¹



Higher Quality



- Investment grade asset class – BBB- average rated¹
- Biased towards higher quality EM countries with healthy fundamentals

Most defensive way to access EM return potential for your portfolio.

¹ Average credit rating and 10-year return are for the J.P. Morgan Corporate Emerging Markets Bond Index (CEMBI) Broad Diversified, as of 30 June 2024.



Appendix

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Join us for the

T. Rowe Price Investment Conference 2025

Date: 23 September 2025

Location: Frankfurt

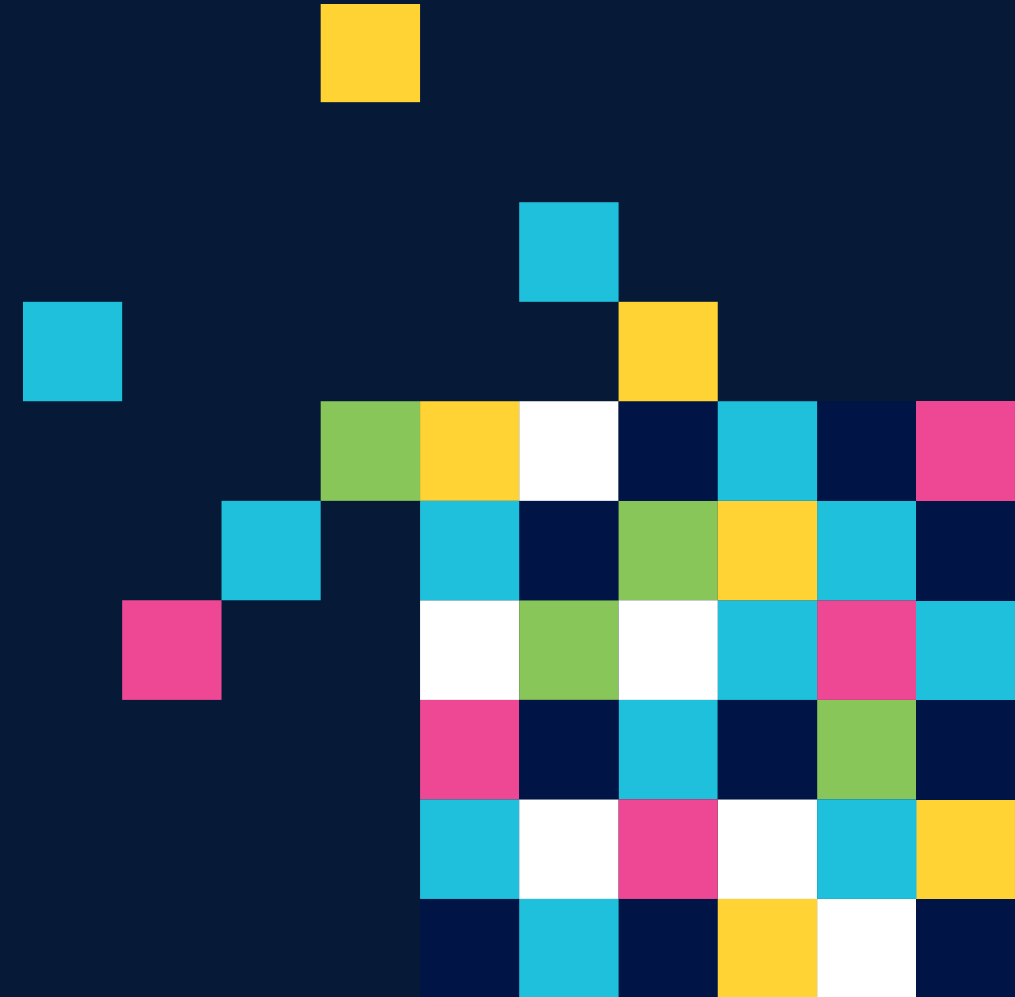
Hear from our investment experts, who will provide you with clear recommendations on how to prepare your clients' portfolios for now and the future.

Please contact your **relationship manager** or email us at EMEA_Events@troweprice.com to register your interest





Q & A





T.RowePrice

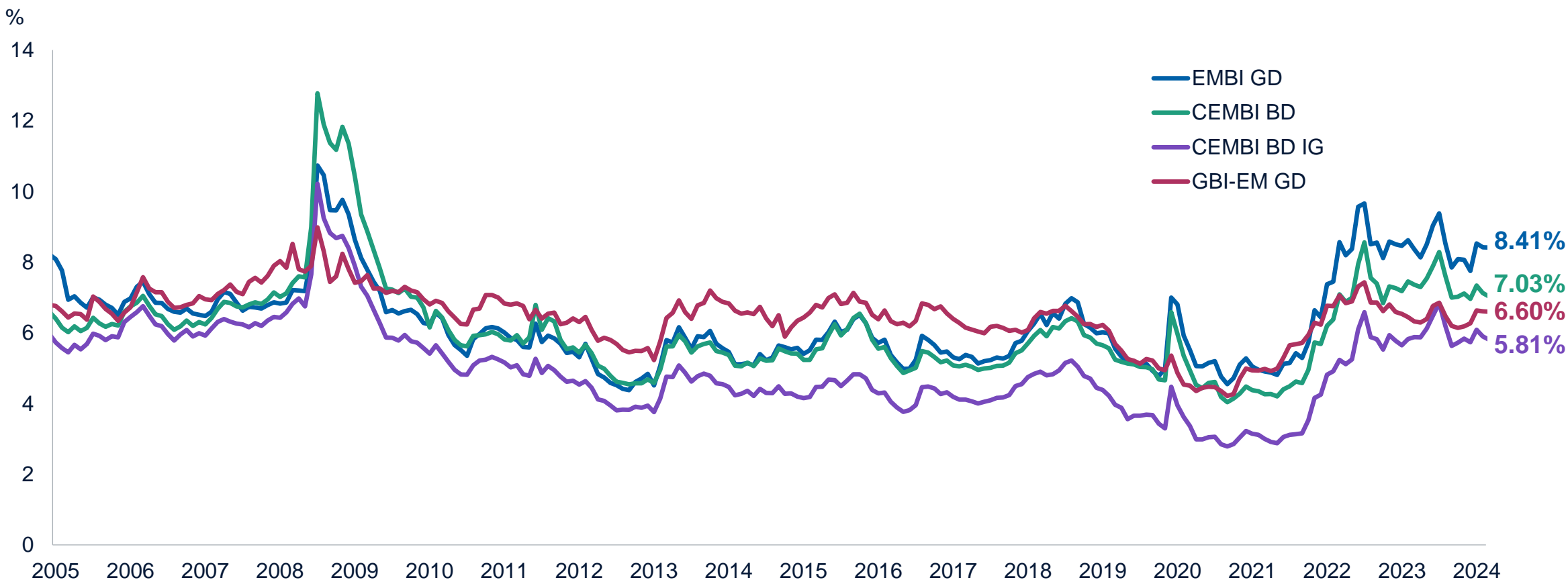
Thank You



Highest yields since 2008

As of 30 June 2024

YTM%



Past performance is not a reliable indicator of future performance.

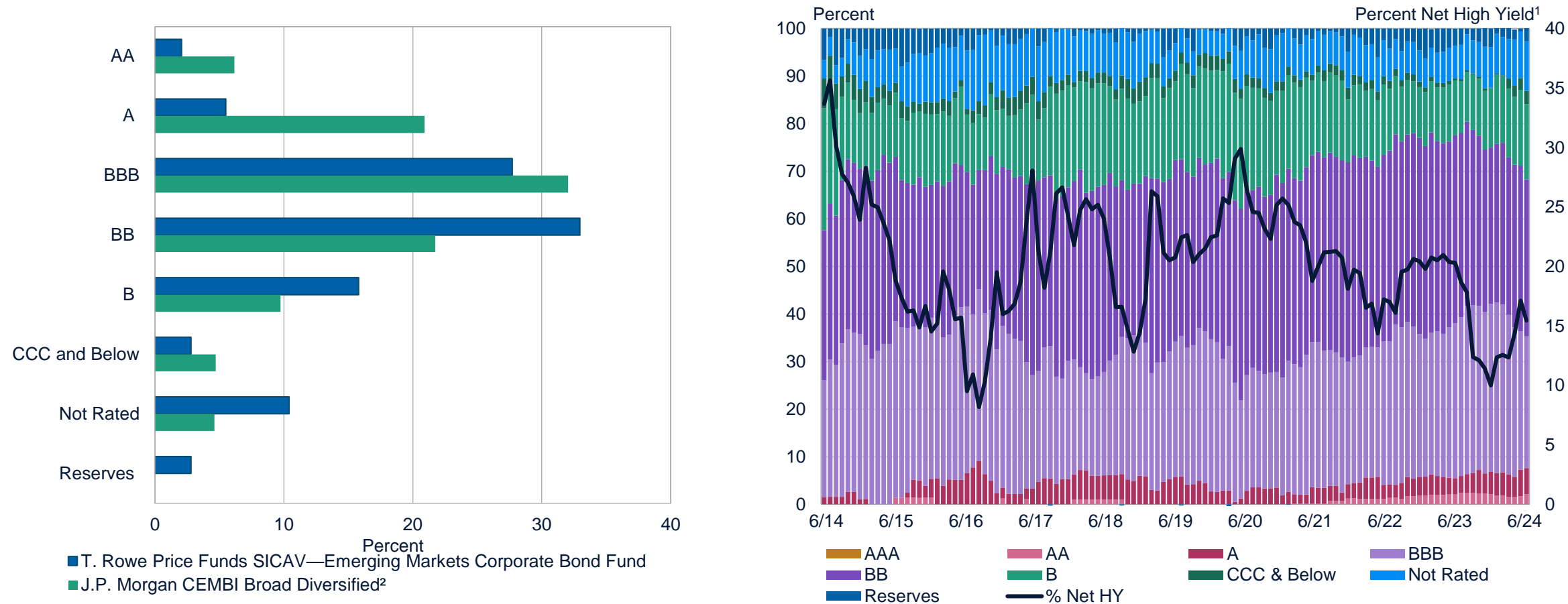
Source: J.P. Morgan. Please refer the audience to the Additional Disclosures for further source information.

Chart refers to the J.P. Morgan EMBI Global Index, J.P. Morgan GBI—EM Global Diversified, and the J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified.

Credit Quality Distribution

As of 30 June 2024

T. Rowe Price Funds SICAV—Emerging Markets Corporate Bond Fund Allocation



¹ Represents percentage of the fund's net high yield exposure vs. the J.P. Morgan CEMBI Broad Diversified as of each quarter end.

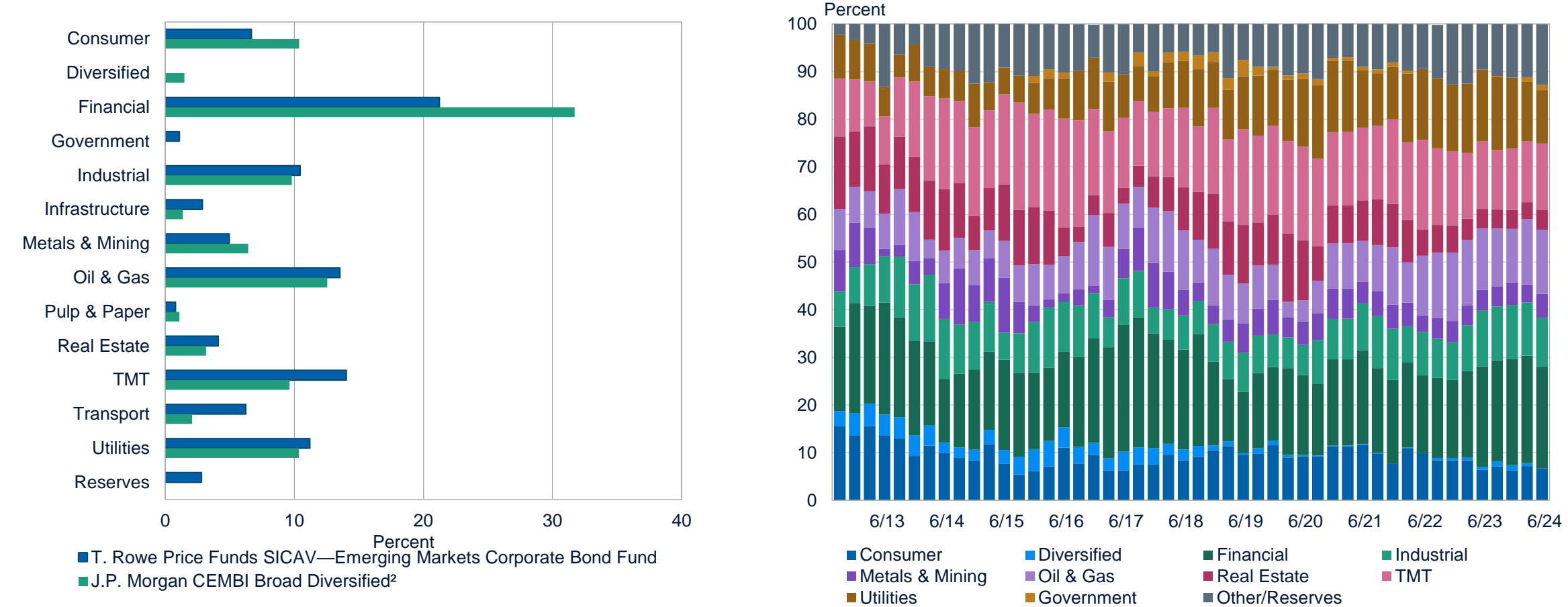
² Please see the Additional Disclosures page for additional legal notices and disclaimers.

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Industry Exposure

As of 30 June 2024

T. Rowe Price Funds SICAV—Emerging Markets Corporate Bond Fund Allocation



¹ Other: Transport, Pulp & Paper and Infrastructure.

² Please see the Additional Disclosures page for additional legal notices and disclaimers.

Effective July 2012, J.P. Morgan Chase & Co. standard industry classification separated the Industrials sector into the following sectors: Industrial, Diversified, Infrastructure, Pulp and Paper, Real Estate, and Transport. Industry classifications based on T. Rowe Price internal classifications.