



T. ROWE PRICE

Global Government Bond High Quality Strategy

As of 31 December 2023

Portfolio Management Team:	Managed Strategy Since:	Joined Firm:
Arif Husain	2019	2013
Quentin Fitzsimmons	2019	2015

INVESTMENT OBJECTIVE

The Global Government Bond High Quality (USD Hedged) Composite seeks capital appreciation and interest income by investing primarily in bonds issued by high quality governments, government-related entities and government agencies located around the world and in global currencies. The strategy seeks to achieve attractive risk-adjusted returns across global bond markets, supported by an extensive macroeconomic research process.

PERFORMANCE

	Annualised					
	One Month	Three Months	Year-to-Date	One Year	Three Years	Since Inception 30 Sep 2019
Global Government Bond High Quality (USD Hedged) Composite (Gross of Fees)	0.45%	-2.24%	-1.75%	-1.75%	-1.12%	0.93%
FTSE World Government Bond Index Hedged USD	3.16	5.81	6.42	6.42	-3.24	-1.26
Value Added (Gross of Fees) ¹	-2.71	-8.05	-8.17	-8.17	2.12	2.19

Past performance is not a reliable indicator of future performance.

Gross performance returns are presented before management and all other fees, where applicable, but after trading expenses. Gross performance returns reflect the reinvestment of dividends and are net of all non-reclaimable withholding taxes on dividends, interest income, and capital gains. Returns shown would be lower when reduced by the advisory fees and any other expenses incurred in the management of an investment advisory account.

¹ The Value Added row is shown as Global Government Bond High Quality (USD Hedged) Composite (Gross of Fees) minus the benchmark in the previous row.

MARKET COMMENTARY

- The portfolio's overall underweight duration bias was reduced over the month of December.
- We reduced our underweight duration bias in the U.S. over the month, led by partially covering our underweight position on the longer end of the Treasury curve.
- Within the eurozone, we increased our overall underweight duration bias in the second half of the month as we increased our underweight to Germany. Our eurozone underweight bias is now led by Italy, Germany, and France, where we remain underweight on the longer end of the yield curve with these sovereigns set to see gross issuance rise over 2024, while quantitative tightening-adjusted net supply should also increase.
- In the UK, our underweight duration position was maintained over the period, particularly in the long end of the yield curve due to expected heavy issuance. We broadly held a yield curve steepening bias.
- Among other high-quality countries, we maintained our overweight duration stance to Australia over the month as third-quarter growth worsened. We also held our overweight bias in New Zealand and Sweden.
- We held exposures to inflation-linked swaps, particularly in the U.S., where, despite headline inflation falling on easing energy prices, core inflationary pressures are likely to remain sticky, in our view.
- In currencies, we increased an underweight U.S. dollar bias over the period as the currency weakened on expectations that a likely decline in U.S. interest rates would reduce the positive interest rate differential the dollar enjoyed over its peers. As part of the U.S. dollar positioning, we switched to an overweight bias on the Japanese yen on expectations that any change in the Bank of Japan's policy settings would benefit the Japanese currency. We also increased our overweight bias on the Australian dollar.

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PERFORMANCE

- Global government bond yields rallied for a second month on heightened interest rate cut expectations.
- Within duration management, our underweight to U.S. duration weighed on performance due to a combination of soft inflation prints and increased rate cut forecasts in 2024. Our underweight duration stance within the eurozone also weighed on performance on expectations that the European Central Bank will cut interest rates by more than 150 basis points over the next year. Our underweight to UK duration also detracted as pressure grew on the Bank of England to cut interest rates after worsening economic growth data. However, our overweight duration allocations to Australia, Sweden, and New Zealand supported performance as yields broadly declined.
- In foreign exchange markets, the U.S. dollar weakened broadly in December on expectations that multiple interest rate cuts in 2024 will reduce the positive interest rate differential the dollar had enjoyed compared with its major peers. The developments resulted in gains for our overweight position in the Japanese yen with expectations that the Bank of Japan will restore interest rates in positive territory next year, also supporting the Japanese currency. However, an underweight bias in the Swedish krona and Australian dollar against the U.S. dollar weighed on performance as the dollar weakened.

OUTLOOK

- We see the extent of rate cuts as overly ambitious, particularly if we see some firm data prints early in the new year that would push back on the number priced in. Increased fiscal issuance at a time of ongoing quantitative tightening will keep upward pressure on longer-maturity yields intact. Our most prominent position remains a yield curve steepening bias in select markets.
- We remain bearish on the U.S. dollar's outlook. A likely end to the Federal Reserve's monetary policy tightening cycle and softening data could spell the end to the U.S. dollar exceptionalism that has been a recurring motif of global markets for most of the last three years.

REP. PORTFOLIO TOP 10 COUNTRY EXPOSURES

Country	% of Rep. Portfolio	FTSE World
		Government Bond Index Hedged USD
Sweden	26.86	0.19
United Kingdom	11.25	4.66
New Zealand	10.01	0.22
Japan	8.54	11.86
Germany	7.94	5.83
Singapore	6.30	0.38
Italy	3.71	6.66
Australia	3.70	1.26
Canada	3.16	1.77
Belgium	2.30	1.59

PORTFOLIO CHARACTERISTICS

	Rep. Portfolio	FTSE World
		Government Bond Index Hedged USD
Weighted Average Coupon	2.36%	2.21%
Weighted Average Maturity	7.41 Years	9.64 Years
Weighted Average Effective Duration	0.64 Years	7.38 Years
Yield to Maturity	2.45%	3.18%
Average Credit Quality	AA+	AA
Number of Holdings	26	1,247







CREDIT QUALITY DIVERSIFICATION

	US					
	Treasury	AAA	AA	A	BBB	Not Rated
Rep. Portfolio	0.0%	56.6%	13.1%	8.8%	4.5%	4.6%
FTSE World Government Bond Index Hedged USD	41.3	11.5	15.7	21.3	10.1	0.0
Over/Underweight	-41.3	45.1	-2.7	-12.5	-5.6	4.6

REP. PORTFOLIO ESG RIIM OVERVIEW

As of 31 December 2023

% WEIGHT IN Global Government Bond High Quality (USD Hedged) Representative Portfolio—RIIM OVERVIEW

	Number of Names					
	Net Weight (%)			Number of Holdings		
	Long	Short	Total	Long	Short	Total
 ESG No/Few Flags	82.6	0	82.6	26	0	26
 ESG Medium Flags	0	0	0	0	0	0
 ESG High Flags	0	0	0	0	0	0
 ESG Not Covered	0	0	0	0	0	0
 ESG Not In Scope ¹	/	/	4.6	/	/	76
 Cash/Other	/	/	12.8	/	/	1



Environmental



Social



Governance

- All holdings ranked with no/few ESG flags
- ESG Not In Scope includes all derivatives

¹ Derivatives and other noncorporate holdings.

The Responsible Investing Indicator Model (RIIM) rates companies in a traffic light system measuring their environmental, social, and governance profile and flagging companies with elevated risks (Green=Best, Red=Worst).

Analysis is produced by T. Rowe Price using data provided by Sustainalytics.

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ADDITIONAL DISCLOSURES

Weighted Average Maturity is an average of the maturities of the underlying bonds, with each bond's maturity weighted by the percentage of Composite assets it represents. Weighted Average Effective Duration is a calculation that seeks to measure the price sensitivity of the Composite to changes in interest rates. In general, the longer the average maturity or duration, the greater the Composite's sensitivity to interest rates. Duration is a better indicator of price sensitivity because it takes into account the time value of cash flows.

Source for FTSE Index data: London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group").

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Credit ratings for the securities held in the portfolio 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. If the rating agencies differ, the highest rating is applied to the security. If a rating is not available, the security is classified as Not Rated (NR). T. Rowe Price uses the rating of the underlying investment vehicle to determine the creditworthiness of credit default swaps and sovereign securities. The portfolio is not rated by any agency.

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Certain numbers in this report may not equal stated totals due to rounding. Unless otherwise stated, data is as of the report date.

Unless indicated otherwise the source of all data is T. Rowe Price.

The representative portfolio is an account in the composite we believe most closely reflects current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative portfolio. The characteristics of the representative portfolio shown may differ from those of other accounts in the strategy. Please see the GIPS® Composite Report for additional information on the composite.

GIPS® COMPOSITE REPORT**Global Government Bond High Quality (USD Hedged) Composite**

Period Ended December 31, 2023

Figures Shown in U.S. dollar

	2019 ²	2020	2021	2022	2023
Gross Annual Returns (%)	-1.28	8.98	-0.28	-1.33	-1.75
Net Annual Returns (%) ¹	-1.53	7.88	-1.29	-2.34	-2.75
FTSE World Government Bond Index Hedged USD (%)	-1.44	6.11	-2.29	-12.86	6.42
Composite 3-Yr St. Dev.	N/A	N/A	N/A	3.10	3.87
FTSE World Government Bond Index Hedged USD 3-Yr St. Dev.	N/A	N/A	N/A	4.87	5.76
Composite Dispersion	N/A	N/A	N/A	N/A	N/A
Comp. Assets (Millions)	5.4	8.2	13.4	14.2	74.4
# of Accts. in Comp.	1	1	1	1	1
Total Firm Assets (Billions)	1,218.2	1,482.5	1,653.6	1,237.4	1,403.8 ³

¹The fee rate used to calculate net returns is 1.02%. This represents the maximum fee rate applicable to all composite members. **Past performance is not a reliable indicator of future performance.**

²September 30, 2019 through December 31, 2019.

³Preliminary - subject to adjustment.

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Gross performance returns are presented before management and all other fees, where applicable, but after trading expenses. Net of fees performance reflects the deduction of the maximum fee rate applicable to all composite members as shown above. Gross performance returns reflect the reinvestment of dividends and are net of nonreclaimable withholding taxes on dividends, interest income, and capital gains. Gross performance returns are used to calculate presented risk measures. Effective June 30, 2013, portfolio valuation and assets under management are calculated based on the closing price of the security in its respective market. Previously portfolios holding international securities may have been adjusted for after-market events. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Dispersion is measured by the standard deviation across asset-weighted portfolio returns represented within a composite for the full year. Dispersion is not calculated for the composites in which there are five or fewer portfolios.

Some portfolios may trade futures, options, and other potentially high-risk derivatives that may create leverage and generally represent in aggregate less than 10% of a portfolio. Benchmarks are taken from published sources and may have different calculation methodologies, pricing times, and foreign exchange sources from the composite.

Composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow greater than or equal to 15% of portfolio assets. The temporary removal of such an account occurs at the beginning of the measurement period in which the significant cash flow occurs and the account re-enters the composite on the last day of the current month after the cash flow. Additional information regarding the treatment of significant cash flows is available upon request.

The firm's list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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Fee Schedule

First 50 million USD 17.5 basis points

Next 50 million USD 15 basis points

Above 100 million USD 15 basis points on all assets ¹

Above 250 million USD 11 basis points on all assets ¹

Minimum separate account size 50 million USD.

¹ A transitional credit is applied to the fee schedule as assets approach or fall below the breakpoints. Extended breakpoints may be available for higher asset levels.

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