



T. Rowe Price Strategy

## GLOBAL GOVERNMENT BOND HIGH QUALITY STRATEGY

Seeking alpha through highly active interest rate and country management

### Strategy snapshot

- An actively managed, high-quality global sovereign bond portfolio
- Concentrated portfolio of high-conviction, government bonds from liquid sovereign markets
- Seeks to identify the best risk/reward opportunities across country, and currency markets

<b>Asset class</b>	Global Fixed Income
<b>Benchmark</b>	FTSE World Government Bond Index Hedged USD
<b>Inception</b>	30 September 2019
<b>Portfolio Manager</b>	Arif Husain

### Strategy overview



*“The Global Government Bond High Quality Strategy is a benchmark aware, highly flexible government bond portfolio designed to seek consistent outperformance in both rising and falling interest rate environments”*

**Arif Husain** | Portfolio Manager

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.

### Reasons to consider this Strategy

	<b>Global expertise</b>		<b>Experienced team</b>		<b>Dynamic rate management</b>
Extensive worldwide network of fixed income and equity analysts ensuring full coverage of the investable universe.		Experienced portfolio management team with a diverse skill set spanning the breadth and depth of global fixed income markets.		Flexibility to adapt to different market cycles and environments, including when interest rates are rising.	

When investing in strategies, certain risks apply, which include both sector and issuer concentration. The strategy also allows for the use of derivatives and can be affected by changes in currency and interest rates.

# Capitalising on market inefficiencies



## Quick takeaways

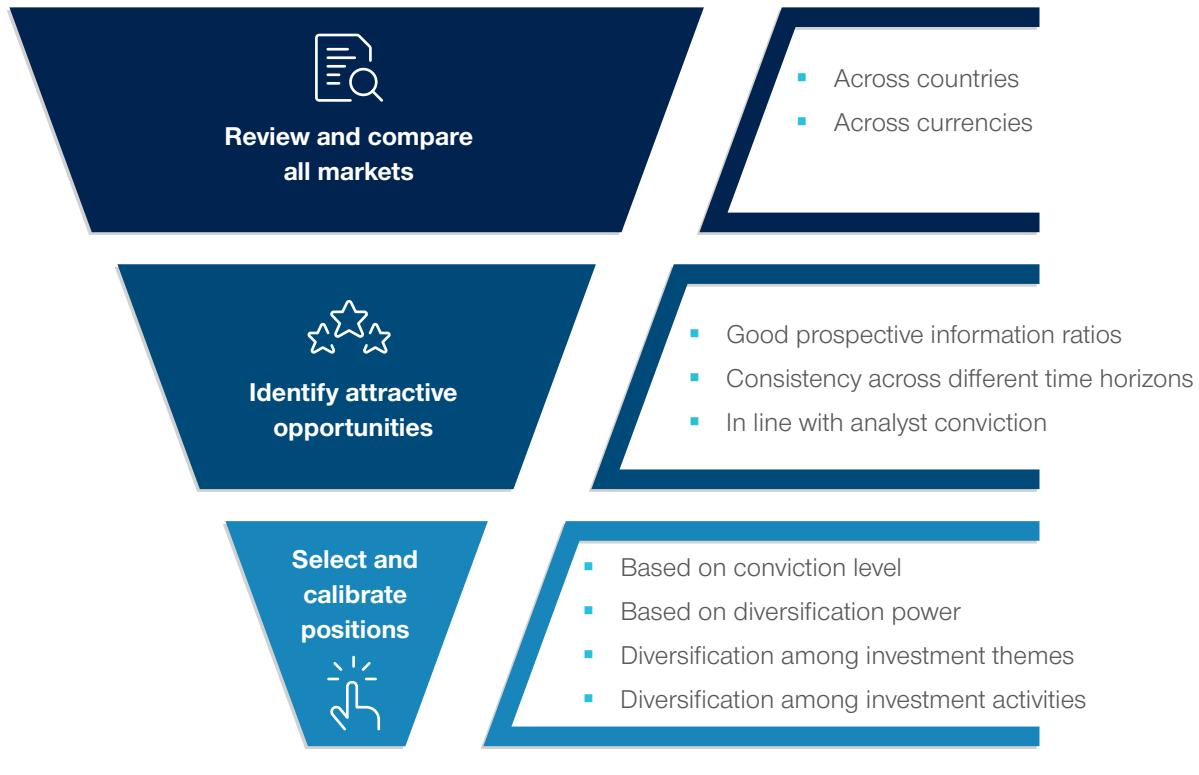
- T. Rowe Price Global Government Bond High Quality Strategy can quickly adjust to changing market conditions. We aim to generate alpha through highly active interest rate and country management
- We generally do not invest outside the benchmark (FTSE World Government Bond Index Hedged USD)
- When selecting a global bond strategy, it is advantageous to find one that has a track record of low correlation with risk assets such as equity and credits

In the current macro environment, it makes sense for investors to cast their net as wide as possible for the best return and diversification opportunities. But a global opportunity set requires a global investment platform and specialist skill in managing interest-rate sensitive securities such as government bonds.

Our investment process seeks to exploit opportunities in countries, currencies, and sectors by expressing different investment themes, with the aim of delivering robust and

consistent outperformance over time. Our fundamental approach is complemented by a rigorous valuation framework that allows us to compare opportunities across different asset classes and integrate macroeconomic trends and technical factors across various time horizons. We believe we have developed a specific expertise in terms of duration, country and yield curve management that differentiates our investment style from our peer group universe.

## Filter the best opportunities



Final portfolios based on a diversified base of active positions

# Access to our best ideas



## Quick takeaways

- Active global interest rate and curve management with 2 to 14 year absolute duration range
- Relative duration of up to six years versus the benchmark
- Currency-hedged with a limited active currency overlay

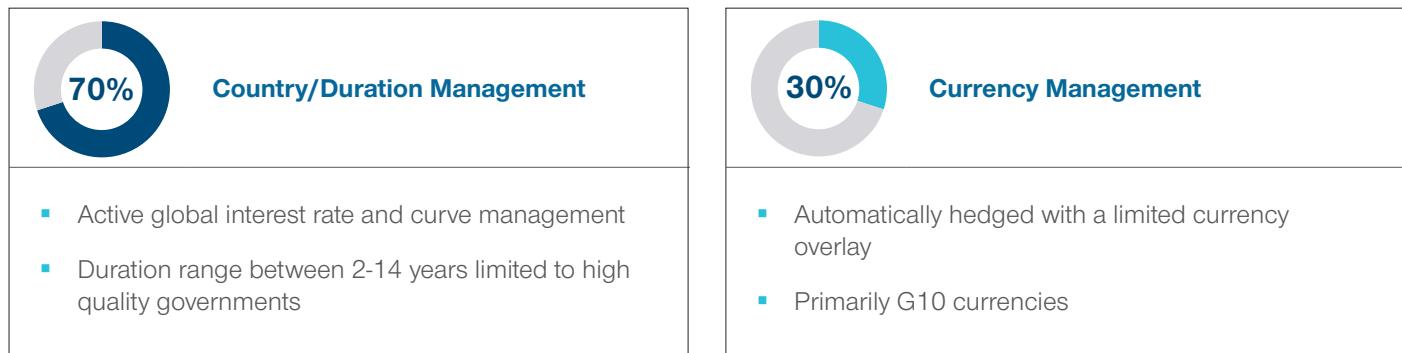
The Global Government Bond High Quality Strategy is an actively managed, concentrated global bond portfolio of high-conviction, high-quality government bonds from liquid sovereign markets, with limited exposure to emerging market risk.

The strategy seeks to achieve attractive returns that are typically less correlated to equity and credit markets.

We estimate that around 70% of the portfolio's value added will come from the active management of country and duration positions, with a permissible duration range of 2 to 14 years.

Around 30% of the portfolio's value added is expected to come from active currency management.

## Expected contribution of value added



## A disciplined and repeatable investment process across fixed income markets

Our approach is driven by bottom-up fundamental research that integrates top-down macro views, valuations, and technical elements. Environmental, social, and governance (ESG) factors are also assessed by our research specialists who work in collaboration with the dedicated Responsible Investing analysts.<sup>^</sup>

Emphasis is placed on exploiting market inefficiencies from both developed and nontraditional fixed income markets. The process is implemented across the full capital structure where every opportunity is considered to inform successful, bottom-up security selection on a risk/return basis.

<b>Duration range*</b>	2 to 14 years
<b>Volatility target</b>	200-500 bps T/E p.a.
<b>Investment universe</b>	High liquid/highly rated government bonds
<b>Rating</b>	Investment grade only
<b>Sector</b>	Government bond only
<b>Derivative instruments</b>	Currency forwards, interest rates futures, fixed income futures, interest rate swaps, and credit default swaps as well as corresponding options are allowed; total return swaps as well as credit indices are allowed

\* Absolute duration ranges based on typical benchmark duration.

<sup>^</sup> For certain types of investments, including, but not limited to, cash, currency positions, and particular types of derivatives, an ESG analysis may not be relevant or possible due to a lack of data. Where ESG considerations are integrated into the investment research process, we may conclude that other attributes of an investment outweigh ESG considerations when making investment decisions.

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T. Rowe Price focuses on delivering investment management excellence that investors can rely on—now and over the long term.

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