



GLOBAL AGGREGATE BOND STRATEGY



The T. Rowe Price Funds SICAV - Global Aggregate Bond Fund is now the Responsible Global Aggregate Bond Fund. The fund is categorised as Article 8 under Sustainable Finance Disclosure Regulation (SFDR).

A world of fixed income opportunities – in one portfolio

In a low-yield environment, it makes sense for investors to cast the 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 and high-quality credit.

Why go global?

There are roughly 27,000 issues in the Bloomberg Barclays Global Aggregate Bond Index, spanning a global Investment-grade universe of government, government-related and corporate bonds, asset-backed, mortgage-backed and commercial mortgage-backed securities from both developed and emerging markets issuers.

Embracing this opportunity set can give European investors an attractive alternative to having a pure domestic fixed income allocation. In addition, global bonds are potentially an effective diversification tool in asset allocation.

The global bond market

70+ countries	30+ currencies
15+ sectors	27,000 securities

The world in one portfolio

Global Aggregate Bond seeks to give clients the qualities of the global aggregate universe in an actively managed portfolio of 500 to 600 bond issues, seeking to cater for investors who want **stable return** with a medium risk profile.

The strategy invests across the full fixed income universe. In government bonds, we look for sovereign opportunities in developed and developing market countries. We seek to add value from currency management, country/duration positioning, sector allocation and security selection

We emphasise **high quality**, with the bulk of our allocation to AAA, AA and A rated issuers and selected allocation to high yield issuers.

We also emphasise **high liquidity**, with the largest allocation to government bonds, and selected allocation to corporate and securitized bonds.

Fundamental research is crucial. 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.

Our disciplined risk management process focuses on downside risk and risk diversification, and we apply rigorous risk controls through all stages of the investment process.

Global Aggregate Bond Strategy – investment approach

We believe we can add consistent value by exploiting inefficiencies in the global fixed income market and managing portfolios within a disciplined risk management framework. We believe that superior returns can be achieved with greater consistency by allocating risk over multiple risk categories, rather than by holding concentrated positions.

The portfolio management team’s investment approach is based on fundamental research. Emphasis is placed on exploiting market inefficiencies from both developed and nontraditional fixed income markets. Incorporating ESG factors into our investment process also enables us to understand the long-term sustainability of a security’s underlying drivers and the factors that could cause it to change.

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.

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.

Risk management

Risk management is embedded in all stages of our approach, with a large part of the investment process dedicated to achieving a high and consistent information ratio, while managing the downside risk of the portfolios.

We operate within a risk budget, which ensures that no single risk category, such as currency or country allocation, or individual position can exert an excessive influence on the overall performance of the portfolio.

In addition, we use a proprietary risk measurement system in our portfolio construction process, which is based on an explicit assessment of the potential risk and return of each bond or currency investment, as well as any relationships that may exist between positions.

Strategy Profile
Comparator Benchmark* : Bloomberg Barclays Global Aggregate Bond Index
Typical number of holdings : 500-600
Expected Value Added
Currency management : 35%
Country/duration management : 35%
Sector allocation & security selection : 30%
Investment Parameters
Rating
<ul style="list-style-type: none"> No minimum rating Max 20% high yield
Sector & security allocation
<ul style="list-style-type: none"> Unrestricted: governments, corporates, securitised Max 5% per corporate issuer
Currency exposure relative to benchmark
<ul style="list-style-type: none"> Max ± 20% USD, JPY, EUR Max ± 10% other currencies
Duration relative to benchmark
<ul style="list-style-type: none"> Max ± 3 years overall Max ± 2 years for USD, JPY, EUR Max ± 1 year other currencies
Currency Hedging Offering
<ul style="list-style-type: none"> Offered in currency unhedged format to benefit from currency fluctuations Offered in currency format where currency risk is neutralized

Disciplined, repeatable investment process			
Market analysis		Portfolio management	
1. Understand market	2. Filter opportunities	3. Portfolio construction	4. Ongoing monitoring
<ul style="list-style-type: none"> Macroeconomic outlook Fundamental analysis including ESG Valuation metrics Technical analysis 	<ul style="list-style-type: none"> Compare countries, currencies, sectors, issuers Test strength of conviction Explicit risk/return framework 	<ul style="list-style-type: none"> Qualitative + quantitative approach Scenario analysis Factor risk analysis 	<ul style="list-style-type: none"> Monitor price targets Incorporate new info Check liquidity profiles Screen portfolio for ESG characteristics
> Generate forecasts	> Select opportunities	> Positioning sizing, hedging	> Portfolio rebalancing

* The manager is not constrained by the fund’s benchmark, which is used for performance comparison purposes only.

Why T. Rowe Price for global bonds?



Responsible investing

Environmental, social, and ethical considerations have long been integrated into our process at the qualitative and quantitative levels, both to manage risks and identify opportunities. Fixed income research analysts regularly collaborate with their counterparts on the Responsible Investing team to test and develop investment ideas.

Our proprietary Responsible Investing Indicator Model (RIIM) complements credit research by leveraging data sets, such as ESG performance data, ESG targets and ESG incident/controversy data, that are gaining increased focus from corporate issuers and investors. RIIM helps to quantify the environmental, social and ethical profiles of potential investments so that the analyst or PM can systematically integrate ESG factors into the investment thesis for our holdings.

Further, we apply a proprietary exclusion list that aligns with our clients' most common ESG concerns, including controversial and assault-style weapons, coal, tobacco, gambling and adult entertainment, and conduct based criteria.¹



Long track record in the global fixed income markets²

T. Rowe Price has been managing fixed income since 1971 – a 50-year track record of delivering returns and managing downside risk in a range of market environments. The strategy is co-managed by Arif Husain (Head of International Fixed Income) and Quentin Fitzsimmons who, between them, have more than 50 years of investment experience.



Collaboration across fixed income and equity research

The investment team works closely with the fixed income analysts, but also with our extensive global equity research platform. We believe this collaboration creates more comprehensive investment insights and provides a rich source of fundamental credit ideas.



Multiple sources of value added from active management

The strategy benefits from active positions taken in duration, country and yield curve while separately managing currency positions and sector allocation. The ability to deliver alpha in three different sources of returns and a proven track record in each category makes the strategy particularly well suited to an environment of low interest rates, where duration management (specialist skill in managing interest-rate sensitive securities such as government bonds and high-quality credit) is likely to play an important role.



Global platform and perspective

The Global Aggregate Bond investment team can leverage the knowledge and expertise of our global fixed income research platform, providing full research coverage of the investment universe. As of 30 September 2021, the T. Rowe Price fixed income division had 220+ investment professionals in Baltimore, London and Hong Kong.

Past performance is not a reliable indicator of future performance.

Risks

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

ABS/MBS risk - these securities may be subject to greater liquidity, credit, default and interest rate risk compared to other bonds. They are often exposed to extension and prepayment risk. **Contingent convertible bond risk** - contingent convertible bonds have similar characteristics to convertible bonds with the main exception that their conversion is subject to predetermined conditions referred to as trigger events usually set to capital ratio and which vary from one issue to the other. **Credit risk** - a bond or money market security could lose value if the issuer's

financial health deteriorates. **Currency risk** - changes in currency exchange rates could reduce investment gains or increase investment losses. **Default risk** - the issuers of certain bonds could become unable to make payments on their bonds. **Derivatives risk** - derivatives may result in losses that are significantly greater than the cost of the derivative. **Emerging markets risk** - emerging markets are less established than developed markets and therefore involve higher risks. **Interest rate risk** - when interest rates rise, bond values generally fall. This risk is generally greater the longer the maturity of a bond investment and the higher its credit quality. **Issuer concentration risk** - to the extent that a fund invests a large portion of its assets in securities from a relatively small number of issuers, its performance will

¹ In separate accounts, application of exclusions may vary according to mandate.

be more strongly affected by events affecting those issuers. **Liquidity risk** - any security could become hard to value or to sell at a desired time and price. **Prepayment and extension risk** - with mortgage- and asset-backed securities, or any other securities whose market prices typically reflect the assumption that the securities will be paid off before maturity, any unexpected behaviour in interest rates could impact fund performance. **Sector concentration risk** - the performance of a fund that invests a large portion of its assets in a particular economic sector (or, for bond funds, a particular market segment), will be more strongly affected by events affecting that sector or segment of the fixed income market.

General fund risks

Capital risk - the value of your investment will vary and is not guaranteed. It will be affected by changes in the exchange rate between the base currency of the fund and the currency in which you subscribed, if different. **Counterparty risk** - an entity with which the fund transacts may not meet its obligations to the fund. **ESG and Sustainability risk** - may result in a material negative impact on the value of an investment and performance of the fund **Geographic concentration risk** - to the extent that a fund invests a large portion of its assets in a particular geographic area, its performance will be more strongly affected by events within that area. **Hedging risk** - a Fund's attempts to reduce or eliminate certain risks through hedging may not work as intended. **Investment fund risk** - investing in funds involves certain risks an investor would not face if investing in markets directly. **Management risk** - the investment manager or its designees may at times find their obligations to a fund to be in conflict with their obligations to other investment portfolios they manage (although in such cases, all portfolios will be dealt with equitably). **Operational risk** - operational failures could lead to disruptions of fund operations or financial losses.

Important information

The Funds are sub-funds of the T. Rowe Price Funds SICAV, a Luxembourg investment company with variable capital which is registered with Commission de Surveillance du Secteur Financier and which qualifies as an undertaking for collective investment in transferable securities ("UCITS"). Full details of the objectives, investment policies and risks are located in the prospectus which is available with the key investor information documents in English and in an official language of the jurisdictions in which the Funds are registered for public sale, together with the articles of incorporation and the annual and semi-annual reports (together "Fund Documents"). Any decision to invest should be made on the basis of the Fund Documents which are available free of charge from the local representative, local information/paying agent or from authorised distributors. They can also be found along with a summary of investor rights in English at www.troweprice.com. The Management Company reserves the right to terminate marketing arrangements

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Global Aggregate Bond

T. Rowe Price at a glance¹

- Founded in 1937
- US\$1.5 trillion AUM
- 908 investment professionals worldwide
- 386 research analysts
- Offices in 17 markets, research analysts in 9 different locations
- Clients in 53 countries

T. Rowe Price Global Aggregate Bond Strategy

Portfolio manager	Arif Husain, Quentin Fitzsimmons
Strategy inception date	2001
Strategy AUM	US\$1.3 billion
Comparator Benchmark***	Bloomberg Barclays Global Aggregate Bond Index

T. Rowe Price Funds SICAV – Responsible Global Aggregate Bond Fund (actively managed)⁴

Fund size	US\$634.1 million
Launch date	2006
Base currency	USD
ISIN (Class I)³	LU0133095660
Ongoing charges (Class I)	0.55%

¹ All figures as at 31 March 2022. Firmwide AUM includes assets managed by T. Rowe Price Associates, Inc. and its investment advisory affiliates.

² Full details of all available share classes can be found on our website.

³ Ongoing Charges include the investment management fee.

⁴ Effective 2 November 2021 the T. Rowe Price Funds SICAV -Global Aggregate Bond Fund became the T. Rowe Price Funds SICAV -Responsible Global Aggregate Bond Fund

*** The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only.

guarantee that any forecasts made will come to pass.

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