



T.RowePrice

Meet Quentin Fitzsimmons and Scott Solomon: Co-portfolio Managers, Dynamic Global Bond Strategy



November 2023



Quentin Fitzsimmons

Quentin earned a B.Sc. in economics and economic history from the University of Bristol.

32 years investment experience

8 years with T. Rowe Price

 **London** office location

2023–Present

Co-portfolio Manager, Dynamic Global Bond Strategy

2015–Present

Portfolio Manager, Global Aggregate Bond Strategy and Global Government Bond Portfolios

2013–2015

Royal Bank of Scotland Group

2002–2012

Columbia Threadneedle



Scott Solomon, CFA

Scott earned a B.A. in business administration from Franklin & Marshall College and the Chartered Financial Analyst® designation.

15 years investment experience

17 years with T. Rowe Price

 **Baltimore** office location

2023–Present

Co-portfolio Manager, Dynamic Global Bond Strategy

2018–2023

Associate Portfolio Manager, Dynamic Global Bond Strategy

2008–2018

Investment Analyst, Investment Liaison, Fixed Income Research Liaison

2005–2008

Joined T. Rowe Price and worked in the Mutual Fund Accounting team

Quentin Fitzsimmons and Scott Solomon were appointed as co-portfolio managers of the Dynamic Global Bond Strategy in February 2023. With almost half a century of combined investment experience, they possess deep expertise of the multi trillion-dollar global fixed income market. Their skill sets also complement each other—Scott has a strong credit background, while Quentin has tenured experience in interest rate management and portfolio construction. This is an ideal combination to take the Dynamic Global Bond Strategy forward as the founder—Arif Husain—transitions off at the end of the year and moves to a new role of head of Global Fixed Income.

Q. Tell us about your background and how you started your investment career.

Scott: From a young age, I've always had a keen interest in investing. This motivated me to pursue a career in asset management—joining T. Rowe Price back in 2005. I first moved into fixed income in 2008 as a research liaison, which involved supporting the work of research analysts. I would often accompany analysts to meetings with companies, which was a great learning experience as the global financial crisis was unfolding at that time. After this, I moved into the investment liaison role, where I was able to observe the art and science of portfolio management. I contributed to helping improve our attribution capabilities. This value-added work was recognized and helped me earn a spot in the quantitative team, where I had the opportunity to provide a daily impact on several different strategies, and expand our toolkit of alpha drivers.

In 2018, I was appointed associate portfolio manager for the Dynamic Global Bond Strategy. During these past five years I have focused on macro-based perspectives and processes while emphasizing the important diversification properties of the strategy. In particular, I took on analyst coverage of Australia, and also serve on the firm's flagship interest rate and currency committee.

Quentin: I started working in fixed income markets back in 1991 when bond yields were a lot higher than they are today. The experience that I have traveled with since then has helped in several different ways in looking at bond markets. I have worked with two life insurance companies, which served as excellent training grounds for what I needed in terms of skill sets in joining an asset management company. I managed money for pension funds and clients at F&C Investments, where I understood the necessity of communicating effectively with clients and advisors. At Columbia Threadneedle, as it is now known, I was one of the founding members for a long-short, fixed income strategy under the UCITS framework.

That experience of managing such a strategy through the global financial crisis and the familiarity with multiple derivative instruments has helped me with managing the Dynamic Global Bond Strategy. All these various experiences have helped to build

my natural core expertise in global rate markets and currencies. I complemented those skills by working at a bank where I saw how banks used fixed income assets in their balance sheets. It taught me a lot more about how bonds are seen as collateral as well as instruments of risk and return.

Q. What have you gleaned from the transition process, your predecessor, and the other investment professionals in the advisory group and elsewhere?

Scott: Working with Arif—a seasoned fixed income investment professional—these last five years has been a great learning experience. The period has been unprecedented in terms of market events, including a worldwide pandemic and the breakout of war in Ukraine. Regular communication has been the cornerstone, exchanging investment and trade ideas with the backdrop of staying laser focused on the three core goals of the strategy: sustainable performance, downside risk management, and diversification.

This approach has continued with Quentin joining the strategy. He brings a wealth of expertise to the strategy, and his location in London is valuable given the global nature of this strategy. Quentin and I already have a strong working relationship given our time serving on the firm's Global Interest Rates and Currency Strategy together, so I'm looking forward to this continuing to develop. As both of us take the strategy forward after Arif transitions off, the investment process and goals that the strategy seek to achieve will remain the same. As important as ever is utilizing our proprietary, fundamental bottom-up research, which we believe is the key driver of value-added active management.

“ ...when we started working collaboratively and directly on the product earlier this year, it was very straightforward and equivalent to ducks taking to water.

– Quentin Fitzsimmons
Co-portfolio Manager, Dynamic Global Bond Strategy

Quentin: The transition process is working well—a great deal of planning and thought has gone into it. For some time now, I have been building a working relationship with Scott. This has meant that I have traveled with him in terms of understanding how he thinks about the world and how he perceives how I think and understand the world. So, when we started working collaboratively and directly on the product earlier this year, it was very straightforward and equivalent to ducks taking to water.

Although I didn't directly manage the Dynamic Global Bond Strategy until this year, I have a strong familiarity with the product because I've been a member of the global investment team since joining the firm in 2015. This team is collectively responsible for managing our suite of global fixed income offerings—we work closely together, sharing ideas, market observations, and insights.

Q. What are the goals of the Dynamic Global Bond Strategy. How does it compare and contrast with others in the market?

Scott: We have three clear goals in the strategy that we seek to achieve: generate regular income, minimize losses for our clients, and provide them with genuine diversification away from equity markets.

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– Scott Solomon, CFA
Co-portfolio Manager, Dynamic Global Bond Strategy

Among absolute return products, we believe that the strategy stands out as it seeks to provide not only regular returns in different environments but also diversification from risk markets. That means that during periods of volatility, when risky assets such as equities sell off, we strive to be a performance anchor. To help achieve this, we have a high-quality bias—investing a large portion of our portfolio in high-quality government bond markets where liquidity is typically better. But it's not just a case of being always long sovereign bond duration as that simply won't work when interest rates are rising or when there are heightened periods of volatility. That's why we manage duration actively and within a wide latitude—an approach that enables us to adapt to changing market conditions.

We can implement both long and short duration positions. This gives us the flexibility to adapt to different market cycles and environments. For example, when interest rates are rising, we could move to quickly cut the portfolio's overall duration to minimize potential losses. By contrast, when rates are falling, we can increase overall duration to as high as six years to maximize possible gains.

Three goals for the Dynamic Global Bond Strategy



As of September 30, 2023.

Regular income/return = sustainable performance, limited downside = downside risk management, diversification versus equities = diversification. **For illustrative purposes only.** This is not to be construed as investment advice or a recommendation to buy or sell any security. Investments involve risks, including possible loss of principal. Source: T. Rowe Price.

Quentin: We also think hard about the role of fixed income as a diversification tool. We have seen how problematic this has become over the last decade but increasingly in recent months as interest rates have climbed rapidly. As central banks retreated from supporting markets, both stocks and bonds have sold off simultaneously on multiple occasions these past 20 months, demonstrating that the typical stock/bond relationship is not always constant. Therefore, we consider the full toolkit and choose hedging tools that are appropriate for the environment. In some instances, this may mean using currency and derivatives markets instead of duration to help to balance and mitigate risk.

We also think about the best ways to achieve portfolio diversification and the fact that it is sitting on top of an absolute powerhouse of ideas, research, and resources is very exciting. With deep research capabilities covering over 80 countries and over 40 currencies, we are always able to uncover new investment opportunities.

Q. What's next for fixed income markets? Describe your outlook and how the portfolio is positioned.

Scott: It's an exciting time to be a bond investor. The period of aggressive monetary policy tightening by central banks is moving closer toward the finish line, which will likely mark the start of a new regime in fixed income markets. But as the battle between growth and inflation continues, this transition to a pause environment is likely to be fraught with volatility, so active management and a flexible approach to bond investing will be important. We believe this environment will suit the Dynamic Global Bond Strategy, which has a strong emphasis on active duration management and is flexible with the ability to potentially take advantage of dislocations that might occur in a volatile environment.

Quentin: We are navigating uncharted waters in global fixed income markets. Nobody expected bond yields to rise this far in 2023, particularly after the brutal bear market experienced in fixed income assets last year. The portfolio is currently positioned to benefit from yields continuing to move higher as several governments need to increase debt issuance to finance deficits at a time when central banks are no longer supporting markets with quantitative easing. With employment and housing markets weakening, markets are facing their “peak moment” on multiple fronts as central banks pursue a higher-for-longer policy on interest rates. This ramp-up in bond yields is raising the cost of capital for every investment decision around the world. That is going to mean that we are potentially looking at a situation where risk appetite in financial markets could fall. As a result, flexibility is likely to be key going forward.

Q. Share a little bit about your personal interests.

Scott: Striking a healthy balance between work and personal life is very important. I have a young family and I love spending quality time with them. I have a passion for sports and really enjoy playing golf and coaching my son’s baseball team when I’m out of the office.

Quentin: I am lucky enough to have three sons and I have an avid interest in sports. I love music, especially soul, blues, and rock. I love going to concerts when I get the opportunity. I am passionate about history and politics and broadly thinking about what makes humanity tick.

Risks—the following risks are materially relevant to the portfolio:

Objective—The Dynamic Global Bond (USD Hedged) Composite seeks to deliver consistent fixed income returns through a flexible, dynamic, and diversified allocation to debt instruments from around the world. The strategy adopts a holistic and rigorous approach to risk management to protect clients on the downside, and particularly seeks to provide adequate diversification at times of equity markets' correction. (Created January 2015; incepted January 31, 2015).

ABS and MBS—Asset-backed securities (ABS) and mortgage-backed securities (MBS) may be subject to greater liquidity, credit, default, and interest rate risk compared with other bonds. They are often exposed to extension and prepayment risk.

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.

Credit—Credit risk arises when an issuer's financial health deteriorates and/or it fails to fulfill its financial obligations to the portfolio.

Currency—Currency exchange rate movements could reduce investment gains or increase investment losses.

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 portfolio to higher volatility and/or losses that are significantly greater than the cost of the derivative.

Distressed or defaulted debt—Distressed or defaulted debt securities may bear a 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.

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.

Issuer concentration—Issuer concentration risk may result in performance being more strongly affected by any business, industry, economic, financial, or market conditions affecting those issuers in which the portfolio's assets are concentrated.

Liquidity—Liquidity risk may result in securities becoming hard to value or trade within a desired time frame at a fair price.

Prepayment and extension—Mortgage- and asset-backed securities could increase the portfolio's sensitivity to unexpected changes in interest rates.

Sector concentration—Sector concentration risk may result in performance being more strongly affected by any business, industry, economic, financial, or market conditions affecting a particular sector in which the portfolio's assets are concentrated.

Total return swap—Total return swap contracts may expose the portfolio to additional risks, including market, counterparty, and operational risks, as well as risks linked to the use of collateral arrangements.

General Portfolio Risks

Capital—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 portfolio and the currency in which you subscribed, if different.

Counterparty—Counterparty risk may materialize if an entity with which the portfolio does business becomes unwilling or unable to meet its obligations to the portfolio.

Environmental, social, and governance (ESG) and sustainability—ESG and sustainability risk may result in a material negative impact on the value of an investment and performance of the portfolio.

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 portfolio's assets are concentrated.

Hedging—Hedging measures involve costs and may work imperfectly, may not be feasible at times, or may fail completely.

Investment portfolio—Investing in portfolios 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 portfolio 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.

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