T.RowePrice®
INVEST WITH CONFIDENCE

QUARTERLY REVIEW

T. Rowe Price Global High Income Fund – I Class

As of 30 June 2021

PORTFOLIO HIGHLIGHTS

The portfolio performed in line with the ICE BofA Merrill Lynch Global High Yield Index for the three-month period ended June 30, 2021.

Relative performance drivers:

- The financials segment was a top relative performance contributor.
- Credit selection in the building and real estate segment added value.
- Our higher-quality bias in the CCC rating tier and credit selection in the energy industry detracted.

Additional highlights:

- We are even weight but under risked in the developing world compared with the benchmark.
- Central bank and government support should continue to provide meaningful tailwinds for the high yield asset class, although this is balanced by rich valuations.

FUND INFORMATION

APIR	ETL0793AU
Inception Date of Fund	4 May 2020
Benchmark	ICE BofA Global High Yield Index (AUD Hedged)
Total Assets	$454,097 AUD
Percent of Portfolio in Cash	0.8%

PERFORMANCE

(NAV, total return in base currency)

	Three Months	Year-to-Date	One Year	Since Share Class Inception (Annualised)
T. Rowe Price Global High Income Fund – I Class (Net - AUD)*	2.26%	3.18%	13.81%	18.09%
ICE BofA Global High Yield Index (AUD Hedged)	2.39	3.05	13.69	18.10

CALENDAR YEAR PERFORMANCE

The exhibit will be available after two years of performance history.

Past performance is not a reliable indicator of future performance.

Source for performance: T. Rowe Price.

* Net-of-fees performance is based on end-of-month redemption prices after the deduction of fees and expenses and the reinvestment of all distributions.

Figures include changes in principal value. Investment return and principal value will vary, and an account may be worth more or less at termination than at inception.

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PERFORMANCE REVIEW

Market Review

The high yield market notched a fifth straight quarter of gains as low spread volatility persisted. Long-term Treasury yields declined from their first-quarter highs as favorable economic data and the broadening distribution of coronavirus vaccines encouraged investors, although inflation remained a concern. The yield on the benchmark 10-year note decreased to 1.45% from 1.74% at the end of March.

In the U.S., a bipartisan agreement on a hard infrastructure plan raised hopes for additional government spending and could potentially unlock a path toward an even larger soft infrastructure plan that would likely proceed along partisan lines. Inflation pressures also grew over the quarter. On May 12, the Labor Department reported that core (excluding food and energy) consumer prices jumped by 0.9% in April, the most in nearly four decades, and the headline increase in consumer prices for the year ended in May hit 5%, the most since 2008. For the most part, however, investors seemed reassured by repeated statements from Federal Reserve officials that inflationary pressures were likely "transitory" and due mostly to pandemic-related supply constraints. Indeed, some signs emerged late in the quarter that inflationary pressures might be peaking. Market-based measures of inflation expectations declined from the highs reached in May.

Policymakers acknowledged that progress on vaccinations has allowed the economic recovery from the pandemic to gain strength, and Chairman Jerome Powell revealed that Fed officials have begun to discuss slowing the central bank's monthly bond purchases, the first step toward eventually raising interest rates. The central bank's updated Summary of Economic Projections showed that policymakers now expect two rate hikes by the end of 2023, indicating a faster pace of tightening than in earlier projections.

Eurozone inflation unexpectedly dipped to 1.9% from 2.0% in June due to slower growth in energy and service prices, though it is expected to pick up again in the coming months. The European Central Bank (ECB) left policy unchanged and said that it would maintain emergency bond-buying at a higher pace for the next quarter, even though its updated forecasts called for higher near-term rates of inflation and economic growth. At a European Parliament committee hearing, ECB President Christine Lagarde reiterated that it was important "not to withdraw support too early." She also said that the outlook for the economy was "brightening" and that economic activity "should improve strongly" in the second half of the year. She asserted that rising inflation this year would begin declining at the start of 2022 as temporary factors fade out.

Emerging markets benefited from falling Treasury yields and generally positive risk sentiment. However, China high yield faced issues due to a number of high-profile defaults amid tighter property policy in China. On the pandemic front, Chinese officials reportedly vaccinated more than 510 million people by the end of May and said that the country would reach herd immunity later this year.

New issuance remained robust across regions, although it was largely driven by refinancing activity. Europe's run of strong issuance continued with a quarterly record of EUR 48.4 billion, while U.S. issuance totaled USD 140.5 billion. The default outlook continued to improve, as did overall credit fundamentals as measured by upgrade/downgrade ratios across markets. The J.P. Morgan par-weighted default rate decreased to 1.63% from 4.80% in March.

Strong Performance Among Financials

Credit selection in the financials segment benefited, partly due to Banco Davivienda, the second-largest bank in Colombia by assets. The bank has a leading digital platform, Basel III implementation will improve its capital ratios, and it has been more prudent on mergers and acquisitions relative to peers with no governance shortfall in recent years. Banco Davivienda also recently issued the first Additional Tier 1 (AT1) securities out of Colombia since the country's recent implementation of Basel III, and the notes are expected to receive strong interest.

Building and Real Estate Segment Benefited

Security selection in the building and real estate segment contributed to relative performance, largely because we avoided exposure to Chinese property development companies. We eliminated the portfolio's investment in China Evergrande Group, one of the country's top real estate developers, during the quarter. Continuous negative headlines related to the issuer beginning in late May weighed on the performance of the bonds, as well as the broader Chinese property industry.

Automotive Industry Contributed

Credit selection in the automotive industry added value due, in part, to LeasePlan, the largest vehicle leasing and fleet management company in the world by fleet size. Its core business benefits from leading market positions and recurring and cash-generative contractual income streams from a highly diversified customer base.

Higher-Quality Bias Weighed

Security selection among CCC rated bonds detracted predominantly because we did not own many of the lower-quality names that rallied as the CCC rating tier significantly outperformed higher qualities.

Similarly, credit selection in energy detracted from relative results due to our conservative stance in the industry as lower-rated issuers rallied the most amid rising oil prices.

Health Care Segment Detracted

Credit selection in the health care segment was a drag on relative performance, partly due to Bausch Health (BHC), a multinational specialty pharmaceutical company that develops, manufactures, and markets a range of pharmaceutical, medical devices, and over-the-counter products, that was a drag on relative performance. These bonds experienced weakness amid concerns about higher leverage related to the upcoming spinoff of eye care business Bausch + Lomb from the rest of BHC.

PERFORMANCE POSITIONING AND ACTIVITY

From a regional perspective, our relative weights were mostly unchanged quarter over quarter. New waves of coronavirus infections show that many emerging markets countries will likely have a longer recovery from the crisis than developed markets. Therefore, we are even weight, but under risked in the developing world compared with the benchmark.

We have a positive outlook on European high yield. However, opportunities in the secondary market have been difficult to source, and new issuance has skewed toward lower-quality credits where we do not have a favorable fundamental outlook. Together, this has led to an underweight stance driven by security selection impacts rather than top-down views.

Selective Participation in New Deals

We participated in several new issues from entertainment and leisure names during the quarter, increasing the portfolio's overall weight to the sector as economies reopened across North America and Europe. Notable additions included Boyne USA, which manages several resorts across the U.S. and Canada, and David Lloyd Leisure Group, a UK-based health and fitness operator.

Energy Exposure Decreased

We reduced the portfolio's allocation to the energy industry. Despite a supportive short-term environment for energy prices, we maintain our long-term, cautious view and have been careful to avoid overleveraged exploration and production companies. Further, the energy sector is trading within recent averages compared with the overall high yield market, and we see less room for spreads to tighten on a relative basis.

MANAGER'S OUTLOOK

High yield spreads are near historic lows and have already priced in a strong economic recovery as countries remove coronavirus-related restrictions. The macroeconomic environment should likely remain favorable for issuers in our space from a fundamental level, and central bank and government support should provide meaningful tailwinds for the asset class, although this is balanced by rich valuations. We do not see a catalyst to push spreads higher in the near-term, and spreads will likely trade sideways for some time.

Despite more muted return expectations, high yield is relatively well positioned compared with other fixed income sectors and offers a lower duration profile relative to higher-quality segments of the market. We believe the diversification benefits of our approach, as well as our rigorous fundamental research process, leave us well positioned to strive to deliver attractive risk-adjusted returns for our investors.

Organizational Update

The following investment team changes occurred during the quarter:

Addition: Tommy O'Neill, Associate Analyst

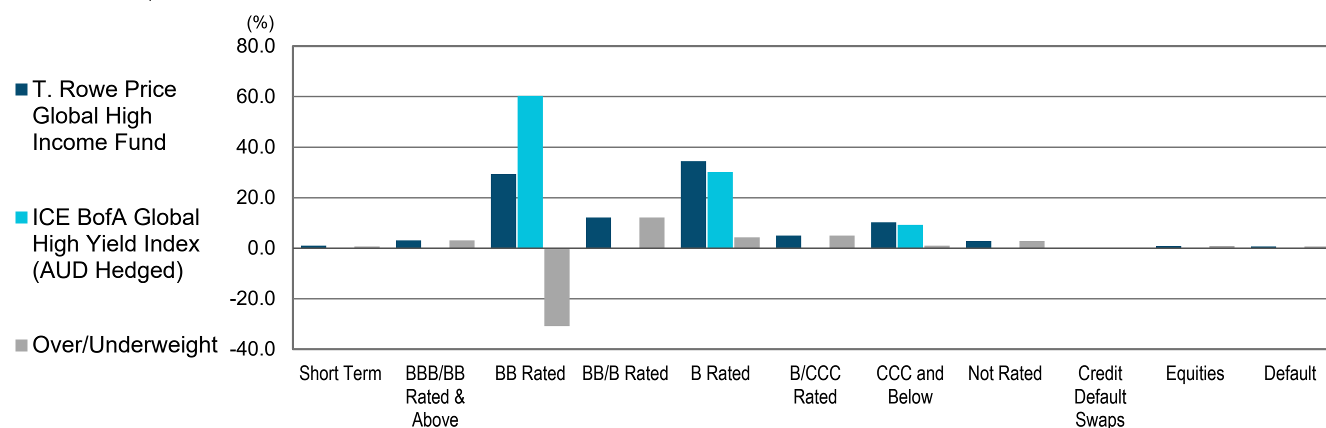
PORTFOLIO POSITONING

MARKET WEIGHTS BY REGION

Region	Market Value (AUD equivalent)	% of Fund
United States	274,670	60.5
Canada	2,052	0.5
Europe*	71,810	15.8
Non Developed	96,269	21.2
International*	5,561	1.2
Short Term	3,734	0.8

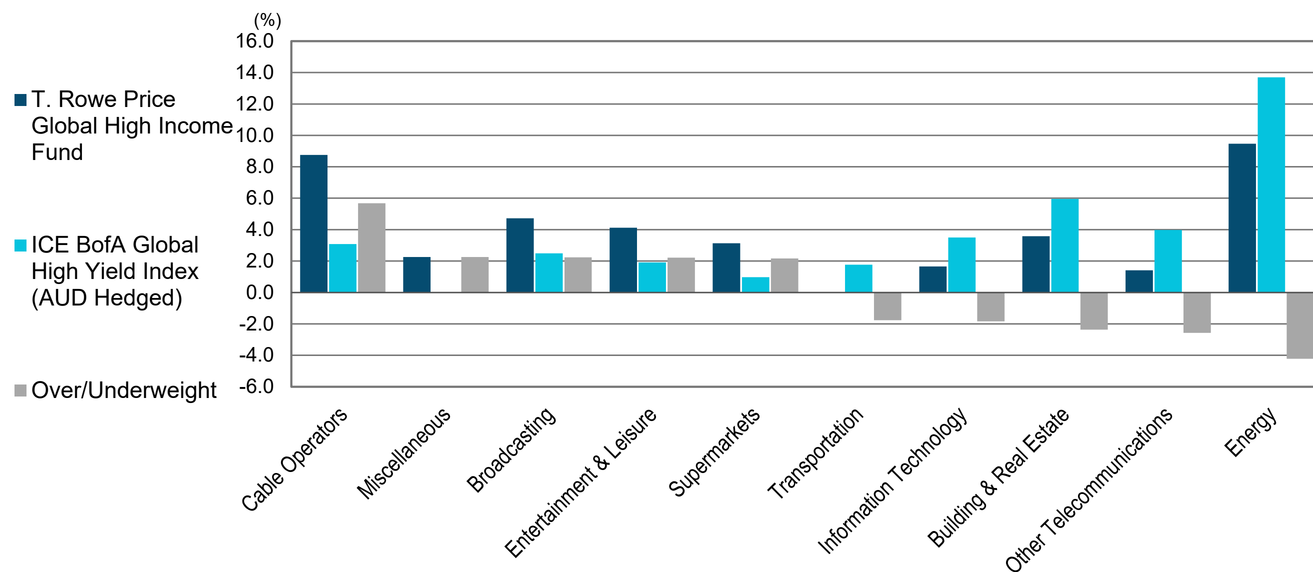
* Includes only developed countries.

CREDIT QUALITY DIVERSIFICATION



PORTFOLIO POSITONING

SIGNIFICANT OVER/UNDERWEIGHT INDUSTRIES



HOLDINGS

TOP 10 ISSUERS

Issuer	% of Fund
Petroleos Mexicanos	1.6
Occidental Petroleum	1.5
Teva Pharmaceutical Industries	1.2
Melco International Development	1.2
T-Mobile US	1.2
Albertsons	1.2
Jerrold Finco	1.0
Bausch Health	1.0
LCPR Senior Secured Financing DAC	0.9
Encore Capital	0.9

PORTFOLIO MANAGEMENT TEAM

	Managed Fund Since:	Joined Firm:
Michael Della Vedova	2020	2009
Michael Connelly	2020	2005
Samy Muaddi	2020	2006

ADDITIONAL DISCLOSURES

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