T.RowePrice®

INVEST WITH CONFIDENCE

AUSTRALIAN UNIT TRUST PORTFOLIO UPDATE

T. Rowe Price Global High Income Fund – I Class

As of 31 August 2020

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

INVESTMENT OBJECTIVE

The investment objective of the Fund is to seek high current income and capital appreciation primarily through investment in global fixed income securities rated below investment grade. The Fund also seeks global diversification by targeting North American, European and emerging markets high yield corporate issuers.

TOP 10 ISSUE EXPOSURE[1]

	% of Fund
Occidental Petroleum	2.1
ALTICE FINCO SA	1.5
Petroleos Mexicanos	1.4
Liberty Latin America	1.4
Ford Motor	1.4
Albertsons	1.3
Altice USA	1.3
Charter Communications	1.2
Victoria	1.2
Bausch Health	1.2

REGIONAL DIVERSIFICATION (%)

	% of Fund	ICE BofA Global High Yield Index (AUD Hedged)
North America	57.6	55.4
Europe	19.4	23.2
Latin America	9.2	9.9
Pacific Ex Japan	8.6	7.5
Middle East & Africa	2.4	2.8
Japan	0.0	0.7

PORTFOLIO CHARACTERISTICS[2,3]

	Fund	ICE BofA Global High Yield Index (AUD Hedged)
Number of Holdings	480	3,613
Weighted Average Coupon	6.29%	5.72%
Weighted Average Maturity	6.22 Years	5.96 Years
Current Yield[5]	6.15%	5.76%
Yield to Maturity	5.77%	5.73%
Average Credit Quality[6]	B+	BB-

PERFORMANCE

	One Month	Three Months	Since Share Class Inception 4 May 2020
T. Rowe Price Global High Income Fund – I Class (Net - AUD)*	0.95%	7.30%	11.64%
ICE BofA Global High Yield Index (AUD Hedged)	1.26	6.67	11.87
Value Added (Net)[4]	-0.31	0.63	-0.23

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. For further details, please refer to the Fund's Product Disclosure Statement and Reference Guide which are available from Equity Trustees or TRPAU.

[1] Issuer exposure is derived using the portfolio's direct holdings and does not take into account derivative exposure. Consult the portfolio holdings report for a listing of all securities owned in the portfolio.

[2] Calculated using the portfolio's direct holdings plus exposure from derivative instruments.

[3] Calculated using the individual credit quality ratings for the direct holdings and without the impact from derivative instruments.

[4] The Value Added is shown as the Fund (Net) minus its Index.

[5] The current yield reflects the market-weighted average of coupon divided by price per security.

[6] Average Credit Quality is calculated by averaging the Moody's weighted average quality and the S&P weighted average quality (50/50 split), regardless of the % of the portfolio actually rated by each of these ratings agencies.

INDUSTRY DIVERSIFICATION (%)

	% of Fund	ICE BofA Global High Yield Index (AUD Hedged)
Cable Operators	11.00	3.28
Energy	10.19	13.47
Financial	9.65	11.84
Metals & Mining	7.14	3.82
Building & Real Estate	6.16	6.56
Automotives	5.07	5.37
Healthcare	4.93	6.89
Services	4.69	4.35
Wireless Communications	3.72	2.71
Food	3.68	3.30

MARKET REVIEW

In Australian dollar terms, high yield bonds across the globe recorded gains in August. Improving economic data and a dovish policy shift from the Federal Reserve (Fed) bolstered the performance of risk assets, and positive flows mitigated the impact of heavy new issuance. In Europe, comments by European Central Bank (ECB) Chief Economist Philip Lane raised the possibility that the ECB could further expand its Pandemic Emergency Purchase Program when the bank updates its economic forecasts in September. Further evidence of China's economic recovery was supportive for the performance of emerging markets corporate bonds. Most high yield industries posted solid gains, and returns across the ratings spectrum were positive, with CCC bonds outpacing higher qualities.

Leveraged loans advanced in August as investor optimism around the further reopening of the economy and strong equity performance was supportive for the asset class. Buyers seemed to mostly focus on lower-dollar, discounted names in an effort to pursue potential upside. All loan industries posted gains, and CCC loans outperformed the higher-quality tiers by a wide margin. Several market segments that have borne the brunt of the coronavirus pandemic's impact, such as transportation and leisure, were among the top performers amid reports of lower infection rates and progress in the race to develop a vaccine.

Longer-term Treasury yields rose amid lower demand for government debt, and the yield on the benchmark 10-year note increased from 0.55% to 0.72%. The Labor Department's nonfarm payroll report showed employers added 1.76 million jobs in July, which was more than expected, and durable goods orders were stronger than consensus forecasts. Second-quarter corporate earnings reports showed a dramatic drop from the same period in 2019 but widely beat analyst estimates. Fed Chair Jerome Powell announced that the central bank will move to a policy of average inflation targeting, which will allow inflation to exceed its 2% mark to make up for past shortfalls. As the economy recovers, this should allow the Fed to keep rates at the current near-zero level for a longer period without increases to preempt higher inflation.

Further economic stimulus in France and Germany, easing U.S.-China trade tensions, and signs of progress in the development of coronavirus treatments supported the performance of European markets. French Finance Minister Bruno Le Maire extended the emergency support program for businesses, increasing state-backed bank loans to businesses and guarantees for quasi-equity financing that would provide between EUR 10 billion and EUR 15 billion for small companies. Germany's ruling coalition extended a program to help keep workers on companies' books and increased its funding by EUR 10 billion.

Economic activity in the UK rebounded sharply as consumers and businesses began to reopen. The composite purchasing managers' index (PMI) surged in August to more than 60 and reached an 82-month high. The Bank of England's (BoE) latest revision to its full-year economic outlook called for less of a contraction than its May forecast. However, the BoE also predicted a slower recovery, with the economy clawing back its losses by the end, rather than by the middle, of 2021.
Economic readings for August signaled that the production side of China's economy strengthened. China's official PMIs of manufacturing and services activity remained in expansionary territory in August.

In fixed income markets, the yield on China's 10-year sovereign bond rose six basis points to 3.04% amid further evidence of economic recovery. China reported record foreign investor inflows of USD 24 billion into its bond market in July, twice the level recorded in June and underscoring its attractiveness to foreign investors.

FUND REVIEW

The fund posted a positive return and outperformed the ICE BofA Global High Yield Index (AUD Hedged) for the month ended August 31, 2020. EQT Corporation, the largest pure play natural gas producer in the U.S., made a meaningful contribution to relative performance in the energy industry. Ongoing drilling and operating cost improvements should keep EQT on the low-end of the cost curve. Recently renegotiated gathering and transportation agreements are expected to help further improve the cost structure. Additionally, management is focused on reducing leverage with all free cash flow (FCF) being directed toward debt reduction with a goal of achieving investment-grade metrics.

Credit selection in the broadcasting segment aided relative performance, partly due to Townsquare Media (TSQ), a radio, digital media, entertainment and digital marketing solutions company. TSQ is seeking to execute a differentiated strategy that pairs its small-market radio presence with a fast-growing local digital marketing solutions platform. An alignment of stakeholder interests should lead to credit improvement given the company's FCF profile and management's focus on debt reduction to drive equity value.

Credit selection among utilities weighed on relative results due, in part, to California utility Pacific Gas and Electric Company (PG&E), one of the largest natural gas and electric utility companies in the U.S. Wildfires that are burning across vast areas of California continued to create challenges for PG&E due to the risk of significant damage to power grids.

Our allocation to reserves, which is necessary for portfolio liquidity, weighed on relative results in the strong performance environment amid broad risk-on sentiment. The portfolio's overweight to cable operators, which is generally considered a defensive market segment, also detracted.

OUTLOOK

The year-to-date period demonstrates the importance of a long-term perspective in the high yield asset class. We expect a diverse allocation to global high yield markets to provide strong risk-adjusted performance, which has been the case since the Global High Income Bond Strategy's inception. As different policy responses play out between countries, we expect our flexible approach will leave us well positioned to mitigate further volatility while positioning the portfolio for a potential recovery. Though valuations are less attractive than earlier in the year, we believe opportunities to pursue meaningful spread and yield in the below investment-grade market still exist. Fiscal and monetary stimulus could also create a powerful dynamic and support further credit performance.

CONTACT US

For more information about the Fund, please contact our Relationship Management team on 02 8667 5700 or visit www.troweprice.com.au

FUND INFORMATION

Minimum Investment Amount	$500,000 AUD
APIR	ETL0793AU
ARSN	638808545
ISIN	AU60ETL07936
Inception Date	4 May 2020
Benchmark	ICE BofA Global High Yield Index (AUD Hedged)
Management Fees	0.62% p.a.
Indirect Costs^	0.10% p.a.
Distribution	Monthly
Buy/Sell	Buy 0.00% / Sell 0.00%
Total Assets	$306,240 AUD

^As the Fund was established in May 2020 the indirect costs are based on amounts which the Responsible Entity has reasonably estimated will apply over the first full financial year. Please refer to the Product Disclosure Statement for the Fund which is available at www.troweprice.com.au for further details.

Full details of other fees and charges are available within the Fund's Product Disclosure Statement and Reference Guide.

ADDITIONAL DISCLOSURES

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

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

T. Rowe Price uses a custom structure for sector and industry reporting for this product.

Sources for credit quality: Moody's Investors Service and Standard & Poor's (S&P); split ratings (e.g. BB/B and B/CCC) are assigned when the Moody's and S&P ratings differ. T. Rowe Price does not evaluate these ratings, but simply assigns them to the appropriate credit quality category as determined by the rating agenacy. T. Rowe Price uses the rating of the underlying investment vehicle for credit default swaps. Short-term holdings are not rated.

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

IMPORTANT INFORMATION

Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298 AFSL 240975) is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Stock Exchange (ASX:EQT). Equity Trustees and T. Rowe Price Australia Limited ("TRPAU") (ABN: 13 620 668 895 and AFSL: 503741) are, respectively, the responsible entity and investment manager of the T. Rowe Price Australian Unit Trusts. For Wholesale Clients only.

Past performance is not a reliable indicator of future performance. The price of any fund may go up or down. Investment involves risk including a possible loss to the principal amount invested. For general information purposes only, does not take into account the investment objectives, financial situation or needs of any particular investor. For further details, please refer to each fund's product disclosure statement and reference guide which are available from Equity Trustees (www.eqt.com.au/insto) and TRPAU (www.troweprice.com.au).

Information and opinions presented have been obtained or derived from sources believed to be reliable and current; however, we cannot guarantee the sources' accuracy or completeness. There is no guarantee that any forecasts made will come to pass. The views contained herein are as of the date noted on the material and are subject to change without notice; these views may differ from those of other T. Rowe Price group companies and/or associates. Under no circumstances should the material, in whole or in part, be copied or redistributed without consent from T. Rowe Price.

202009-1330363

202009-1328750