



T. Rowe Price Dynamic Global Bond Fund – I Class

As of 30 September 2020



Portfolio Manager:

Arif Husain

Joined Firm:

2013

Investment Experience:

24 Years



INVESTMENT OBJECTIVE

The Fund's objective is to maximise total return and provide income through investment primarily in a portfolio of fixed income securities which may include, but is not limited to, transferable debt securities of government and their agencies, supranational organisations, corporations and banks as well as mortgage-backed and asset-backed securities. There are no restrictions on the sectors or countries in which bond issuers are located.

TOP 10 ISSUE EXPOSURE¹

	Maturity Date	% of Fund
U.S. Treasury Bonds	15 Feb 2030	10.7
United Kingdom Gilt	07 Dec 2030	7.2
Philippine Government International Bond	26 Nov 2022	3.9
Indonesia Treasury Bond	15 May 2029	3.2
Romania Government Bond	12 Feb 2029	2.3
Bonos de la Tesoreria de la Republica en pesos	01 Mar 2026	2.3
Australia Government Bond	21 Dec 2030	2.1
Thailand Government Bond	12 Mar 2028	2.0
Australia Government Bond	21 Jun 2051	1.9
Landsbankinn HF	20 May 2024	1.9

SECTOR DIVERSIFICATION

	% of Fund
Treasury & Quasi Treasury	57.47
Corporate (including High Yield)	19.94
Securitized	6.67
Equity related	0.63
Cash & Cash Equivalents	15.29

PORTFOLIO CHARACTERISTICS^{1,2,3}

	Fund
Number of Holdings	132
Number of Countries	38
Weighted Average Maturity	6.12 Years
Weighted Average Effective Duration	5.37 Years
Weighted Average Spread Duration	-0.21 Years
Average Credit Quality	A
Yield to Maturity (including hedging)	1.34%

PERFORMANCE

	One Month	Three Months	Year-to-date	One Year	Three Years	Five Years	Since Fund Inception
T. Rowe Price Dynamic Global Bond Fund – I Class (Gross – AUD)*	-0.69%	0.75%	6.37%	7.97%	2.66%	3.54%	4.10%
T. Rowe Price Dynamic Global Bond Fund – I Class (Net – AUD)**	-0.72	0.65	6.06	7.54	2.25	3.11	3.66
Bloomberg AusBond Bank Bill Index (AUD)	0.01	0.03	0.35	0.58	1.40	1.63	1.85
Value Added (Gross) ⁴	-0.70	0.72	6.02	7.39	1.26	1.91	2.25
Value Added (Net) ⁵	-0.73	0.62	5.71	6.96	0.85	1.48	1.81

Past performance is not a reliable indicator of future performance.

Source for performance: T. Rowe Price.

* Gross-of-fees performance is the net return with fees and expenses added back.

** 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 (Gross) minus its Index.

⁵ The Value Added is shown as the Fund (Net) minus its Index.

This material is provided for informational purposes only and is not intended to be investment advice or a recommendation to take any particular investment action. The views and portfolio holdings contained herein are as of date noted on the material and are subject to change without further notice. The specific securities identified and described do not necessarily represent all of the securities purchased, sold, or recommended for the Fund and no assumptions should be made that the securities identified and discussed were or will be profitable.

BLOCK BOND ALLOCATION (ISSUE CURRENCY)¹

	% of Fund
Europe	18.6
North America	33.1
Latin America	6.1
Pacific Ex Japan	22.4
Middle East & Africa	2.1
Reserves	17.7

FUND REVIEW

The portfolio's overall duration level ended September at around five years. This was driven mainly by long duration stances in high-quality countries such as the U.S., Germany, and Australia.

In the eurozone periphery, our overall positive bias was maintained through long positions in Italy and Cyprus.

Among other high-quality countries, we retained positive exposures in Israel, Thailand, Hong Kong, China, South Korea, and Malaysia. Elsewhere, we neutralized the short duration position expressed in the UK but kept the steepening curve bias in place.

Within emerging market countries, we retained exposure in the local government bond markets of Chile, Indonesia, the Philippines, India, Romania, and Serbia. In terms of moves, we closed our long exposure in domestic Russia and short position in Mexico. To help mitigate some of the risk associated with our "return-seeking" positions in emerging markets, we maintained short duration positions throughout in Poland and, to a lesser extent, the Czech Republic.

In the currency sphere, the short U.S. dollar bias was kept in place during September against a range of other high-quality currencies, including the euro, Japanese yen, and Australian dollar. In other moves, we added to the short position in the Taiwanese dollar.

Within emerging market currencies, we increased exposure over the month. This was done in part through opening a new long position in the Mexican peso and closing short positions in the Brazilian real and South African rand.

In sectors, the credit profile of the portfolio expressed a small negative position overall at the end of September. We held long positions in select corporate, securitized, and hard currency emerging market sovereign bonds and defensive short positions in synthetic credit instruments, primarily in the investment-grade space.

Put options on U.S. equities were maintained in September as a defensive hedge in the portfolio against a sharp rise in risk aversion.

PORTFOLIO PERFORMANCE

Within duration management, long positions expressed in high-quality countries such as Australia, the U.S., and Germany added gains as rising political and economic concerns drove yields on most developed government bonds lower over the period. Allocations to the eurozone periphery countries of Italy and Cyprus also aided returns, as did exposure to local currency Romanian government bonds. These gains were offset by losses from short

CREDIT QUALITY DIVERSIFICATION²

	% of Fund
AAA	20.8
AA	7.5
A	7.6
BBB	25.8
BB	6.3
B	1.7
Not Rated	12.4
Reserves	17.7

DISTRIBUTION INFORMATION

	31 Dec 2019	31 Mar 2020	30 Jun 2020	30 Sep 2020
Distribution Rate (cents per unit)	0.16	0.32	0.17	0.15

duration positions in Poland, Mexico, and the UK.

In the currency sphere, the U.S. dollar rebounded against most developed and emerging market currencies during September. This resulted in losses for our long positions in the Australian dollar, the euro, and the Czech koruna.

Within sectors, our allocation to select high yield issuers weighed on performance over the month, as did our defensive hedging position in U.S. equity markets.

OUTLOOK

Several market consensus trades that have outperformed in recent months, such as long euro and long tech stocks, showed signs of fatigue in September as they came under selling pressure.

In the currency sphere, our short bias in the U.S. dollar remained in place despite the currency's rebound in September. We believe our investment thesis for dollar weakness over the medium-term remains intact due to the Federal Reserve's ultra-accommodative stance and the likelihood of a slower U.S. economic recovery than peers. While most of our short U.S. dollar position is expressed against long positions in G-10 currencies, such as the euro and the Japanese yen, we have started to shift some exposure toward a select number of emerging market currencies.

Overall, we believe a tactical approach is needed in the current environment. Any positive news on a coronavirus vaccine could give further support to risk sentiment and put government bonds under pressure. At the same time, we have been mindful of risks that could trigger bouts of volatility and weigh on investor sentiment in the future. This includes Brexit negotiations, the upcoming U.S. presidential election, and the possibility of further shutdowns due to second coronavirus waves. Against this backdrop, we believe that it's important to stay flexible so we can adapt quickly to changes in market conditions and take advantage of any pricing anomalies and dislocations that might occur.

¹Issuer 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.

²Calculated using the individual credit quality ratings for the direct holdings and without the impact from derivative instruments.

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

APIR	ETL0398AU
Inception Date	18 February 2014
Benchmark	Bloomberg AusBond Bank Bill Index (AUD)
Management Fees	0.40% p.a.
Indirect Costs [^]	0.11% p.a.
Distribution	Quarterly
Buy/Sell	Buy +0.35% / Sell -0.35%
Total Assets	\$719,108,544 AUD

[^]Indirect costs are calculated and incorporate estimated amounts with reference to the relevant costs incurred during financial year ended 30 June 2019. 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; if Moody's does not rate a security, then Standard & Poor's (S&P) is used as a secondary source. When available, T. Rowe Price will use Fitch for securities that are not rated by Moody's or S&P.

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.

The rating issued for T. Rowe Price Dynamic Global Bond Fund (**assigned September 2019**) are published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2020 Lonsec. All rights reserved.

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (**assigned 27 February 2020**) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>

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) or 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.

© 2020 T. Rowe Price. All rights reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the bighorn sheep design are, collectively and/or apart, trademarks of T. Rowe Price Group, Inc.

202010-1349533

202010-1349534