AUSTRALIAN UNIT TRUST PORTFOLIO UPDATE

T. Rowe Price Global High Income Fund – I Class

As of 30 June 2024

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

Morningstar Medalist Rating™:
As of 31/5/2024
Analyst-Driven %
55
Data Coverage %
98

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
Petroleos Mexicanos	2.5
Teva Pharmaceutical Industries	1.6
Venture Global LNG	1.4
HTA Holdings	1.4
Merlin Entertainments	1.4
Industria Macchine Automatiche	1.3
TIBCO Software	1.3
Vmed O2 UK	1.1
RCS Management	1.1
INEOS	1.0

REGIONAL DIVERSIFICATION (%)

	% of Fund	ICE BofA Global High Yield Index
North America	49.7	58.7
Europe	28.8	24.3
Latin America	14.1	9.2
Middle East & Africa	4.4	3.0
Pacific Ex Japan	0.6	3.8
Japan	0.0	0.9

PORTFOLIO CHARACTERISTICS[2,3]

	Fund	ICE BofA Global High Yield Index^
Number of Holdings	207	3,240
Weighted Average Coupon	6.80%	5.95%
Weighted Average Maturity[4]	5.57 Years	12.49 Years
Current Yield[5]	7.10%	6.40%
Yield to Maturity	7.97%	7.83%
Spread to Worst	391 bps	355 bps
Average Credit Quality	B+	B+

^ Data shown uses ICE holdings prior to month end rebalancing, this may differ from the methodology used in other materials.

DISTRIBUTION INFORMATION

	29 Feb 2024	31 Mar 2024	30 Apr 2024	31 May 2024	30 Jun 2024
Distribution Rate (cents per unit)	0.40	0.41	0.36	0.40	3.66

PERFORMANCE

	One Month	Three Months	Year-to-Date	One Year	Annualised Three Years	Annualised Since Inception 4 May 2020
T. Rowe Price Global High Income Fund – I Class (Net - AUD)*	0.80%	1.07%	2.74%	10.67%	-0.91%	4.05%
ICE BofA Global High Yield Index (AUD Hedged)	0.83	1.18	2.98	9.90	-0.18	4.60
Value Added (Net)[4]	-0.03	-0.11	-0.24	0.77	-0.73	-0.55

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.

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

[1] Issuer exposure is based on the underlying component portfolios of the Fund 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 underlying component portfolios of the Fund plus exposure from derivative instruments.

[3] Calculated using the individual credit quality ratings for the underlying component portfolios of the Fund and without the impact from derivative instruments.

[4] 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.

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

INDUSTRY DIVERSIFICATION (%)

	% of Fund	ICE BofA Global High Yield Index
Financial	14.32	12.31
Energy	13.90	14.09
Cable Operators	8.71	5.00
Healthcare	6.98	6.88
Entertainment & Leisure	6.25	2.61
Services	5.64	7.00
Media	4.84	2.11
Information Technology	4.82	4.31
Wireless Communications	4.07	1.38
Automotives	3.91	3.99

MARKET REVIEW

In Australian dollar terms, high yield bonds produced positive results in June amid falling Treasury yields and generally encouraging economic data. Downside surprises in consumer and producer prices data supported the view that inflationary pressures are easing and fueled expectations that the Federal Reserve remains on course to begin cutting interest rates in the year's second half. Modest issuance and positive flows also provided technical support for the asset class.

The benchmark 10-year U.S. Treasury note's yield declined from 4.51% at the start of the period to 4.36% by month-end. Nonfarm payrolls rose by 272,000 in May, well above expectations and higher than the downwardly revised count for April. However, the unemployment rate rose for the third consecutive month, reaching 4% even as the labor force participation rate declined. The consumer price index (CPI) and producer price index readings came in below expectations in May, as core CPI rose by a smaller-than-expected 3.4% year over year (YoY), while producer prices rose 2.2% YoY, down from 2.3% in April. The core personal consumption expenditures inflation rate, which is closely watched by the Fed, slid from 2.8% on an annual basis to 2.6% in May. The Fed made no rate moves at its June meeting, as expected, but noted "modest" further progress toward its inflation target. Still, policymakers' updated economic projections showed a median forecast for only one rate cut this year, down from the three reductions expected in March.

As it had telegraphed, the European Central Bank delivered a rate cut at its June meeting, lowering the main refinancing operations rate by 25 basis points* to 4.25%. The policy statement provided no pre-commitment to a specific rate path, giving the bank flexibility in the face of ongoing inflation pressures. However, political risk somewhat tempered investors' enthusiasm. In France, President Emmanuel Macron called for snap elections after his centrist alliance was beaten by Marine Le Pen's National Rally party in European Parliamentary elections.

Inflation in the UK slowed from 2.3% to 2%, meeting the Bank of England's (BoE) target for the first time since 2021. Core inflation also slowed but remained stubbornly high due to services prices, sitting at 3.5%. The BoE maintained its key bank rate at 5.25%, though two policymakers favored a cut. Officials said the decision not to cut was "finely balanced," and the meeting minutes hinted that policy easing could occur soon.

In the developing world, China's economic data for May painted a mixed picture. Retail sales rose at a faster pace of 3.7% YoY, beating expectations. But industrial production and fixed asset investment slowed and missed expectations. Europe announced additional tariffs on Chinese electric vehicles, escalating global trade tensions.

FUND REVIEW

The fund performed in line with the benchmark ICE BofA Global High Yield Index on a gross basis over the month ended 30 June 2024.

Selection in the CCC rating tier contributed to relative results, partly due to Altice USA. The company reported decent 1Q24 results with revenue and EBITDA mostly in line with expectations, while free cash flow improved due to the better timing of capital expenditures.

Credit selection in the information technology segment added value, partly due online used car dealer Carvana. The bonds rebounded from recent weakness on news that Carvana had issued US$350 million of equity and paid down US$250 million of debt. Carvana's management team has executed an impressive turnaround by demonstrating compelling unit economics that are driving rapid EBITDA growth and cash flow generation. Carvana is best positioned to be the market leader in the online marketplace for used cars due to its first-mover advantage, network effects, scale, vertical integration, strong brand awareness, and a positive customer experience.

Our off-benchmark allocation to bank loans weighed on relative performance as bonds outperformed loans in June.

Security selection in the services segment weighed on relative results, partly due to Allied Universal, one of the largest security guard company in the United States. The credit experienced weakness due to somewhat disappointing 1Q24 results. Overall, it seems like trends are softening a bit with organic growth coming in below prior quarters. The expected free cash flow inflection will most likely be delayed until 2025. Management also pushed out the timeline for the IPO—which seems to be a focus for investors—to late 2025 or early 2026 as a result of wanting to get through the full two years of investment initiatives, such as business process upgrades in North America.

OUTLOOK

Volatility has somewhat subsided since the end of 1Q24. Positive fundamentals combined with favorable technical conditions and valuations remain supportive for the below investment-grade market as a whole, as does the promise of falling interest rates later this year.

Although benchmark yields have moderated to the range of 7.5% to 8.0% from the highs of around 9% at the end of October, they remain attractive relative to the yields seen during a longer period of recent history. Since 2013, yields have only been above 7.5% during the current inflation-driven cycle, the 2020 coronavirus pandemic sell-off, and the early 2016 commodity price crash.

High yield issuers' fundamentals remain strong, despite some measures normalizing from historical highs. Although companies will be issuing new debt at higher rates this year, many will do so in a laddered manner with only a portion of their debt maturing over the next two years, while likely benefiting from falling interest rates in late 2024 and 2025.

*A basis point is 0.01 percentage points.

CONTACT US

For more information about the Fund, please contact our Relationship Management team on +61 2 8667 5700 or visit www.troweprice.com

FUND INFORMATION

Minimum Investment Amount	$500,000 AUD
APIR	ETL0793AU
ARSN	638808545
ISIN	AU60ETL07936
Inception Date	04-May-2020
Benchmark	ICE BofA Global High Yield Index (AUD Hedged)
Management Fees and Costs^	0.62% p.a.
Distribution	Monthly
Buy/Sell	Buy +0.35% / Sell -0.35%
Total Assets	$42,161,673AUD

^The Management Fee for the T. Rowe Price Global High Income Fund I Class is 0.62% p.a. and the Indirect Cost is 0.0% p.a. Full details of other fees and charges are available within the Fund's Product Disclosure Statement and Reference Guide.

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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.

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A Target Market Determination for each T. Rowe Price Australian Unit Trust (or class of units in a Trust) is available here (www.eqt.com.au/insto [eqt.com.au]). A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who the financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where Equity Trustees Limited, the responsible entity of the T. Rowe Price Australian Unit Trusts may need to review the Target Market Determination for the financial product.

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