QUARTERLY REVIEW

T. Rowe Price Dynamic Global Bond Fund - I Class

As of 31 December 2023

PORTFOLIO HIGHLIGHTS

The portfolio delivered a negative absolute return for the three-month period ended December 31, 2023.

Relative performance drivers:

- Country/duration positioning had a negative impact due to losses from our short duration positions in Germany, Canada, and the U.S. as yields declined. A U.S. curve steepening position also detracted in the second half of the quarter as the curve flattened. However, our long duration postures in New Zealand, the UK, and Australia supported gains amid the broader yield-declining environment.
- In currencies, short positions in the euro and the Swedish krona detracted throughout the quarter due to broad dollar weakness. However, our long position in the Japanese yen contributed to performance.
- Sector allocation and security selection had a neutral impact due to gains from our allocations to U.S. investment grade and high yield debt.

Additional highlights:

- We have moved to a neutral duration bias in our portfolios. Our most prominent position is for a yield curve steepening bias as markets start to process the increased bond issuance without central bank support.
- We expect volatility to continue as markets grapple with several different issues all at the same time, including a broadly resilient U.S. economy, struggling economies in China and Europe, and increased fiscal issuance.

FUND INFORMATION

APIR	ETL0398AU
Inception Date of Fund	18 February 2014
Benchmark	Bloomberg AusBond Bank Bill Index (AUD)
Total Assets	$622,168,827 AUD
Percent of Portfolio in Cash	13.1%

PERFORMANCE

(NAV, total return in base currency)

			Annualized			
	Three Months	**Year-to-Date**	**One Year**	**Three Years**	**Five Years**	**Since Inception**
T. Rowe Price Dynamic Global Bond Fund - I Class (Net - AUD)	-0.40%	-5.09%	-5.09%	-0.46%	1.26%	2.53%
Bloomberg AusBond Bank Bill Index (AUD)	1.06	3.89	3.89	1.71	1.40	1.76

CALENDAR YEAR PERFORMANCE

(NAV, total return in base currency)

	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
T. Rowe Price Dynamic Global Bond Fund - I Class (Net - AUD)	6.44%	-0.35%	1.40%	-0.48%	8.43%	-0.04%	3.97%	-5.09%
Bloomberg AusBond Bank Bill Index (AUD)	2.07	1.75	1.92	1.50	0.37	0.03	1.25	3.89

Past performance is not a reliable indicator of future performance.

Source for fund 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. Gross of fees performance is the net return with fees and expenses added back. 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.

The Fund is subject to risks of fixed income investing, including interest rate risk and credit risk.

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.

PERFORMANCE REVIEW

Yields drop as rate cut bets accelerate

Global government bonds rallied in the final quarter of 2023. Falling inflation and dovish comments by policymakers prompted markets to price in significant rate cuts for 2024. The yield on the benchmark 10-year Treasury bond fell to a five-month low below 4% in late December from a 16-year high above 5% in October after the Federal Reserve forecast three interest rate cuts by the end of 2024. Resilient labor market data and softening core inflation fueled a soft-landing narrative for the U.S. economy. Yields declined across the curve for most major markets as investors digested the end of the “higher for longer” narrative that had dominated headlines in the preceding quarter. In Europe, bond yields declined as inflation eased and the European Central Bank kept policy rates unchanged. Italian government debt outperformed, benefiting from an outlook upgrade by Moody’s. In Japan, the yield on the benchmark 10-year government bond yield approached 1%, its highest level in more than a decade, as the central bank indicated it would gradually relax its grip on the bond market.

With respect to the portfolio, the sharp rally in duration over November and December offset gains accumulated earlier in the quarter. Specifically, our short duration bias in Germany, Canada, and the U.S. weighed on performance as moderating inflation data and dovish comments by policymakers prompted investors to price in aggressive rate cuts in 2024. A U.S. curve steepening position also detracted in the second half of the quarter as the curve flattened, led by longer-maturity debt as softening inflation and resilient growth data fueled soft-landing expectations. However, our long duration postures in New Zealand, the UK, and Australia supported gains amid the broader yield-declining environment. A long duration bias in Colombian local currency government bonds also supported performance as the central bank cut interest rates.

U.S. dollar weakens as rate gaps seen narrowing

The U.S. dollar weakened in the fourth quarter, ceding most of its gains earned in the September quarter, with the currency declining nearly 5% over the period on expectations that policymakers would start cutting interest rates in 2024, reducing the positive interest rate differential the dollar enjoyed compared with its major peers. In developed markets, the Swiss franc and the Swedish krona led gains as their central banks left interest rates unchanged. The Japanese yen rose nearly 6% over the quarter as long-term Japanese government bond yields rose to multiyear highs. Emerging market currencies also broadly strengthened versus the greenback. The Hungarian forint advanced 6% against the dollar as the central bank struck a cautious outlook on inflation despite cutting interest rates, while the Polish zloty posted double-digit gains. The Argentine peso was a notable outlier, falling more than 50% as the country devalued its currency.

Within the portfolio, the overall impact from active currency management was marginally negative. The broad dollar weakness resulted in gains for our long positions in the Japanese yen and the Mexican peso, with the former also supported by expectations that the Bank of Japan was getting closer to reversing its highly accommodative monetary policy. However, a short position in the euro detracted throughout the quarter amid the broad dollar weakness. A short position on the Swedish krona also weighed on performance as the central bank left interest rates unchanged.

Risk markets sign off 2023 on a strong note

Risk markets advanced in the final quarter of the year with an “almost everything rally,” capping a rebound year for stock markets. Equity markets climbed as longer-term U.S. Treasury yields retreated from multiyear highs reached in late October following the release of weaker-than-expected inflation and labor market data. While the “magnificent seven” technology stocks contributed to most of the gains in U.S. markets, market breadth increased signaling broader investor optimism. Credit spreads tightened to their lowest level since January 2022, amid disinflationary trends, signs of softening in the labor markets, and growing expectations for multiple Federal Reserve rate cuts in 2024. Spreads on high yield and emerging market debt fell as the funding risk posed by the “higher for longer U.S. rates” narrative in the previous quarter for emerging market economies and riskier companies faded. An equity market volatility gauge finished the year at 12.5, close to its lowest level over 2023.

The overall impact from our security selection was neutral. The portfolio’s credit allocation supported performance over the quarter as risk assets advanced in the second half on expectations that major central banks will start cutting interest rates in the first half of 2024. Our allocation to U.S. investment-grade and high yield corporate debt supported performance as government bond yields declined and credit spreads narrowed. Our allocation to hard currency emerging market sovereign debt also added value in the risk-on environment. However, our risk-hedging positions in U.S. equity markets via index derivatives and short U.S. investment-grade credit risk detracted.

PORTFOLIO POSITIONING AND ACTIVITY

We began the quarter with reducing our duration bias towards the bottom of the range on our view that the prospect of policymakers switching so quickly from hiking to cutting interest rates is unlikely and inconsistent with the current economic landscape. While central banks had completed their monetary policy tightening cycles, heavy fiscal issuance will keep longer-dated yields elevated. We tactically increased duration in the portfolios in the middle of the quarter as disinflationary trends gathered momentum and some economic data weakened. However, we trimmed our long duration bias toward the end of the period, led by our U.S. duration, in the backdrop of rapidly declining bond yields. While multiple interest rate cuts are likely in 2024, the pace of rate cuts is aggressive, given that economic data remain broadly resilient. Throughout, we maintained a steepening bias on yield curves across select markets as we believe volatility has migrated to the longer end of yield curves as markets grapple with increasing supplies.

Country/duration positioning

- Within developed markets, we broadly held a short U.S. duration position over the quarter, only trimming it slightly later in the period. Broadly, we maintained a steepening bias on the yield curve on expectations that U.S. interest rates have peaked and upward pressure on long end yields will remain intact due to the prospect of increased fiscal supplies. In the eurozone, we increased a short duration bias though we reduced the size of that position later in the period due to disinflationary trends. This was mainly via increasing our short duration bias in Germany earlier in the period on expectations that market timing of a potential European Central Bank rate cut in early 2024 may be premature. In the UK, we maintained a neutral duration exposure. While we held a short duration bias in the long end of the UK government bond curve, we increased our long duration bias on the short end of the curve on expectations that softening inflation data will pressure the central bank to cut interest rates in the coming months.
- Elsewhere, we pivoted to a short duration bias in Japan mainly via reducing our long duration bias on the long end of the yield curve on expectations the central bank is shifting closer to withdrawing its ultra-easy policy stance. We maintained our long duration exposures in Australia as third-quarter growth data grew less than expected.
- We maintained exposures to inflation-linked bonds in the U.S. and the eurozone where we believe core inflationary pressures are likely to remain sticky.
- In emerging markets, we held positions in local currency government bonds where we have the highest conviction that central banks will extend or begin cutting interest rates. At the end of December, this included Colombia, Mexico, and Hungary. We also closed our long duration positions in Brazilian local currency government debt earlier in the period as the central bank provided a cautious outlook on inflation.

Currency selection

- In currencies, our long U.S. dollar bias was steadily decreased throughout the quarter on expectations that the growing likelihood of Federal Reserve interest rate cuts in 2024 would undermine the dollar’s positive interest rate differential strength over its peers. Moreover, the prospect of a year-end rally would also hurt the dollar. Accordingly at the end of December, we held short positions in a range of developed and emerging market currencies, including the Brazilian real, Canadian dollar, British pound, South Korean won, and Malaysian ringgit.

- Among key moves, we increased our long holdings in the euro and the Australian dollar and increased our short bias in the Chinese renminbi due to weak economic data. We also pivoted to a long bias on the Japanese yen toward the end of the quarter on expectations of a growing divergence between U.S. and Japanese monetary policy outlook.

Sector allocation and security selection

- We held a tactical risk-seeking position in November recognizing a small window of opportunity for risk markets before the year-end. We also increased our holdings of investment-grade corporate debt to add some durable yield in the portfolio.
- While we reduced our defensive positions in the portfolio in the backdrop of a steep rally in risk markets, we ended the final quarter of 2023 with a neutral bias. At month-end, we increased our credit protection on U.S. high yield, recognizing that valuations look rich.

MANAGER'S OUTLOOK

A key decision over the period was to move to a neutral duration in the portfolio as we recognized that major central banks have finished their monetary policy tightening cycles. However, investors have been very quick to price in a significant number of interest rate cuts over 2024. While we are entering an environment of easier monetary policy, economic data aren't weakening fast enough to justify aggressive monetary policy easing as evident from resilient labor markets. We see the extent of rate cuts as overly ambitious, particularly if we see some firm data prints early in the new year that would push back on the number priced in. Meanwhile, increased fiscal issuance at a time of ongoing quantitative tightening should add upward pressure on longer-maturity yields. As a result, we prefer to hold a short duration bias to the long end of the curve at the portfolio level, led by a prominent short position to the U.S. Treasury curve.

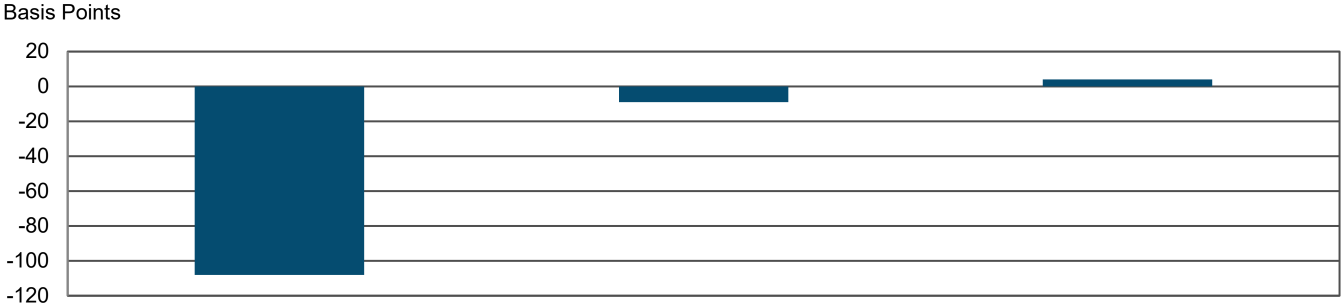
In currencies, we pivoted to a short U.S. dollar bias over the quarter as we have become increasingly bearish on its outlook. A likely end to the Federal Reserve's monetary policy tightening cycle and softening data could spell the end to the U.S. dollar exceptionalism that has been a recurring motif of global markets for most of the last three years. Consequently, we increased our holdings in the euro and the Australian dollar. In credit markets, valuations look expensive, and we will likely add protection in further rallies. However, given the market's dependency on single data points, we also added convexity in our risk-hedging positions. This will aim to capture any sharp downward moves while limiting losses during a rapid risk market rebound. We also increased our holdings on short-dated high-quality corporate debt. This allocation aims to provide some durable yield and returns in comparison with cash rates.

Investors are grappling with a combination of data-dependent policymakers during a time of a broadly resilient U.S. economy, struggling economies in China and Europe, and increased fiscal issuance. In this climate, we believe that it's important to be tactical and keep a liquid profile in the portfolio. This should help give us flexibility to adapt to changes.

ATTRIBUTION

CONTRIBUTION TO EXCESS RETURN

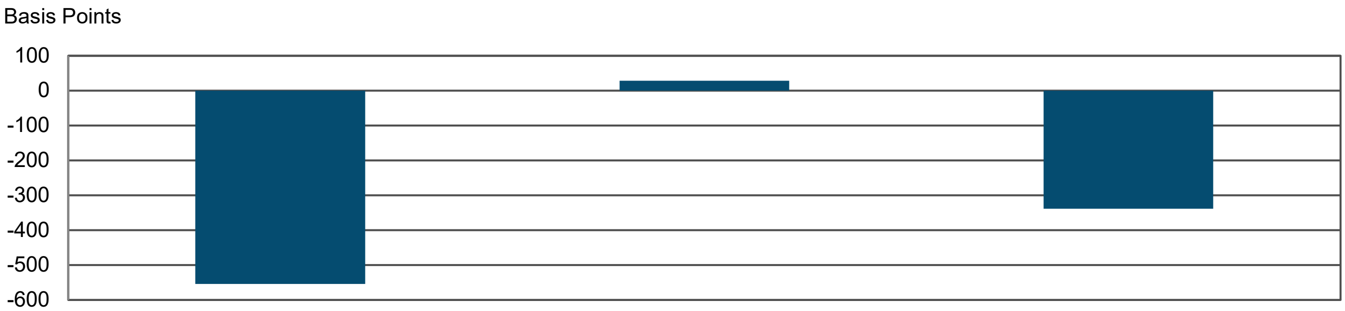
(3 months ended 31 December 2023)



Country/Duration	Currency	Sector/Security
-108	-9	4

CONTRIBUTION TO EXCESS RETURN

(12 months ended 31 December 2023)



Country/Duration	Currency	Sector/Security
-555	28	-339

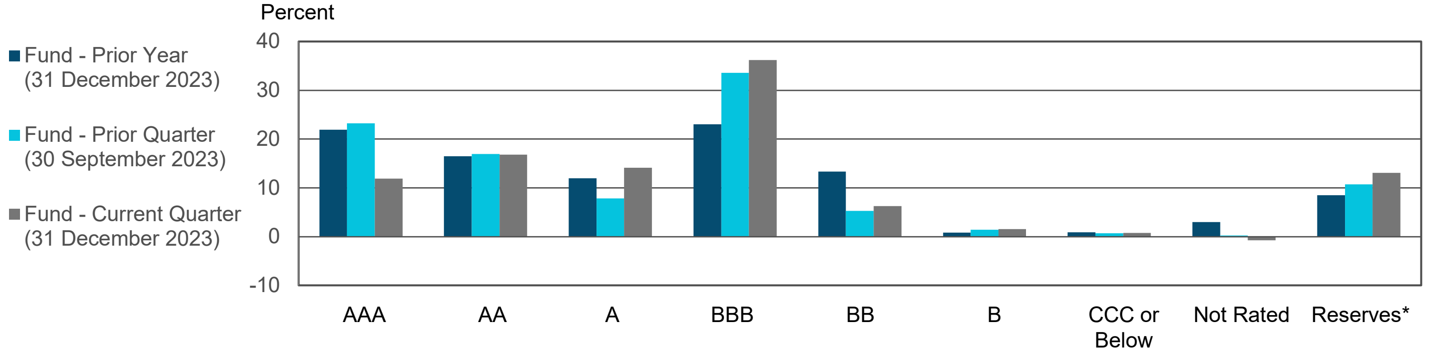
Past performance is not a reliable indicator of future performance.

Source: T. Rowe Price.

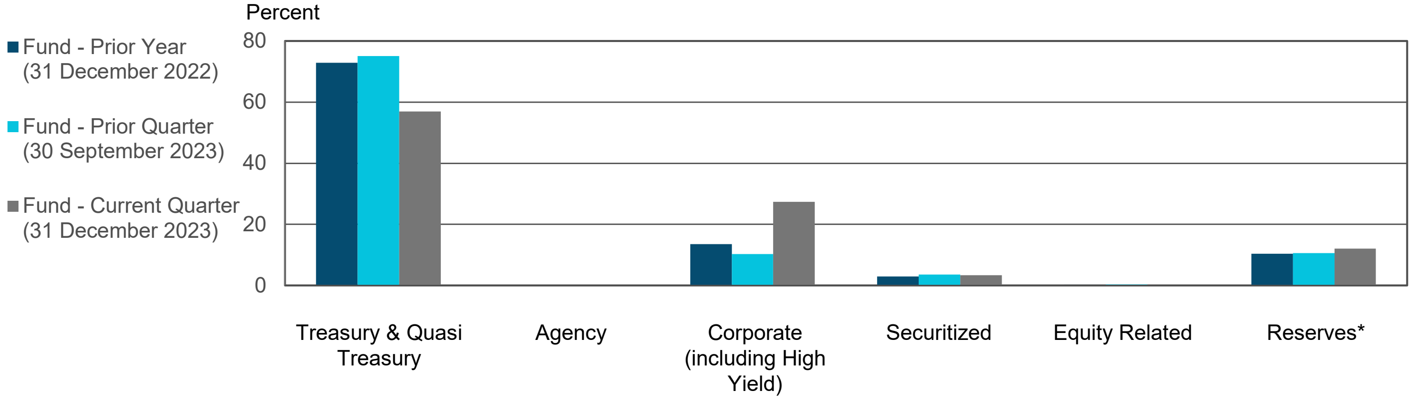
T. Rowe Price Proprietary Performance Attribution Model is used to separate (attribute) the period outperformance (or underperformance) of a portfolio relative to its benchmark. The system attributes the outperformance (or underperformance) to a set of portfolio decisions such as currency and country weightings and specific security selections. The portfolio return is calculated by a daily compounding of returns from changes in present value, additional interest accruals, and trading activities. Figures are shown gross of fees. Performance for each security is obtained in the currency in which it is issued and, if necessary, is converted using an exchange rate determined by an independent third party.

PORTFOLIO POSITONING

CREDIT QUALITY DIVERSIFICATION—CHANGES OVER TIME



SECTOR DIVERSIFICATION—CHANGES OVER TIME



*This number includes the impact of net unsettled trades.

CONTRIBUTION TO DURATION

Country	Fund (Years)
Dollar Bloc	
United States	-1.18
Australia	1.60
Canada	-0.87
New Zealand	0.71
Europe Bloc	
Eurozone	-1.37
United Kingdom	1.61
Wider Europe Bloc	
Czech Republic	0.11
Hungary	0.12
Asia Bloc	
Japan	-0.52
Malaysia	0.11
South Korea	0.21
Emerging Markets Bloc	
Chile	0.14
Colombia	0.18
India	0.05
Indonesia	0.05
Mexico	0.35
Philippines	0.04
Serbia	0.09
South Africa	0.06
Thailand	0.20

CURRENCY EXPOSURE

Currency	% of Fund
Dollar Bloc	
Australian dollar	101.16
Mexican peso	1.10
New Zealand dollar	0.12
Israeli shekel	-0.06
Canadian dollar	-0.29
United States dollar	-10.56
Europe Bloc	
euro	3.48
Swedish krona	0.99
British pound sterling	0.31
Hungarian forint	0.08
Czech koruna	0.02
Serbia dinar	0.01
Russian ruble	0.00
Asia Bloc	
Japanese yen	5.96
Malaysian ringgit	1.52
Indonesian rupiah	0.01
Thai baht	0.01
Chinese renminbi	0.00
Korean won	0.00
Philippine peso	0.00
New Taiwan dollar	-0.19
Indian rupee	-1.26
Offshore Chinese renminbi	-3.94
Middle East/ Africa Bloc	
Brazilian real	0.97
Colombian peso	0.36
Chilean peso	0.17
South African rand	0.03
Argentinian peso	0.00

MARKET PERFORMANCE

GLOBAL GOVERNMENT BOND MARKET RETURNS (LOCAL CURRENCY)

(3 months ended 31 December 2023)

Country	
United Kingdom	8.17%
Czech Republic	5.86
South Korea	8.59
Australia	4.25
Euro	0.00
New Zealand	7.11
Poland	2.24
Norway	4.68
Denmark	7.74
United States	5.08
Germany	6.44
Sweden	6.56
Mexico	5.21
Singapore	5.12
Canada	7.10
Japan	2.10
Malaysia	2.56

CURRENCY RETURNS (SPOT PRICE RETURNS VS. AUD)

(3 months ended 31 December 2023)

Currency	
United Kingdom	-0.38%
Czech Republic	-0.71
South Korea	0.03
Australia	0.00
Euro	0.00
New Zealand	-0.23
Poland	-0.56
Norway	0.00
Denmark	0.08
United States	-0.56
Germany	0.00
Sweden	0.18
Mexico	-1.82
Singapore	0.03
Canada	-0.25
Japan	1.16
Malaysia	0.26

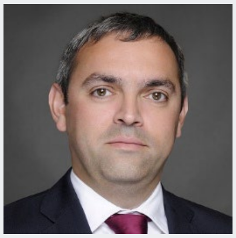
Past performance is not a reliable indicator of future performance.

HOLDINGS

TOP 10 ISSUERS

Issuer	% of Fund
United Kingdom of Great Britain and Northern Ireland	14.6%
United Mexican States	8.8
Republic of Colombia	3.4
Kingdom of Thailand	3.4
Sovereign in right of New Zealand	2.8
Federal Republic of Germany	2.7
Republic Of Serbia	2.1
Republic of Chile	2.0
Republic of Italy	1.8
Petroleos Mexicanos	1.7

PORTFOLIO MANAGEMENT



Portfolio Manager:
Arif Husain

Managed Fund Since:
2014

Joined Firm:
2013

ADDITIONAL DISCLOSURES

T. Rowe Price uses a custom structure for diversification reporting for this product.

Diversification exhibits may not add to 100% due to exclusion or inclusion of cash.

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.

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

Credit ratings for the securities held in the T. Rowe Price Dynamic Global Bond Fund are provided by Moody’s, Standard & Poor’s and Fitch and are converted to the Standard & Poor’s nomenclature. If the rating agencies differ, the highest rating is applied to the security. If a rating is not available, the security is classified as Not Rated (NR). T. Rowe Price uses the rating of the underlying investment vehicle to determine the creditworthiness of credit default swaps and sovereign securities. The T. Rowe Price Dynamic Global Bond Fund is not rated by any agency.

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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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