



STRATEGY HIGHLIGHTS

As of 30 September 2021

## Emerging Markets Corporate Bond Strategy

**Total Emerging Markets Corporate Bond Strategy Assets:**<sup>1</sup> \$2.1 billion<sup>2</sup>

Figures shown in U.S. Dollars

### INVESTMENT APPROACH

- Focus primarily on corporate debt issued by companies domiciled within emerging market countries.
- Integrate proprietary credit research and relative value analysis.
- Establish independent credit rating for each company and country.
- Add value primarily through individual security selection decisions.
- Limit risk through diversification.
- Employ long-term investment horizon combined with low portfolio turnover.
- Utilize collaboration across macroeconomic, equity and corporate debt teams to take a comprehensive view of corporate debt securities.

### PORTFOLIO CONSTRUCTION

- Diversified portfolio structure: typically 100-150 securities
- Duration bands: managed within +/- 1 year of the benchmark
- Expected average credit quality: BB
- Maximum corporate issuer exposure of 3%
- Country exposure will range between +/- 20% of index
- Corporate sector exposure will range between +/- 20% of index
- Expected tracking error will range between 250 - 450 bps

### BENCHMARK

- J.P. Morgan Corporate Emerging Market Bond Index Broad Diversified

### PORTFOLIO MANAGEMENT

#### Samy Muaddi, CFA®

- 15 years of investment experience; 15 years with T. Rowe Price.
- B.A., University of Maryland

#### Siby Thomas, CFA®

- 12 years of investment experience; 12 years with T. Rowe Price.
- M.B.A., University of Chicago, Booth School of Business
- B.S., University of Illinois

### PORTFOLIO SPECIALISTS

#### Ben Robins, CFA®

- 21 years of investment experience; 5 years with T. Rowe Price.
- M.B.A., Dartmouth College, Tuck School of Business
- B.A., The College of William and Mary

Portfolio Specialists do not assume management responsibilities.

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<sup>1</sup> Includes a U.S.-registered mutual fund, a sub-fund of a Luxembourg domiciled SICAV, a separate account, and a subadvised account.

<sup>2</sup> Assets reported are as of 30 June 2021.

**PORTFOLIO CHARACTERISTICS**

	Representative Portfolio <sup>2</sup>	J.P. Morgan Corporate Emerging Market Bond Index Broad Diversified
Weighted Average Coupon	5.14%	4.70%
Weighted Average Maturity	8.85 years	8.21 years
Weighted Average Effective Duration	5.62 years	5.66 years
Yield to Maturity	4.34%	4.40%
Average Credit Quality	BB+	BBB-
Number of Holdings	228	2,104

**CREDIT QUALITY**

Credit Allocation	% of Representative Portfolio <sup>2</sup>	% of Index
U.S. Treasury*	0.4%	0.0%
AAA	0.0	0.1
AA	0.6	5.4
A	3.4	19.3
BBB	39.6	35.8
BB	37.0	21.1
B	9.7	11.4
CCC	1.0	2.0
CC	0.0	0.1
C	0.0	0.1
Not Rated	6.3	4.7
Reserves	2.0	0.0

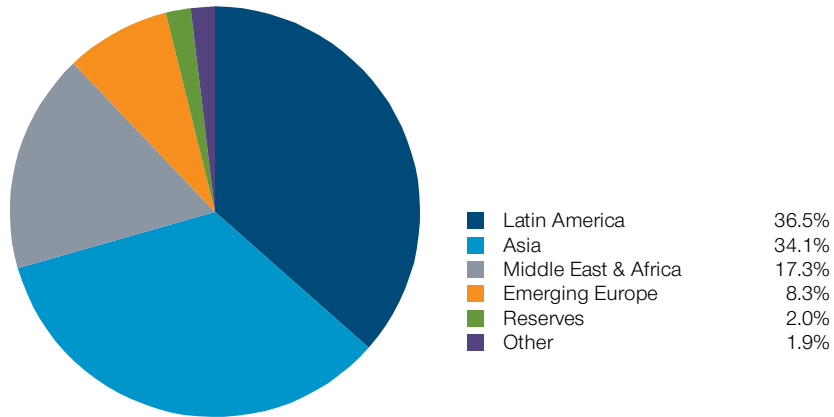
**Past performance is not a reliable indicator of future performance.**

\*U.S. Treasury securities are issued by the U.S. Treasury and are backed by the full faith and credit of the U.S. government. The ratings of U.S. Treasury securities are derived from the ratings on the U.S. government.

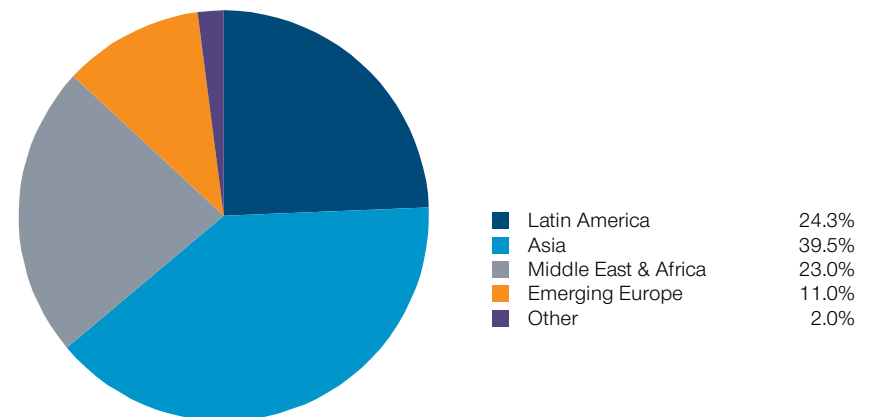
<sup>2</sup>Please see Additional Disclosures section for further information.

**REGIONAL ALLOCATION**

**Representative Portfolio<sup>2</sup>**

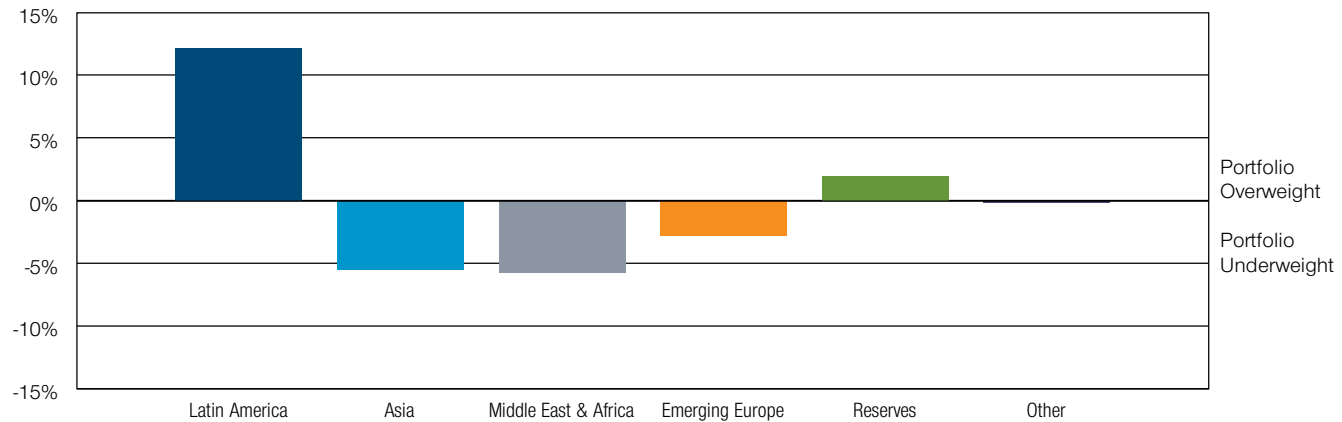


**J.P. Morgan Corporate Emerging Market Bond Index Broad Diversified**



**REGIONAL ALLOCATION**

**Representative Portfolio<sup>2</sup> vs. Index: Regional Weighting Difference**



<sup>2</sup>Please see Additional Disclosures section for further information.

**PERFORMANCE**

	Three Months	Year-to-Date	One Year	Annualized		
				Three Years	Five Years	Ten Years
Emerging Markets Corporate Bond Full-Authority Composite (Gross)	0.11%	1.43%	7.65%	7.73%	6.16%	7.44%
Emerging Markets Corporate Bond Full-Authority Composite (Net)	0.01	1.13	7.23	7.30	5.74	7.01
J.P. Morgan Corporate Emerging Market Bond Index Broad Diversified	0.25	1.53	6.03	7.13	5.21	6.12
Value Added (Gross)	-0.14	-0.10	1.62	0.60	0.95	1.32
Value Added (Net)	-0.24	-0.40	1.20	0.17	0.53	0.89

**Past performance is not a reliable indicator of future performance.**

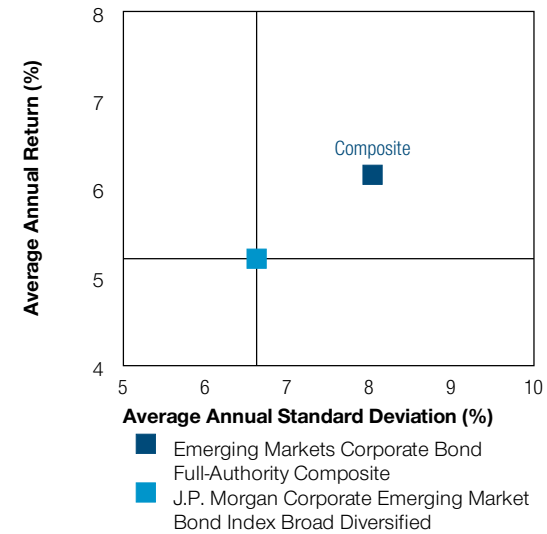
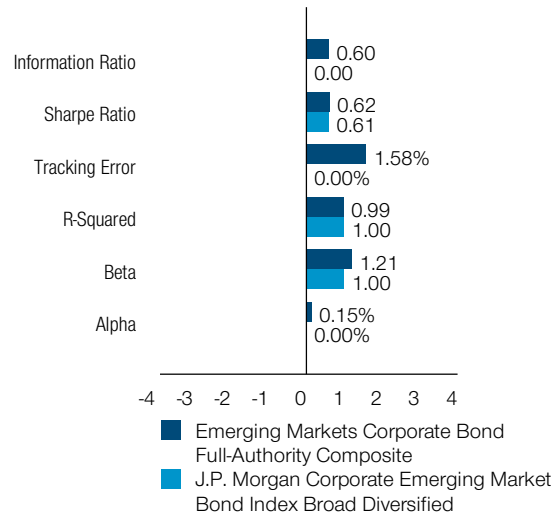
Gross performance returns are presented before management and all other fees, where applicable, but after trading expenses. Net of fees performance reflects the deduction of the highest applicable management fee that would be charged based on the fee schedule contained within this material, without the benefit of breakpoints. Gross and net performance returns reflect the reinvestment of dividends and are net of all non-reclaimable withholding taxes on dividends, interest income, and capital gains.

See GIPS Composite Report located in this material for additional information.

For Sourcing Information, please see Additional Disclosures.

**RISK/RETURN CHARACTERISTICS**

Five Years ended 30 September 2021



**Past performance is not a reliable indicator of future performance.** Statistics based on monthly gross returns. Returns would have been lower as the result of the deduction of applicable fees.

**FEE SCHEDULE****Emerging Markets Corporate Bond Full-Authority Composite**

The Emerging Markets Corporate Bond Full-Authority Composite is comprised of portfolios seeking current income and capital appreciation primarily through investment in a broader universe of fixed income corporate debt securities and quasi-sovereign debt securities issued by companies located or having a business activity in emerging/developing countries. While largely focused on dollar-denominated corporate bonds, the composite has the ability to invest in local currency corporates as well as dollar-denominated sovereigns. The Full-Authority composite maintains broader discretion seeking to invest in the entire emerging markets corporate universe (Created December 2017, inception May 31, 2011.) (Formerly known as Emerging Markets Corporate Bond Composite)

First \$50 million	40 basis points
Next \$50 million	37.5 basis points
Above \$100 million	37.5 basis points on all assets *
Above \$250 million	32.5 basis points on all assets *
Minimum separate account size	\$50 million

\* A transitional credit is applied to the fee schedule as assets approach or fall below the break point.

## GIPS® Composite Report

## Emerging Markets Corporate Bond Full-Authority Composite

Period Ended December 31, 2020

Figures Shown in U.S. dollar

	<u>2011</u> <sup>2</sup>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Gross Annual Returns (%)	-3.29	19.41	-0.41	4.36	0.55	12.39	10.19	-0.54	14.06	8.05
Net Annual Returns (%) <sup>1</sup>	-3.52	18.94	-0.81	3.94	0.15	11.95	9.76	-0.94	13.61	7.62
J.P. Morgan Corporate Emerging Market Bond Index Broad Diversified (%)	-1.24	15.02	-0.60	4.96	1.30	9.65	7.96	-1.65	13.09	7.13
Composite 3-Yr St. Dev.	N/A	N/A	N/A	5.94	5.67	5.36	4.71	4.13	3.20	10.05
J.P. Morgan Corporate Emerging Market Bond Index Broad Diversified 3-Yr St. Dev.	7.67	5.75	6.03	4.50	4.43	4.13	3.70	3.39	2.82	8.30
Composite Dispersion	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Comp. Assets (Millions)	11.5	48.6	141.2	172.4	132.9	77.4	80.7	79.3	394.0	1,705.5
# of Accts. in Comp.	1	2	2	2	2	2	2	2	2	3
Total Firm Assets (Billions)	493.1	579.8	696.3	749.6	772.4	817.2	1,000.2	972.7	1,218.2	1,482.5 <sup>3</sup>

<sup>1</sup>Reflects deduction of highest applicable fee schedule without benefit of breakpoints. Investment return and principal value will vary. Past performance is not a reliable indicator of future performance. Monthly composite performance is available upon request. **See below for further information related to net of fee calculations.**

<sup>2</sup>May 31, 2011 through December 31, 2011.

<sup>3</sup>Preliminary - subject to adjustment.

T. Rowe Price (TRP) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. TRP has been independently verified for the 24-year period ended June 30, 2020 by KPMG LLP. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm wide basis. Verification does not ensure the accuracy of any specific composite presentation. TRP is a U.S. investment management firm with various investment advisers registered with the U.S. Securities and Exchange Commission, the U.K. Financial Conduct Authority, and other regulatory bodies in various countries and holds itself out as such to potential clients for GIPS purposes. TRP further defines itself under GIPS as a discretionary investment manager providing services primarily to institutional clients with regard to various mandates, which include U.S., international, and global strategies but excluding the services of the Private Asset Management group. The minimum asset level for equity portfolios to be included in composites is \$5 million and prior to January 2002 the minimum was \$1 million. The minimum asset level for fixed income and asset allocation portfolios to be included in composites is \$10 million; prior to October 2004 the minimum was \$5 million; and prior to January 2002 the minimum was \$1 million. Valuations are computed and performance reported in U.S. dollars.

Gross performance returns are presented before management and all other fees, where applicable, but after trading expenses. Net of fees performance reflects the deduction of the highest applicable management fee that would be charged based on the fee schedule contained within this material, without the benefit of breakpoints. Gross and net performance returns reflect the reinvestment of dividends and are net of nonreclaimable withholding taxes on dividends, interest income, and capital gains. Gross performance returns are used to calculate presented risk measures. Effective June 30, 2013, portfolio valuation and assets under management are calculated based on the closing price of the security in its respective market. Previously portfolios holding international securities may have been adjusted for after-market events. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Dispersion is measured by the standard deviation across asset-weighted portfolio returns represented within a composite for the full year. Dispersion is not calculated for the composites in which there are five or fewer portfolios.

Some portfolios may trade futures, options, and other potentially high-risk derivatives which generally represent less than 10% of a portfolio.

Benchmarks are taken from published sources and may have different calculation methodologies, pricing times, and foreign exchange sources from the composite.

Composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow greater than or equal to 15% of portfolio assets. The temporary removal of such an account occurs at the beginning of the measurement period in which the significant cash flow occurs and the account re-enters the composite on the last day of the current month after the cash flow. Additional information regarding the treatment of significant cash flows is available upon request.

The firm's list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

A portfolio management change occurred effective June 30, 2020 and December 31, 2020. There were no changes to the investment program or strategy related to this composite.

**ADDITIONAL DISCLOSURES**

Figures shown in U.S. Dollars

Portfolio Construction: There is no guarantee that the investment will remain within the anticipated ranges of exposure.

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

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

The specific securities identified and described do not represent all of the securities purchased, sold or recommended for the portfolio, and no assumptions should be made that the securities identified and discussed were or will be profitable.

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

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

Credit ratings for the securities held in the portfolio 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 portfolio is not rated by any agency.

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The representative portfolio is an account in the composite we believe most closely reflects current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative portfolio. The characteristics of the representative portfolio shown may differ from those of other accounts in the strategy. Please see the GIPS® Composite Report for additional information on the composite.

"Other" includes any categories not explicitly mentioned.

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

**Risks**

The following risks are materially relevant to the portfolio.

**China Interbank Bond Market risk** - Market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the China Interbank Bond Market may result in prices of certain debt securities traded on such market fluctuating significantly.

**Contingent convertible bond risk** - Contingent convertible bonds have similar characteristics to convertible bonds with the main exception that their conversion is subject to predetermined conditions referred to as trigger events usually set to capital ratio and which vary from one issue to the other.

**Country risk (China)** - All investments in China are subject to risks similar to those for other emerging markets investments. In addition, investments that are purchased or held in connection with a QFII licence or the Stock Connect program may be subject to additional risks.

**Credit risk** - A bond or money market security could lose value if the issuer's financial health deteriorates.

**Default risk** - The issuers of certain bonds could become unable to make payments on their bonds.

**Derivatives risk** - Derivatives may result in losses that are significantly greater than the cost of the derivative.

**Emerging markets risk** - Emerging markets are less established than developed markets and therefore involve higher risks.

**Frontier markets risk** - Small market nations that are at an earlier stage of economic and political development relative to more mature emerging markets typically have limited investability and liquidity.

**High yield bond risk** - A bond or debt security rated below BBB- by Standard and Poors or an equivalent rating, also termed below investment grade, is generally subject to higher yields but to greater risks too.

**Interest rate risk** - When interest rates rise, bond values generally fall. This risk is generally greater the longer the maturity of a bond investment and the higher its credit quality.

**Liquidity risk** - Any security could become hard to value or to sell at a desired time and price.

**Sector concentration risk** - The performance of a portfolio that invests a large portion of its assets in a particular economic sector (or, for bond portfolios, a particular market segment), will be more strongly affected by events affecting that sector or segment of the fixed income market.

**General Portfolio Risks**

**Capital risk** - The value of your investment will vary and is not guaranteed. It will be affected by changes in the exchange rate between the base currency of the portfolio and the currency in which you subscribed, if different. **Counterparty risk** - An entity with which the portfolio transacts may not meet its obligations to the portfolio. **ESG and Sustainability risk** - May result in a material negative impact on the value of an investment and performance of the portfolio. **Geographic concentration risk** - To the extent that a portfolio invests a large portion of its assets in a particular geographic area, its performance will be more strongly affected by events within that area. **Hedging risk** - A portfolio's attempts to reduce or eliminate certain risks through hedging may not work as intended. **Investment portfolio risk** - Investing in portfolios involves certain risks an investor would not face if investing in markets directly. **Management risk** - The investment manager or its designees may at times find their obligations to a portfolio to be in conflict with their obligations to other investment portfolios they manage (although in such cases, all portfolios will be dealt with equitably). **Operational risk** - Operational failures could lead to disruptions of portfolio operations or financial losses.



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