



## QUARTERLY REVIEW

# International Bond Fund – Multi-Class

As of March 31, 2024

## PORTFOLIO HIGHLIGHTS

The portfolio moderately underperformed its benchmark for the three months ended March 31, 2024.

Relative performance drivers:

- Duration positioning detracted for the quarter, driven by underweighting duration in China and overweighting Hungary and Sweden. Positioning for a steepening yield curve in the eurozone also weighed on relative returns.
- Currency management was also negative amid a strengthening U.S. dollar.
- Exposure to corporate debt in Europe and the UK aided the portfolio as tightening credit spreads were supportive.

Additional highlights:

- Over the quarter, we adjusted our holdings in credit sectors by adding in investment-grade corporate bonds. Additionally, we added duration after rates sold off earlier in the quarter.
- The market seems to have adjusted its U.S. rate cut expectations to be more in line with the Federal Reserve's messaging while the European Central Bank is still expected to begin cutting this summer. We believe these to be reasonable adjustments, and the market may continue to price out the timing of the first Fed rate cut.

## FUND INFORMATION

Symbol	RPIBX
CUSIP	77956H104
Inception Date of Fund	September 10, 1986
Benchmark	Bloomberg Global Agg ex USD Index
Expense Information (as of the most recent Prospectus)*	0.86% (Gross) 0.67% (Net)
Fiscal Year End	December 31
12B-1 Fee	–
Total Assets (all share classes)	\$946,923,584
Percent of Portfolio in Cash	2.9%

\*The Fund operates under a contractual expense limitation that expires on April 30, 2025. Please refer to the detailed Fund Information section, at the end of the report, for additional expense information and available share classes.

## PERFORMANCE

(NAV, total return)

	Inception Date	Three Months	One Year	Annualized					30-Day SEC Yield	30-Day SEC Yield w/o Waiver <sup>a</sup>
				Three Years	Five Years	Ten Years	Fifteen Years	30-Day SEC Yield		
International Bond Fund	Sep 10 1986	-3.45%	0.69%	-6.84%	-2.26%	-1.20%	0.93%	3.05%	2.89%	
International Bond Fund - Advisor Class	Mar 31 2000	-3.48	0.20	-7.59	-2.83	-1.62	0.54	2.65	–	
International Bond Fund - I Class	Aug 28 2015	-3.41	0.83	-6.72	-2.10	-1.05	1.03	3.17	3.17	
Bloomberg Global Aggregate ex USD Bond Index		-3.21	-0.71	-6.53	-2.49	-1.38	0.78	–	–	

## CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
International Bond Fund	Sep 10 1986	-3.77%	-5.70%	2.20%	11.15%	-2.94%	6.66%	11.50%	-7.19%	-20.30%	7.09%
International Bond Fund - Advisor Class	Mar 31 2000	-3.98	-6.00	1.93	10.92	-3.36	6.47	11.14	-7.33	-21.25	6.04
International Bond Fund - I Class	Aug 28 2015	-3.77	-5.54	2.36	11.29	-2.71	6.83	11.66	-7.02	-20.14	7.22
Bloomberg Global Aggregate ex USD Bond Index		-3.08	-6.02	1.49	10.51	-2.15	5.09	10.11	-7.05	-18.70	5.72

**Performance data quoted represents past performance and is not a reliable indicator of future performance. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. To obtain the most recent month-end performance, visit [troweprice.com](https://www.troweprice.com).** The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

The T. Rowe Price Fund shares the portfolio of an existing fund (the original share class of the fund referred to as the "investor class"). The total return figures for the I Class shares have been calculated using the performance data of the investor class up to the inception date of the I Class (8/28/15) and the actual performance results of the I Class since that date. Because the I Classes are expected to have lower expenses than the Investor Classes, the I Class performance, had it existed over the periods shown, would have been higher.

<sup>a</sup>Excludes the effect of contractual expense limitation arrangements. If the expense waiver was not in effect for the 30-Day period shown, there may not be a difference in the 30-day SEC yields shown above.

This fund involves a high-risk approach to income from foreign bonds, and its share price could fluctuate significantly. The fund is subject to the risks unique to international investing, including unfavorable changes in currency values, as well as credit risk and interest rate risk. To the extent the Fund invests in emerging markets, the international investing risks are heightened.

## PERFORMANCE REVIEW

### Non-U.S. Bond Markets Struggled

The non-U.S. fixed income market, as measured by the Bloomberg Global Aggregate ex-USD Bond Index, posted weak total returns in the first quarter as sovereign yields rose in January and February before retreating somewhat in March. A stronger U.S. dollar also broadly weighed on bonds denominated in local currencies. Excess returns, however, were positive with narrowing credit spreads supporting most spread sectors.

Global government bond yields climbed in the first quarter of the year though yields came off highs later in the period. Resilient growth and sticky inflation data prompt investors to reassess their 2024 rate cut expectations, with fixed income markets coming under pressure as a result. Having begun the year with around six rate cuts forecast across major central banks, this was scaled back to approximately three, as concerns grew that sound growth and rising energy prices increased reflation risks and the possibility of hawkish shifts. Government bond yields in France and Germany also climbed despite sharply slowing inflation data and dovish comments by policymakers. The Federal Reserve and the European Central Bank indicated the rate-cutting cycle will begin later in the year at their policy meetings. Japanese government bond yields also rose slightly over the period as the Bank of Japan made a widely anticipated policy shift and exited its negative interest rate policy.

### Duration Positioning Weighed on Relative Returns

An underweight duration posture in China versus the benchmark detracted for the period. While sovereign yields rose over the quarter for many countries, government-bond yields fell across the curve in China. The People's Bank of China cut its reserve ratio requirement and the five-year loan prime interest rate in an effort to stimulate its economy, which contributed to falling sovereign yields, especially at the very front end of the curve.

An overweight duration posture in Hungary and Sweden also dragged on performance. Hungarian local bonds retraced some of the strong 2023 performance amid concerns over a proposed law change that could challenge the central bank's independence. The central bank continued to cut interest rates amid declining inflation. While Sweden's central bank held policy rates steady, intermediate- and longer-term yields rose in Sweden over the quarter. Still, the market expects Sweden's central bank to begin easing policy this year amid positive developments in inflation and slowing growth. Positioning for a steepening yield curve in the eurozone also weighed on relative returns as yields rose more in the belly of the curve.

However, broadly underweighting duration in the eurozone, as well as Canada, benefited the portfolio in the first quarter's rising rate environment.

### Currency Management Also Detracted

The U.S. dollar strengthened as the economy continued to defy skeptics and grow despite high interest rates. The broader theme of U.S. data exceptionalism over its peers, especially in Europe and China, prompted broad based gains. A long position in the Chilean peso detracted as the economy's central bank governor, while addressing the recent, larger-than-expected increases in consumer prices, indicated rate cuts would continue, thereby negatively affecting the country's currency. A long position in the Korean won also dragged on relative performance for the period.

However, some currency pairings worked in the portfolio's favor for the quarter. A long position in the Mexican peso helped as authorities struck a hawkish bias, reinforcing the currency's attractiveness as a carry trade. Additionally, short positions in the Taiwan dollar and Chinese yuan also added value as the U.S. dollar advanced.

### Sector Allocations Helped

With spread sectors generating positive excess returns on narrowing credit spreads, the portfolio's exposure to corporate debt in Europe and the UK aided the portfolio. Allocations in emerging markets corporate debt was also beneficial. Healthy risk appetite and resilient investor demand for yield helped most spread sectors generate positive absolute and duration-matched returns in a rising rate environment. The European investment-grade corporate sector saw some of the strongest inflows into the asset class since 2020, leading to a positive technical backdrop. Emerging market debt also advanced as high real yields outweighed the impact of the strengthening U.S. dollar on the asset class.

## PORTFOLIO POSITIONING AND ACTIVITY

### Sector Positioning

The portfolio's total exposure to credit was relatively unchanged over the quarter after moving at the beginning of the quarter. The portfolio's holdings in global investment-grade corporate bonds increased as we found opportunities to put cash to work. While corporate spreads have tightened materially, we remain constructive in our outlook for the sector as an attractive source for yield at relatively higher credit quality.

### Duration Management

Overall duration moved higher in the first quarter and moved relatively neutral versus the benchmark. We added exposure the eurozone after the European rates sell-off in January. With reduced inflation expectations and the European Central Bank's recent communications, we believe the central bank may begin easing policy rates at its upcoming June meeting. We also increased duration exposure in Canada on our belief that the Bank of Canada is on track to begin cutting rates later this year. Additionally, we trimmed duration in the UK as gilt yields may be pressured higher by strengthening economic activity and resilient inflation in the near term.

### Currencies

We increased the portfolio's long exposure in the euro and initiated a long position in the Egyptian pound. Egypt's central bank increased rates notably during the period and allowed the pound to trade freely to help secure a loan program with the International Monetary Fund, and we believe the external investment could be supportive for the currency.

The portfolio trimmed exposure in the Japanese yen. While the Bank of Japan did increase rates for the first time in more than a decade, we have reduced conviction in the currency amid reduced market expectations for future rate hikes and uncertainty around the Bank of Japan's policy changes materially narrowing the interest rate differential between the U.S. and Japan.

## MANAGER'S OUTLOOK

The market seems to have adjusted its U.S. rate cut expectations to be more in line with the Federal Reserve's messaging while the

European Central Bank is still expected to begin cutting this summer. We believe these to be reasonable adjustments and it seems unlikely that the Fed will want to tighten more at this stage, and the market may continue to price out the timing of the first Fed rate cut. Labor markets have softened but not weakened materially, which has likely pushed the first Fed rate cut out to June or later. Some of the advanced rate cutters, such as Chile and Brazil, are seeing economic activity rebounding, which could support the argument for the soft-landing scenario, but central banks for both Chile and Brazil have moved to a more conservative stance for cutting rates.

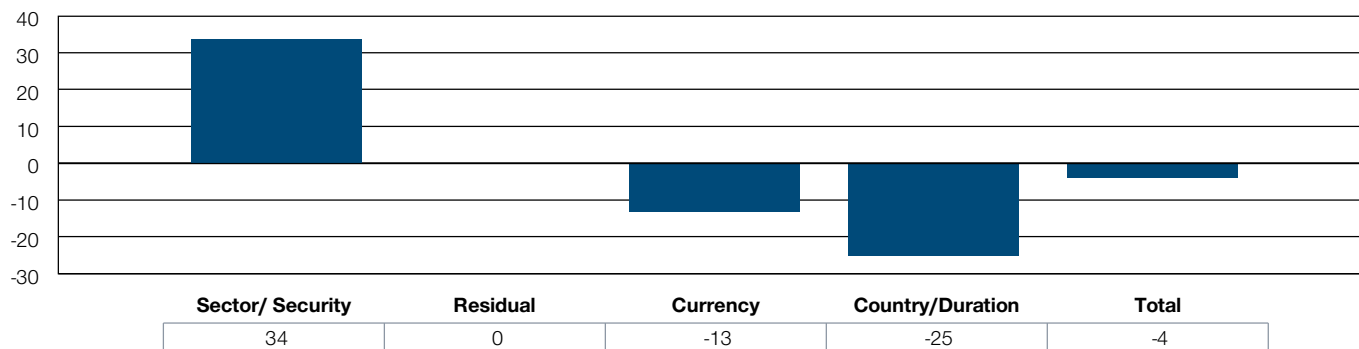
We remain constructively positioned in credit with a relatively positive outlook on risk assets with a supportive macro outlook and easing financial conditions. Still, credit spreads have tightened significantly and are trading at multiyear tight levels, so credit may benefit more from carry than spread tightening. Still, we believe the global economy will remain strong enough to keep default rates low and long-end rate volatility should remain contained if the Fed begins easing policy around the middle of the year. Credit generated solid excess returns in 2023, and we believe 2024 could be a more challenging environment for spreads with limited buffers should there be unexpected macroeconomic or financial deterioration.

## ATTRIBUTION

### CONTRIBUTION TO EXCESS RETURN: FUND VS. BLOOMBERG GLOBAL AGG EX USD INDEX

(3 months ended March 31, 2024)

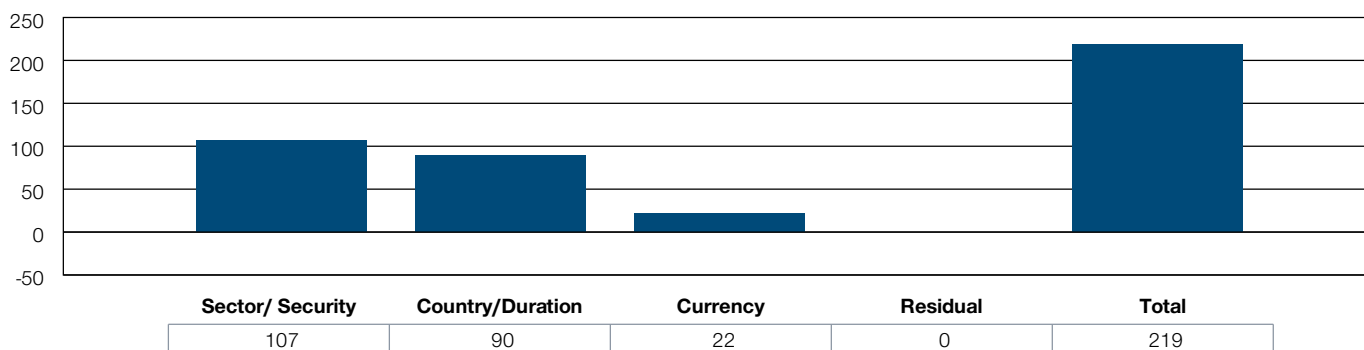
Basis Points



### CONTRIBUTION TO EXCESS RETURN: FUND VS. BLOOMBERG GLOBAL AGG EX USD INDEX

(12 months ended March 31, 2024)

Basis Points

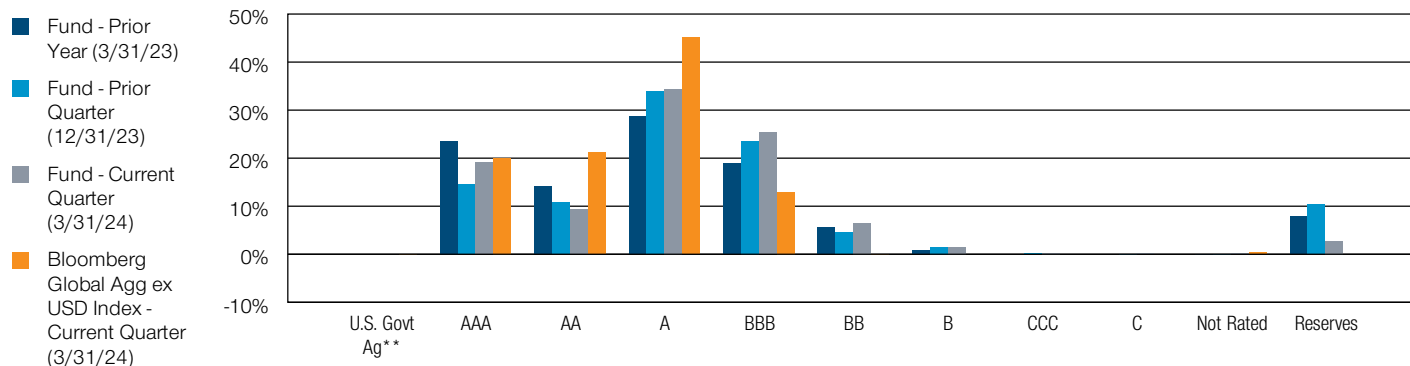


Source: T. Rowe Price.

**Past performance is not a reliable indicator of future performance.** 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. Returns would be lower as a result of the deduction of such fees. Performance for each security is obtained in the currency in which it is issued and, if necessary, is converted to USD using an exchange rate determined by an independent third party. Performance returns are in USD.

## PORTFOLIO POSITIONING

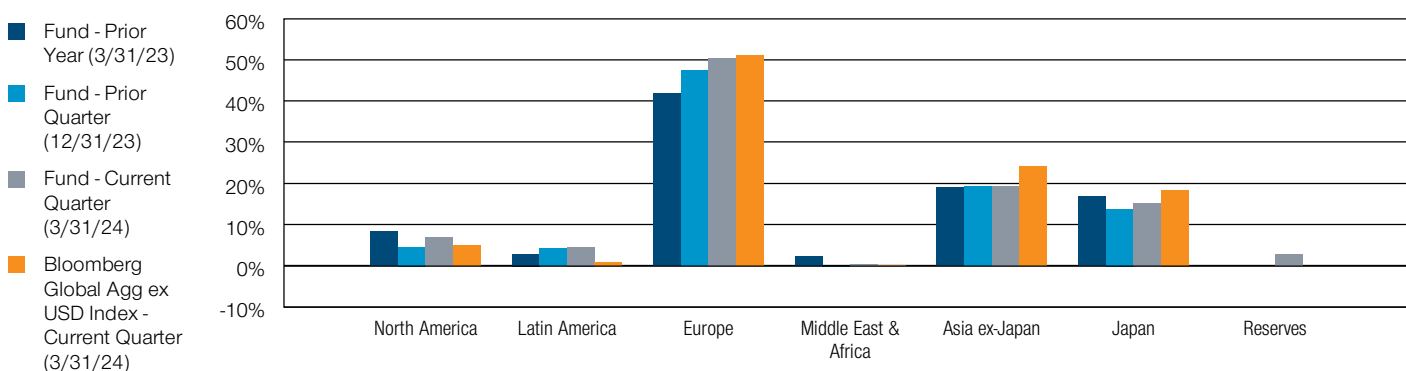
### CREDIT QUALITY DIVERSIFICATION – CHANGES OVER TIME



### SECTOR DIVERSIFICATION: FUND VS. BLOOMBERG GLOBAL AGG EX USD INDEX

	% of Fund	% of Bloomberg Global Agg ex USD Index	Over/Underweight
Government	72.6%	69.6%	3.0%
Agency/Supranationals	0.1	15.5	-15.4
Corporate	19.5	11.0	8.5
Financials	8.3	5.0	3.3
Utilities	1.8	1.0	0.7
Industrials	9.5	5.0	4.5
Collateralised	0.1	3.9	-3.8
Sub Investment Grade	5.1	0.0	5.1
Emerging Market Corporate	1.6	0.0	1.6
High Yield Issuer	3.4	0.0	3.4
Derivatives	-0.2	0.0	-0.2
Options	-0.2	0.0	-0.2
Reserves	2.9	0.0	2.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	

### BOND ALLOCATION ISSUE CURRENCY – CHANGES OVER TIME



Sources: T. Rowe Price and Bloomberg Index Services Ltd.

## PORTFOLIO POSITIONING, CONTINUED

### CURRENCY EXPOSURE

	% of Fund	% of Bloomberg Global Agg ex USD Index	Over/Underweight
U.S. dollar	-5.7%	0.0%	-5.7%
Australian dollar	3.0	2.5	0.5
Canadian dollar	5.7	4.9	0.7
Mexican peso	2.6	0.6	2.0
New Zealand dollar	0.3	0.3	-0.0
<b>Dollar Bloc</b>	5.9	8.4	-2.5
euro	38.7	40.7	-2.0
British pound sterling	7.3	7.4	-0.0
Czech koruna	0.3	0.3	-0.0
Danish krone	0.4	0.4	-0.0
Hungarian forint	2.3	0.1	2.1
Norwegian krone	0.2	0.2	0.0
Polish zloty	0.9	0.4	0.5
Swedish krona	0.7	0.7	0.0
Swiss franc	0.9	1.0	-0.0
<b>European Bloc</b>	51.6	51.0	0.6
Japanese yen	17.6	18.5	-0.9
Korean won	3.1	2.1	1.0
Malaysian ringgit	0.6	0.7	-0.0
New Taiwan dollar	-1.0	0.0	-1.0
Singapore dollar	0.4	0.4	-0.0
Thai baht	0.6	0.5	0.0
<b>Far East Bloc</b>	21.3	22.2	-0.9
Brazilian real	1.3	0.0	1.3
Chilean peso	1.3	0.1	1.2
Chinese renminbi	5.2	16.8	-11.5
Colombian peso	0.2	0.2	-0.0
Egyptian pound	0.8	0.0	0.8
Indian rupee	0.5	0.0	0.5
Indonesian rupiah	1.3	0.8	0.5
Israeli shekel	0.2	0.2	-0.1
New Romanian leu	0.2	0.2	-0.0
Peruvian nuevo sol	0.1	0.1	-0.0
Sri Lanka rupee	0.5	0.0	0.5
Turkish lira	0.3	0.0	0.3
<b>Emerging Markets Bloc</b>	11.7	18.4	-6.6
<b>Total</b>	<b>90.5</b>	<b>100.0</b>	<b>-9.5</b>

## MARKET PERFORMANCE

### GLOBAL GOVERNMENT BOND MARKET RETURNS (LOCAL CURRENCY)

(3 months ended March 31, 2024)

Country	
Malaysia	1.15%
Australia	0.95
Mexico	0.58
Czech Republic	0.49
Poland	0.13
New Zealand	-0.10
Norway	-0.43
Denmark	-0.47
Japan	-0.59
Euro	-0.65
United States	-0.96
South Korea	-1.21
Germany	-1.40
Canada	-1.44
Sweden	-1.51
Singapore	-1.70
United Kingdom	-1.80

### CURRENCY RETURNS (SPOT PRICE RETURNS VS USD)

(3 months ended March 31, 2024)

Currency	
United Kingdom	-0.90%
Poland	-1.40
Germany	-2.22
Singapore	-2.24
Denmark	-2.28
Canada	-2.53
Malaysia	-2.93
South Korea	-4.29
Australia	-4.39
Czech Republic	-4.56
New Zealand	-5.52
Sweden	-5.76
Norway	-6.38
Japan	-6.83

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

Source: Bloomberg Index Services Ltd.

## HOLDINGS

### TOP 10 ISSUERS

Issuer	Country	Industry	% of Fund
Japan	Japan	Sovereign	15.3%
Federal Republic of Germany	Germany	Government Guarantee/Sovereign	5.2
People's Republic of China	China	Sovereign	4.6
Republic of Italy	Italy	Sovereign/Transportation	3.3
Federation of Malaysia	Malaysia	Sovereign	3.2
Canada	Canada	Sovereign	3.2
Republic of Indonesia	Indonesia	Sovereign	2.8
United Kingdom of Great Britain and N. Ireland	United Kingdom	Sovereign	2.4
Republic of France	France	Sovereign	2.3
Commonwealth of Australia	Australia	Sovereign	2.0

## PORTFOLIO MANAGEMENT

Portfolio Manager:	Managed Fund Since:	Joined Firm:
Kenneth Orchard	2015	2010
Andrew Keirle	2023	2005

FUND INFORMATION

	International Bond Fund	International Bond Fund - Advisor Class	International Bond Fund - I Class
Symbol	RPIBX	PAIBX	RPISX
Expense Information	0.86% (Gross) 0.67% (Net)	1.15%	0.57% (Gross) 0.54% (Net)
Fiscal Year End Date	12/31/24	12/31/24	12/31/24
12B-1 Fee	–	0.25%	–

The expense ratios shown are as of the most recent prospectus. The stated expense ratio for the Advisor Class includes the applicable 12b-1 fee. The fund operates under a contractual expense limitation that expires on 4/30/25. The I Class is subject to a contractual operating expense limitation that expires on 4/30/25.

Additional Disclosures

Consider the investment objectives, risks, and charges and expenses carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, call 1-877-804-2315 or visit [troweprice.com](https://www.troweprice.com). Read it carefully.

“Bloomberg®” and Bloomberg Indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited (“BISL”), the administrator of the index (collectively, “Bloomberg”) and have been licensed for use for certain purposes by T. Rowe Price. Bloomberg is not affiliated with this product, and Bloomberg does not approve, endorse, review, or recommend this product. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to this product.

Fund Assets, holdings-based analytics (excluding portfolio turnover), and portfolio attribution are calculated using T. Rowe Price’s internal Investment Book of Records (IBOR). Due to timing and accounting methodology differences, IBOR data may differ from the Accounting Book of Records (ABOR) data provided by the Fund’s accountant.

The manager’s views and portfolio holdings are historical and subject to change. This material should not be deemed a recommendation to buy or sell any of the securities mentioned. The specific securities identified and described do not 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.

T. Rowe Price uses a custom structure for sector and industry 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, data is as of the report date.

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

Sources for Issue Currency: T. Rowe Price and Bloomberg Index Services Ltd.

The fund is a non-USD strategy. When we purchase securities denominated in USD, we hedge the USD exposure with forward contracts. Due to market valuations, the loss on currency forwards caused the allocation to the USD to be negative.

This material has been prepared for informational purposes only. The views and opinions stated in this commentary are those of the portfolio managers listed as of the date indicated. These views and opinions are subject to change based on market or other conditions and may differ from those of other T. Rowe Price associates. Actual market and investment results may differ materially from expectations.

© 2024 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.

T. Rowe Price Investment Services, Inc., Distributor.

202403-3422978