T. Rowe Price®
INVEST WITH CONFIDENCE

QUARTERLY REVIEW

International Bond Fund

As of June 30, 2020

PORTFOLIO HIGHLIGHTS

The portfolio outperformed the benchmark for the three-month period ended June 30, 2020.

Relative performance drivers:

- Country/duration positioning supported relative returns, in particular the portfolio's overweight and off-benchmark positions in select emerging markets, including Chile and South Africa. Our underweight duration bias to the UK detracted, however.
- Currency management also supported relative performance, particularly overweights to the Australian dollar and Chilean peso.
- Sector allocation and security selection significantly contributed, led by our European corporate bond selections.

Additional highlights:

- While the rebound in credit valuations has been notable, credit spreads remain attractive by historical standards. We, therefore, maintain a modest credit overweight.
- While we expect the economy to improve as activity gradually resumes, we are mindful that headwinds such as a second wave of coronavirus infections could negatively impact risk appetite. Therefore, we stand ready to leverage our fundamental research platform to take advantage of any pricing anomalies and dislocations that might occur in a volatile environment.

FUND INFORMATION

Symbol	RPIBX
CUSIP	77956H104
Inception Date of Fund	September 10, 1986
Benchmark	Bloomberg Barclays Global Agg ex USD Index
Expense Information (as of the most recent Prospectus)	0.70%
Fiscal Year End	December 31
12B-1 Fee	–
Total Assets (all share classes)	$990,445,322
Percent of Portfolio in Cash	7.9%

PERFORMANCE

(NAV, total return)

				Annualized				
	Three Months	Year-to-Date	One Year	Three Years	Five Years	Ten Years	Fifteen Years	30-Day SEC Yield
International Bond Fund	5.87%	0.32%	1.27%	2.61%	3.05%	2.07%	2.74%	1.08%
Bloomberg Barclays Global Aggregate ex USD Bond Index	3.38	0.61	0.71	2.52	2.89	1.98	2.85	–

CALENDAR YEAR PERFORMANCE

(NAV, total return)

	Inception Date	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
International Bond Fund	Sep 10 1986	5.17%	2.63%	6.10%	-3.81%	-3.77%	-5.70%	2.20%	11.15%	-2.94%	6.66%
Bloomberg Barclays Global Aggregate ex USD Bond Index		4.95	4.36	4.09	-3.08	-3.08	-6.02	1.49	10.51	-2.15	5.09

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. 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 1-800-638-7780 or visit troweprice.com. Read it carefully. The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.
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.
The fund(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details. For Sourcing Information, please see Additional Disclosures.

PERFORMANCE REVIEW

Stimulus packages, reopening optimism leave core bonds mixed

International bond markets delivered positive returns in the second quarter. Yields proved mixed across core markets over the period, with dovish bond-supportive stimulus programs instituted by major central banks and governments contrasting with growing optimism over a sharp economic recovery as lockdown measures were eased. The weakening U.S. dollar also supported returns in U.S. dollar terms during the period. In April, the Federal Reserve promised up to USD 2.3 trillion in loans to smaller businesses and municipalities and announced it would purchase certain lower-quality debt as part of its Term Asset-Backed Securities Lending Facility and other emergency lending programs. Later in the period and with coronavirus cases in the U.S. increasing, the Fed cast a downbeat outlook for the near-term economy and announced it would begin buying a broad portfolio of U.S. corporate bonds. In Europe, the European Commission announced a EUR 750 billion rescue package, which would see large-scale fiscal transfers to hard-hit areas such as Spain and Italy. A month later, the European Central Bank upped its emergency purchases by EUR 600 billion to a total of EUR 1.34 trillion and extended the length of the initiative to at least June 2021. Emerging market bonds displayed strong positive returns, meanwhile, supported by the return of risk appetite and the weaker U.S. dollar. Interest rate cuts by several emerging market central banks, and in some regions quantitative easing measures, were implemented, which also supported bond prices.

In the portfolio, an overweight duration position in Chile supported relative gains. Dovish messaging from the country's central bank, which indicated that its new expansive monetary policy measures could be maintained for a prolonged period, supported bond prices, as did the return of a more risk-friendly environment. Elsewhere, a surprise rate cut in April supported our off-benchmark exposure to South Africa, while overweight duration positions to other emerging markets, including Malaysia, contributed to returns. By contrast, our duration underweight in the UK negatively impacted relative returns. Poor data in April, coupled with dovish signaling by the Bank of England, pushed gilt prices up early in the period. An overweight duration stance to Australia also detracted from relative gains, with hopes for a growth rebound in the second half of the year supported by the country's emergence from lockdown reducing core asset demand. A duration underweight in Poland also detracted.

Returning risk appetite drives U.S. dollar down

Most developed and emerging market currencies strengthened against the dollar over the second quarter. Growing optimism over the outlook for growth increased risk appetite and put downward pressure on the dollar. Among developed markets, the Australian dollar and New Zealand dollar were the most notable outperformers over the period. The currencies found support following their relatively early exit from lockdown measures, sparking optimism over the pace of their economic recoveries. Continued positive data from China also bolstered the pair. Elsewhere, rising oil prices strengthened several commodity-driven currencies, including the Norwegian krone and Canadian dollar.

In emerging markets, the Indonesian rupiah strengthened significantly against the U.S. dollar over the period. Despite an interest rate cut in June, the currency benefited from growing risk appetite over the period. The oil price rally, meanwhile, supported several commodity-correlated currencies, including the Russian ruble. By contrast, surging coronavirus cases in South America late in the period increased fiscal deficit worries in the region, leading to the Brazilian real and Argentine peso falling against the dollar overall in the quarter.

With respect to the portfolio, an overweight to the Australian dollar added to relative returns. Our Chilean peso overweight, meanwhile, also contributed positively to relative returns, driven by rising commodity prices in May and an overall risk rally in early June. These factors also supported a Mexican peso overweight added in May, which supported relative gains. A currency hedge on the Japanese yen expressed via an option held in June detracted from relative gains, however. Meanwhile, an overweight to the British pound also detracted from relative returns, as concerns over the possibility of negative interest rates and a potential no-deal Brexit on the horizon continued to weigh on the currency.

Central bank support, improving data help credit spreads narrow

Investment-grade and high yield credit markets performed positively over the period. Spreads tightened across both sub-asset classes on the back of central banks expanding the scope of their asset purchases. Relative improvements in economic data also supported sentiment toward risk assets.

Looking at the portfolio, our security selections in European corporate bonds substantially added to relative returns, as did our allocation to U.S. dollar-denominated government-related bonds. Selections in Canadian dollar-denominated government-related and corporate bonds detracted from relative gains, however, as did an allocation to euro-denominated securitized debt.

PORTFOLIO POSITIONING AND ACTIVITY

Country/duration positioning

- We have kept top-level duration relatively neutral to the benchmark while maintaining duration underweights in regions with low or negative carry (Japan, UK).
- In the eurozone, we increased overall exposure; however, we maintained a relative underweight duration bias. We reduced an underweight to German duration but remained below benchmark with negative yields persisting across the bund curve. We also added to overweight duration positions in euro-denominated Romanian and Slovenian debt. The recently announced European Commission coronavirus support package could be positive for common currency peripheral bonds, in our view. Correspondingly, we reduced some exposure from core markets, moving from an overweight duration position in France to an underweight. In other developed markets, we reduced our Australian duration overweight and reduced an underweight duration position to Canada.
- We slightly reduced exposure to Israel but maintained our overweight duration bias on a positive domestic policy outlook and strong fundamentals. We also kept an overweight duration position to Sweden and increased our steepening bias toward the UK gilt curve. In our view, the huge fiscal measures announced to combat the impact of the coronavirus could put long-dated gilts under pressure.
- We reduced exposure to emerging market duration during the period; however, we retained an overweight duration bias. In

particular, we trimmed an off-benchmark exposure to South Africa, taking some profit after a rate rally in the middle of the period. Elsewhere, we sold a local currency position in Romania, preferring a euro-denominated exposure. By contrast, we added to emerging Asian markets during the period. In particular, we added to existing overweight duration positions in South Korea and Malaysia, based on our conviction that both countries could see interest rate cuts in the short to medium term.

Currency selection

- In developed market currencies, we maintained an underweight exposure in the U.S. dollar at the end of the quarter as global growth has started to pick up. Given our expectation for a potential rebound in economic activity and more positive data, we closed an overweight to the safe-haven Japanese yen, opened a Canadian dollar overweight, and remained overweight the Australian dollar. Elsewhere in developed markets, we remained underweight to the euro and closed an underweight to the British pound.
- We remained overweight to emerging market currencies at the end of the period. In particular, we opened positions in the Mexican peso and South African rand in May, based on attractive valuations. By contrast, we closed an overweight to the Chinese yuan on fears that the recent escalation in U.S.-China tensions could weaken the currency. Elsewhere in Asia, we closed a South Korean won overweight due to political uncertainty early on in the period and reduced a Malaysian ringgit overweight. In other markets, we remained overweight the Chilean peso, closed a Romanian leu overweight, and maintained exposure to the Czech koruna and Serbian dinar.

Sector allocation and security selection

- We held an allocation to hard currency emerging market sovereign and quasi-sovereign debt as the income stream remained attractive.
- We maintained exposure to hard currency emerging market corporate debt and increased our allocation to European high yield and investment-grade corporate bonds. To reduce portfolio risk, however, we also added short positions to credit risk via credit default swaps against European financials and high yield indices.

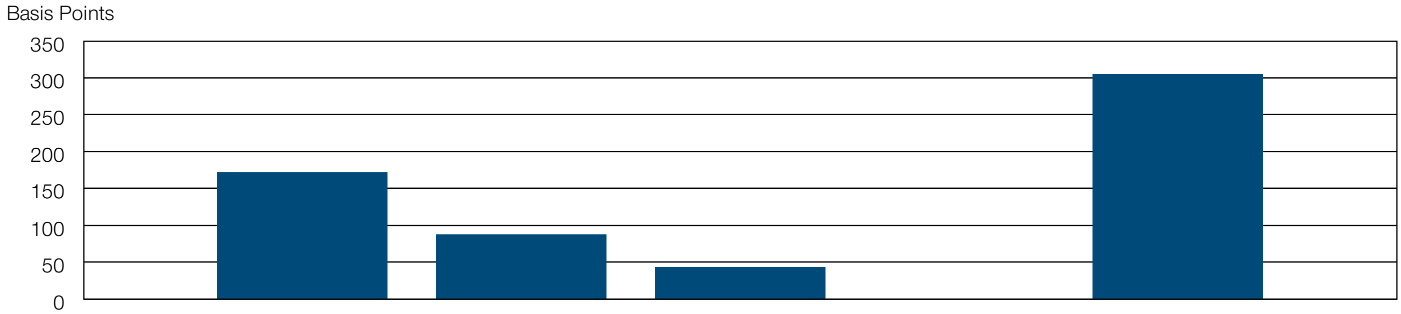
MANAGER'S OUTLOOK

- Risk markets rebounded sharply in the second quarter as lockdown measures were gradually eased and liquidity improved thanks to central banks and governments around the world implementing stimulus programs. While the rebound in credit valuations has been notable in the second quarter, in our view, credit spreads remain attractive, and we maintain a modest credit overweight to capture this value.
- The outlook for the second half of 2020 is undermined by ongoing uncertainty related to the virus and risk events, which includes the possibility of a second wave, the U.S. election, and the residual economic impact of lockdown measures. While we expect the global economy to improve as activity gradually resumes, we are mindful of these risks as they have the potential to cause a pullback in risk assets. In this environment, we will look to leverage our fundamental research platform to take advantage of any pricing anomalies and dislocations that might occur.

ATTRIBUTION

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

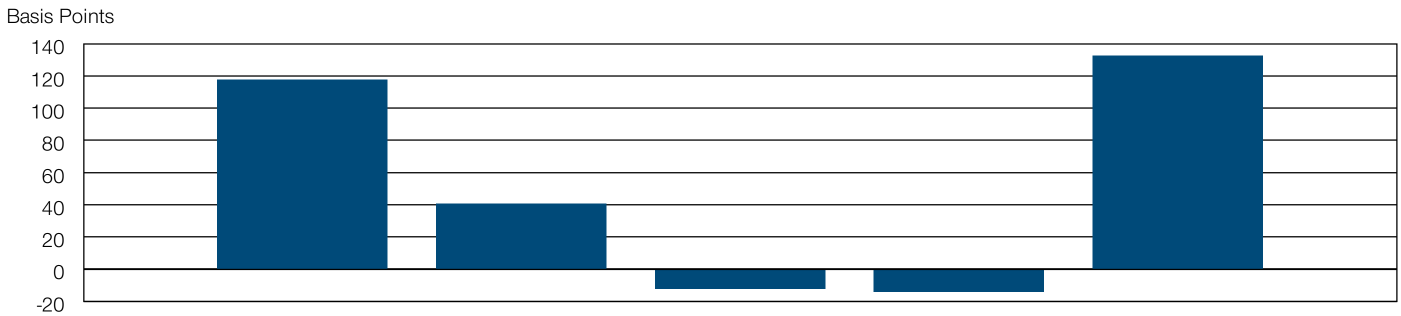
(3 months ended June 30, 2020)



Sector/ Security	Country/Duration	Currency	Residual	Total
173	88	44	1	306

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

(12 months ended June 30, 2020)



Country/Duration	Currency	Sector/ Security	Residual	Total
118	41	-12	-14	133

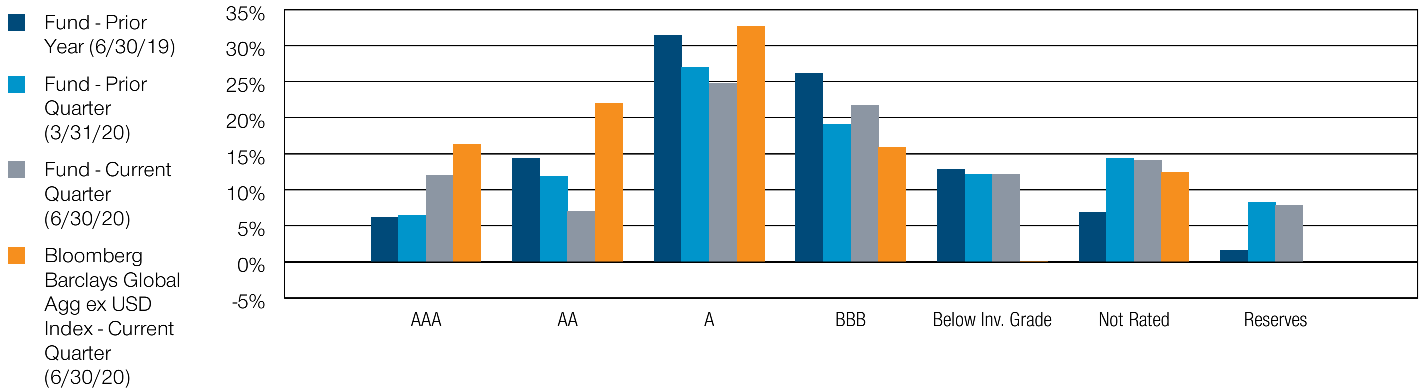
Source: T. Rowe Price.

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 using an exchange rate determined by an independent third party. Performance returns are in USD.

A performance residual arises due to differences from timing, intra-day trading, pricing, interest rate derivatives basis and global allocation exclusions effect. For Sourcing Information, please see Additional Disclosures.

PORTFOLIO POSITIONING

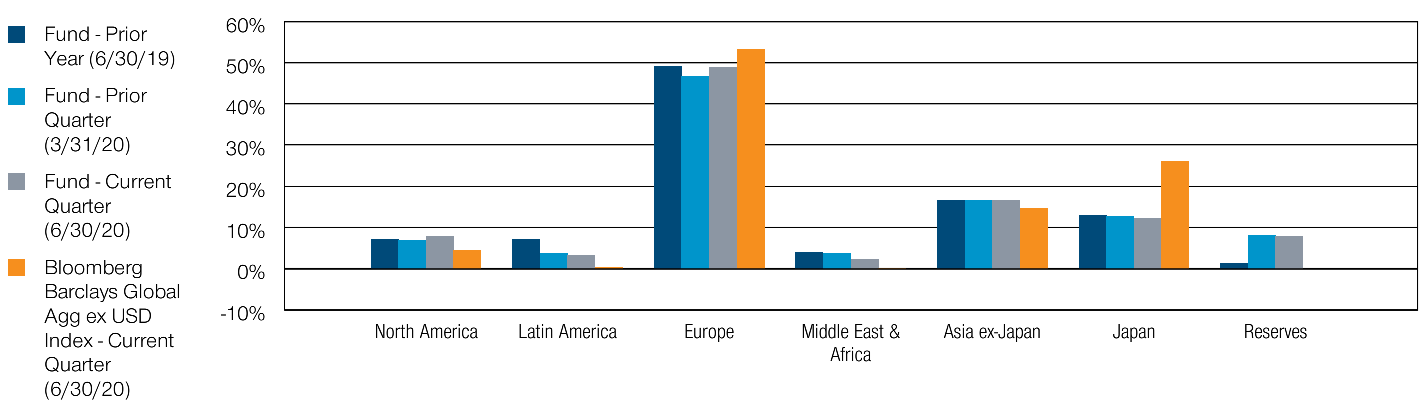
CREDIT QUALITY DIVERSIFICATION – CHANGES OVER TIME



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

	% of Fund	% of Bloomberg Barclays Global Agg ex USD Index	Over/Underweight
Government	66.8%	72.6%	-5.8%
Agency/Supranationals	3.6	12.0	-8.3
Corporate	14.6	11.4	3.2
Financials	7.7	4.8	2.9
Utilities	1.3	1.0	0.2
Industrials	5.6	5.5	0.1
Collateralised	0.9	4.1	-3.2
Sub Investment Grade	6.2	0.0	6.2
Emerging Market Corporate	2.5	0.0	2.5
High Yield Issuer	3.8	0.0	3.8
Derivatives	-0.1	0.0	-0.1
Swaps	-0.1	0.0	-0.1
Reserves	7.9	0.0	7.9
Total	**100.0**	**100.0**	

BOND ALLOCATION ISSUE CURRENCY – CHANGES OVER TIME



Sources: T. Rowe Price and Bloomberg Barclays.

For Sourcing Information, please see Additional Disclosures.

PORTFOLIO POSITIONING, CONTINUED

CURRENCY EXPOSURE

	% of Fund	% of Bloomberg Barclays Global Agg ex USD Index	Over/Underweight
U.S. dollar	-2.5%	0.0%	-2.5%
Australian dollar	4.2	2.2	2.0
Canadian dollar	5.4	4.7	0.7
Mexican peso	1.5	0.5	1.1
New Zealand dollar	0.2	0.2	0.0
Dollar Bloc	8.8	7.6	1.2
euro	38.0	41.9	-3.9
British pound sterling	8.5	8.4	0.0
Czech koruna	1.9	0.2	1.7
Danish krone	0.4	0.4	0.0
Hungarian forint	0.1	0.1	0.0
Norwegian krone	0.2	0.2	-0.0
Polish zloty	0.2	0.4	-0.2
Swedish krona	0.8	0.8	0.0
Swiss franc	0.9	0.9	-0.0
European Bloc	51.0	53.2	-2.2
Japanese yen	25.5	26.2	-0.7
Korean won	2.0	2.0	-0.1
Malaysian ringgit	0.8	0.5	0.2
New Taiwan dollar	-0.5	0.0	-0.5
Singapore dollar	0.3	0.3	-0.0
Thai baht	0.6	0.6	0.0
Far East Bloc	28.6	29.7	-1.1
Brazilian real	<0.1	0.0	0.0
Chilean peso	0.9	0.1	0.8
Chinese renminbi	6.7	8.2	-1.5
Indian rupee	<0.1	0.0	0.0
Indonesian rupiah	0.6	0.6	0.0
Israeli shekel	0.2	0.2	0.0
Offshore Chinese renminbi	2.1	0.0	2.1
Russian ruble	0.3	0.3	0.0
Serbia dinar	0.5	0.0	0.5
South African rand	0.2	0.0	0.2
Emerging Markets Bloc	11.5	9.4	2.1
Total	**100.0**	**100.0**	**0.0**

For Sourcing Information, please see Additional Disclosures.

MARKET PERFORMANCE

GLOBAL GOVERNMENT BOND MARKET RETURNS (LOCAL CURRENCY)

(3 months ended June 30, 2020)

Country	
Mexico	8.40%
Czech Republic	4.72
Malaysia	3.59
Singapore	3.12
United Kingdom	2.62
Poland	2.48
New Zealand	2.16
Canada	2.15
Euro Area	1.73
South Korea	1.72
Norway	1.22
Denmark	0.97
United States	0.48
Germany	0.17
Australia	-0.08
Japan	-0.58
Sweden	-0.59

CURRENCY RETURNS (SPOT PRICE RETURNS VS USD)

(3 months ended June 30, 2020)

Currency	
Australian dollar	12.47%
Norwegian krone	8.90
New Zealand dollar	8.67
Swedish krona	6.32
Czech koruna	5.34
Polish zloty	5.05
Canadian dollar	4.55
Danish krone	2.48
Euro	2.34
Singapore dollar	2.08
Mexican peso	1.57
South Korean won	1.16
Malaysian ringgit	0.82
Japanese yen	0.07
United Kingdom sterling	-0.30

Past performance is not a reliable indicator of future performance.
Source: Bloomberg Barclays.

HOLDINGS

TOP 10 ISSUERS

Issuer	Country	Industry	% of Fund
Japan	Japan	Sovereign	12.3%
Federal Republic of Germany	Germany	Government Guarantee/Sovereign	5.1
United Kingdom of Great Britain and N. Ireland	United Kingdom	Sovereign	3.9
People's Republic of China	China	Sovereign	3.4
China Development Bank	China	Owned No Guarantee	3.3
Republic of Slovenia	Slovenia	Sovereign	3.2
Republic of Cyprus	Cyprus	Sovereign	3.1
Republic of Chile	Chile	Sovereign	2.9
State of Israel	Israel	Sovereign	2.8
Republic of Indonesia	Indonesia	Sovereign	2.6

PORTFOLIO MANAGEMENT

Portfolio Manager:	Managed Fund Since:	Joined Firm:
Kenneth Orchard	2015	2010
Arif Husain	2014	2013

For Sourcing Information, please see Additional Disclosures.

Additional Disclosures

Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.
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.
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. T. Rowe Price does not evaluate these ratings, but simply assigns them to the appropriate credit quality category as determined by the rating agency. T. Rowe Price uses the rating of the underlying investment vehicle for credit default swaps.
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 Barclays.
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.
© 2020 T. Rowe Price. All rights reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the bighorn sheep design are, collectively and/or apart, trademarks or registered trademarks of T. Rowe Price Group, Inc.
T. Rowe Price Investment Services, Inc., Distributor.
202007-1224136