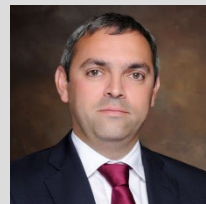


T. Rowe Price Dynamic Global Bond Fund – I Class

As of 31 December 2021



Portfolio Manager:

Arif Husain

Joined Firm:

2013

Investment Experience:

26 Years



Morningstar Analyst Rating™:
As of 22/02/2021



INVESTMENT OBJECTIVE

The Fund's objective is to maximise total return and provide income through investment primarily in a portfolio of fixed income securities which may include, but is not limited to, transferable debt securities of government and their agencies, supranational organisations, corporations and banks as well as mortgage-backed and asset-backed securities. There are no restrictions on the sectors or countries in which bond issuers are located.

TOP 10 ISSUE EXPOSURE¹

	Maturity Date	% of Fund
Deutsche Bundesrepublik Inflation Linked Bond	15 Apr 2026	8.5
United Kingdom Inflation-Linked Gilt	22 Mar 2024	8.0
Deutsche Bundesrepublik Inflation Linked Bond	15 Apr 2030	5.3
Brazil Notas do Tesouro Nacional Serie F	01 Jan 2027	4.7
Republic of South Africa Government Bond	21 Dec 2026	3.7
Japan Government Ten Year Bond	20 Sep 2030	3.5
Philippine Government International Bond	26 Nov 2022	3.4
Bonos de la Tesoreria de la Republica en pesos	01 Mar 2026	2.9
Japan Government Twenty Year Bond	20 Sep 2022	2.7
China Government Bond	19 Nov 2030	2.2

PERFORMANCE

	One Month	Three Months	Year-to-date	One Year	Three Years	Five Years	Since Fund Inception
T. Rowe Price Dynamic Global Bond Fund – I Class (Gross – AUD)*	0.78%	-1.29%	0.36%	0.36%	2.97%	2.14%	3.79%
T. Rowe Price Dynamic Global Bond Fund – I Class (Net – AUD)**	0.75	-1.39	-0.04	-0.04	2.56	1.74	3.35
Bloomberg AusBond Bank Bill Index (AUD)	0.00	0.01	0.03	0.03	0.63	1.11	1.56
Value Added (Gross) ⁴	0.78	-1.30	0.33	0.33	2.34	1.03	2.23
Value Added (Net) ⁵	0.75	-1.40	-0.07	-0.07	1.93	0.63	1.79

Past performance is not a reliable indicator of future performance.

Source for performance: T. Rowe Price.

* Gross-of-fees performance is the net return with fees and expenses added back.

** 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.

¹ Issuer exposure is derived using the portfolio's direct holdings 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 portfolio's direct holdings plus exposure from derivative instruments.

³ Calculated using the individual credit quality ratings for the direct holdings and without the impact from derivative instruments.

⁴ The Value Added is shown as the Fund (Gross) minus its Index.

⁵ The Value Added is shown as the Fund (Net) minus its Index.

SECTOR DIVERSIFICATION

	% of Fund
Treasury & Quasi Treasury	73.44
Corporate (including High Yield)	11.91
Securitized	4.01
Equity	0.31
Cash & Cash Equivalents	10.33

PORTFOLIO CHARACTERISTICS^{1,2,3}

	Fund
Number of Holdings	107
Number of Countries	42
Weighted Average Maturity	5.34 Years
Weighted Average Effective Duration	0.67 Years
Weighted Average Spread Duration	-0.99 Years
Average Credit Quality	A
Yield to Maturity (including hedging)	1.59%

Annualised

	One Month	Three Months	Year-to-date	One Year	Three Years	Five Years	Since Fund Inception
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BLOCK BOND ALLOCATION (ISSUE CURRENCY)¹

	% of Fund
Europe	33.8
North America	14.9
Latin America	9.6
Pacific Ex Japan	17.4
Japan	8.3
Middle East & Africa	6.0
Reserves	10.2

FUND REVIEW

The portfolio's overall duration was below one year at the end of December with short duration stances held in select high-quality countries where we feel inflation could potentially be more structural, such as the UK, the U.S., and Australia.

In the eurozone, we moved to express an overall negative bias with short positions expressed in Germany and Italy.

To reflect our view that long-term inflation will likely settle higher than markets anticipate, we added further to our exposures in U.S. inflation-linked bonds and swaps during December. These complemented our existing inflation-linked exposures in Germany, the UK, and Canada.

Among other high-quality countries, long positions in New Zealand, China, Thailand, Hong Kong, Malaysia, Israel, and Sweden were retained.

Within emerging markets, we remain broadly constructive with long positions in select local currency government bond markets, including Russia, Brazil, India, Chile, Mexico, Serbia, and Romania, among others.

To help mitigate some of the risk associated with "return-seeking" positions, we retained a short duration position in Poland where inflation remained elevated.

In currencies, our short U.S. dollar bias was maintained as we continue to expect weakness over the long-term. In terms of changes, our long position in the euro was closed as several countries in the region reintroduced restrictions to curb the rapid spread of the omicron coronavirus variant. By contrast, a new long position in the Polish zloty was initiated as the central bank's shift toward monetary tightening should be currency supportive, in our view.

Within sectors, the credit beta of the portfolio remained largely unchanged during December. We continued to hold defensive short positions in credit indices throughout and isolate credit selection from market beta as a potential source of alpha. As a result, we held long positions in select corporate bonds identified as attractive by our bottom-up research process.

Put option structures on U.S. equities—which we hold as a defensive hedge against a rapid correction in equity markets—were adjusted over the month.

PORTFOLIO PERFORMANCE

Within duration management, short duration stances in Poland, Germany, the UK, and Italy contributed notably as yields in these markets rose during December. Our allocations to U.S. and German inflation-linked bonds and swaps also added gains, alongside exposures in the local currency government bond markets of Brazil and Romania. Our U.S. curve and duration positioning detracted, however.

In currency markets, overall performance was positive thanks to gains from long positions in the Australian dollar, British pound, and Czech koruna.

CREDIT QUALITY DIVERSIFICATION²

	% of Fund
AAA	18.3
AA	10.3
A	19.3
BBB	24.2
BB	14.1
B	1.6
C	0.1
Not Rated	2.1
Cash	10.2

DISTRIBUTION INFORMATION

	31 Mar 2021	30 Jun 2021	30 Sep 2021	31 Dec 2021
Distribution Rate (cents per unit AUD)	0.17	8.23	0.15	0.15

Within sectors, defensive hedging positions expressed in credit and equity markets detracted over the period as the risk environment improved. Individual security selection in U.S. high yield contributed positively, however.

OUTLOOK

Central banks were back in focus during December as several turned more aggressive toward combating inflation pressures. Most notably, the Bank of England surprised with an interest rate rise and the Federal Reserve announced plans to accelerate the pace of tapering its asset purchases, while also signaling the possibility for as many as three rate hikes in 2022 to quell inflation. The developments drove yields across most developed bond markets higher, which we benefited from thanks to our short duration stances in select high-quality countries.

Looking at the new year, a key theme that we are monitoring is the prospect of liquidity tightening. This is because we expect central banks to respond to inflation by continuing to remove accommodative policies and potentially hiking interest rates. At the same time, most governments are expected to carry on withdrawing pandemic fiscal support. The confluence of these factors is likely to lead to a negative global impulse that we believe will drive most developed government bond yields higher. But volatility is expected on this path toward higher rates, which is why the ability to manage duration actively will be important in 2022, in our view.

In the currency sphere, we continue to believe that the U.S. dollar will depreciate over the long-term horizon. The combination of stretched valuations, the country's twin deficits, and expectations for U.S. economic outperformance to subside should drive the currency weaker, in our view. Accordingly, we remain short overall in the U.S. dollar expressed against a range of developed and emerging market currencies where we see attractive relative value and room for potential future appreciation.

From a credit perspective, we remain moderately cautious on the outlook. While fundamentals and technicals could remain strong, valuations are tight and liquidity support is likely to wane due to central banks removing accommodative policies. The latter has the potential to cause bouts of volatility at times in risk-sensitive markets like credit. As a result, we continue to hold defensive short positions in the portfolio and isolate credit selection from market beta as a potential source of alpha.

¹Issuer exposure is derived using the portfolio's direct holdings and does not take into account derivative exposure. Consult the portfolio holdings report for a listing of all securities owned in the portfolio.

²Calculated using the individual credit quality ratings for the direct holdings and without the impact from derivative instruments.

CONTACT US

For more information about the Fund, please contact our Relationship Management team on 02 8667 5700 or visit www.troweprice.com

FUND INFORMATION

APIR	ETL0398AU
Inception Date	18 February 2014
Benchmark	Bloomberg AusBond Bank Bill Index (AUD)
Management Fees and Costs [^]	0.40% p.a.
Distribution	Quarterly
Buy/Sell	Buy +0.20% / Sell -0.20%
Total Assets	\$765,746,044.55 AUD

[^]The Management Fee for the T. Rowe Price Dynamic Global Bond Fund is 0.40% p.a. and the Indirect Cost is 0.00% p.a. Full details of other fees and charges are available within the Fund's Product Disclosure Statement and Reference Guide.

ADDITIONAL DISCLOSURES

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

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. Weighted Average Effective Duration is a calculation that seeks to measure the price sensitivity of a bond fund to changes in interest rates. In general, the longer the average maturity or duration, the greater the fund's sensitivity to interest rates. Duration is a better indicator of price sensitivity because it takes into account the time value of cash flows.

T. Rowe Price uses a custom structure for sector and industry reporting for this product.

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.

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 [www.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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