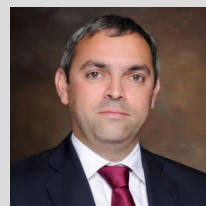


T. Rowe Price Dynamic Global Bond Fund – I Class

As of 28 February 2022



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
United Kingdom Inflation-Linked Gilt	22 Mar 2024	8.0
Japan Government Ten Year Bond	20 Sep 2031	6.6
Deutsche Bundesrepublik Inflation Linked Bond	15 Apr 2030	5.1
Brazil Notas do Tesouro Nacional Serie F	01 Jan 2027	4.7
Japan Government Ten Year Bond	20 Sep 2030	3.4
Philippine Government International Bond	26 Nov 2022	3.3
Bonos de la Tesoreria de la Republica en pesos	01 Mar 2026	3.0
U.S. Treasury Inflation Indexed Bonds	15 Jan 2023	3.0
Israel Government Bond - Fixed	31 Mar 2047	2.8
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)*	0.67%	2.48%	1.69%	0.75%	3.87%	2.51%	3.93%
T. Rowe Price Dynamic Global Bond Fund – I Class (Net – AUD)**	0.64	2.38	1.62	0.35	3.45	2.10	3.49
Bloomberg AusBond Bank Bill Index (AUD)	0.01	0.01	0.01	0.03	0.51	1.05	1.53
Value Added (Gross) ⁴	0.66	2.47	1.68	0.72	3.36	1.46	2.40
Value Added (Net) ⁵	0.63	2.37	1.61	0.32	2.94	1.05	1.96

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	63.22
Corporate (including High Yield)	9.76
Securitized	2.97
Equity	0.08
Cash & Cash Equivalents	23.97

PORTFOLIO CHARACTERISTICS^{1,2,3}

	Fund
Number of Holdings	96
Number of Countries	39
Weighted Average Maturity	5.31 Years
Weighted Average Effective Duration	0.04 Years
Weighted Average Spread Duration	-0.75 Years
Average Credit Quality	A
Yield to Maturity (including hedging)	1.18%

Annualised

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BLOCK BOND ALLOCATION (ISSUE CURRENCY)¹

	% of Fund
Europe	23.2
North America	15.2
Latin America	9.6
Pacific Ex Japan	15.2
Japan	10.0
Middle East & Africa	4.1
Reserves	22.8

FUND REVIEW

The portfolio's overall duration stood close to zero at the end of February with short duration stances held in select high-quality countries where we feel inflation could potentially be more structural, such as the UK and the U.S. We also held short stances in countries, such as Germany and Italy, which were both increased over the period.

Among other high-quality countries, our long exposure in Japan was increased as we view this as a defensive position in the current environment with the Bank of Japan (BoJ) committed to maintaining yield curve control.

We further trimmed some of our exposures in inflation-linked bonds and swaps after strong performance, most notably in Germany and the U.S.

In terms of the portfolio exposures to Russia, we closed the long position in local currency government bonds during the second week of February due to the Russia and Ukraine conflict causing uncertainty. The long ruble position was trimmed, but a small exposure in the currency (via nondeliverable forwards) remained in place at the end of February. Due to the escalating events in Ukraine and Russia and the rapidly changing market environment, the current holdings and exposure may be different.

Within Eastern Europe, we were broadly neutral overall in duration terms at the end of February. Long stances in the local government bond markets of Serbia, Romania, and Hungary were broadly offset by a short Polish duration stance.

More broadly in emerging markets, we continued to remain comfortable owning duration in select local markets where central banks are further progressed in their tightening cycles, such as Brazil and Chile.

In the currency sphere, we trimmed the short position in the U.S. dollar over the period. This was driven primarily by increasing the negative position in the Japanese yen as the BoJ is expected to remain accommodative.

Within credit, we trimmed some of our defensive short positions in the portfolio. The spike in volatility and subsequent widening in credit spreads motivated us to take partial profit on some of our hedges. Despite this reduction, we continued to express an overall slight negative bias in credit at the end of February. While fundamentals remained strong, we expect financial conditions to tighten, which could cause bouts of volatility at times in risk-sensitive markets like credit.

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

Volatility was a key theme across bond markets during February as concerns shifted from central bank tightening to the Russia and Ukraine conflict. For much of the period, core bond yields climbed on expectations for more aggressive monetary policy tightening from major central banks to tackle inflation. But as the Ukraine conflict escalated in late February, demand for safe-haven assets increased, driving developed government bond yields lower. Despite this late rally, most developed government bond yields still ended the period higher, while credit

CREDIT QUALITY DIVERSIFICATION²

	% of Fund
AAA	12.5
AA	9.8
A	22.1
BBB	18.6
BB	10.1
B	1.2
C	0.1
Not Rated	2.8
Cash	22.8

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

spreads widened, particularly in Europe, as investors retreated from risk-sensitive assets.

Within duration management, short duration stances in Germany, Italy, and the UK contributed positively as they all benefited from the move higher in yields. Our exposures to UK and German inflation-linked bonds also had a positive impact, while long positions in Israel, Cyprus, and Mexico detracted.

In currency markets, long positions in the Australian dollar, Brazilian real, and Thai baht added gains, while a marginal long position in the Russian ruble detracted as Russia's invasion and severe sanctions placed on the country caused the currency to weaken sharply. Due to the escalating events in Ukraine and Russia and the rapidly changing market environment, the current holdings and exposure may be different.

Within sectors, defensive hedging positions expressed in credit and equity markets contributed positively as investors retreated from risk-sensitive markets. Individual security selection in U.S. investment-grade and high yield detracted, however.

OUTLOOK

The developments over the period were unprecedented and caused some large swings in bond prices, which the portfolio was affected by. In particular, late in the month some market participants began reassessing the extent to which major central banks might tighten given the potential negative implications for growth from the conflict. For us, we still believe that it's too early to determine this, especially as inflation remains elevated and unlikely to recede any time soon given the rise in oil prices and potential for supply chain issues to linger. Therefore, short duration positions in high-quality countries were largely kept in place as we expect most central banks to continue responding to price pressures in the near term by hiking interest rates and removing accommodative policies. The European Central Bank is potentially one exception here, though, as there's more wiggle room to delay tightening policy due to less labor market pressures in the eurozone than other major economies, such as the U.S. Furthermore, there's also likely to be more direct implications from the conflict on the eurozone economy given its closer proximity to Ukraine.

Overall, the environment remains highly uncertain with the situation changing daily. In times like these, we believe it's integral to stick to our investment process and the strategy's three core goals that we seek to achieve of providing a regular income, acting as performance anchor at times of risk market corrections, and managing downside risks, such as rising rates.

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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	\$782,929,485.76 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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