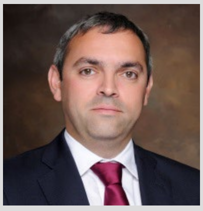
T. Rowe Price®

INVEST WITH CONFIDENCE

AUSTRALIAN UNIT TRUST PORTFOLIO UPDATE

T. Rowe Price Dynamic Global Bond Fund – I Class

As of 30 April 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 EXPOSURE[1]

	Maturity Date	% of Fund
United Kingdom Inflation-Linked Gilt	22 Mar 2024	8.9
Deutsche Bundesrepublik Inflation Linked Bond	15 Apr 2026	8.6
Japan Government Ten Year Bond	20 Sep 2031	4.3
Philippine Government International Bond	26 Nov 2022	3.8
U.S. Treasury Inflation Indexed Bonds	15 Jan 2023	3.5
Japan Government Ten Year Bond	20 Dec 2031	3.2
Brazil Notas do Tesouro Nacional Serie F	01 Jan 2027	2.8
Deutsche Bundesrepublik Inflation Linked Bond	15 Apr 2030	2.8
U.S. Treasury Inflation Indexed Bonds	15 Apr 2023	2.6
China Government Bond	19 Nov 2030	2.5

SECTOR DIVERSIFICATION

	% of Fund
Treasury & Quasi Treasury	70.60
Corporate (including High Yield)	9.99
Securitized	2.94
Equity	1.02
Cash & Cash Equivalents	15.45

PORTFOLIO CHARACTERISTICS[1,2,3]

	Fund
Number of Holdings	98
Number of Countries	37
Weighted Average Maturity	5.19 Years
Weighted Average Effective Duration	6.06 Years
Weighted Average Spread Duration	-0.88 Years
Average Credit Quality	A+
Yield to Maturity (including hedging)	2.65%

PERFORMANCE

					Annualised		
	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)*	1.10%	3.77%	4.82%	2.20%	4.91%	3.27%	4.23%
T. Rowe Price Dynamic Global Bond Fund – I Class (Net – AUD)**	1.06	3.67	4.68	1.79	4.49	2.86	3.80
Bloomberg AusBond Bank Bill Index (AUD)	-0.02	-0.01	0.00	0.02	0.40	0.99	1.50
Value Added (Gross)[4]	1.12	3.78	4.82	2.18	4.51	2.28	2.73
Value Added (Net)[5]	1.08	3.68	4.68	1.77	4.09	1.87	2.30

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.

BLOCK BOND ALLOCATION (ISSUE CURRENCY)[1]

	% of Fund
Europe	29.5
North America	20.3
Latin America	7.7
Pacific Ex Japan	14.3
Japan	8.5
Middle East & Africa	5.5
Reserves	14.2

FUND REVIEW

We actively managed the size of the portfolio's duration throughout and made tactical changes to respond to the changing market environment. Most notably, we reduced overall duration materially at the start of April in anticipation of further central bank hawkishness. Then toward the end of the period, we added duration back to end the month around six years. The driver for the late move was implementing long duration positions in core markets, such as the U.S. and Germany, on anticipation that the deteriorating risk environment could fuel a rally in core government bonds.

In other moves, the long duration stance in Japan was reduced, while the short position in Italy was increased.

Throughout, we retained short positions in Canada and the UK and long duration stances in New Zealand, China, Thailand, Hong Kong, Malaysia, and Sweden.

We added exposure to German inflation-linked bonds as further supply chain issues are likely to keep prices rising in the eurozone.

In emerging market bonds, long positions were maintained in the local currency government bond markets of Brazil, Chile, Mexico, Hungary, Romania, Serbia, South Africa, and India. In terms of moves, we continued to trim the short duration stance in Poland after strong performance.

In the currency sphere, the worsening risk environment motivated us to increase risk hedges in this space. This included implementing a long Japanese yen position and adding new short positions in the South African rand and South Korean won. We also increased existing short positions in the Brazilian real and Mexican peso as we remain concerned about second-round inflationary impacts on emerging markets from the war in Ukraine.

Within sectors, we continued to hold defensive credit hedges in April using synthetic credit instruments, particularly in U.S. and European high yield. Throughout, we continued to isolate credit selection from market beta as a potential source of alpha.

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

April was characterized by rising geopolitical concerns, global slowdown fears, and investors pricing in more aggressive tightening from central banks to fight inflation. The developments roiled global financial markets, resulting in significant volatility and a heavy sell-off across both bond and equity markets. During this time, the portfolio generated a positive return thanks to gains from active duration management and defensive hedging positions.

Duration management had a strong positive impact on performance thanks to gains from short positions in the U.S., Italy, the UK, Canada, and Poland as yields in these markets rose materially. Our exposures to U.S. inflation-linked bonds and swaps also had a positive impact, while long duration stances in South Korea and New Zealand detracted, alongside exposures in local currency Mexican and Brazilian government bonds.

In currency markets, gains from short positions in the Israeli shekel, Taiwanese dollar, and Colombian peso were outweighed by losses from long exposures in the Australian dollar, Polish zloty, and Japanese yen.

CREDIT QUALITY DIVERSIFICATION[2]

	% of Fund
AAA	21.9
AA	9.5
A	20.4
BBB	17.5
BB	11.5
B	1.0
C	0.1
Not Rated	3.9
Cash	14.2

DISTRIBUTION INFORMATION

	30 Jun 2021	30 Sep 2021	31 Dec 2021	31 Mar 2022
Distribution Rate (cents per unit AUD)	8.23	0.15	0.15	0.16

Within sectors, defensive hedging positions expressed in credit and equity markets contributed strongly as investors retreated from risk-sensitive markets.

OUTLOOK

The risk environment deteriorated over the period, in our view. The conflict in Ukraine appears to have worsened, while lockdowns in China have extended to new cities and provinces. The confluence of these factors will likely exacerbate global supply chain issues, which will potentially negatively impact growth and keep inflation elevated for longer. We believe that central banks will continue to tighten in this environment given their inflation mandates but their ability to engineer soft landings is looking increasingly difficult. This backdrop of heightened uncertainty motivated us to increase risk hedges in the portfolio in late April, including moving to express long duration positions in core markets, such as the U.S. and Germany, as we see potential for them to benefit from safe-haven demand in the near-term. It's important to note that at current yield levels, we feel that the pricing of central bank tightening is more accurately reflected in core bond markets than other asset classes, such as credit and equity.

In credit markets, we anticipate more volatility and further spread widening as the asset class remains underpriced for the prospect of quantitative tightening. Furthermore, the environment of slower growth and higher inflation could cause a profitability squeeze for companies that also hits investor sentiment toward credit. To reflect these concerns, we continued to hold a number of defensive credit hedges in the portfolio.

Overall, the environment remains highly uncertain, and volatility is likely to persist across financial markets. Therefore, we have increased the portfolio risk hedges across bond, currency, and credit markets. We believe that it's important to be tactical and keep a liquid profile in the portfolio in the current environment. This should help give us flexibility to adapt to changes in market conditions and take advantage of any pricing anomalies and dislocations that might occur.

[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 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	$677,698,294 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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IMPORTANT INFORMATION

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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 [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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