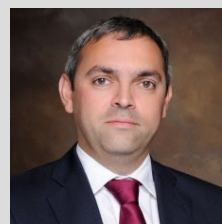




T. Rowe Price Dynamic Global Bond Fund – S Class

As of 30 November 2022



Portfolio Manager:

Arif Husain

Joined Firm:

2013

Investment Experience:

27 Years

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
Bonos de la Tesoreria de la Republica en pesos	1-Mar-2026	2.5
Brazil Notas do Tesouro Nacional Serie F	1-Jan-2027	4.4
Deutsche Bundesrepublik Inflation Linked Bond	15-Apr-2026	7.5
Israel Government Bond - Fixed	31-Mar-2047	2.7
New Zealand Government Bond	15-May-2051	2.0
Republic of South Africa Government Bond	21-Dec-2026	2.4
United Kingdom Inflation-Linked Gilt	22-Mar-2024	15.0
U.S. Treasury Inflation Indexed Bonds	15-Apr-2023	2.7
U.S. Treasury Inflation Indexed Bonds	15-Jan-2023	3.8
U.S. Treasury Notes	30-Jun-2023	6.0

SECTOR DIVERSIFICATION

	% of Fund
Treasury & Quasi Treasury	72.27
Corporate (including High Yield)	13.95
Securitized	3.12
Equity	0.13
Cash & Cash Equivalents	10.52

PORTFOLIO CHARACTERISTICS^{1,2,3}

	Fund
Number of Holdings	114
Number of Countries	38
Weighted Average Maturity	6.79 Years
Weighted Average Effective Duration	0.79 Years
Weighted Average Spread Duration	-0.79 Years
Average Credit Quality	A+
Yield to Maturity (including hedging)	3.2%

PERFORMANCE

	One Month	Three Months	Six Months	Year-to-date	One Year	Annualised	
						Three Years	Since Share Class Inception
T. Rowe Price Dynamic Global Bond Fund – S Class (Net – AUD) [*]	-0.75%	-1.86%	-0.41%	3.28%	4.02%	4.36%	2.84%
Bloomberg AusBond Bank Bill Index (AUD)	0.25	0.64	0.97	1.00	1.01	0.49	0.71
Value Added (Net) ⁴	-1.00	-2.50	-1.38	2.28	3.01	3.87	2.13

Past performance is not a reliable indicator of future performance.

Source for performance: T. Rowe Price.

^{*}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.

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 portfolio's direct holdings plus exposure from derivative instruments.

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

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

This material is provided for informational purposes only and is not intended to be investment advice or a recommendation to take any particular investment action. The views and portfolio holdings contained herein are as of date noted on the material and are subject to change without further notice. The specific securities identified and described do not necessarily 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.

BLOCK BOND ALLOCATION (ISSUE CURRENCY)¹

	% of Fund
Europe	36.2
North America	28.6
Latin America	8.8
Pacific Ex Japan	7.3
Japan	1.9
Middle East & Africa	7.2
Reserves	9.9

FUND REVIEW

The portfolio's overall duration was reduced to end the period below one year. This was driven in part by moving to a short duration position in the U.S. as we felt the market was underpricing the terminal rate and likelihood that it stays elevated for longer than anticipated.

Within the eurozone, we reduced a long stance in Germany and maintained our short posture in Italy.

In the UK, our short duration position was maintained as we expect the challenging backdrop of high inflation, fiscal risks, and increased supply to put gilts under pressure.

Among other high-quality countries, we held a short duration position in China and opened a new short posture in Japan as rising inflation could put pressure on the Bank of Japan's ultra-accommodative monetary policy. By contrast, long duration allocations were kept broadly steady in Israel, South Korea, Sweden, and New Zealand, while the long exposure in Australia was trimmed.

We held exposures to inflation-linked bonds and swaps, particularly in the eurozone and Germany, on anticipation that energy supply issues will likely keep price pressures elevated in the region.

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 currencies, our long U.S. dollar position was dynamically managed as we initially increased before trimming again. Among key moves, we closed long positions in the Canadian dollar and the Swiss franc. We also reduced our short exposures in the euro, British pound, and Israeli shekel and trimmed a long exposure in the Japanese yen.

Within sectors, we remain cautious on the credit outlook as slower economic growth could weigh on fundamentals. Accordingly, at the end of November we held defensive credit hedges in the portfolio with short positions expressed via synthetic credit instruments in U.S. investment grade and high yield. However, we closed our defensive positions via synthetic credit instruments in European investment grade and trimmed our defensive position in high yield.

Throughout, we continued to isolate credit selection from market beta as a potential source of alpha.

PORTFOLIO PERFORMANCE

Government bond markets rallied in November driven by expectations that slowing economies will prompt central banks to slow their aggressive monetary tightening cycles.

Within duration management, short duration stances in the U.S. UK, Italy, and Germany had a negative impact on performance as bond yields declined. A long exposure in local currency Brazilian government debt also weighed on performance as bonds came under pressure from political concerns. However, allocations to domestic government debt in South Korea, Hungary, Mexico, and South African contributed as risk sentiment improved.

CREDIT QUALITY DIVERSIFICATION²

	% of Fund
AAA	28.4
AA	15.1
A	12.3
BBB	17.1
BB	13.3
B	1.4
C	0.1
CCC or below	0.0
Default	0.6
Not Rated	1.6
Cash	9.9

In currency markets, our short positions in the New Zealand dollar, Taiwanese dollar, euro, South Korean won, and the Swedish krona detracted from performance due to a broadly weakening U.S. dollar. Partially offsetting these losses were gains from a defensive long position in the Japanese yen.

Within sectors, the portfolio's short exposures via credit derivatives in U.S. and European high yield detracted as spreads tightened. Short exposures via credit derivatives in U.S. investment grade also detracted.

OUTLOOK

The market narrative shifted in favour of the view that slowing economies will encourage global central banks to slow their aggressive monetary policy tightening cycles. Government bonds rallied during November driven initially by softer than expected U.S. October consumer price index data. Minutes from the Federal Reserve's November policy meeting released later in the month reinforced this view as it showed some officials were in favour of slowing the pace of rate hikes. In risk markets, expectations of a dovish monetary policy pivot fuelled a powerful rally with equity markets rising and credit spreads tightening notably. This together with the U.S. dollar broadly declining challenged portfolio performance. While disappointing, with the potential for a global recession rising we remain cautious on the longer-term outlook for risk markets and believe that the moves in November were a bear market bounce. However, cognizant of fighting the market, we trimmed the size of some of our credit hedges during November.

Inflation may be showing signs of easing, but price pressures remain high and well above target. Therefore, central banks are likely to continue tightening, although the pace of hikes looks set to slow. Broadly, we believe that bond markets are underestimating terminal interest rates and the likelihood that rates stay at elevated levels for longer. Against this backdrop, we see potential for bond yields to rise. This motivated us to trim duration in the portfolio during the period.

Overall, we expect volatility to continue with markets grappling with several different forces all at the same time, including geopolitical risks, slowing growth, high inflation, and a tightening of financial conditions. In this climate, we believe that it's important to be tactical and keep a liquid profile in the portfolio. 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.

FUND INFORMATION

Minimum Investment Amount	\$50,000 AUD
APIR	ETL2511AU
ARSN	167 869 561
ISIN	AU60ETL25110
Inception Date	22 January 2019
Benchmark	Bloomberg AusBond Bank Bill Index (AUD)
Management Fees and Costs [^]	0.59% p.a.
Distribution	Quarterly
Buy/Sell	Buy +0.20% / Sell -0.20%

[^]The Management Fee for the T. Rowe Price Dynamic Global Bond Fund is 0.59% 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 fund are provided by Moody's, Standard & Poor's and Fitch and are converted to the Standard & Poor's nomenclature. A rating of "AAA" represents the highest-rated securities, and a rating of "D" represents the lowest-rated securities. 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 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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