



MONTHLY UPDATE

31 July 2019

T. ROWE PRICE FUNDS SICAV

European High Yield Bond Fund



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Portfolio Manager

24 Years investment experience
8 Years at T. Rowe Price



FUND SNAPSHOT

Research-driven, targeting consistent high income.

KEY FUND DATA

Indicative Benchmark:	ICE BofAML European Currency High Yield Constrained Excluding Subordinated Financials Index Hedged to EUR
Base Currency:	EUR
ISIN Class A:	LU0596127604
ISIN Class Ad (EUR):	LU0596127786
ISIN Class Adh (USD):	LU1148396556
ISIN Class Ah (CHF):	LU1283501010
ISIN Class Ax:	LU1670771028
ISIN Class I:	LU0596125814
ISIN Class Id:	LU1512555746
ISIN Class Q:	LU1032541671
ISIN Class Qdh (GBP):	LU1558474414
ISIN Class Qh (CHF):	LU1258030169
ISIN Class Qh (USD):	LU1319833874

	Annualised				
	One Month	Year-to-Date	One Year	Three Years	Five Years
Class I	0.61%	10.28%	3.34%	2.94%	3.95%
ICE BofAML European Currency High Yield Constrained Excluding Subordinated Financials Index Hedged to EUR*	0.61%	8.27%	4.52%	4.74%	4.32%

	Calendar Years				
	2014	2015	2016	2017	2018
Class I	5.8	5.8	10.3	3.2	-8.3
ICE BofAML European Currency High Yield Constrained Excluding Subordinated Financials Index Hedged to EUR*	4.6	0.9	10.1	6.2	-3.3

Past performance is not a reliable indicator of future performance.

* The index shown is not a formal benchmark. It is shown only for comparison purposes.

I Class Inception: 20-Sep-2011

Source for performance: T.Rowe Price.

Fund performance is calculated using the official NAV with distributions reinvested, if any. The value of your investment will vary and is not guaranteed. It will be affected by changes in the exchange rate between the base currency of the fund and the currency in which you subscribed, if different. Sales charges, taxes and other locally applied costs have not been deducted and if applicable, they will reduce the performance figures.

Indicative Benchmark Data Source: BofA Merrill Lynch

PORTFOLIO HIGHLIGHTS

- The European high yield market saw positive returns in July as dovish policies from major central banks pushed global yields lower. Spreads ended the month tighter as the expectations for monetary stimulus from the ECB helped support investors' appetite for risk despite ongoing concerns surrounding slowing global growth. Within the portfolio, security selection was the primary driver of relative gains, led by our exposure to the financial services and basic industry sectors. Our positioning in the cable and satellite TV sector continued to make strong contributions to performance, particularly due to our holding in Altice, which has benefitted from management's efforts to reduce leverage levels. Conversely, our security selection in the retail and real estate sector held back relative gains. Our overall asset allocation also had a modest drag on performance. By rating, our security selection had a positive impact on relative gains with many of our lower-rated holdings making favourable contributions.



Global growth concerns and the U.S.-China trade dispute are likely to weigh on risk sentiment, particularly during the summer period when market liquidity is lower. However, monetary stimulus from the European Central Bank (ECB) in the form of rate cuts or new monthly corporate sector purchases could provide a positive technical backdrop. In this environment, we remain focussed on names with strong fundamentals that can overcome bouts of volatility to perform well over the long term.

MAIN RISKS:

Counterparty risk - an entity with which the fund transacts may not meet its obligations to the fund.

Country risk (Russia and Ukraine) - in these countries, risks associated with custody, counterparties and market volatility are higher than in developed countries.

Credit risk - a bond or money market security could lose value if the issuer's financial health deteriorates.

Default risk - the issuers of certain bonds could become unable to make payments on their bonds.

Derivatives risk - derivatives may result in losses that are significantly greater than the cost of the derivative.

Emerging markets risk - emerging markets are less established than developed markets and therefore involve higher risks.

Geographic concentration risk - to the extent that a fund invests a large portion of its assets in a particular geographic area, its performance will be more strongly affected by events within that area.

Hedging risk - a fund's attempts to reduce or eliminate certain risks through hedging may not work as intended.

Interest rate risk - when interest rates rise, bond values generally fall. This risk is generally greater the longer the maturity of a bond investment and the higher its credit quality.

Investment fund risk - investing in funds involves certain risks an investor would not face if investing in markets directly.

Liquidity risk - any security could become hard to value or to sell at a desired time and price.

Management risk - the investment manager or its designees may at times find their obligations to a fund to be in conflict with their obligations to other investment portfolios they manage (although in such cases, all portfolios will be dealt with equitably).

Market risk - prices of many securities change daily, and can fall based on a wide variety of factors.

Operational risk - operational failures could lead to disruptions of fund operations or financial losses.

Sector concentration risk - the performance of a fund that invests a large portion of its assets in a particular economic sector (or, for bond funds, a particular market segment), will be more strongly affected by events affecting that sector or segment of the fixed income market.

Important Information

The Funds are sub-funds of the T. Rowe Price Funds SICAV, a Luxembourg investment company with variable capital which is registered with Commission de Surveillance du Secteur Financier and which qualifies as an undertaking for collective investment in transferable securities ("UCITS"). Full details of the objectives, investment policies and risks are located in the prospectus which is available with the key investor information documents in English and in an official language of the jurisdictions in which the Funds are registered for public sale, together with the annual and semiannual reports (together "Fund Documents"). Any decision to invest should be made on the basis of the Fund Documents which are available free of charge from the local representative, local information/paying agent or from authorised distributors and via www.troweprice.com.

Please note that the Fund typically has a risk of high volatility.

The views contained herein are as of 31 July 2019 and may have changed since that time. Unless indicated otherwise the source of all data is T.Rowe Price.

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