



## MONTHLY UPDATE

31 July 2019

### T.ROWE PRICE FUNDS SICAV

## Dynamic Global Bond Fund



#### Arif Husain

Portfolio Manager

22 Years investment experience  
4 Years at T. Rowe Price

### FUND SNAPSHOT

Seeks to generate positive returns from global fixed income with a focus on downside risk and diversification from equity markets.

### KEY FUND DATA

Indicative Benchmark:	3 Month LIBOR in USD
Base Currency:	USD
ISIN Class A:	LU1216622131
ISIN Class Adh (EUR):	LU1520445427
ISIN Class Ah (EUR):	LU1245572752
ISIN Class I:	LU1216622214
ISIN Class Ih (EUR):	LU1216622487
ISIN Class Ih (GBP):	LU1238971292
ISIN Class Ih (SEK):	LU1360212812
ISIN Class Q:	LU1216622305
ISIN Class Qdh (EUR):	LU1520466696
ISIN Class Qh (CHF):	LU1439084374
ISIN Class Qh (EUR):	LU1439084705
ISIN Class Qh (GBP):	LU1238971615



	Annualised				
	One Month	Year-to-Date	One Year	Three Years	Five Years
Class I	-0.47%	0.09%	0.47%	0.16%	N/A
3 Month LIBOR in USD*	0.20%	1.50%	2.57%	1.83%	N/A

	Calendar Years			
	2015	2016	2017	2018
Class I	2.1	4.6	-1.3	0.5
3 Month LIBOR in USD*	0.2	0.8	1.3	2.3

#### 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: 10-Jun-2015

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.

### PORTFOLIO HIGHLIGHTS

- Global bond yields trended lower in July as a number of central banks, including the U.S. Federal Reserve (Fed), cutting interest rates. In the U.S., the yield curve flattened with shorter-term rates rising while rates on the long end remained relatively unchanged as the market expected a more aggressive rate cut than the 25-basis point delivered by the Fed. Within the eurozone, core and periphery bonds both rallied as weak data encouraged market participants to continue pricing in future interest rate cuts from the European Central Bank (ECB) and a revival of its bond-buying programme. At the portfolio level, duration management modestly detracted due to losses from our short duration stances in France and Italy. Our long-duration positions in Chile, Thailand, and Israel added value, however. In currency markets, our overall short U.S. dollar bias had a negative impact, particularly against the euro and Swiss franc.
- The fund holds a select allocation to investment-grade and high yield corporate bonds, with an overall net short position via the use of credit hedging.
- We reduced the portfolio's overall duration level further in July. This was driven to a large extent by our decision to move U.S. duration to a short bias as we felt that the markets pricing of future rate cuts from the Fed had become too extreme, especially given the recent improvement in data.

The trend of both core government bonds and risk markets rallying at the same time is unlikely to last, in our view. How the global economy evolves over the coming months will be critical for the performance of different classes with a stabilisation in growth potentially putting core government bonds under pressure, while further signs of a slowdown could leave risk markets, such as equities, vulnerable to a correction.

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**MAIN RISKS:**

**China Interbank Bond Market risk** - market volatility and potential lack of liquidity due to low trading volume of certain debt securities in the China Interbank Bond Market may result in prices of certain debt securities traded on such market fluctuating significantly.

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

**Country risk (China)** - all investments in China are subject to risks similar to those for other emerging markets investments. In addition, investments that are purchased or held in connection with a QFII licence or the Stock Connect program may be subject to additional risks.

**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.

**Currency risk** - the risk that securities denominated in currencies other than the base currency of the fund may decrease in value due to changes in foreign exchange rates.

**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.

**Issuer concentration risk** - to the extent that a fund invests a large portion of its assets in securities from a relatively small number of issuers, its performance will be more strongly affected by events affecting those issuers.

**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.

**Prepayment and extension risk** - with mortgage- and asset-backed securities, or any other securities whose market prices typically reflect the assumption that the securities will be paid off before maturity, any unexpected behaviour in interest rates could impact fund performance.

**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](http://www.troweprice.com).

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

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