



PORTFOLIO UPDATE

# Emerging Markets Bond Fund

As of September 30, 2019



**Portfolio Manager:**

Mike Conelius

**Managed Fund Since:**

1994

**Joined Firm:**

1988

## INVESTMENT OBJECTIVE

The fund seeks to provide high income and capital appreciation.

## FUND INFORMATION

Symbol	PREMX
CUSIP	77956H872
Inception Date of Fund	December 30, 1994
Benchmark	J.P. Morgan EMBI Global
Expense Information (as of the most recent Prospectus)	0.91%
Fiscal Year End	December 31
12B-1 Fee	-

## MARKET COMMENTARY

Emerging markets (EM) debt generated slightly negative returns in September. Concerns about potential weakness in global growth stemming from trade disputes and increased geopolitical tensions weighed on assets. Emerging European and African sovereigns led advances, while Middle Eastern, Asian, and Latin American sovereigns generally declined. Gains by high yield credits recovering from recent weakness outperformed investment-grade issuers, which were negative. Inflows were steady and new supply picked up.

Concerns about slowing global growth were reinforced by weaker global manufacturing data, as global Purchasing Managers' Indexes remained in contractionary territory for the fourth straight month. Chinese economic data were largely disappointing, as trade activity declined, and retail sales and foreign direct investment also fell short of expectations. The Chinese central bank cut reserve requirements for banks, aiming to boost financial system liquidity. Similarly, the U.S. Federal Reserve cut rates despite mixed economic data. Manufacturing dipped below neutral and jobs growth slowed from recent figures, while retail sales and housing data were positive. The U.S. and China are to resume trade talks in October after the U.S. delayed implementing a new set of tariffs and China suspended additional tariffs on some imports.

Several EM central banks also cut rates in an attempt to boost growth. Brazil, Russia, Chile, Indonesia, Egypt, the Philippines, Vietnam, Ukraine, and Mexico all cut rates in September. Turkey slashed rates more than expected as inflation remained on a downward trend. India's finance minister announced a corporate tax rate cut to stimulate growth. Pemex issued new debt under a liability management scheme in tandem with a USD \$5 billion capital injection from the Mexican government, which was well received by investors. In a significant policy reversal, Argentine President Mauricio Macri imposed capital controls to prop up the collapsing peso and retain shrinking foreign currency reserves amid concerns about policy direction under current presidential front-runner Alberto Fernandez. A second round of controls was later implemented, and the peso stabilized.

## PERFORMANCE

(NAV, total return)

	One Month	Three Months	Year-to-Date	One Year	Annualized				
					Three Years	Five Years	Ten Years	Fifteen Years	30-Day SEC Yield
Emerging Markets Bond Fund	-0.29%	-2.42%	8.25%	5.64%	2.18%	4.23%	5.61%	7.03%	5.02%
J.P. Morgan Emerging Markets Bond Index Global	-0.36	1.34	12.08	10.74	3.84	5.10	6.51	7.27	-

**Performance data quoted represents past performance and is not a reliable indicator of future performance. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. To obtain the most recent month-end performance, visit [troweprice.com](http://troweprice.com). Consider the investment objectives, risks, and charges and expenses carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, call 1-800-638-7780 or visit [troweprice.com](http://troweprice.com). Read it carefully.** The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

This fund involves a high-risk approach to income from foreign bonds, and its share price could fluctuate significantly. The fund is subject to the risks unique to international investing, including unfavorable changes in currency values, as well as credit risk and interest rate risk.

The fund(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details.

**RISK RETURN CHARACTERISTICS**

(Five Years ended September 30, 2019)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Emerging Markets Bond Fund	6.81%	-1.39%	1.15	0.90	-0.37	0.48	2.34%
J.P. Morgan EMBI Global	5.63	0.00	1.00	1.00	0.00	0.73	0.00

**Past performance is not a reliable indicator of future performance.** Figures are calculated using monthly data and are net of fees.

**TOTAL INDEX RETURNS BY COUNTRY (USD)  
(TOP 5/BOTTOM 5)**

One Month ended September 30, 2019	% Return
Argentina	16.08%
Zambia	6.68
Turkey	3.68
Mozambique	2.71
Gabon	2.49
Saudi Arabia	-2.48
Uruguay	-2.61
Qatar	-2.70
Tajikistan	-3.02
Venezuela	-33.58

**NET CURRENCY EXPOSURE (TOP 10)**

	% of Fund
U.S. dollar	99.8%
Serbia dinar	0.3
Indonesian rupiah	0.3
Brazilian real	0.3
Mexican peso	0.3
Argentinian peso	0.0
Malaysian ringgit	0.0
Sri Lanka rupee	0.0
Canadian dollar	0.0
South African rand	0.0

**PORTFOLIO CHARACTERISTICS**

	Emerging Markets Bond Fund	J.P. Morgan EMBI Global
Number of Holdings	419	759
Weighted Average Maturity	11.77 years	11.88 years
Weighted Average Effective Duration	7.72 years	7.60 years
Weighted Average Coupon	6.36%	5.50%
Yield to Maturity	5.97%	5.18%
Percent of Portfolio in Cash	2.0%	-
Total Assets (all share classes)	5,650,593,265	-

**COUNTRY DISTRIBUTION (Top and Bottom Five Over/Underweights vs Index)**

	Top Five Overweights					Bottom Five Underweights				
	Brazil	South Africa	Ukraine	Argentina	Mexico	Philippines	Qatar	Russia	China	Saudi Arabia
Emerging Markets Bond Fund	11.4%	7.2%	5.6%	4.4%	12.6%	0.0%	0.0%	0.1%	2.7%	0.3%
J.P. Morgan EMBI Global	3.5	2.0	1.6	1.9	10.4	2.9	3.8	4.4	7.8	6.6
<b>Over/Underweight</b>	<b>7.9</b>	<b>5.2</b>	<b>4.1</b>	<b>2.4</b>	<b>2.3</b>	<b>-2.8</b>	<b>-3.8</b>	<b>-4.3</b>	<b>-5.1</b>	<b>-6.3</b>

**GEOGRAPHICAL DIVERSIFICATION**

	Latin America	Middle East & Africa	Asia	Emerging Europe	Other	Reserves
Emerging Markets Bond Fund	44.8%	18.5%	17.6%	16.6%	0.5%	2.0%
J.P. Morgan EMBI Global	31.5	26.7	23.3	18.4	0.0	0.0
<b>Over/Underweight</b>	<b>13.3</b>	<b>-8.3</b>	<b>-5.7</b>	<b>-1.8</b>	<b>0.5</b>	<b>2.0</b>

**CREDIT QUALITY DIVERSIFICATION**

	U.S. Treas*	U.S. Govt Ag**	AA	A	BBB	BB	B	CCC	CC	C	D	Not Rated	Reserves
Emerging Markets Bond Fund	0.1%	0.1%	0.2%	5.3%	27.8%	19.9%	33.6%	8.5%	0.3%	0.4%	1.4%	0.5%	2.0%
J.P. Morgan EMBI Global	0.0	0.0	6.2	23.4	34.9	11.1	19.9	3.4	0.0	0.1	0.1	0.9	0.0
<b>Over/Underweight</b>	<b>0.1</b>	<b>0.1</b>	<b>-6.0</b>	<b>-18.1</b>	<b>-7.2</b>	<b>8.8</b>	<b>13.7</b>	<b>5.1</b>	<b>0.3</b>	<b>0.3</b>	<b>1.4</b>	<b>-0.4</b>	<b>2.0</b>

\*U.S. Treasury securities are issued by the U.S. Treasury and are backed by the full faith and credit of the U.S. government. The ratings of U.S. Treasury securities are derived from the ratings on the U.S. government.

\*\*U.S. government agency securities are issued or guaranteed by a U.S. government agency, and may include conventional pass-through securities and collateralized mortgage obligations; unlike Treasuries, government agency securities are not issued directly by the U.S. government and are generally unrated but may have credit support from the U.S. Treasury (e.g., FHLMC and FNMA issues) or a direct government guarantee (e.g., GNMA issues). Therefore, this category may include rated and unrated securities.

**Definitions**

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 duration, the greater the Fund's sensitivity to interest rates.

**Additional Disclosures**

Source for J.P. Morgan data: J.P. Morgan. Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval. Copyright 2019, J.P. Morgan Chase & Co. All rights reserved.

Diversification exhibits may not add to 100% due to exclusion or inclusion of cash.

Sources for credit quality: Moody's Investors Service; if Moody's does not rate a security, then Standard & Poor's (S&P) is used as a secondary source. When available, T. Rowe Price will use Fitch for securities that are not rated by Moody's or S&P. T. Rowe Price does not evaluate these ratings, but simply assigns them to the appropriate credit quality category as determined by the rating agency. T. Rowe Price uses the rating of the underlying investment vehicle for credit default swaps.

"Other" includes any categories not explicitly mentioned.

Certain numbers in this report may not equal stated totals due to rounding. Unless otherwise stated, data is as of the report date.

Unless indicated otherwise the source of all data is T. Rowe Price.

This material should not be deemed a recommendation to buy or sell any of the securities mentioned.

This material has been prepared for informational purposes only. The views and opinions stated in this commentary are those of the portfolio managers listed as of the date indicated. These views and opinions are subject to change based on market or other conditions and may differ from those of other T. Rowe Price associates. Actual market and investment results may differ materially from expectations.

© 2019 T. Rowe Price. All rights reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the bighorn sheep design are, collectively and/or apart, trademarks or registered trademarks of T. Rowe Price Group, Inc.

T. Rowe Price Investment Services, Inc., Distributor.

2017-US-139285 201910-969026