



PORTFOLIO UPDATE

# Institutional Emerging Markets Bond Fund

As of October 31, 2019



**Portfolio Manager:**

Mike Conelius

**Managed Fund Since:**

2006

**Joined Firm:**

1988

## INVESTMENT OBJECTIVE

The fund seeks to provide high income and capital appreciation.

## FUND INFORMATION

Symbol	TREBX
CUSIP	74144Q401
Inception Date of Fund	November 30, 2006
Benchmark	J.P. Morgan EMBI Global Diversified
Expense Information (as of the most recent Prospectus)	0.70%
Fiscal Year End	December 31
12B-1 Fee	-

## MARKET COMMENTARY

Emerging markets (EM) debt generated modest returns in October. Concerns about potential weakness in global growth stemming from trade disputes and increased geopolitical tensions remained, yet investors sought higher yields amid persistently low global rates. Emerging European and African sovereigns led advances, while the Middle East declined due to distress in Lebanon. Gains by investment-grade credits outperformed high yield issuers, but both were positive. Inflows were steady, and new supply picked up.

Global growth concerns were reinforced as the International Monetary Fund (IMF) reduced its global growth estimate to 3.0% this year, down slightly from its April forecast and the weakest pace since the 2008 global financial crisis. Chinese economic data were largely disappointing, as trade activity declined, and gross domestic product (GDP) growth slowed to 6.0%, the slowest pace since 1992. Bank lending and total social financing increased more than expected, possibly showing signs of recent easing measures. The U.S. Federal Reserve cut rates as expected amid soft economic data. Manufacturing remained below neutral, and retail sales declined for the first time in seven months. GDP growth, however, exceeded expectations, slowing to 1.9%. Reports that the U.S. and China made progress on a trade deal bolstered investor risk appetite. Several EM central banks also cut rates in an attempt to boost growth. Turkey, Russia, Ukraine, India, Korea, Indonesia, and Chile also cut rates in October.

Brazil's Senate approved the pension reform bill that should lead to savings that could help stabilize debt. The central bank cut rates to a record low and indicated additional cuts were likely. As expected, populist challenger Alberto Fernández defeated market-friendly incumbent Mauricio Macri in the Argentinian presidential election. The central bank imposed stricter capital controls to support the peso. Turkey's central bank cut rates more than expected as inflation declined. The U.S. lifted sanctions that had been briefly imposed on Turkey after the Turkish government agreed to a temporary ceasefire in its military offensive in northern Syria. Antigovernment protests erupted in Iraq, Ecuador, Chile, and Lebanon.

## PERFORMANCE

(NAV, total return)

	One Month	Three Months	Year-to-Date	One Year	Annualized				30-Day SEC Yield
					Three Years	Five Years	Ten Years	Since Inception 11/30/06	
Institutional Emerging Markets Bond Fund	0.58%	-1.63%	10.37%	10.50%	3.93%	5.16%	6.40%	6.23%	5.00%
J.P. Morgan Emerging Markets Bond Index Global Diversified	0.28	0.57	13.30	14.35	5.14	5.44	6.90	6.81	-

The **1-, 5-, and 10-year** annualized returns as of **9/30/19** were **7.59%, 5.37%** and **6.37%** for the fund. **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 October 31, 2019)

	Annualized Std. Deviation	Alpha	Beta	R-Squared	Information Ratio	Sharpe Ratio	Tracking Error
Institutional Emerging Markets Bond Fund	6.29%	-0.68%	1.10	0.88	-0.13	0.66	2.24%
J.P. Morgan EMBI Global Diversified	5.38	0.00	1.00	1.00	0.00	0.82	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 October 31, 2019	% Return
Tunisia	3.03%
Ukraine	2.86
Papua New Guinea	2.47
Kenya	2.23
Senegal	2.14
Argentina	-2.62
Suriname	-3.68
Ecuador	-4.01
Venezuela	-9.36
Lebanon	-13.98

**NET CURRENCY EXPOSURE (TOP 10)**

	% of Fund
U.S. dollar	99.4%
Brazilian real	0.5
Mexican peso	0.3
Indonesian rupiah	0.3
Serbia dinar	0.3
Argentinian peso	0.0
Canadian dollar	0.0
South African rand	0.0
Peruvian nuevo sol	0.0

**PORTFOLIO CHARACTERISTICS**

	Institutional Emerging Markets Bond Fund	J.P. Morgan EM-BI Global Diversified
Number of Holdings	262	767
Weighted Average Maturity	10.66 years	11.53 years
Weighted Average Effective Duration	7.35 years	7.41 years
Weighted Average Coupon	6.45%	5.77%
Yield to Maturity	5.54%	5.10%
Percent of Portfolio in Cash	3.2%	-
Total Assets (all share classes)	464,245,276	-

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

	Top Five Overweights					Bottom Five Underweights				
	Brazil	South Africa	Mexico	Ukraine	Turkey	United Arab Emirates	Saudi Arabia	Philippines	Qatar	Russia
Institutional Emerging Markets Bond Fund	11.4%	7.9%	8.9%	6.1%	5.9%	0.2%	0.7%	0.0%	0.0%	0.0%
J.P. Morgan EMBI Global Diversified	3.0	2.5	4.7	2.4	3.3	2.9	3.6	3.1	3.2	3.3
<b>Over/Underweight</b>	<b>8.4</b>	<b>5.4</b>	<b>4.1</b>	<b>3.7</b>	<b>2.7</b>	<b>-2.7</b>	<b>-2.9</b>	<b>-3.1</b>	<b>-3.2</b>	<b>-3.3</b>

**GEOGRAPHICAL DIVERSIFICATION**

	Latin America	Middle East & Africa	Emerging Europe	Asia	Other	Reserves
Institutional Emerging Markets Bond Fund	44.4%	22.1%	15.7%	14.4%	0.2%	3.2%
J.P. Morgan EMBI Global Diversified	32.1	29.8	20.2	17.8	0.0	0.0
<b>Over/Underweight</b>	<b>12.3</b>	<b>-7.6</b>	<b>-4.5</b>	<b>-3.4</b>	<b>0.2</b>	<b>3.2</b>

**CREDIT QUALITY DIVERSIFICATION**

	U.S. Govt Ag**	AA	A	BBB	BB	B	CCC	CC	C	D	Not Rated	Reserves
Institutional Emerging Markets Bond Fund	0.1%	0.0%	3.8%	25.8%	21.5%	36.1%	7.8%	0.1%	0.2%	0.9%	0.4%	3.2%
J.P. Morgan EMBI Global Diversified	0.0	6.2	17.5	31.6	14.1	25.9	3.6	0.0	0.0	0.0	1.1	0.0
<b>Over/Underweight</b>	<b>0.0</b>	<b>-6.2</b>	<b>-13.7</b>	<b>-5.8</b>	<b>7.4</b>	<b>10.3</b>	<b>4.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.9</b>	<b>-0.6</b>	<b>3.2</b>

\*\* 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**

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

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"Other" includes any categories not explicitly mentioned.

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2017-US-30116 201911-1003745