



DB Strategic Investment Forum

EMERGING MARKETS LOCAL INVESTING IN A LOW YIELD WORLD

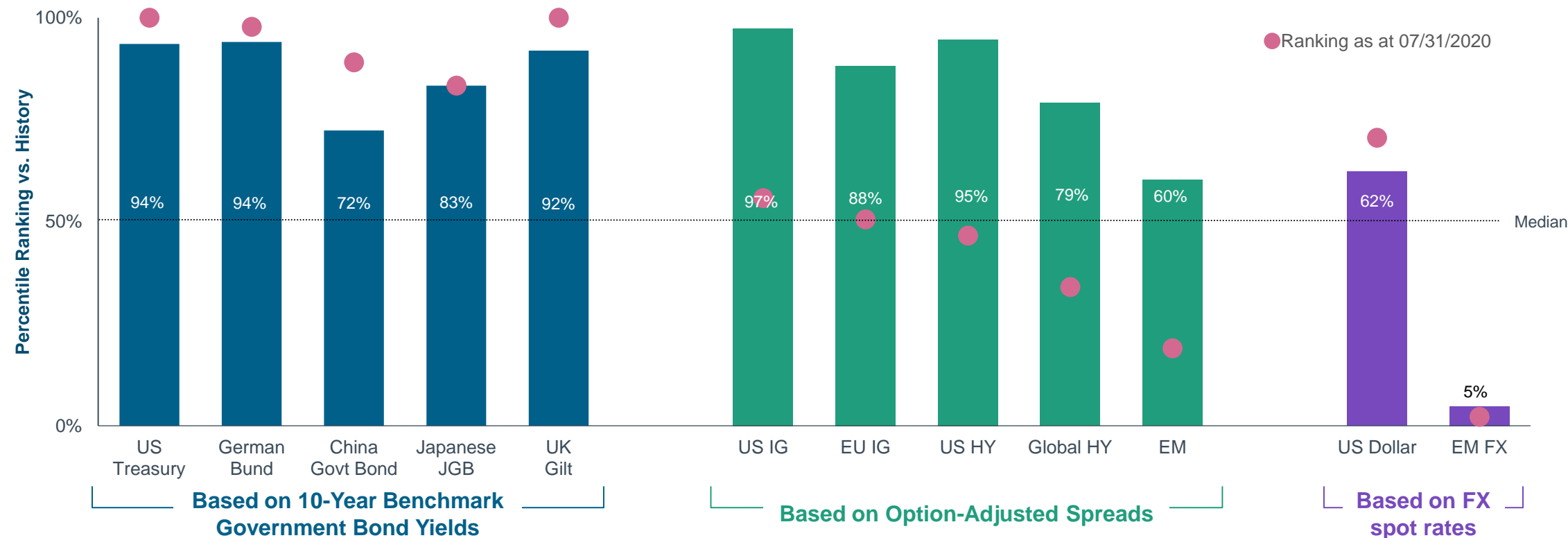
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Portfolio Manager
September 2021



Historical Debt Market Valuations

As of 31 July 2021

Valuation comparison: percentile rankings vs past 15 years



EM FX stands out on relative valuation metrics over the past 15-years.

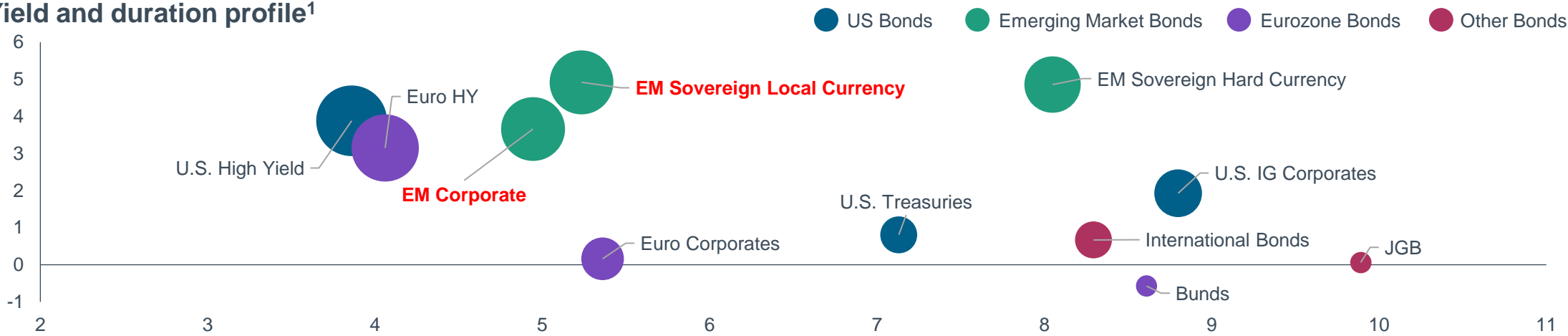
Indices used, from left to right above, beginning with U.S. IG Corp.: Bloomberg Barclays U.S. Investment Grade Corporate, Bloomberg Barclays Euro Aggregate Credit, Bloomberg Barclays U.S. Aggregate Credit – Corporate High Yield, Bloomberg Barclays Global High Yield, Bloomberg Barclays Emerging Markets USD Aggregate.
 Source for Bloomberg Barclays index data: Bloomberg Index Services Limited. Please see additional disclosures for further source information.



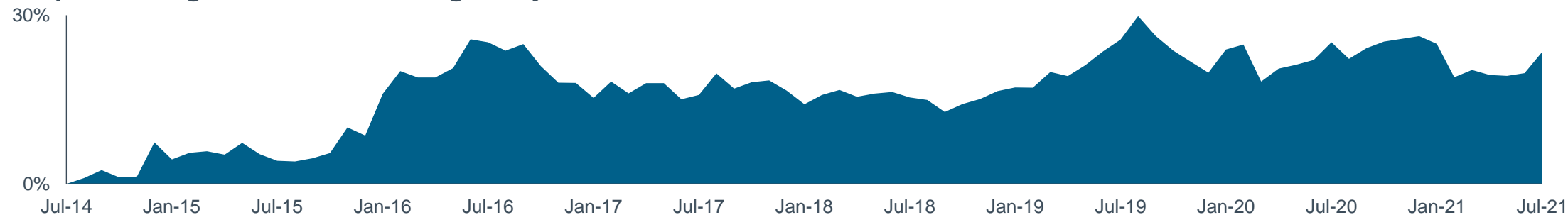
A Spectrum of Yield and Duration Profiles in FI Assets

As of 31 July 2021

Yield and duration profile¹



Proportion of global bonds with negative yield



Emerging market debt; higher yields and shorter duration bonds vs. developed market bonds.

Past performance is not a reliable indicator of future performance.

¹ Size of bubble denotes the attractiveness of the asset class - the larger the bubble, the more attractive it is, based on T. Rowe Price analysis.

Indices used, from left to right above, beginning with U.S. High Yield: Bloomberg Barclays U.S. Corporate High Yield, Bloomberg Barclays Pan-European High Yield Index, J.P. Morgan – Corporate EMBI Diversified, Bloomberg Barclays EuroAgg Corporate ISMA Mod. Statistics Duration, J.P. Morgan GBI-EM Global Diversified Composite, Bloomberg Barclays US Agg Treasury, J.P. Morgan Emerging Markets Bond Index Global Div, Bloomberg Barclays GlobalAgg ex US, Bloomberg Barclays Global: Germany Unhedged USD, Bloomberg Barclays US Agg Corporate, Bloomberg Barclays Asian-Pacific Japan Treasury Total Return Index.

Source for Bloomberg Barclays index data: Bloomberg Index Services Limited. Analysis by T. Rowe Price. Please see additional disclosures for further source information.

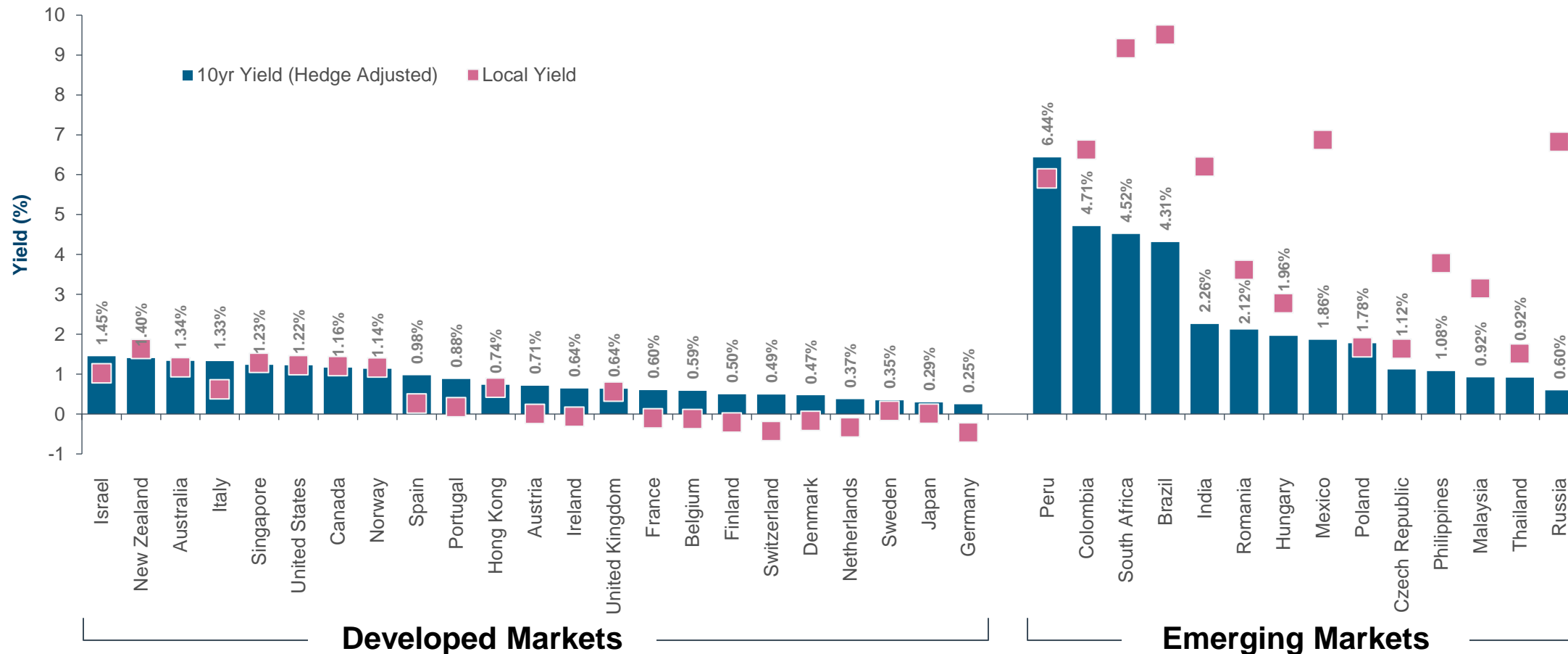


Wide Opportunity to Find Attractive Yields

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Emerging markets may offer higher yields and diversification potential

10-year USD-hedged sovereign bond yields



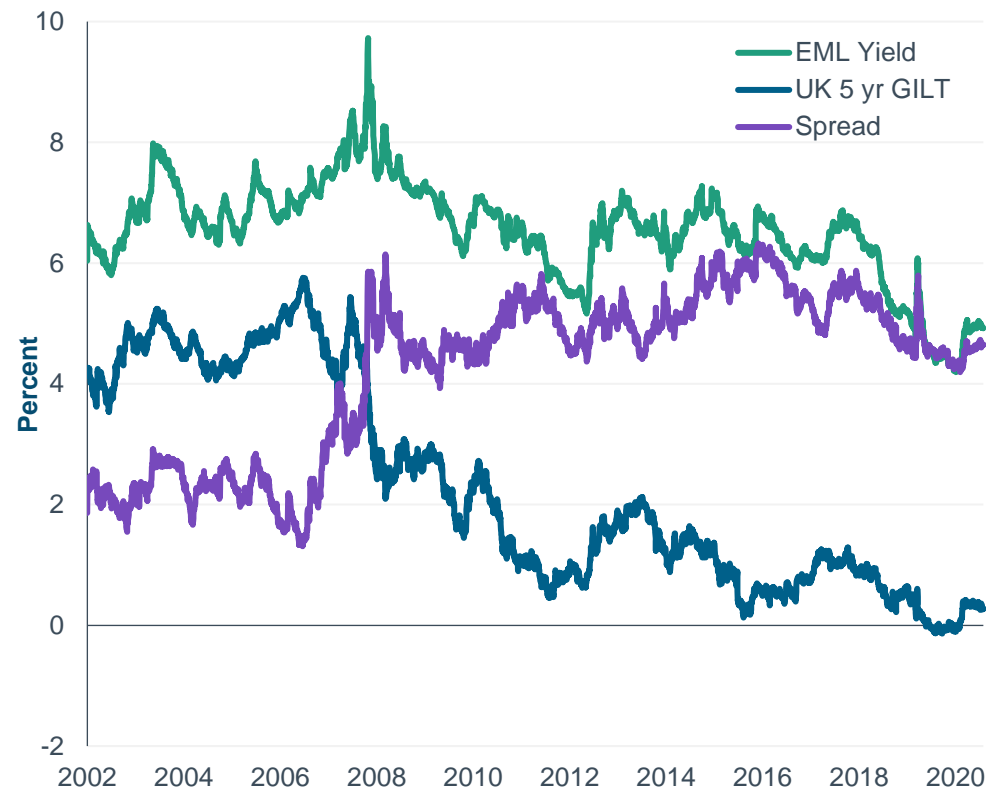
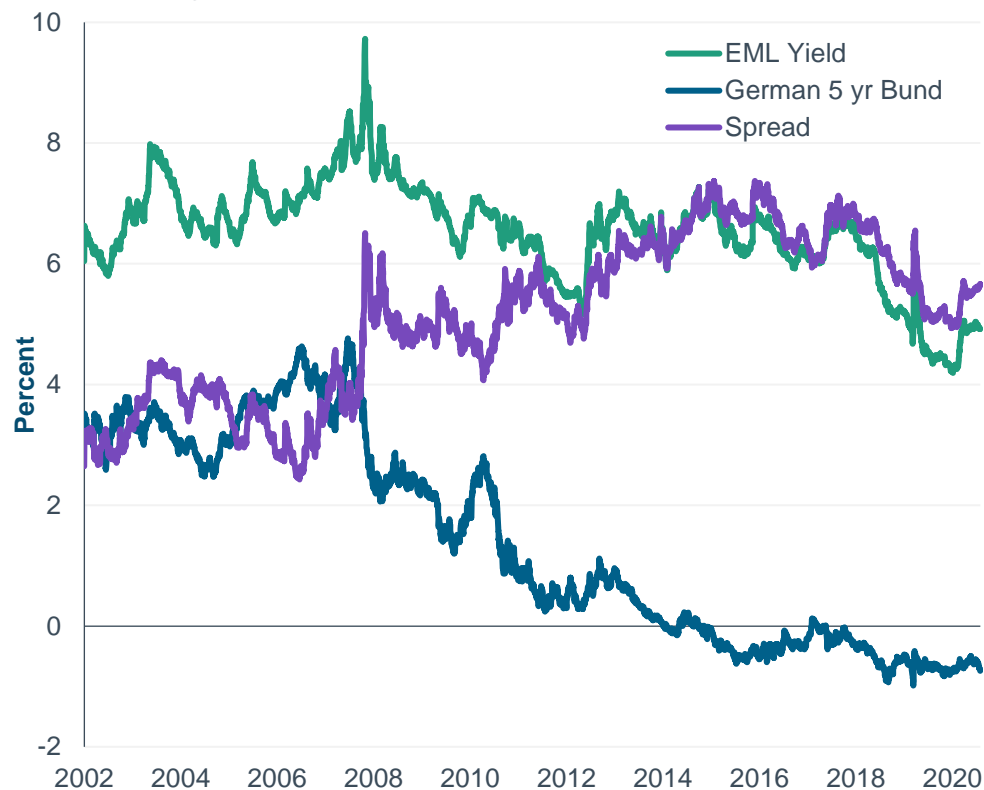
Source: Bloomberg Finance L.P.
Percentage shown is relative to blue bars.



Yields Matter

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Nominal yields: EM VS DM



EM yields remain relatively attractive vs developed markets.

Past performance is not a reliable indicator of future performance.

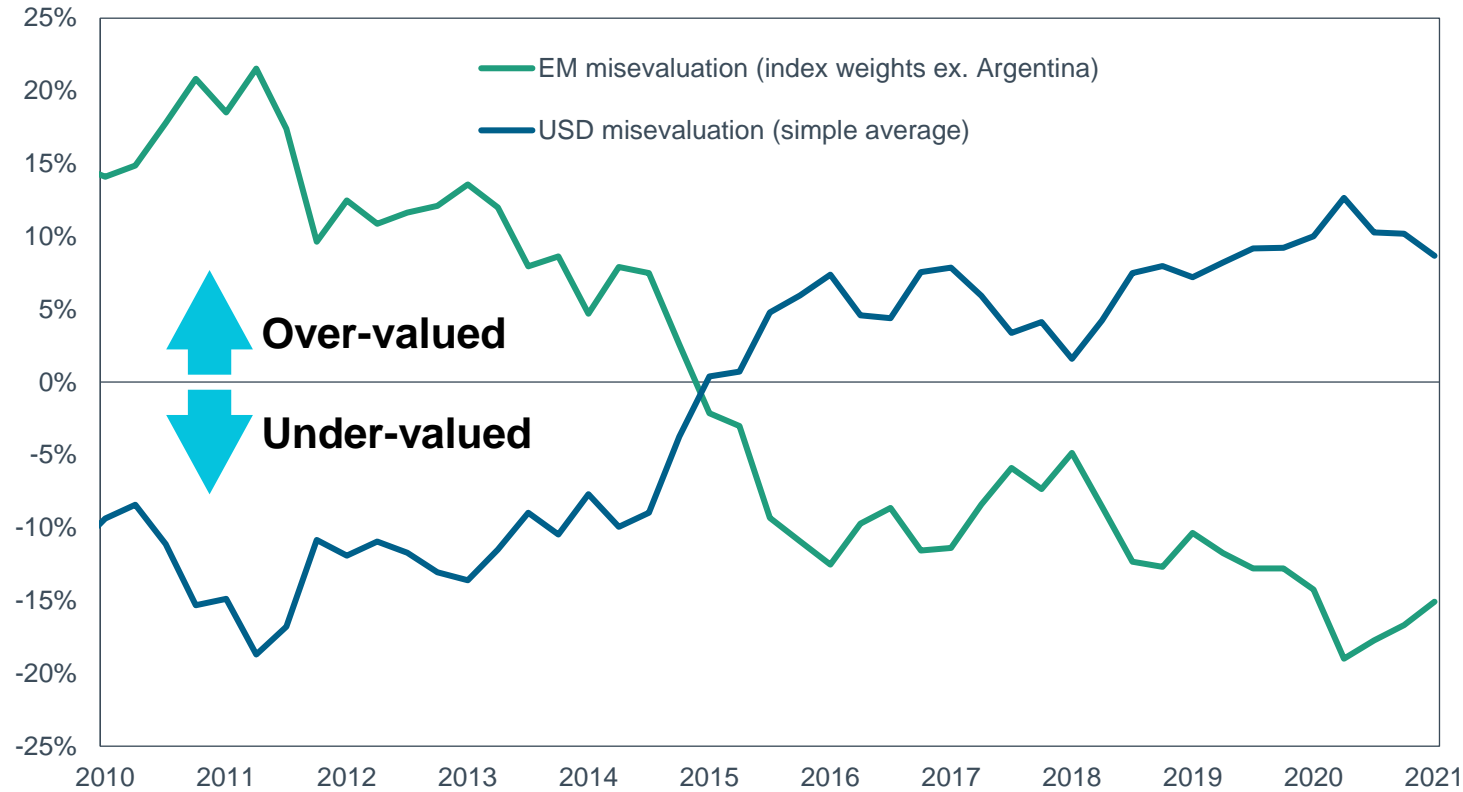
Source: Bloomberg Finance L.P.; analysis by T. Rowe Price.



EM Currency Valuations

CURRENCY CONSIDERATIONS

As of 31 March 2021
Figures are Calculated in U.S. Dollars

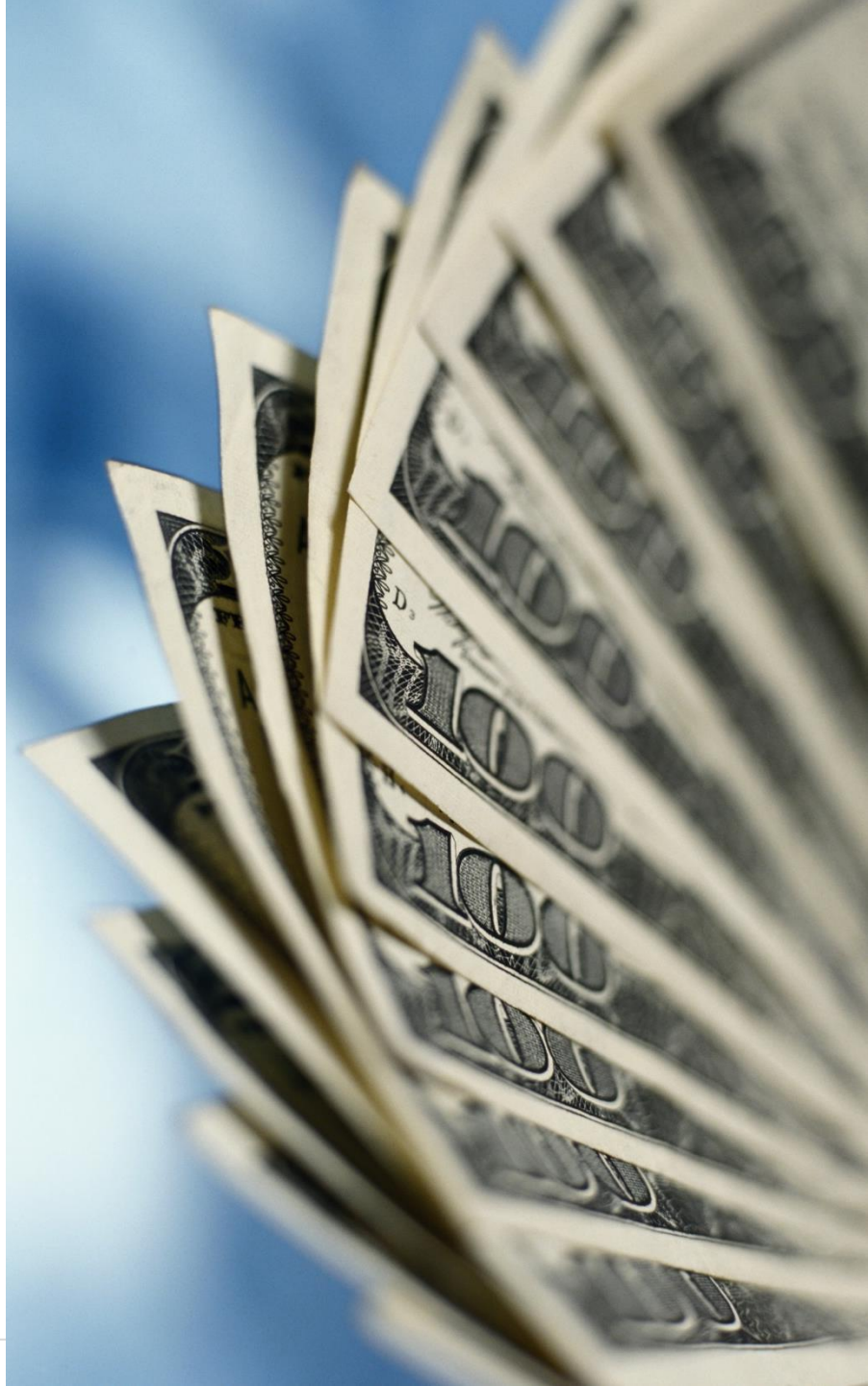


US dollar strength over the past 9 years has been notable versus EM.

Past performance is not a reliable indicator of future performance.

Source: BIS/Haver Analytics, analysis by T. Rowe Price.

EM basket reflects ex. Argentina market-weight of J.P. Morgan GBI-EM Global Diversified using in-house effective exchange rate model.

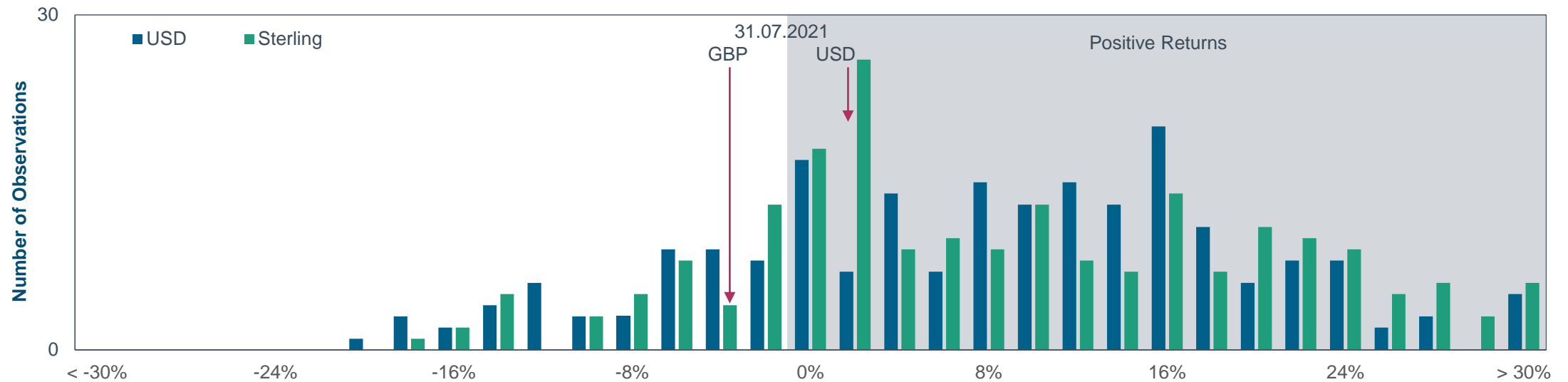




Enticing Return Profile in USD and GBP

As of 31 July 2021

12-month rolling returns (since 31 January 2003)



Risk and return statistics

Figures are calculated using monthly data.	Performance Return Cumulative	Performance Return Annualized	Volatility	Return / Volatility
U.S. Dollars	210.16%	6.28%	11.76%	0.53
Sterling	259.19%	7.12%	11.24%	0.63

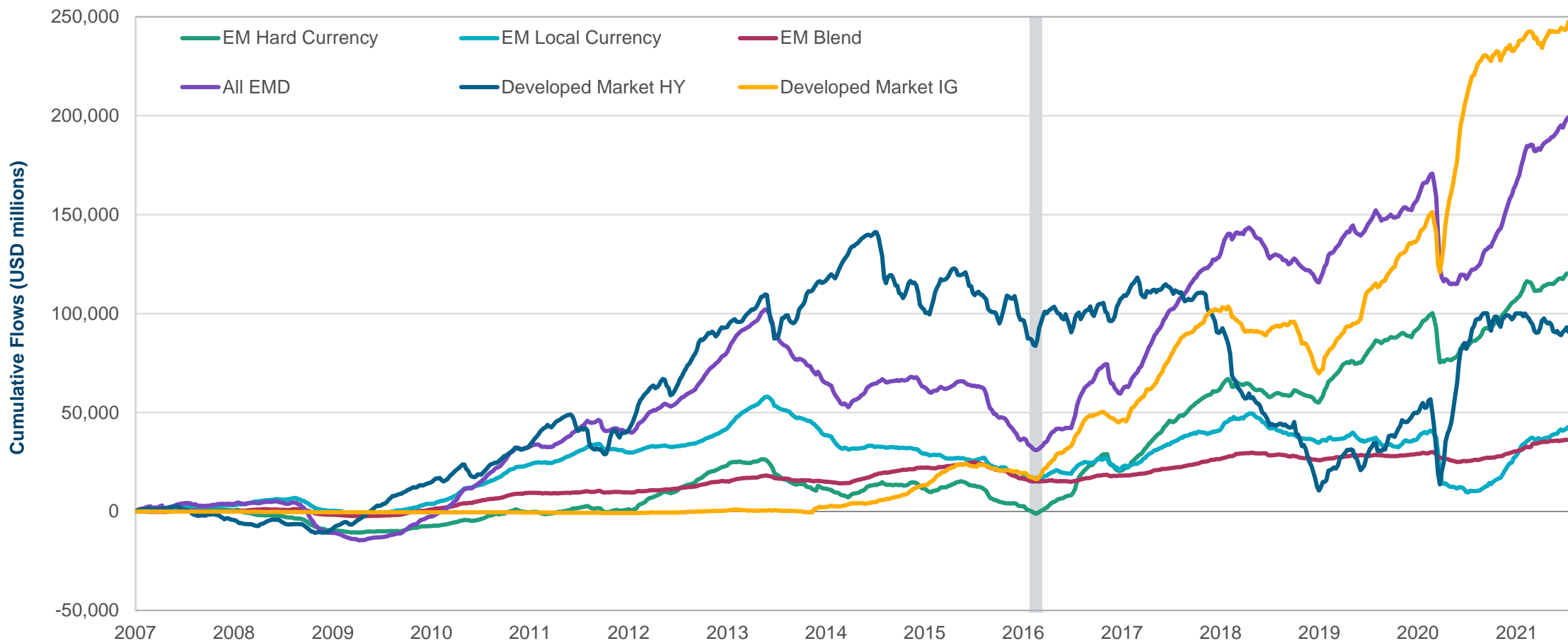
One year look back returns are very low from a historical perspective.

Past performance is not a reliable indicator of future performance.
J.P. Morgan Government Bond Index-Emerging Markets Global Diversified.
Source: J.P. Morgan. Please see additional disclosures for further source information.



Flows Over History

As of 31 July 2021



Past performance is not a reliable indicator of future performance.
Source: Haver/EPFR.



Outlook

As of 31 July 2021

Emerging Markets growth cycle



Improving economic data



Dollar trajectory



Technicals



Near-term headwinds



MARKET OUTLOOK





THANK YOU

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Risks

Risks – the following risks are materially relevant to the fund (refer to prospectus for further details):

- **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.
- **Contingent convertible bond risk** – Contingent convertible bonds have similar characteristics to convertible bonds with the main exception that their conversion is subject to predetermined conditions referred to as trigger events usually set to capital ratio and which vary from one issue to the other.
- **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** – changes in currency exchange rates could reduce investment gains or increase investment losses.
- **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.
- **Frontier markets risk** – small market nations that are at an earlier stage of economic and political development relative to more mature emerging markets typically have limited investability and liquidity.
- **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.
- **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.
- **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.

General Fund Risks

- **Capital risk** – 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.
- **ESG and Sustainability risk** – may result in a material negative impact on the value of an investment and performance of the fund.
- **Counterparty risk** – an entity with which the fund transacts may not meet its obligations to the fund.
- **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.
- **Investment fund risk** – investing in funds involves certain risks an investor would not face if investing in markets directly.
- **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).
- **Operational risk** – operational failures could lead to disruptions of fund operations or financial losses.

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