



# Global Impact Credit Strategy

**Matt Lawton, CFA**  
Portfolio Manager  
September 2024

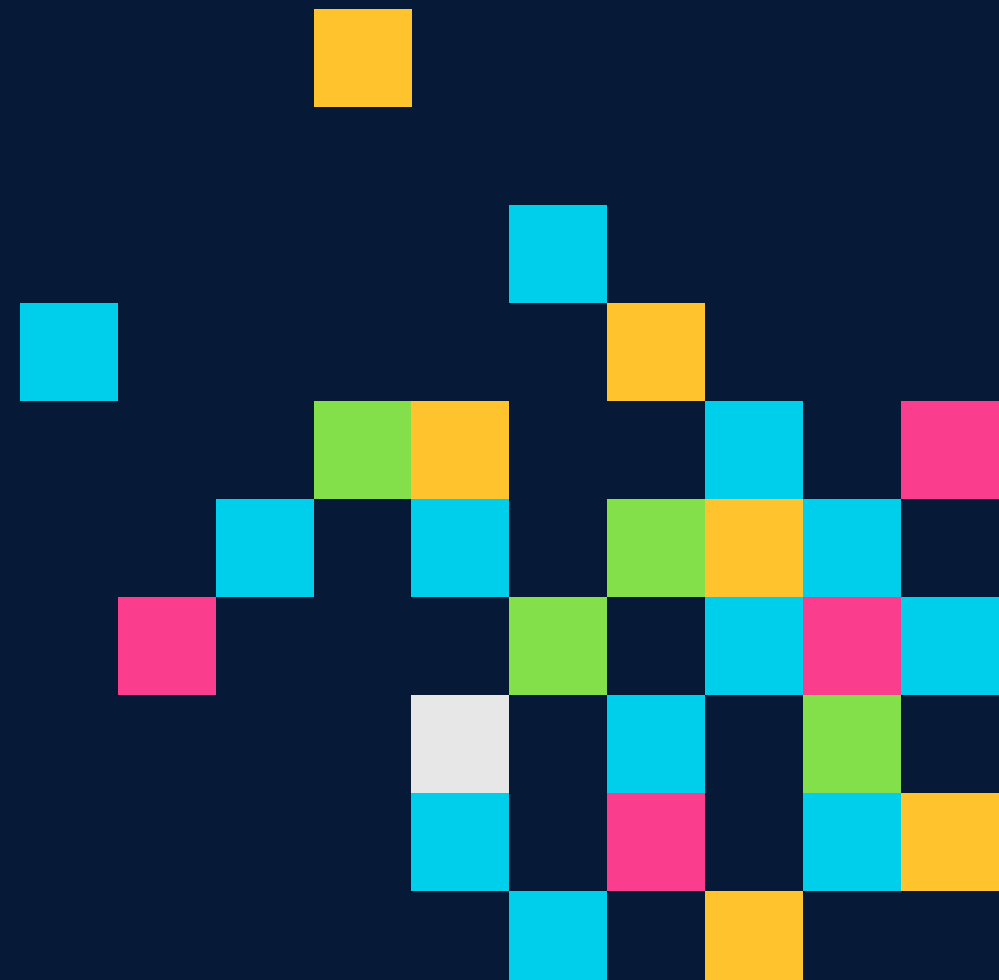
 #TRPConference

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# Today's Speaker



**Matt Lawton, CFA**  
Portfolio Manager  
Global Impact Credit Strategy



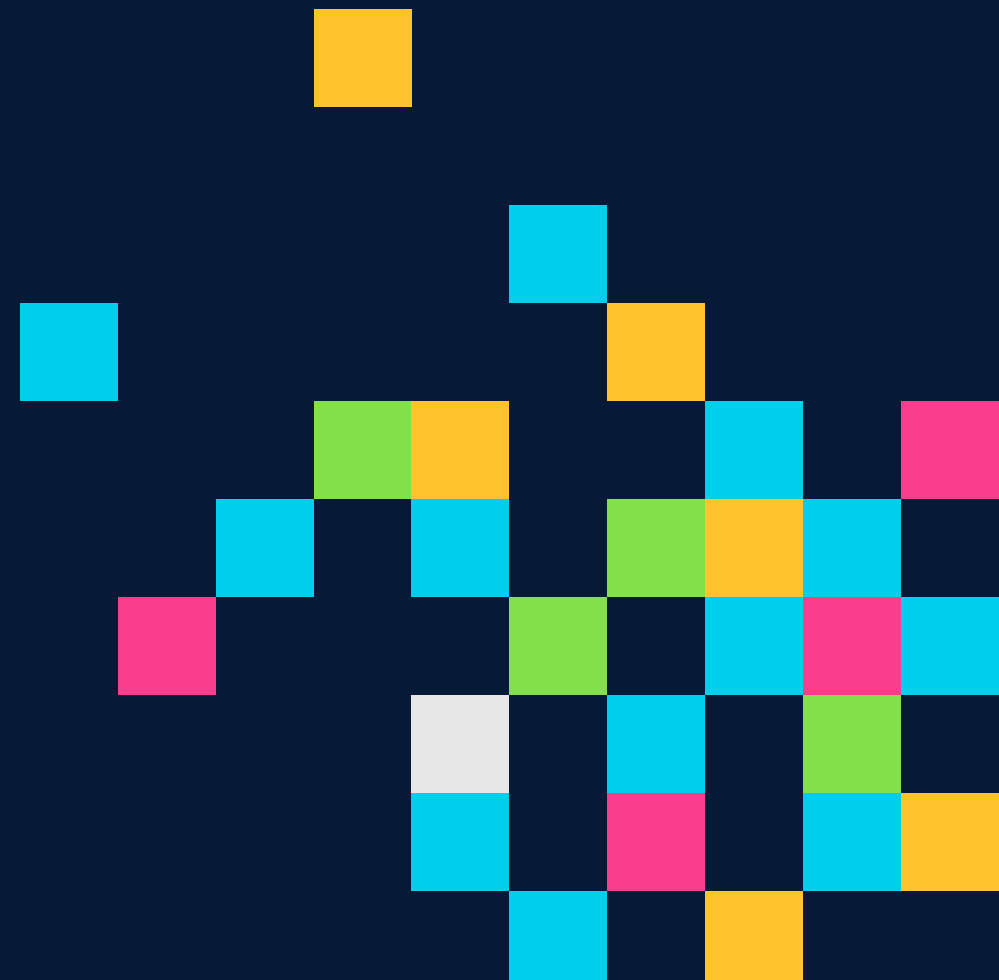
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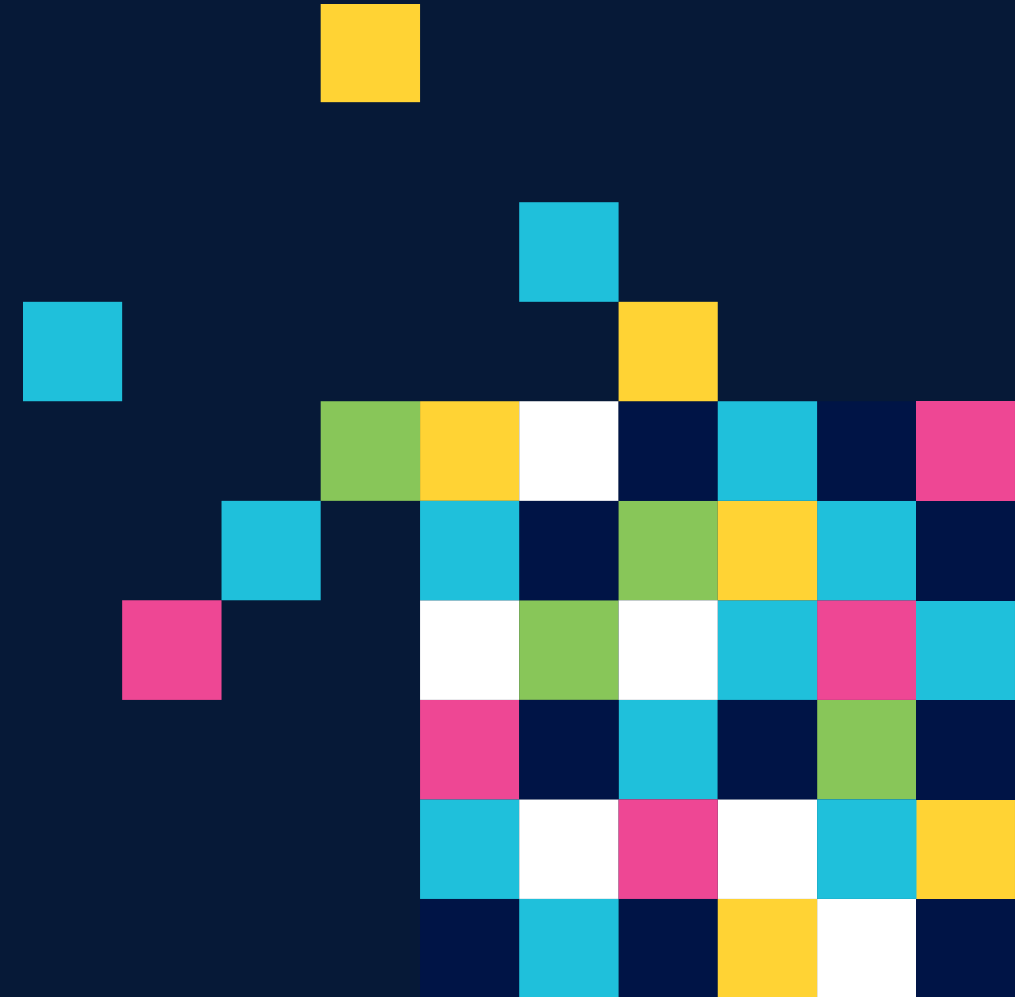
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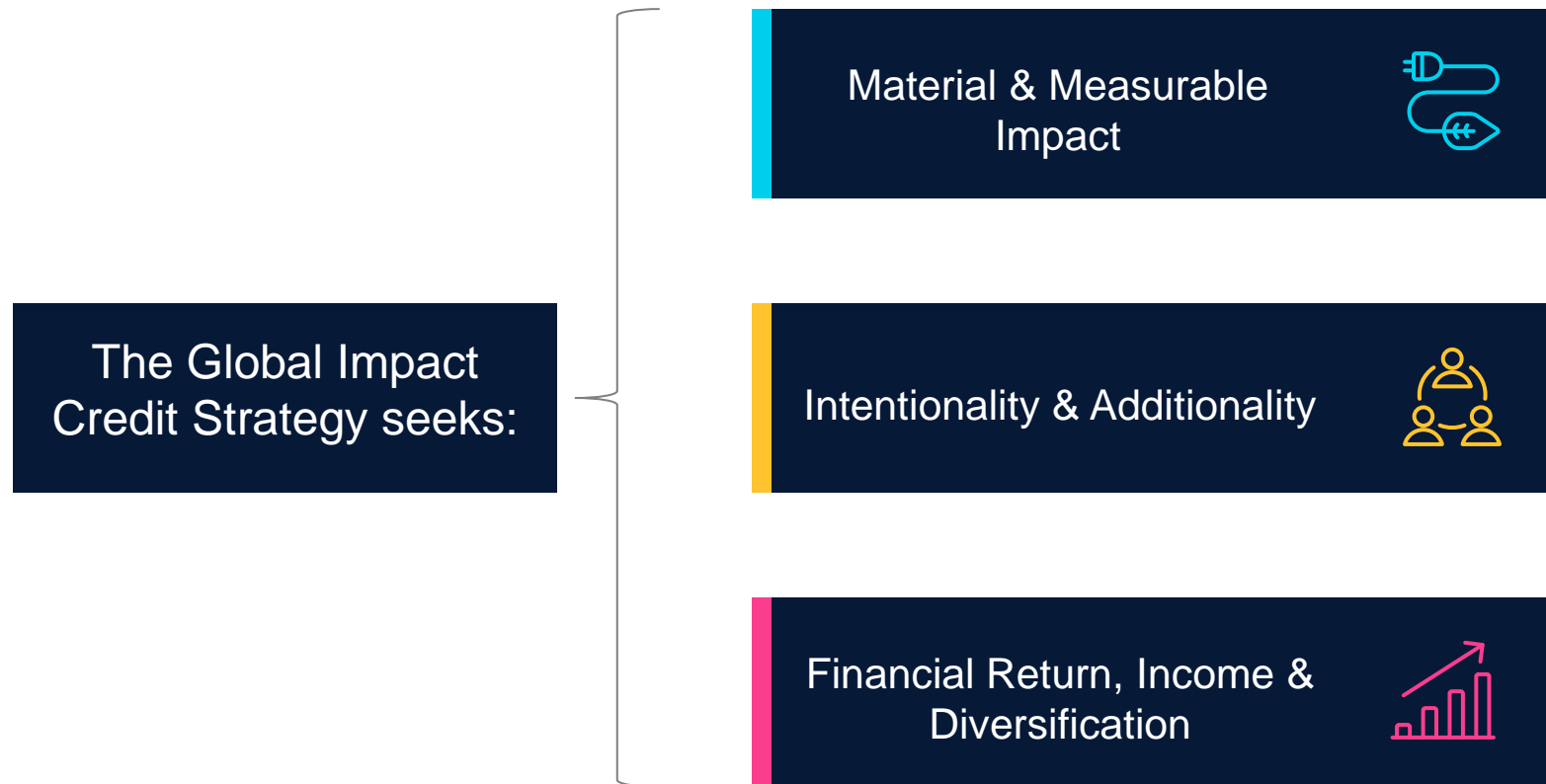




# Global Impact Credit Overview



# T. Rowe Price global impact investing objectives:



A dual mandated approach.

# Global Impact Credit Investment Team

- Baltimore Associate
- London Associate
- ▲ Hong Kong Associate
- ▼ Tokyo Associate

As of 30 June 2024

## Portfolio Manager

Drives portfolio construction, risk allocation and performance



■ **Matt Lawton, CFA**  
Portfolio Manager—  
Global Impact Credit Strategy

- 17 years of investment experience
- 13 years with T. Rowe Price

## Portfolio Strategy Team

Conducts impact and ESG bond research; collaborates with Responsible Investing team and fundamental analysts



● **Willem Visser**  
Sector Portfolio Manager\*, Credit

- 12 years of investment experience
- 7 years with T. Rowe Price



● **Ellen O'Doherty, CFA**  
Impact Analyst

- 4 years of investment experience
- 4 years with T. Rowe Price

Provides support to the Portfolio Manager, whilst working with Clients on strategy updates and messaging



● **Michael Ganske, CFA, FRM, Ph.D.**  
Portfolio Specialist Fixed Income

- 23 years of investment experience
- 4 years with T. Rowe Price



▼ **Yukiko Hanai, CMA**  
Portfolio Specialist Fixed Income

- 31 years of investment experience
- 6 years with T. Rowe Price

## Impact Equity Teams

Provides cross-asset impact collaboration and idea generation, along with joint issuer engagement

- **Hari Balkrishna** Portfolio Manager—  
Global Impact Equity Strategy
- **David Rowlett, CFA** Portfolio Manager —  
US Impact Equity Strategy
- **Chris Vost, CFA** Analyst —  
Global Impact Equity Strategy
- **Kaoutar Yaiche** Analyst —  
US Impact Equity Strategy

## Responsible Investing Team

Support the Portfolio Management Team to identify, analyze, and integrate Impact and ESG considerations most likely to have a material impact on an investment's performance

- **Maria Elena Drew** Director of  
Research — Responsible Investing
- **Tongai Kunorubwe** Associate Director  
of Research – Fixed Income Responsible  
Investing
- **Joe Baldwin** — Financials, Real Estate
- **Greg Bragg** — Consumer
- **Francesco Buonocore** — Industrials
- **Dylan Cotter** — Municipals, Securitized
- **Ashley Hogan** — Technology, Media  
& Telecom
- ▲ **Clarice Hung** — Generalist
- **Matt Kleiser** — Generalist
- **Natalie McGowen** — Sovereigns
- ▲ **Iona Richardson** — Consumer,  
Technology, Media & Telecom
- **Daniel Ryan** — Health Care
- **Duncan Scott** — Natural Resources
- **Amelia Bowers\*** — Business Analyst
- **Suha Read** — General Manager
- **Michael Ray** — Snr Business Analyst
- **Donna Anderson** — Governance
- **Jocelyn Brown** — Governance

**41** ESG dedicated full-time investment resources

## Fixed Income and Equity Analyst Team

Conduct macro, credit, quantitative, and ESG analysis

- 58** Credit Analysts
- 84** Equity Research Analysts
- 8** Associate Analysts
- 155** CFA® Charterholders
- 19** Quant Analysts
- 37** Specialty Analysts
- 37** Associate Equity Research Analysts
- Average 12 years investment experience
- 17** ESG Specialists

## Fixed Income Trading

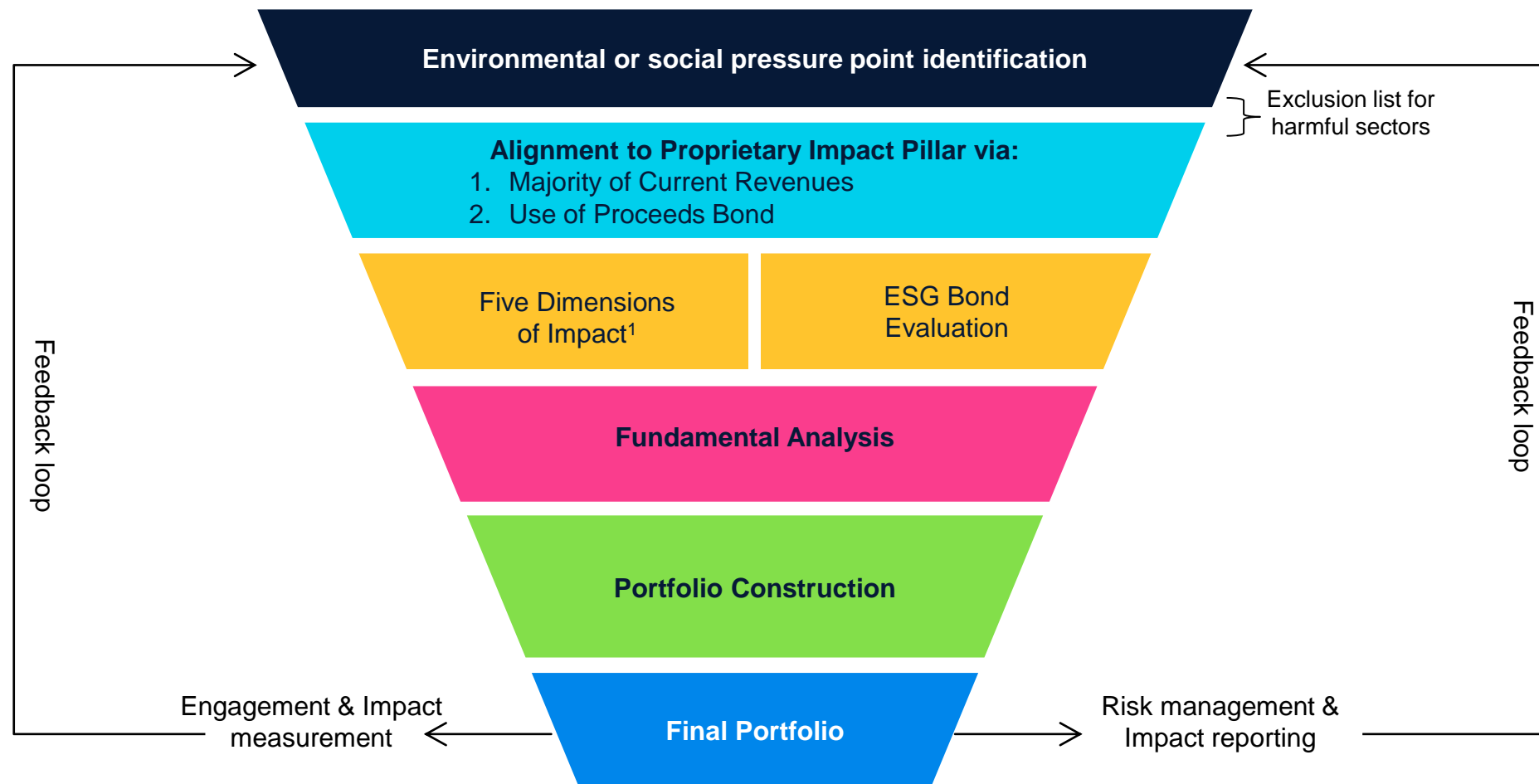
Source liquidity and provide market feedback

- 28** Dedicated Sector Traders
- 3** CFA® Charterholders
- 21** Average years investment experience

\* Effective July 2024.

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# A robust and repeatable investment process



A process that can support bespoke impact or financial objectives.

<sup>1</sup> Source: The Impact Management Project, a project by Bridges Fund Management Ltd (company number 10401079) ("Bridges").

# Alignment to impact investment pillars

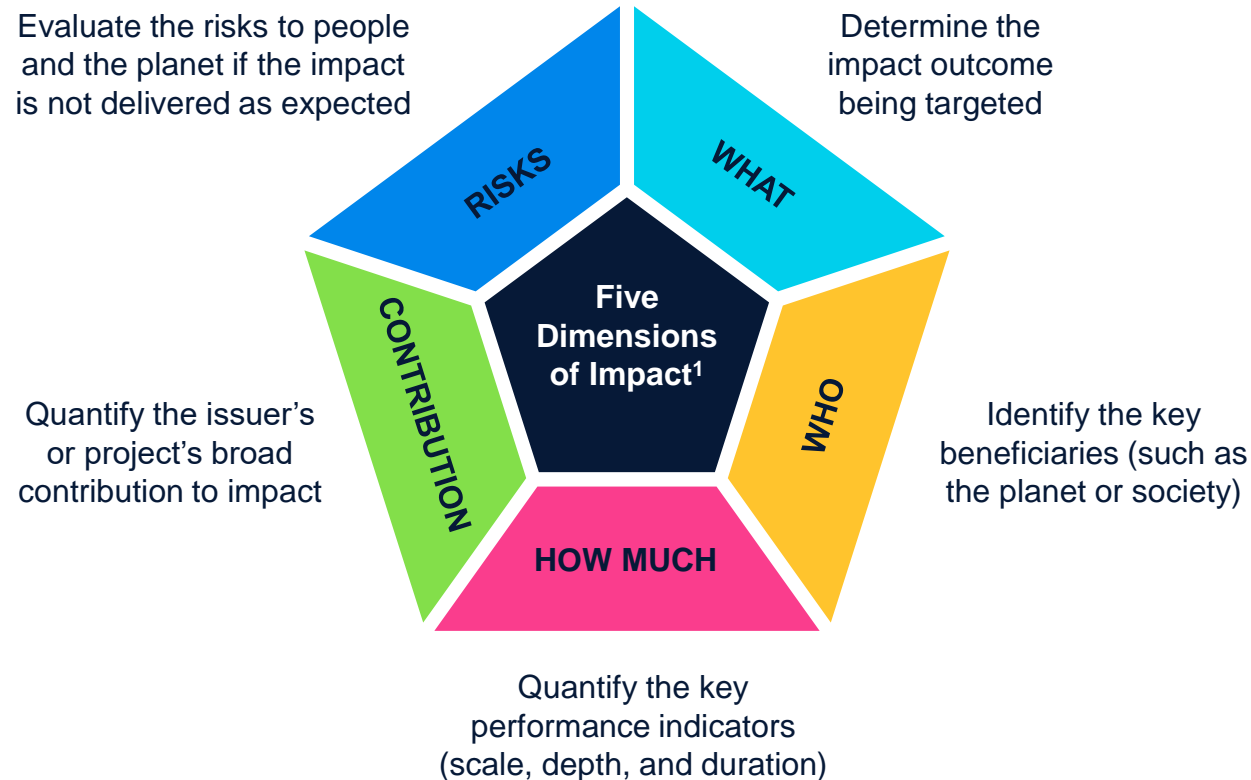
Impact Pillars	Sub-pillars	Sub-pillar Activities	UN SDG Alignment
<b>1</b> Climate and Resource Impact	1. Reducing greenhouse gases (GHGs)	Increasing energy efficiency Decarbonization, carbon capture, and sequestration Reducing methane and other GHGs Financing activities	   
	2. Promoting healthy ecosystems	Protecting air quality, land use, freshwater, and oceans Sustainable agriculture Sustainable aquaculture	  
	3. Nurturing circular economies	Reducing waste Recycling Enabling efficient consumption	
<b>2</b> Social Equity and Quality of Life	4. Enabling social equity	Education & job training Financial inclusion Enabling SMEs Enabling enterprise growth Reducing discrimination Digital connections Meeting basic needs/affordable housing Consumption at the bottom of the pyramid	      
	5. Improving health	Providing health care solutions Improving nutrition & food quality Companion & animal health	 
	6. Enhancing quality of life	Promoting mental & physical fitness Protection solutions Personal & worker safety solutions, safer mobility	  

Source: T. Rowe Price uses a proprietary custom structure for impact pillar and sub-pillar classification. <http://www.un.org/sustainabledevelopment/sustainable-development-goals/>  
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# Impact analysis

## The Five Dimensions of Impact<sup>1</sup>



<sup>1</sup> The Five Dimensions of Impact is a measurement framework developed by the Impact Management Project, an impact practitioner community of over 2,000 organizations. The IMP is a project by Bridges Fund Management Ltd (company number 10401079) ("Bridges").

## The Theory of Change

### INPUT

Financial, human, or material resources the company puts in its business operations

### OUTPUT

Products or services that result from the company's business activities

### OUTCOME

Short- to medium-term effect on stakeholders attributable to a company's products or services

### IMPACT

Long-term effect on the planet or society caused by a company's products or services

# Impact analysis

## Evaluating ESG Labelled Bonds



### Issuer's ESG Profile

- Proprietary T. Rowe Price RIIM score
- Issuer's environmental and/or social targets/commitments



### Framework, Standards, Verification

- ICMA alignment
- Second-party opinion
- Governance structure



### Use of Proceeds

- Credibility of proceeds
- Proceeds management and allocation
- Refinancing
- Addressing ineligibility



### Post-issuance Reporting

- Reported allocation of proceeds
- Audit reporting

Our ESG bond model aims to guard against greenwashing and identify high-impact projects.

Responsible Investing Indicator Model (RIIM) is a proprietary tool developed to enhance research and aid better decision making. RIIM rates companies in a traffic light system, measuring their environmental, social, and governance profile and flagging companies with elevated risks (Green=No/Few Flags, Orange=Medium Flags, Red=High Flags).

For certain types of investments, including, but not limited to, cash, currency positions, and particular types of derivatives, an ESG analysis may not be relevant or possible due to a lack of data. Where ESG considerations are integrated into the investment research process, we may conclude that other attributes of an investment outweigh ESG considerations when making investment decisions.

# Fundamental analysis

As of 31 December 2023

## Every credit is assigned an internal rating and conviction score by our global credit analyst team

On average, our independent thinking typically differs from the major rating agencies by

~50%

T. Rowe Price internal ratings vs. Moody's and S&P Ratings—Investment Grade Corporate Bonds (1 January 1998 to 31 December 2023).

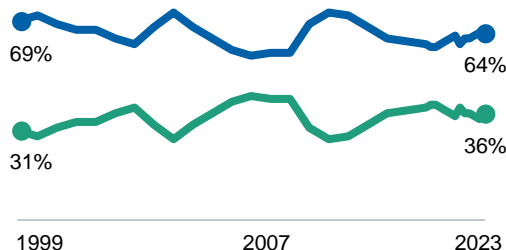
Our average win/loss ratio<sup>2</sup> versus the major rating agencies is greater than

2:1

The study is ongoing and continuous since 1998. Due to the nature of the analysis, more recent periods have smaller data samples, therefore data is only presented through 2021.

Our ratings have generally been more conservative than those of major rating agencies.<sup>2</sup>

PERCENT OF TOTAL RANKINGS



T. Rowe Price More Conservative (Lower) Ratings  
T. Rowe Price Less Conservative (Higher) Ratings

### Inputs to Fundamental Research

#### Qualitative Analysis

- Management quality
- Business plan and execution
- Market position/share
- Strategic issues/challenges

#### Quantitative Analysis

- Credit statistics
- Ratio analysis
- Liquidity assessment

#### Firm Collaboration

- Information sharing
- Access to senior management
- Different perspective
- ESG assessment

### Conviction Score<sup>1</sup>

C1	Compelling Overweight / Strong Buy / Best Ideas
C2	Overweight / Buy / Attractive Value
C3	Even Weight / Hold / Fairly Valued
C4	Underweight / Reduce / Overvalued
C5	Strong Underweight / Eliminate / Avoid

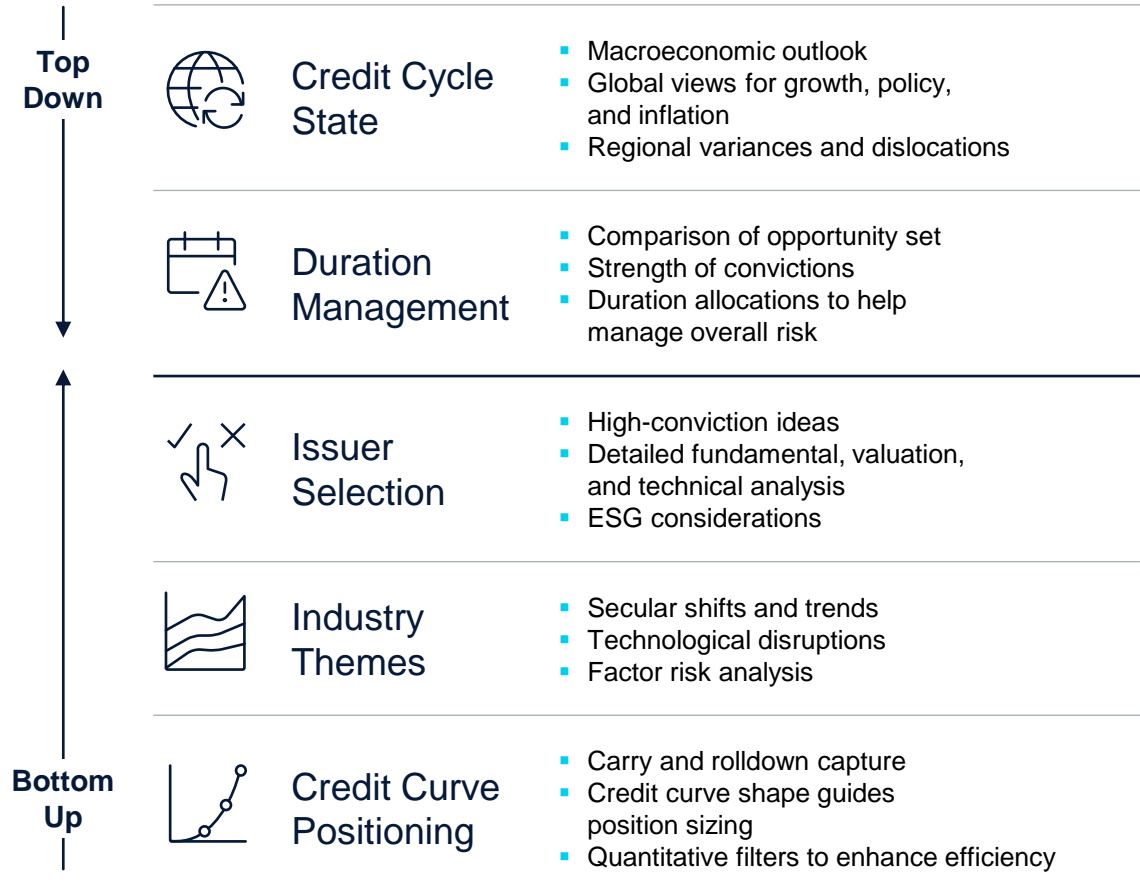
<sup>1</sup> C1-C5 are internal proprietary ratings that T. Rowe Price analysts assign to each bond in their coverage area. These ratings are independent of the rating agencies and offers the portfolio management team a screen of the conviction level for a given security.

<sup>2</sup> T. Rowe Price wins when Agency adjusts its prior rating to match T. Rowe Price's rating. T. Rowe Price loses when T. Rowe Price adjusts its prior ratings to match an Agency's rating. T. Rowe Price Ratings Comparison vs. the Agencies—Material assumptions:

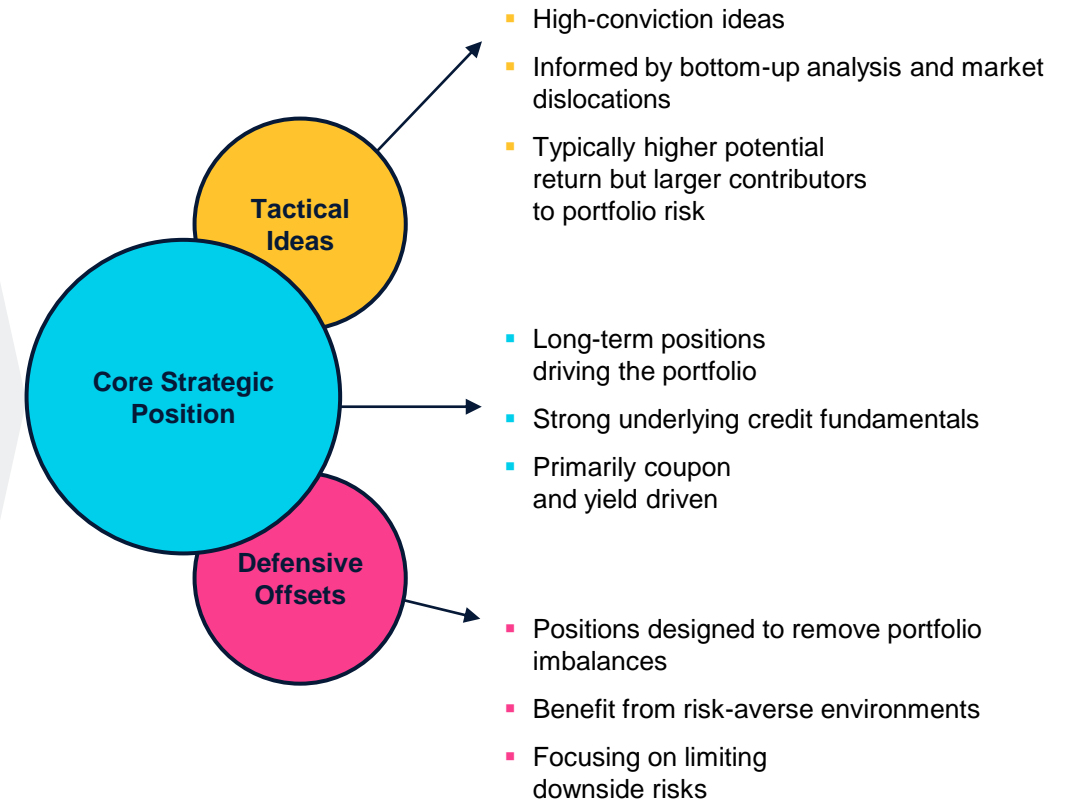
T. Rowe Price credit analysts perform independent credit evaluations for several thousand securities (T. Rowe Price Ratings). Internal T. Rowe Price systems maintain ratings from Moody's, Fitch, and Standard & Poor's (collectively known as External Rating Agencies) and Current and Historical T. Rowe Price Holdings classified by Issuer and Debt Level. T. Rowe Price analysts compare T. Rowe Price Ratings with each of the External Rating Agencies—using Notch Ratings, which converts all the ratings into a single numeric scale—to generate variance data for specified dates. Aggregate reporting compares each External Rating Agency's rating and determines the total number of ratings that are the same, higher, or lower compared with the T. Rowe Price Ratings. The comparison of these results is then used to determine the percentage where T. Rowe Price ratings are either the same as, more conservative (higher) than, or less conservative (lower) than the External Rating Agency ratings (Variance Reporting). The comparison excludes T. Rowe Price short-term securities (those with maturities of less than 397 days), T. Rowe Price taxable money market securities, GSE (Government Sponsored Enterprise) mortgages, escrowed-to-maturity, and pre-refunded securities. A security is excluded from T. Rowe Price's conclusions if either T. Rowe Price or the External Ratings Agencies have not rated the security. Please see Additional Disclosures page for information about this Moody's, S&P and this Fitch information.

# Portfolio construction

## Research-driven fundamental inputs



## Risk-managed portfolio construction



A disciplined and repeatable investment process.

# Uniformed Impact Reporting—Global Impact Credit Strategy

As of 30 June 2024

## Primary UN SDG Alignment



% of Portfolio

## 2022 Annual Impact Report—Portfolio Impact Outcomes<sup>1</sup>



<sup>1</sup> Most recent data available. Based on holdings in the portfolio as of date noted above. Holdings and outcomes may have changed from that time. Figures may not total due to cash and rounding. As at 31 December 2022. For illustrative purposes only. The impact outcomes provided here can be susceptible to potential inconsistencies due to lack of precise information. Companies do not measure or report in a consistent or uniform way. Where information is not available, we have not included a company's contribution within the impact outcome. This means that these estimates may actually be conservative, but as companies get better at measuring impact, we expect these data points to become more precise.

Individual company results may vary significantly and may not achieve the same level of impact in the future. CO<sub>2</sub>e: carbon dioxide equivalent or CO<sub>2</sub> equivalent. This metric is used to compare the emissions from various greenhouse gases on the basis of their global warming potential, by converting amounts of other gases to the equivalent amount of carbon dioxide with the same global warming potential. Source: Eurostat.

# Market outlook and positioning

As of 31 August 2024

## Global Credit Outlook



- All-in yields remain attractive in a historical context. GIC yielding 5.12% is attractive relative to trailing 5- and 10-yr index average of 3.59% and 3.26%, respectively. As the buyer base of credit has shifted from spread-based to yield-based, this serves as a very powerful technical tailwind.
- Corporate fundamentals have been remarkably resilient given the prolonged, elevated rate backdrop. That said, the share of idiosyncratic stories has picked up, underscoring the need for active management.
- Admittedly, headline spreads appear rich; but when you look under the surface, several attractive opportunities present. We are focused in 3 areas:
  - Short duration and intermediate credit offer defensive spread carry, high break-evens, and attractive, prospective Sharpe ratios.
  - Defensive sectors: Non-Cyclicals, Health Insurance, Supranationals
  - New issue opportunities offering portfolio diversification along with impact and financial upside

## Positioning



- **Sector:** Compelling impact, fundamental, and relative value opportunities across European Banks, Healthcare, Utilities, and Real Estate
- **Curve:** Favor intermediate credit for carry and roll return potential, attractive break-evens. Underweight long-end.
- **Rating:** Favoring short-dated, higher quality BBB and BBs over AA and As due to relative value, fundamental, and portfolio construction considerations.

## Impact



- Green bonds asserting as dominant label, driven by both corporates and SSAs while other labels struggle
- Sustainability-linked bonds fail to garner momentum due to lacking materiality, ambition, and investor sponsorship
- 'Greenium' steady at ~2bps but with significant sector variances
- Heighted focus on select impact themes within social (gender equality, financial inclusion) and climate (biodiversity, ocean conservation)
- Engagement focus areas: ESG Bonds - guiding issuers on ex-ante proceeds allocation, impact measurement, and reporting. Net Zero targets + decarbonization strategies

This is not intended to be investment advice or a recommendation to take any particular investment action.



# Portfolio Review



# Guided investment parameters

As of 31 August 2024

	Global Impact Credit	Global Impact Short Duration Bond
<b>Benchmark:</b>	Bloomberg Global Aggregate Credit USD Hedged Index <sup>1</sup>	Bloomberg Global Aggregate 1-5 Years
<b>Number of Holdings:</b>	75-150	95-175
<b>High Yield:</b>	Max. 30%	0%
<b>Emerging Markets:</b>	Max. 20%	Max. 20%
<b>Currency Management:</b>	Fully hedged back to USD	Fully hedged back to USD
<b>Duration Management:</b>	+/- 1 year vs. the benchmark	1-3 years
<b>Tracking Error Range:</b>	50 to 150 bps	50 to 100 bps

<sup>1</sup> Please see the Additional Disclosures page for additional legal notices and disclaimers.

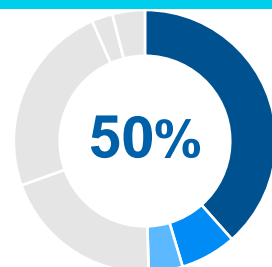
Investors may use the benchmark to compare the portfolio's performance. The benchmark has been selected because it is similar to the investment universe used by the investment manager and therefore acts as an appropriate comparator.






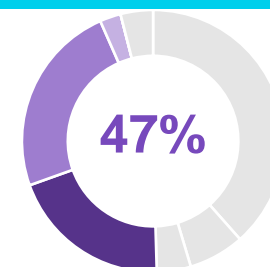
# Portfolio positioning by impact pillar and sub-pillar

## Global Impact Credit Strategy

As of 31 August 2024



	Reducing Greenhouse Gases (GHGs)	38%
	Promoting Healthy Ecosystems	7%
	Nurturing Circular Economies	4%



	Enabling Social Equity	20%
	Improving Health	24%
	Enhancing Quality of Life	3%

Figures may not total due to cash and rounding.

Cash and cash equivalents of 31 August 2023 were 4.0%.

Source: T. Rowe Price uses a proprietary custom structure for impact pillar and sub-pillar classification.

# Portfolio characteristics

As of 31 August 2024

	Global Impact Credit Portfolio	Bloomberg Global Aggregate Credit USD Hedged Index	Global Impact Short Duration Bond Portfolio	Bloomberg Global Agg 1-5yrs Index Hedged USD
Average Credit Rating <sup>1</sup>	A3/Baa1	A2/A3	A1/A2	AA3/A1
Weighted Average Maturity (years)	8.28	8.61	2.69	3.74
Option Adjusted Duration (years)	5.76	6.04	2.35	2.63
Yield to Worst	5.29%	4.41%	4.65%	3.29%
OAS	115 bps	93 bps	66 bps	30 bps
Z-Spread	133 bps	114 bps	68 bps	33 bps
Number of Issuers	137	2,636	131	2,407
Duration Times Spread	7.06	7.15	1.52	0.69

**Past performance is not a reliable indicator of future performance.**

<sup>1</sup> Credit ratings for the securities held in the portfolio are provided by Moody's, Standard & Poor's and Fitch and are converted to the Standard & Poor's nomenclature. A rating of "AAA" represents the highest-rated securities, and a rating of "D" represents the lowest-rated securities. When a rating is available from all three agencies, the median rating is used. If there are two ratings, the lower taking is used and if one rating is available, that rating is used. If a rating is not available, the security is classified as Not Rated (NR). T. Rowe Price uses the rating of the underlying investment vehicle to determine the creditworthiness of credit default swaps and sovereign securities. The portfolio is not rated by any agency.

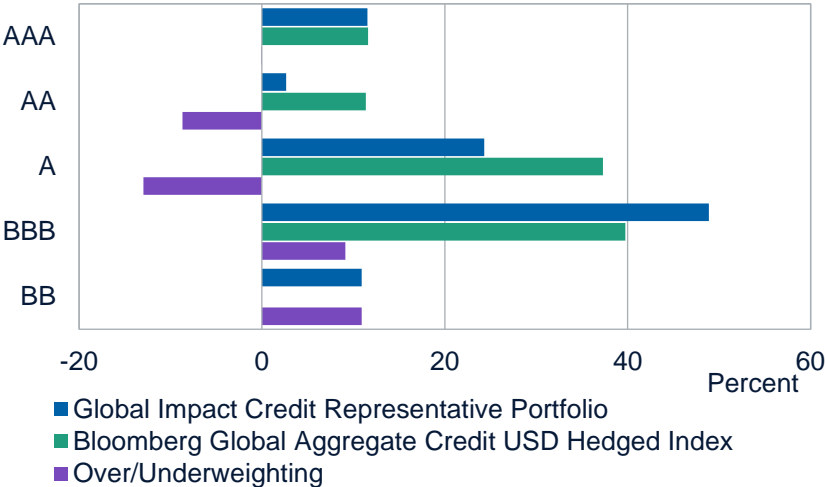


# Portfolio characteristics

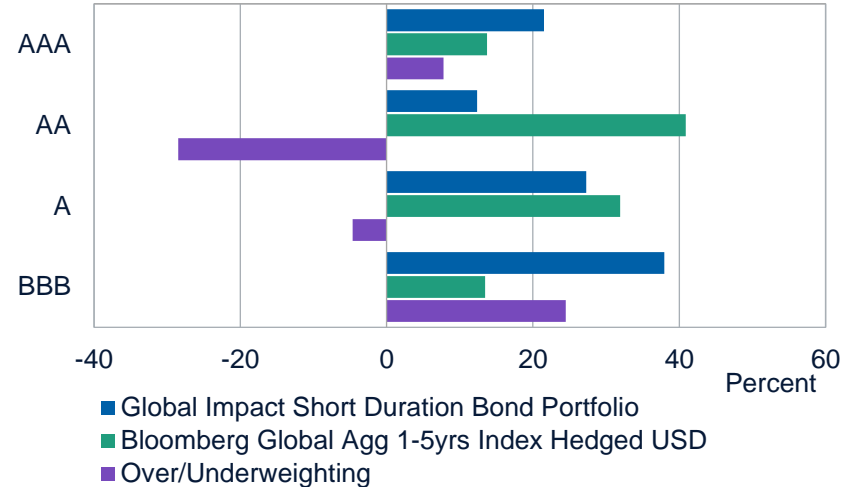
As of 31 August 2024

## Credit Quality Rating<sup>1</sup>

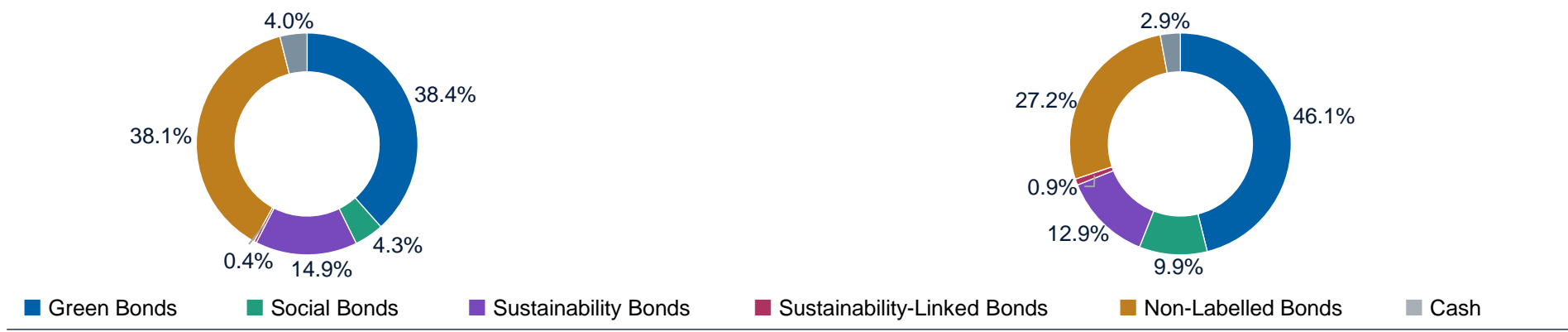
### Global Impact Credit Portfolio



### Global Impact Short Duration Bond Portfolio



## Positioning by ESG Bond Label



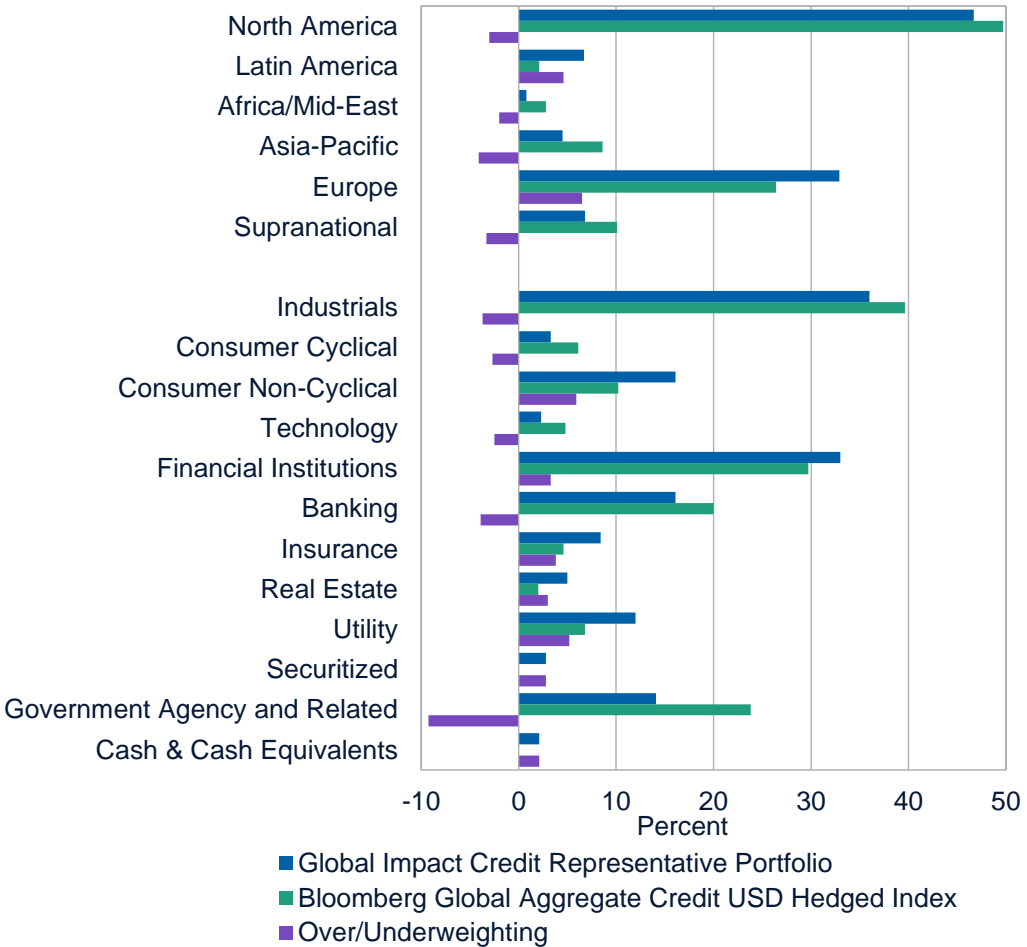
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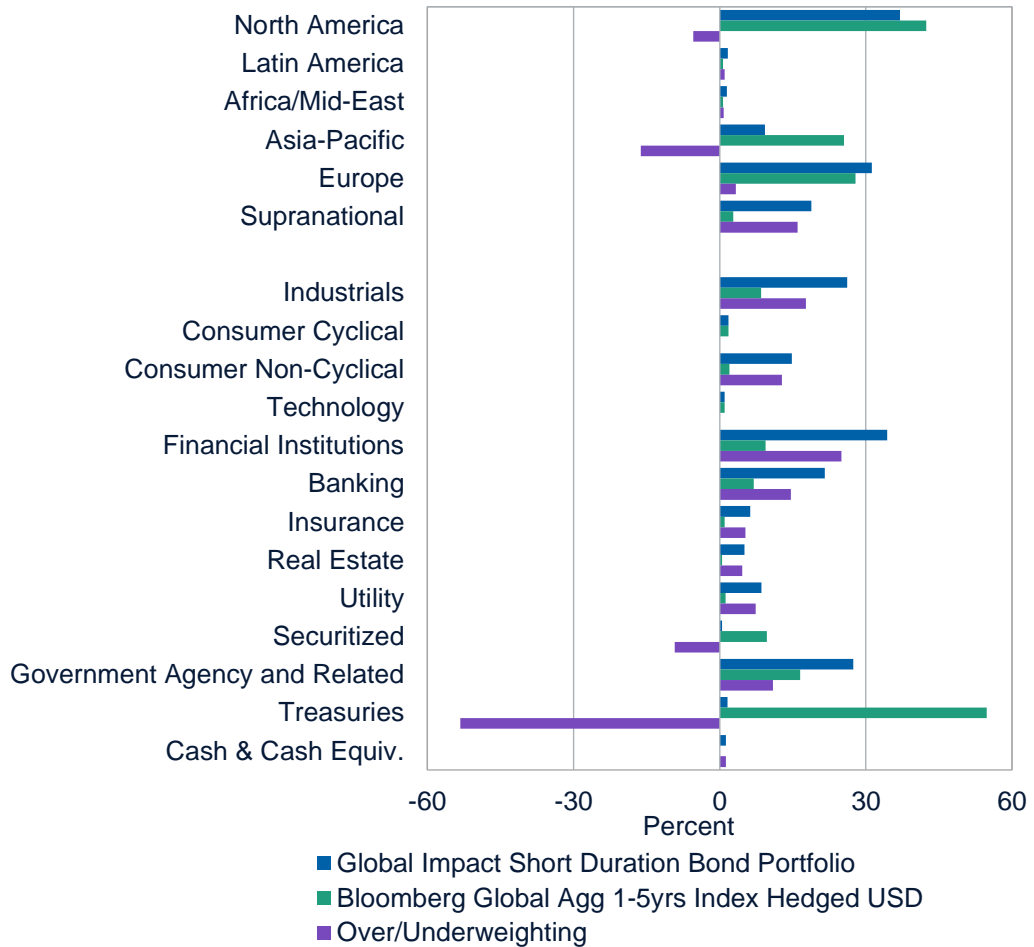
# Regional and sector report—market value (%)

As of 31 August 2024

## Global Impact Credit Portfolio



## Global Impact Short Duration Bond Portfolio



Source: "Bloomberg®" and Bloomberg Indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by T. Rowe Price. Bloomberg is not affiliated with T. Rowe Price, and Bloomberg does not approve, endorse, review, or recommend this product. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to this product.



# Top 10 positions—impact theses

## Global Impact Credit Representative Portfolio

As of 30 June 2024

Security	% of Portfolio	Impact Thesis	Impact Pillar	Sub Pillar	KPI	Primary UN SDG
Healthpeak 1.35% 2027	1.2%	Proceeds from Healthpeak's green bond are invested in the construction, maintenance, and refurbishment of green buildings that have exceptional green building certifications. This provides a meaningful and measurable CO2 reduction and advances efficient use of resources in healthcare real estate.	Climate & Resource Impact	Reducing GHGs	13,893 m <sup>3</sup> water saved	
Inter-American Development Bank 3.5% 2029	1.2	Inter-American Development Bank is the leading development institution in Latin America and the Caribbean. The IDB, in partnership with its member countries, works to reduce poverty and inequalities in Latin America and the Caribbean by promoting economic and social development in a sustainable, climate friendly way.	Climate & Resource Impact	Promoting healthy ecosystems	708,333 people provided access to safe drinking water	
Infineon Tech 1.625%, 2029	1.0	Infineon's position in power semiconductors supports electrification and improved energy efficiency into end markets such as autos, home appliances, industrial, smart buildings, and data centers.	Climate & Resource Impact	Reducing GHGs	100,000,000 GHG emissions avoided	
Aptiv 3.1%, 2051	1.0	Aptiv manufactures innovative products that contribute to electric vehicles and charging infrastructure, promote electrification and energy efficiency in vehicles and industry, and provide safety solutions.	Sustainable Innovation & Technology	Sustainable technology	100,000,000 GHG emissions avoided	
CVS Health 5.625%, 2053	1.0	CVS delivers impact through a) the company's health care benefits division and b) pharmacy & other healthcare services offered through its retail/LTC business.	Social Equity & Quality of Life	Improving health	24,396,000 medical memberships	
Council of Europe 2.875%, 2030	1.0	Council of Europe Development Bank is a multilateral development bank that promotes social cohesion in Europe through the provision of financing and technical expertise for projects with a high social impact in its member states. It participates in financing social projects, responds to emergency situations and contributes to improving the living conditions of the most vulnerable population groups.	Social Equity & Quality of Life	Improving health	461,200,000 Students educated	
San Diego Gas & Electric 2.95%, 2051	1.0	San Diego Gas & Electric's sustainability bond will support climate change adaptation through infrastructure and grid hardening; investment in clean energy infrastructure, including green hydrogen, renewable natural gas, and energy storage; and expenditures related to supplier diversity programs.	Climate & Resource Impact	Reducing GHGs	204 EV charging stations installed	
IBRD 1.125% 2028	1.0	The IBRD bonds support the financing of a combination of green and social, i.e. "sustainable development", projects, programs, and activities in IBRD member countries. Each project is designed intentionally to achieve both positive social and environmental impacts and outcomes in line with the WBG's twin goals of eliminating extreme poverty and promoting shared prosperity.	Social Equity & Quality of Life	Enabling social equity	3.5 million people with improved living conditions	
Ceska Sporitelna 5.737%, 2028	1.0	Ceska Sporitelna is driving financial inclusion with retail and SME lending accounting for 74.6% of CS's loan book, with presence predominately in Czech Republic. By enabling access to finance for individuals, families and SMEs, Ceska Sporitelna contributes to reducing the financing barriers to underbanked groups and further supports employment generation globally.	Social Equity & Quality of Life	Enabling social equity	529,900,000,000 CZK retail loans	
European Investment Bank 2.75%, 2028	0.9	EIB's Climate Awareness Bond (CAB) proceeds are allocated to activities that substantially contribute to climate change mitigation. Activities include renewable energy, energy efficiency, electric rail infrastructure and rolling stock and electric buses, and research, development and deployment of innovative low-carbon technologies.	Climate & Resource Impact	Reducing GHGs	Energy saved – awaiting post issuance reporting	

The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the portfolio, and no assumptions should be made that investments in the securities identified and discussed were or will be profitable.

<http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

Please see the Additional Disclosures page for additional legal notices and disclaimers.


T. Rowe Price uses a proprietary custom structure for impact pillar and sub-pillar classification. Impact thesis sourced from T. Rowe Price.

# Amazon Reforestation-Linked Outcome Bond

As of 31 August 2024

## Impact Thesis

- Provides upfront financing to reforestation projects in the Amazon.
- The reforestation projects have a positive impact on **climate change** by removing carbon from the atmosphere and promoting both **biodiversity** and **social co-benefits**.
- Financing aims to acquire and reforest deforested and degraded land in the Brazilian Amazon – in addition to removing carbon from the atmosphere, it will increase foresting of bio-diverse native forests and provide high quality job creation.
- It is the **first bond** linking investors' financial return to the removal of carbon from the atmosphere.
- Attractive risk/return** characteristics, with defensive nature beneficial in times of stress, and attractive liquidity premium of ~35bps against vanilla AAA World Bank bonds

<b>Impact Pillar</b> Climate & Resource	
<b>Impact Sub-Pillar</b> Protecting air, land & water	
<b>UN SDG</b>	 

Amazon Reforestation-Linked Outcome Bond	
Credit Rating	AAA
Yield to Worst (%)	4.37%
Modified Duration (yrs)	7.82



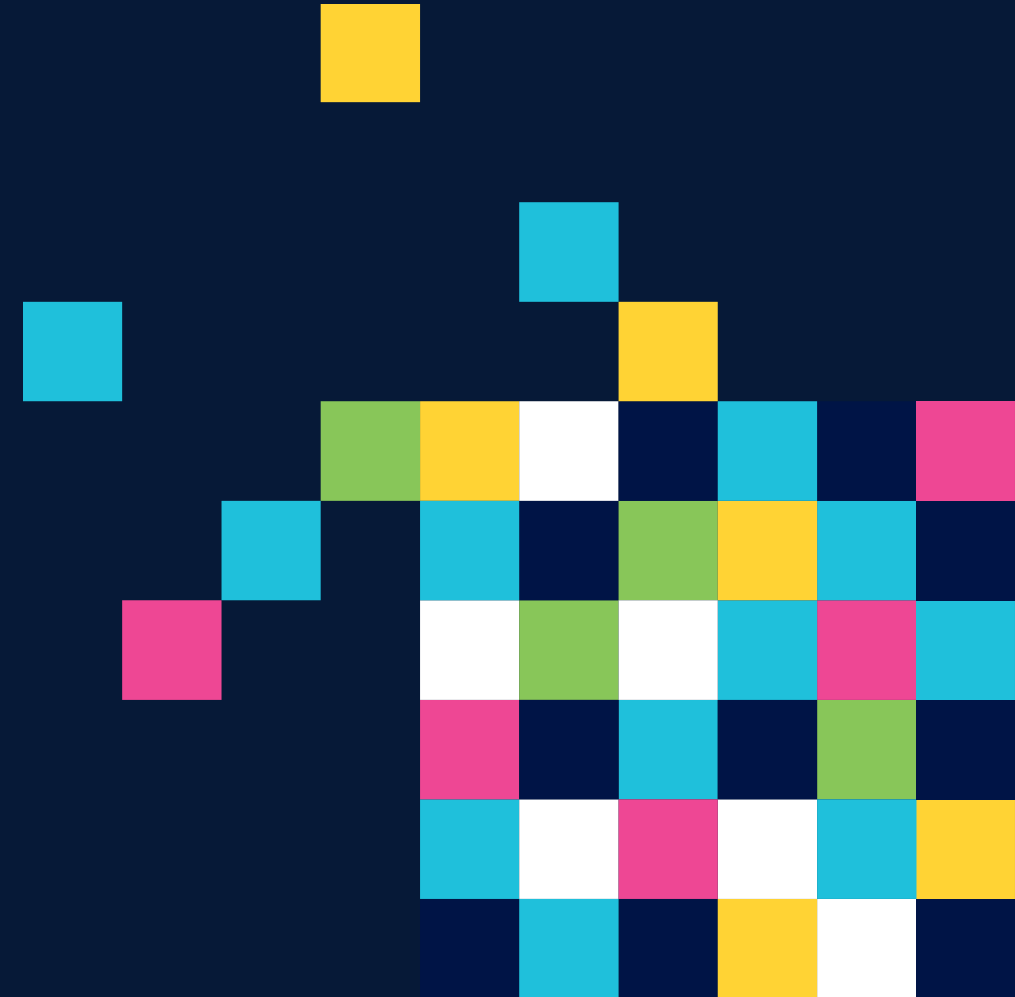
“ T. Rowe Price is very proud to be a lead investor in the World Bank’s pioneering Amazon Reforestation-Linked Outcome Bond. This innovative, outcomes-based transaction offers a unique combination of attractive financial return potential alongside material and measurable positive impact. We believe this bond will help deliver additionality through removing carbon, improving biodiversity, and supporting job creation.

**Matt Lawton, CFA,**  
**Global Impact Credit Portfolio Manager**

International Bank for Reconstruction and Development (IBRD) Amazon Reforestation-Linked Outcome Bond.



# Performance Review



# Performance

Periods Ended 31 August 2024

Figures are Calculated in U.S. Dollars

## T. Rowe Price Funds SICAV—Global Impact Credit Fund

	Annualised			
	Three Months	Year-to-Date	One Year	Since Inception 05 Dec 2022
T. Rowe Price Funds SICAV—Global Impact Credit Fund - Class I (USD) (Net of Fees) <sup>†</sup>	4.54%	4.05%	9.72%	5.97%
Bloomberg Global Aggregate Credit USD Hedged Index <sup>‡</sup>	4.06	3.57	9.03	6.10
Value Added (Net of Fees) <sup>*</sup>	0.48	0.48	0.69	-0.13

	2023
T. Rowe Price Funds SICAV—Global Impact Credit Fund - Class I (USD) (Net of Fees) <sup>†</sup>	8.47%
Bloomberg Global Aggregate Credit USD Hedged Index <sup>‡</sup>	8.68
Value Added (Net of Fees) <sup>*</sup>	-0.21

### Past performance is not a reliable indicator of future performance.

<sup>†</sup> Source for performance: T. Rowe Price. Fund performance is calculated using the official net asset value with dividends reinvested, if any. The value of the 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 subscription currency, if different. Sales charges (up to a maximum of 5% for the A Class), taxes, and other locally applied costs have not been deducted, and, if applicable, they will reduce the performance figures.

Where the base currency of the fund differs from the share class currency, exchange rate movements may affect returns.

<sup>\*</sup> The Value Added row is shown as T. Rowe Price Funds SICAV—Global Impact Credit Fund - Class I (USD) (Net of Fees) minus the benchmark in the previous row.

The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only.

<sup>‡</sup> Please see the Additional Disclosures page for additional legal notices and disclaimers.



# Objective and Risks

## T. Rowe Price Funds SICAV—Global Impact Credit Fund

### Objective

To have a positive impact on the environment and society by investing primarily in sustainable investments, where the companies' current or future business activities are expected to generate a positive impact whilst at the same time seeking to increase the value of its shares through both growth in the value of, and income from, its investments.

### Investment Process

The fund is actively managed and invests mainly in a diversified portfolio of corporate bonds of all types from issuers around the world, including emerging markets. The fund has sustainable investment as an objective that is achieved through the fund's commitment to maintain at least 70% of the value of its portfolio invested in Sustainable Investments. The investment manager implements the following investment strategies: impact exclusions and positive impact inclusion. The fund may invest in securities whose underlying economic activities contribute to environmental objectives including, but not limited to, climate change mitigation and/or climate change adaptation, as described in the Taxonomy Regulation. As well as investing in securities that contribute to environmental objectives, the fund may invest in securities that contribute to social or other objectives. No minimum exposure to an objective is imposed upon the fund, which means the fund may at times invest only in securities that contribute to non-environmental objectives. The fund may use derivatives for hedging, efficient portfolio management and investment purposes. The fund may also use derivatives to create synthetic short positions on a broad range of assets such as currencies, debt securities, interest rates, credit indices and equities. For full investment objective and policy details refer to the prospectus. The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only.

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

- **ABS and MBS risk** – Asset-Backed Securities (ABS) and Mortgage-Backed Securities (MBS) may be subject to greater liquidity, credit, default and interest rate risk compared to other bonds. They are often exposed to extension and prepayment risk.
- **Contingent convertible Bonds risk** – Contingent Convertible Bonds may be subject to additional risks linked to capital structure inversion, trigger levels, coupon cancellations, call extensions, yield/valuation, conversions, write downs, industry concentration and liquidity, among others.
- **Credit risk** – Credit risk arises when an issuer's financial health deteriorates and/or it fails to fulfill its financial obligations to the portfolio.
- **Default risk** – Default risk may occur if the issuers of certain bonds become unable or unwilling to make payments on their bonds.
- **Derivative risk** – Derivatives may be used to create leverage which could expose the portfolio to higher volatility and/or losses that are significantly greater than the cost of the derivative.
- **Distressed or defaulted debt risk** – Distressed or defaulted debt securities may bear substantially higher degree of risks linked to recovery, liquidity and valuation.
- **Emerging markets risk** – Emerging markets are less established than developed markets and therefore involve higher risks.
- **Interest rate risk** – Interest rate risk is the potential for losses in fixed-income investments as a result of unexpected changes in interest rates.
- **Liquidity risk** – Liquidity risk may result in securities becoming hard to value or trade within a desired timeframe at a fair price.
- **High yield bond risk** – High yield debt securities are generally subject to greater risk of issuer debt restructuring or default, higher liquidity risk and greater sensitivity to market conditions.

### General Fund Risks

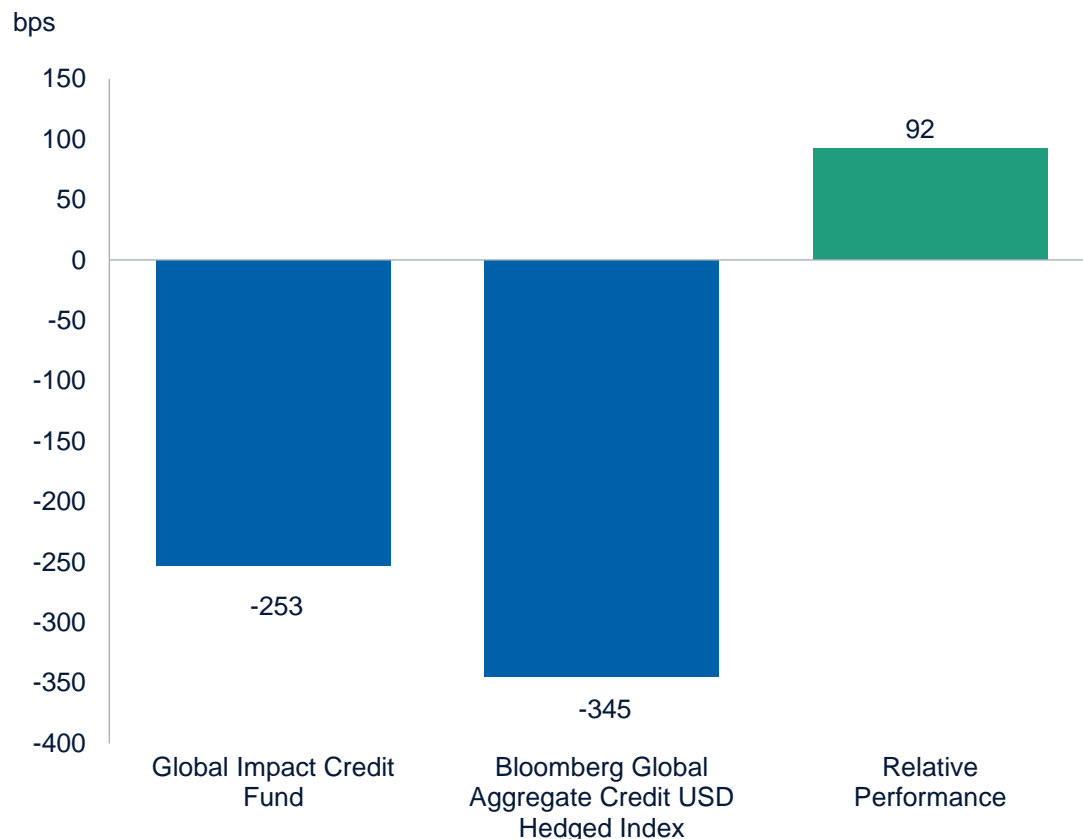
- **Counterparty risk** – Counterparty risk may materialize if an entity with which the fund does business becomes unwilling or unable to meet its obligations to the fund.
- **ESG and Sustainability risk** – ESG and Sustainability risk may result in a material negative impact on the value of an investment and performance of the fund.
- **Geographic concentration risk** – Geographic concentration risk may result in performance being more strongly affected by any social, political, economic, environmental or market conditions affecting those countries or regions in which the fund's assets are concentrated.
- **Hedging risk** – Hedging measures involve costs and may work imperfectly, may not be feasible at times, or may fail completely.
- **Investment fund risk** – investing in funds involves certain risks an investor would not face if investing in markets directly.
- **Management risk** – Management risk may result in potential conflicts of interest relating to the obligations of the investment manager.
- **Market risk** – Market risk may subject the fund to experience losses caused by unexpected changes in a wide variety of factors.
- **Operational risk** – operational failures could lead to disruptions of portfolio operations or financial losses.

# Since Inception Performance Attribution (USD)

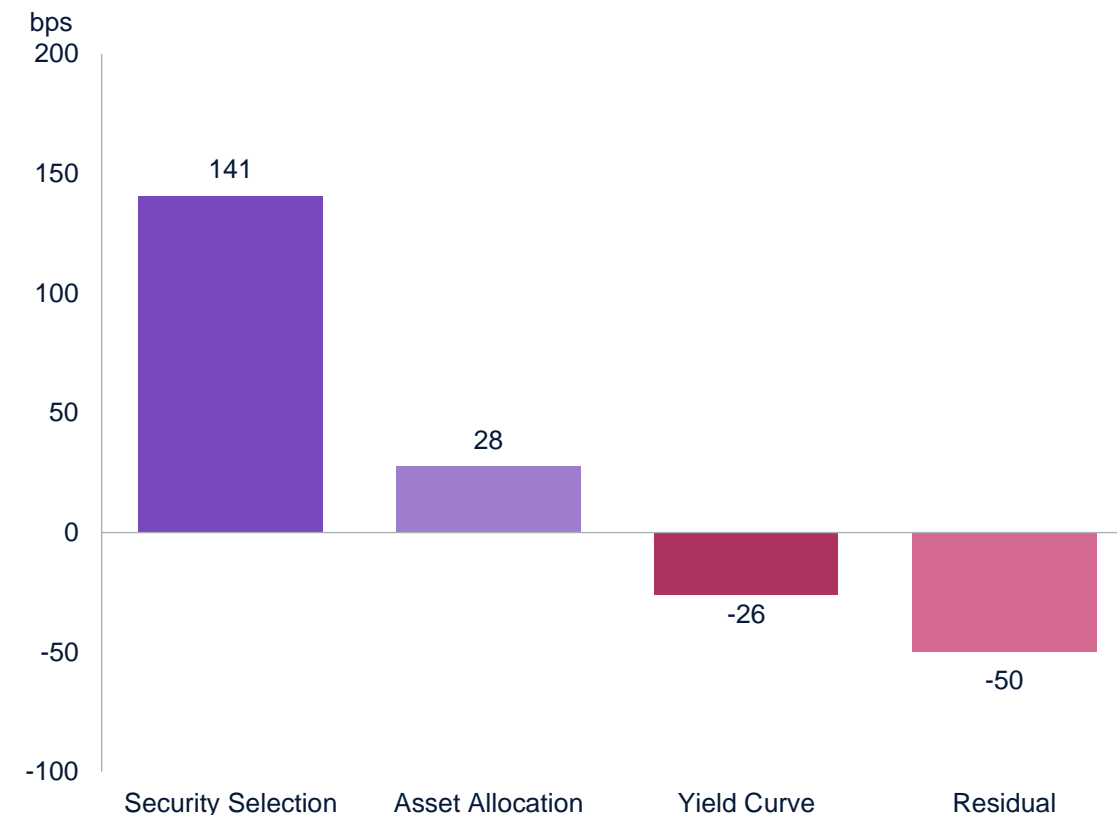
As of 31 August 2024

Figures are Calculated in U.S. Dollars

## Overall Performance



## Contribution to Excess Return



**Past performance is not a reliable indicator of future performance.**

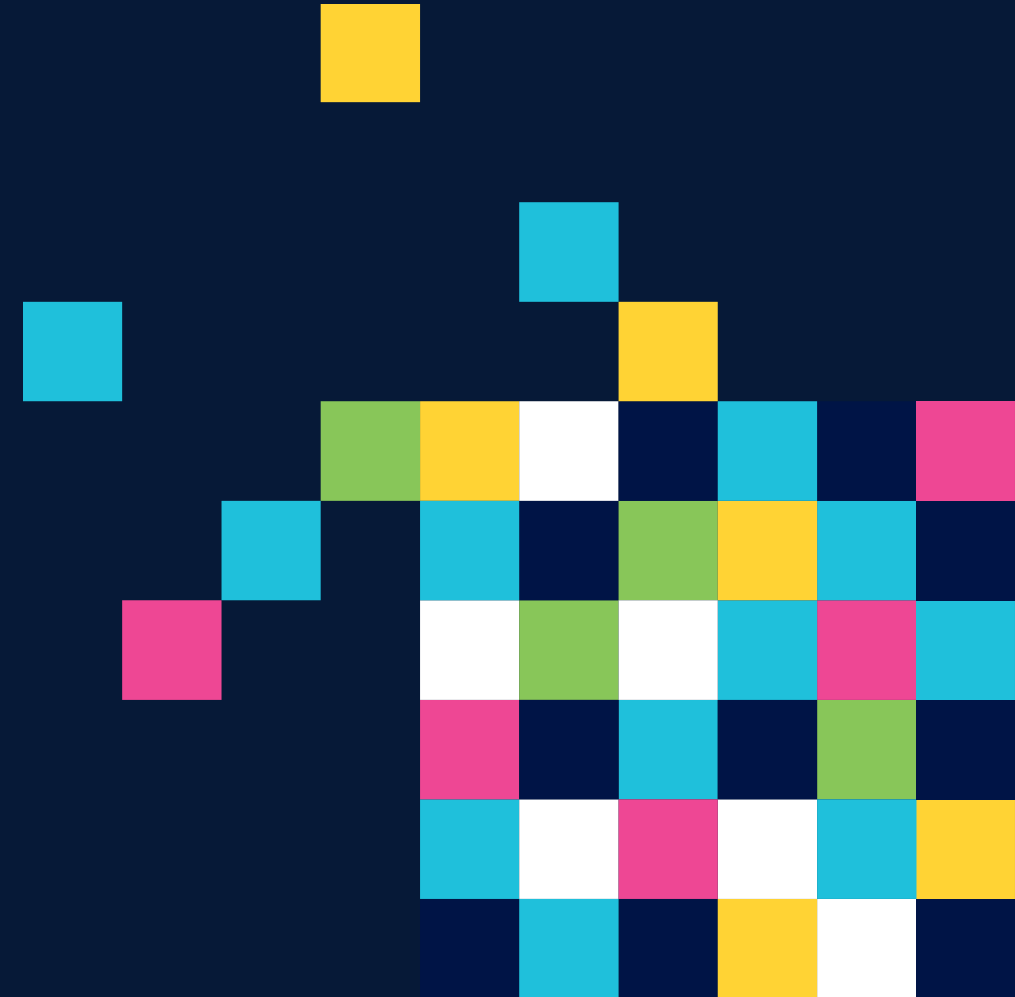
Attribution analysis represents the combined performance of the underlying securities held within the given time period relative to its benchmark as calculated by the Bloomberg attribution model. Performance is attributed to a set of portfolio decisions such as credit quality, duration and yield curve exposures, relative sector weightings, and security selection. Performance, gross of fees, for each security is obtained in the currency in which it is issued and, if necessary, is converted to U.S. Dollars using an exchange rate determined by an independent third party. Figures are shown gross of fees. Returns would have been lower as a result of the deduction of such fees.

Source: Bloomberg Finance L.P.

Source for Bloomberg index data: Bloomberg Index Services Limited. Please see Additional Disclosures page for information about this Bloomberg information.



# Exhibits



# Impact analysis in practice—Fannie Mae Single Family Social Bond

As of 31 July 2024

## Impact Thesis

Fannie Mae's single-family social bond program provides affordable mortgage financing to aid low income, first-time, and underserved homebuyers. Fannie Mae provides borrowers with lower mortgage rates than other market participants which increases affordability and homeownership rates - enabling borrowers to improve their quality of life and socio-economic situation during one of the most unaffordable housing markets.

## Fundamentals—Five Dimensions of Impact

What?	Who?	How much?	Contribution	Risk
Provides affordable financing to single-family properties for underserved communities (low income, first-time homebuyer, etc)	People: Enabling social equity through increased access to affordable housing across the U.S. during one of the most unaffordable housing markets.	Scale: In 2023, Fannie Mae purchased: <ul style="list-style-type: none"> <li>726,300 new single-family mortgages</li> <li>382,384 single-family mortgages of first-time homebuyers, with ~61% being low income/workforce housing.</li> </ul>	Provides borrowers with capital to purchase residences. These individual loans are pooled together and sold to investors. Targeted TRP engagement with Fannie Mae informed redesign of its social bond framework.	<p><b>Risk 1:</b> Drop-off risk – As borrower's pay down their mortgages, the number of borrowers in the pool will shrink resulting in a naturally declining impact KPI. Although this may appear strange at first, this reflects the number of borrowers assisted at any point</p> <p><b>Risk 2:</b> Evidence risk – To balance borrower privacy with disclosure, Fannie Mae plans to estimate the number of borrowers assisted for each investor's ownership % of a specific pool. However, approval from agencies and consensus with Freddie Mac still needs to be reached.</p>

**Key Performance Indicators (KPIs)** Low Income Homebuyers Assisted | First-Time Homebuyers Assisted

## Impact Alignment

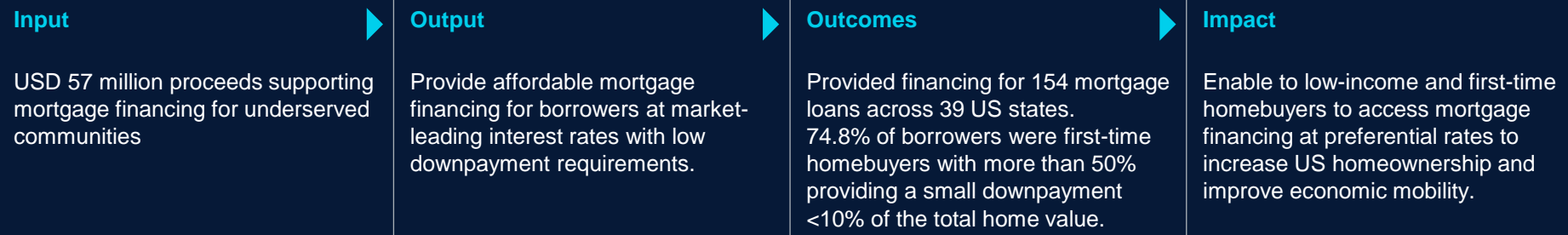
**Impact Pillar**  
Social Equity & Quality of Life

**Impact Sub-pillar**  
Enabling Social Equity

**UN SDG**



## Theory of Change



<http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

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# Impact analysis in practice—World Bank Plastic Reduction Bond

As of 31 January 2024

## Impact Thesis

The World Bank's (IBRD) Plastic Waste Reduction Bond is a sustainable development bond. Bond proceeds directly support IBRD's sustainable development programs and coupon payments will fund two plastic waste collection and recycling projects in Ghana and Indonesia. The primary impact focuses on marine & land-based pollution reduction where pollution is severe, with a secondary impact directed to job training and employment.

## Fundamentals—Five Dimensions of Impact

What?	Who?	How much?	Contribution	Risk
The bond aims to address the problem of mismanaged plastic waste that leaks into oceans and nature while also supporting employment of waste pickers from vulnerable communities.	Planet: reduce and recycle plastic waste thereby cutting plastics leaking into nature and oceans. People: supporting employment in vulnerable communities.	Scale: ASASE Foundation in Ghana: 5,076 tons of plastics collected annually. SEArcular in Indonesia: 3,200 tons of plastics collected annually.	ASASE Foundation in Ghana- funds will be used to expand the number of plastic collection and recycling facilities.  SEARCULAR in Indonesia- funds will be used to install a new PET recycling line	<b>Risk 1:</b> Plastic waste collection could be associated with incidence of child labor and poor working conditions, but the application of Zero Plastic Ocean mitigates this risk. <b>Risk 2:</b> Verra, the organization engaged to ensure compliance with its plastic waste reduction standard, was previously involved in high profile controversies around its carbon offsets. <b>Risk 3:</b> Possible that volume of plastic credits may not grow.

**Key Performance Indicators (KPIs)** Tons of plastic collected | Tons of plastic recycled | Plastic credits generated | FTEs & Informal waste pickers contracted

## Impact Alignment

**Impact Pillar**  
Climate & Resource

**Impact Sub-pillar**  
Nurturing Circular Economies



## Theory of Change



<http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

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# Impact analysis in practice—NatWest Social Bond

As of 31 January 2024

## Impact Thesis

NatWest was the first European financial institution to issue a social bond specifically to fund women-led businesses. NatWest's 500M EUR social bond will be dedicated to loans for female-led enterprises. Despite growth in UK SME lending in reaction to the pandemic, SMEs led by women remain particularly disadvantaged in accessing finance.

## Fundamentals—Five Dimensions of Impact

What?	Who?	How much?	Contribution	Risk
The proceeds will generate employment opportunities and reduce the UK gender financing gap by providing female entrepreneurs with access to funding, mentorship and support. Ultimately improving the gender balance observed in start-up businesses.	People: Women-led enterprises including: <ul style="list-style-type: none"> <li>Women sole traders</li> <li>Enterprises where at least 51% of the ownership or economic distributions are to women</li> </ul>	500 million EUR proceeds from the bond will be used solely to support women-led businesses.  14,545 loans provided to women-led businesses.	NatWest has over 1,000 independently accredited Women in Business (WiB) Specialists	<b>Risk 1:</b> Lack of attention to client protection / appropriate tailoring of products of women's needs.  <b>Risk 2:</b> Lack of supporting local regulatory frameworks that could impede the health of the market.

**Key Performance Indicators (KPIs)** # Loans provided to women-led businesses | Estimated # of jobs created or enabled that are directed at women owned businesses

## Impact Alignment

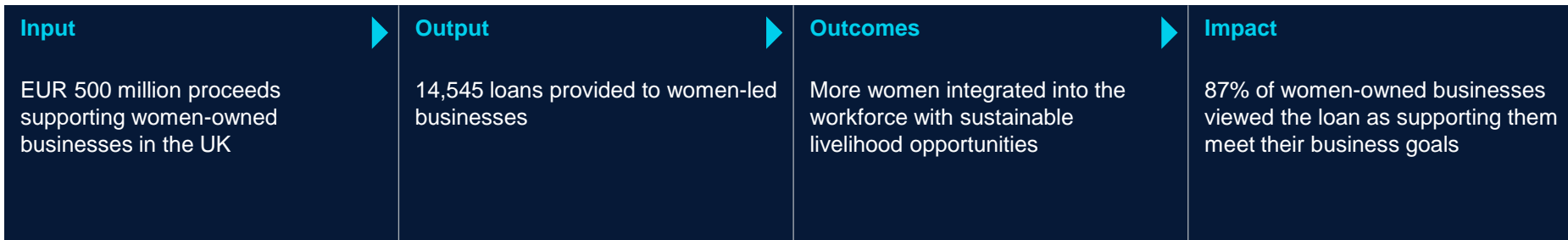
**Impact Pillar**  
Social Equity & Quality of Life

**Impact Sub-pillar**  
Enabling Social Equity

**UN SDG**




## Theory of Change



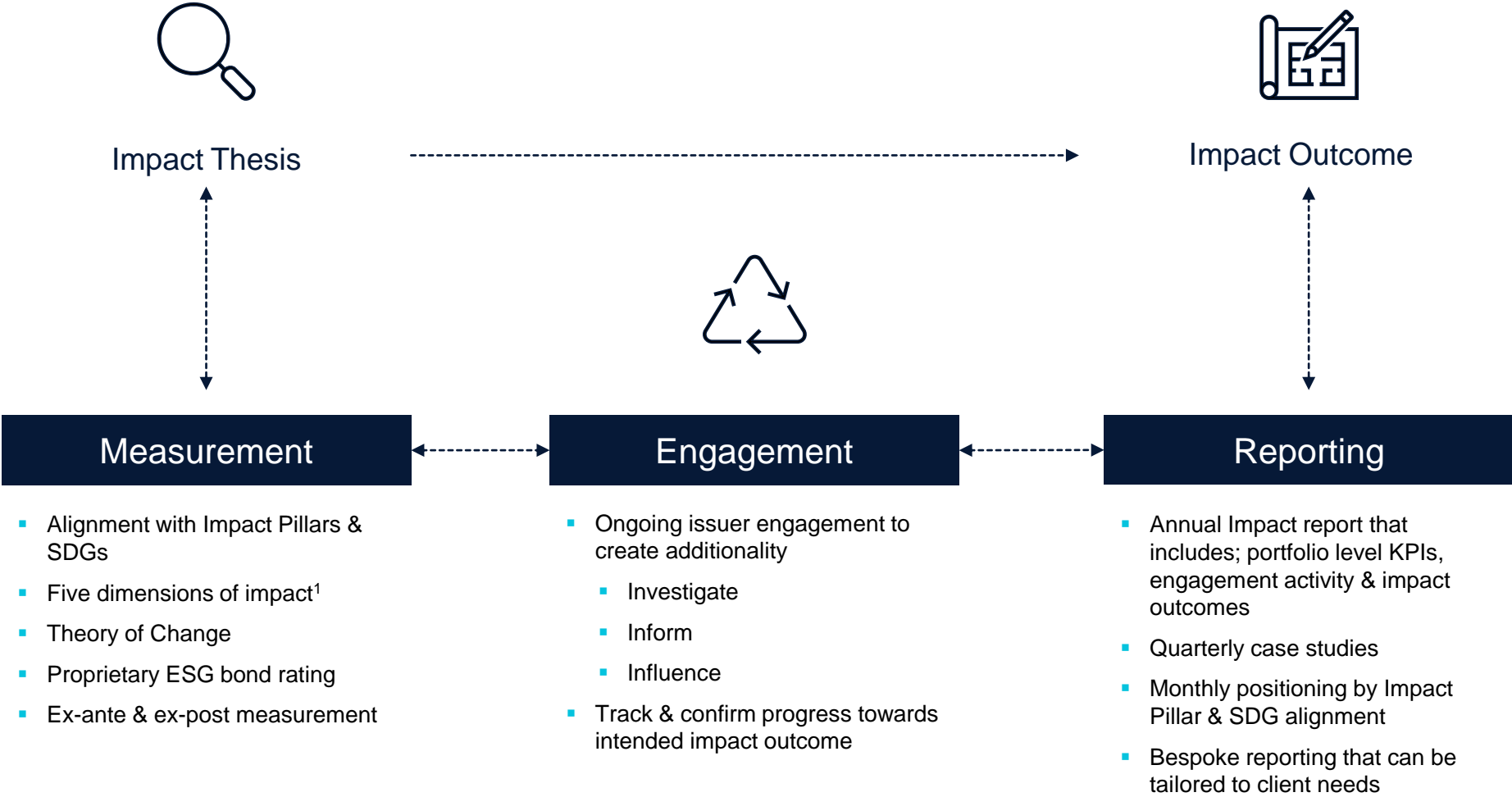
<http://www.un.org/sustainabledevelopment/sustainable-development-goals/>

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# Ongoing monitoring towards intended impact outcomes



Embedded feedback loop throughout lifecycle of impact investment.

<sup>1</sup> Source: The Impact Management Project, a project by Bridges Fund Management Ltd (company number 10401079) (“Bridges”). T. Rowe Price uses a proprietary custom structure for impact pillar and sub-pillar classification.



# Appendix



# Additional Disclosures

Unless otherwise noted, numbers may not total due to rounding.

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Source: T. Rowe Price uses a proprietary custom structure for impact pillar and sub-pillar classification.

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Location: London

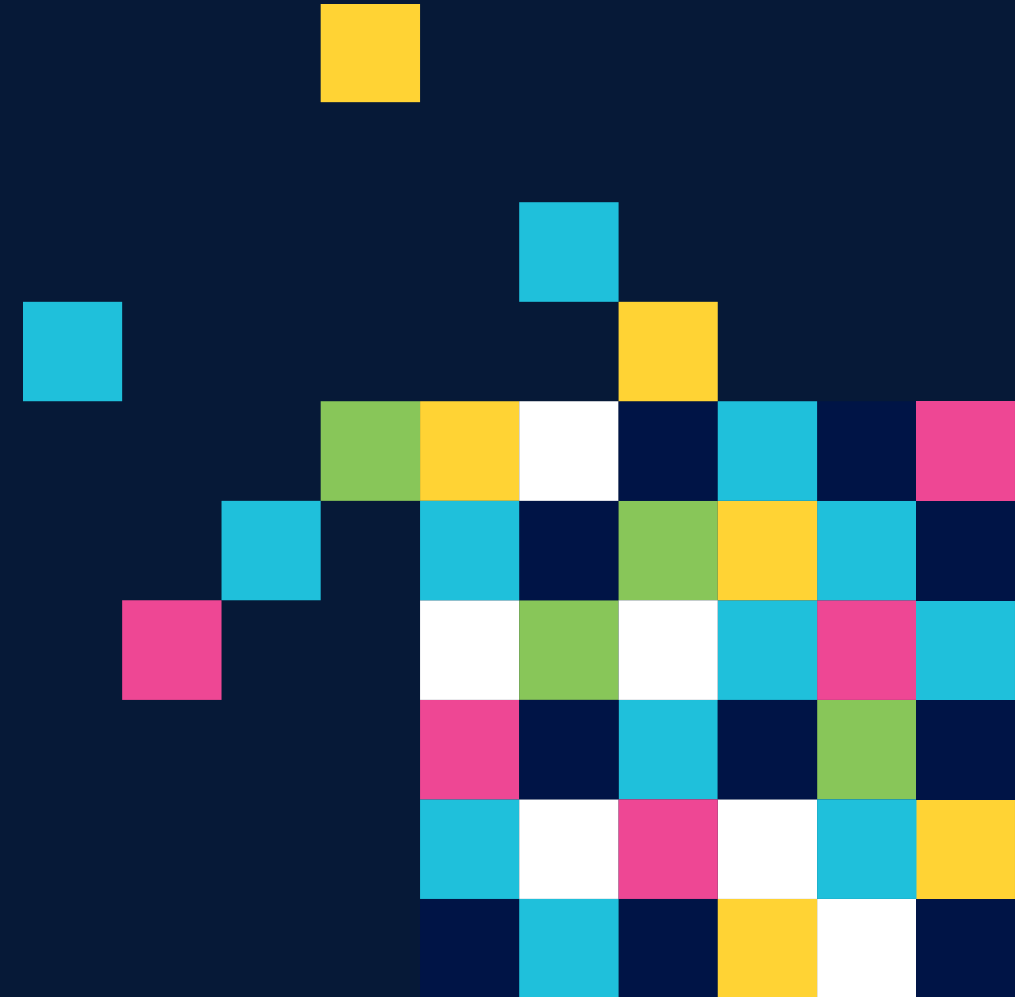
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# Q & A





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**Thank You**

