



Untangling U.S.-China Relations

Identifying opportunities through a long-term view

Beyond the rhetoric, China offers long-term strength

Despite trade war concerns, the U.S. and Chinese economies are inexorably intertwined.

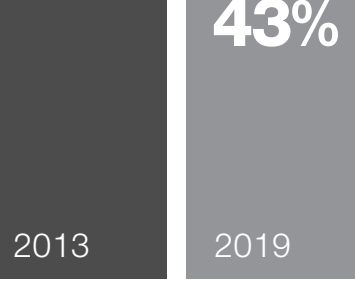
It's in their best interests to work together.

“Focusing on world class companies that should **compound earnings over many years** can help **ease volatility** caused by short-term concerns.”

Eric Moffett
Portfolio Manager
T. Rowe Price Asia Equity Opportunities Strategy

China is no longer just a production economy.

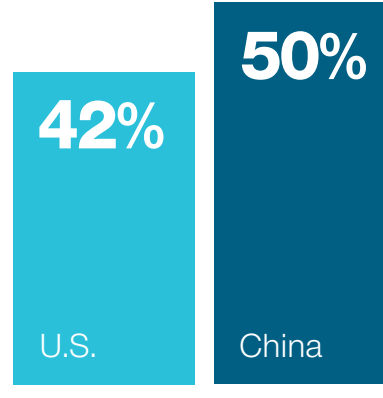
China's industrialization as a % GDP has peaked.



Sources: FactSet and Credit Suisse research.

China is rivaling U.S. technology supremacy.

Exposure to 'Disruptive Tech'

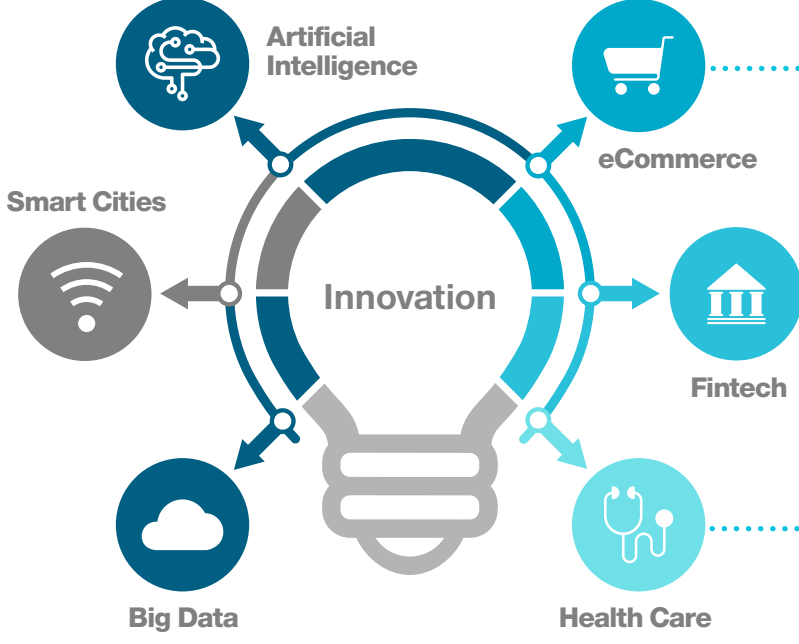


% of Respective MSCI Index
As of June 30, 2020

Source: FactSet; T. Rowe Price calculations using data from FactSet Research Systems Inc. All rights reserved. Please refer to Additional Disclosures for definitions to disruptive tech and source information.

Growth from innovation—and more

Today, Chinese companies do more than produce, **they innovate.**



Digital Consumer Culture

More **people**, more **money**, more **consumption of services**

Disposable income growth **39%** CAGR over last 10 years

Source: Haver, China National Bureau of Statistic, OECD.

eCommerce Penetration % Total Sales in 2019 (USD) **27%** China **15%** U.S.

Share of Incremental eCommerce Growth in 2019 (USD) **67%** China **13%** U.S.
As of 30 September 2019

Source: BoAML

Health care for Aging China

Revenue from best selling immunotherapy drug in 2018 (USD)

Biotech in numbers:

13.7bn US: Humira **0.6bn** China: Herceptin

100+ bio-similar programs under development in China

Rapid innovation in **health care, pharmaceuticals, and biotech**

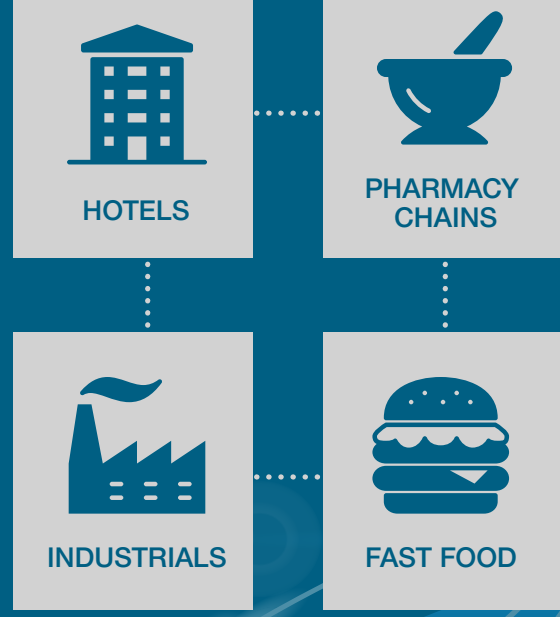
Source: CITIC Securities, Morgan Stanley.

Opportunities from Consolidation

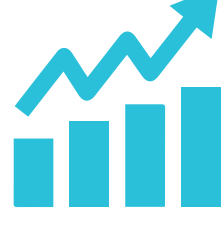
Certain domestic companies in China are now the main low-cost producers in their industries.

“Consolidation can be a powerful tailwind for strong companies gaining share, even if the industry isn’t experiencing much growth.”

Eric Moffett
Portfolio Manager
T. Rowe Price Asia Equity Opportunities Strategy



Considering China's evolution



Growing Opportunity Set:

Foreign accessible investment universe has expanded; 581% growth of market cap in China markets accessible by foreign investments since 2010.

Source: Goldman Sachs, as of 9/30/2019.



Be Active, Look Forward:

Active managers with deep research capabilities can find opportunities others might miss.



Access A Shares: Investors can access a broad, deep offering of Chinese companies. Quality is uneven; invest in individual stocks rather than an index.



Explore Beyond China: Other nearby markets including India and Southeast Asia offer strong growth potential.

“Where are real fortunes being created? **Where is there amazing underlying innovation that is creating true massive value? China—and Asia—**are where new billionaires are being born.”

Scott Berg, CFA®
Portfolio Manager
T. Rowe Price Global Growth Equity Strategy

Partner with us for insights during these uncertain times

Learn More
troweprice.com

Additional Information

The chart above with ‘Disruptive Tech’ is defined as the Information Technology sector, the Internet & Direct Marketing Retail industry within the Consumer Discretionary sector, and the Media & Entertainment industry group within the Communication Services sector. The regions are represented by the MSCI China Index, MSCI USA Index, MSCI All Country World Index, and MSCI Europe Index.

MSCI and its affiliates and third party sources and providers (collectively, “MSCI”) makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed, or produced by MSCI. Historical MSCI data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. None of the MSCI data is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such.

The material does not constitute a distribution, an offer, an invitation, a personal or general recommendation or solicitation to sell or buy any securities in any jurisdiction or to conduct any particular investment activity. The material has not been reviewed by any regulatory authority in any jurisdiction.

Information and opinions presented have been obtained or derived from sources believed to be reliable and current; however, we cannot guarantee the sources' accuracy or completeness. There is no guarantee that any forecasts made will come to pass. The views contained herein are as of the date noted on the material and are subject to change without notice; these views may differ from those of other T. Rowe Price group companies and/or associates. Under no circumstances should the material, in whole or in part, be copied or redistributed without consent from T. Rowe Price.

The material is not intended for use by persons in jurisdictions which prohibit or restrict the distribution of the material and in certain countries the material is provided upon specific request.

It is not intended for distribution to retail investors in any jurisdiction.

USA - Issued in the USA by T. Rowe Price Associates, Inc., 100 East Pratt Street, Baltimore, MD, 21202, which is regulated by the U.S. Securities and Exchange Commission. For Institutional Investors only.

Canada - Issued in Canada by T. Rowe Price (Canada), Inc. T. Rowe Price (Canada), Inc.'s investment management services are only available to Accredited Investors as defined under National Instrument 45-106. T. Rowe Price (Canada), Inc. enters into written delegation agreements with affiliates to provide investment management services.

© 2020 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.