



T. ROWE PRICE

Emerging Markets Discovery Equity Strategy

As of 31 December 2023

**Portfolio Manager:**

Ernest Yeung

Managed Strategy**Since:**

2015

Joined Firm:

2003

INVESTMENT OBJECTIVE

The Emerging Markets Discovery Equity Composite seeks long-term capital appreciation primarily through investment in emerging markets with attractive valuation levels relative to market/sector averages.

PERFORMANCE

							Annualised
	One Month	Three Months	Year-to-Date	One Year	Three Years	Five Years	Since Inception 30 Sep 2015
Emerging Markets Discovery Equity Composite (Gross of Fees – USD) ¹	5.34%	8.60%	12.56%	12.56%	0.60%	5.39%	7.86%
Emerging Markets Discovery Equity Composite (Net of Fees – USD) ¹	5.28	8.42	11.78	11.78	-0.11	4.65	7.11
MSCI Emerging Markets Index Net ²	3.91	7.86	9.83	9.83	-5.08	3.68	5.64
Value Added (Gross of Fees) ³	1.43	0.74	2.73	2.73	5.68	1.71	2.22

Past performance is not a reliable indicator of future performance.

¹ Gross performance returns are presented before management and all other fees, where applicable, but after trading expenses. Net of fees performance reflects the deduction of the highest applicable management fee that would be charged based on the fee schedule contained within this material, without the benefit of breakpoints. Gross and net performance returns reflect the reinvestment of dividends and are net of all non-reclaimable withholding taxes on dividends, interest income, and capital gains..

² Returns shown with reinvestment of dividends after the deduction of withholding taxes.

³ The Value Added is shown as Emerging Markets Value Equity Composite (Gross of Fees) minus the benchmark in the previous row.

MARKET COMMENTARY

Emerging market (EM) equities advanced in December as a dovish shift from the U.S. Federal Reserve pushed bond yields lower and fueled investors' risk appetite. The Fed left interest rates unchanged and signaled more rate cuts in 2024 than it previously projected. Consequently, all EM regions rose, though emerging stocks generally lagged their developed peers.

All regional markets in Latin America advanced, led by Peru, whose falling inflation and weakening growth prompted the central bank to reduce its policy rate. In Brazil, policymakers cut borrowing costs by 50 basis points and indicated further easing ahead, while the country's lower house passed a landmark consumption tax reform. In contrast, Mexico's central bank held interest rates steady and upgraded its 2024 inflation forecasts. Meanwhile, Argentinian assets surged as President Javier Milei's government unveiled several "shock therapy" economic measures, including a more than 50% devaluation of the currency.

Emerging Europe, Middle East and African markets also fared well. Polish stocks continued their recent good run, aided by hopes that the new government could access funds previously frozen by the European Union. Conversely, Türkiye shares declined. Notably, the Turkish central bank increased its benchmark rate by another 250 basis points to 42.5%, though policymakers promised to stop tightening "as soon as possible".

EM Asia equities moved higher but lagged other regions, largely due to weakness in China amid continued economic and policy worries. Ratings agency Moody's Investors Service downgraded its outlook for Chinese sovereign bonds, banks, and state-owned enterprises to 'negative' from 'stable', citing concerns about the country's high debt levels and property downturn. A lack of fresh stimulus pledges following the ruling party's annual work conference also disappointed investors. Later in December, Chinese regulators proposed new rules to curb spending on online video games, a move that stoked a selloff in game stocks as it raised the specter of a new industry crackdown. The market, however, rebounded from the month's low after authorities later softened their tone, approving 105 video games for sale in China for December, more games than usual.

Elsewhere, Indian shares rallied on the back of robust macroeconomic data, softer oil prices, and expectations of political continuity after the ruling party won three state-level elections. The technology-oriented South Korean and Taiwan markets climbed on growing signs of improving hardware demand, sustained interest in artificial intelligence and falling U.S. Treasury yields.

Largest Relative Contributor: The lack of exposure to Tencent Holdings worked in the portfolio's favor as shares of the company were weighed down by the regulatory uncertainty amid the government's new draft of online gaming rules. By design, we do not invest in popular and well-discovered stocks.

Among the stocks we owned, Grupo Mexico lifted relative returns. Owning shares of Grupo Mexico, a Mexican conglomerate with interest in copper mining, worked well for the portfolio as third-quarter results showed very strong free cash flow and a higher quarterly dividend.

Largest Relative Detractor: Our position in Weichai Power, a Chinese developer and manufacturer of diesel engines, dragged down relative returns. Its shares fell following sharp gains in the last three months amid expectations of additional stimulus measures. Infrastructure and construction names have rallied following the 1 trillion RMB sovereign bond issuance for infrastructure investments in regions hit by natural disasters in recent years.

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REP. PORTFOLIO TOP 10 ISSUERS

	Country	Industry	% of Portfolio
Samsung Electronics	South Korea	Technology Hardware, Storage & Peripherals	6.5%
Alibaba Group Holding	China	Broadline Retail	3.5
MediaTek	Taiwan	Semiconductors & Semiconductor Equipment	2.6
Hon Hai Precision Industry	Taiwan	Electronic Equip, Instr & Cmpts	2.3
Bank Rakyat Indonesia (Persero)	Indonesia	Banks	2.3
Baidu	China	Interactive Media & Services	2.2
ICICI Bank	India	Banks	2.1
Grupo Mexico	Mexico	Metals & Mining	2.1
CIMB Group Holdings Berhad	Malaysia	Banks	2.0
SK Hynix	South Korea	Semiconductors & Semiconductor Equipment	2.0

PORTFOLIO CHARACTERISTICS

	Rep. Portfolio	MSCI Emerging Markets Index Net
Number of Issuers	68	1,375
Investment Weighted Median Market Cap (mm USD)	22,548	29,487
Price to Earnings (Current Fiscal Year) (IBES) [#] [^]	12.6X	17.0X
Price to Book [#]	1.5X	2.3X
Projected Earnings Growth Rate (IBES) [#] [^]	11.8X	11.3X
Return on Equity (Current Fiscal Year) [#] [*]	11.6%	14.0%
Top 20 Issuers as Percent of Total	45.6%	30.0%
Percent of Portfolio in Cash	2.4%	—

[#] Statistics are based on Investment Weighted Median.

^{*} These statistics are based on the portfolio's underlying holdings and are not a projection of future portfolio performance. Actual results may vary.

[^]Source: I/B/E/S © 2024 Refinitiv. All rights reserved.

GEOGRAPHIC DIVERSIFICATION

	Europe	Latin America	Middle East & Africa	Pacific Ex Japan	Reserves
Rep. Portfolio	7.4%	15.5%	8.1%	66.6%	2.4%
MSCI Emerging Markets Index Net	2.5	9.5	10.2	77.8	0.00
Over/Underweight	4.9	6.1	-2.1	-11.3	2.4

SECTOR DIVERSIFICATION

	Comm Svcs	Cons Disc	Cons Staples	Energy	Financials	Health Care	Indust & Bus Svcs	Info Tech	Materials	Real Estate	Utilities	Reserves
Rep. Portfolio	3.0%	14.1%	3.9%	5.5%	26.2%	1.0%	8.6%	17.7%	11.9%	4.4%	1.4%	2.4%
MSCI Emerging Markets Index Net	8.8	12.8	6.0	5.1	22.3	3.8	6.9	22.1	7.8	1.6	2.7	0.0
Over/Underweight	-5.8	1.3	-2.1	0.4	3.8	-2.8	1.7	-4.4	4.1	2.8	-1.3	2.4

ADDITIONAL DISCLOSURES

Source for MSCI data: MSCI. 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.

Unless indicated otherwise the source of all data is T. Rowe Price and as of the report date.

Source for Sector Diversification: T. Rowe Price uses the current MSCI/S&P Global Industry Classification Standard (GICS) for sector and industry reporting.

Numbers may not total due to rounding.

The representative portfolio is an account in the composite we believe most closely reflects current portfolio management style for the strategy. Performance is not a consideration in the selection of the representative portfolio. The characteristics of the representative portfolio shown may differ from those of other accounts in the strategy. Please see the GIPS® Composite Report page for additional information on the composite.

GIPS® Composite Report**Emerging Markets Discovery Equity Composite**

Period Ended December 31, 2022

Figures Shown in U.S. dollar

	<u>2015²</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Gross Annual Returns (%) ¹	2.86	13.07	35.52	-8.92	17.71	8.49	5.80	-14.53
Net Annual Returns (%) ¹	2.33	10.77	32.81	-10.80	15.32	6.27	3.64	-16.31
MSCI Emerging Markets Index Net (%) ³	0.66	11.19	37.28	-14.57	18.42	18.31	-2.54	-20.09
MSCI Emerging Markets Value Index Net (%) ³	-1.45	14.90	28.07	-10.72	11.94	5.48	4.00	-15.83
MSCI Emerging Markets Index (%) ³	0.73	11.60	37.75	-14.24	18.88	18.69	-2.22	-19.74
MSCI Emerging Markets Value Index (%) ³	-1.36	15.48	28.67	-10.26	12.52	5.97	4.50	-15.31
Composite 3-Yr St. Dev.	N/A	N/A	N/A	14.35	14.00	21.75	21.03	22.12
MSCI Emerging Markets Index Net 3-Yr St. Dev.	14.06	16.07	15.35	14.60	14.17	19.60	18.33	20.26
MSCI Emerging Markets Value Index Net 3-Yr St. Dev.	15.17	17.55	16.59	15.07	13.70	20.41	19.06	20.37
MSCI Emerging Markets Index 3-Yr St. Dev.	14.04	16.07	15.36	14.62	14.17	19.62	18.35	20.26
MSCI Emerging Markets Value Index 3-Yr St. Dev.	15.15	17.56	16.60	15.10	13.71	20.44	19.08	20.38
Composite Dispersion	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Comp. Assets (Millions)	14.1	19.3	45.6	56.7	278.1	2,848.9	8,799.5	9,213.9
# of Accts. in Comp.	1	1	1	2	2	5	6	6
Total Firm Assets (Billions)	772.4	817.2	1,000.2	972.7	1,218.2	1,482.5	1,653.6	1,237.4 ⁴

¹The fee rate used to calculate net returns is 2.07%. This represents the maximum fee rate applicable to all composite members. **Past performance is not a reliable indicator of future performance.**

²September 30, 2015 through December 31, 2015.

³Effective July 1, 2018, the benchmark for the composite changed from gross to net of withholding taxes. The change was made because the firm viewed the new benchmark to be more consistent with the tax impacts of the portfolios in the composite. Historical benchmark representations have been restated. Effective September 30, 2015, the secondary benchmark was added. Primary benchmark is MSCI Emerging Markets Index Net and secondary benchmark is MSCI Emerging Markets Value Index Net.

⁴Preliminary - subject to adjustment.

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Gross performance returns are presented before management and all other fees, where applicable, but after trading expenses. Net of fees performance reflects the deduction of the highest applicable management fee that would be charged based on the fee schedule contained within this material, without the benefit of breakpoints. Gross performance returns reflect the reinvestment of dividends and are net of nonreclaimable withholding taxes on dividends, interest income, and capital gains. Gross performance returns are used to calculate presented risk measures. Effective June 30, 2013, portfolio valuation and assets under management are calculated based on the closing price of the security in its respective market. Previously portfolios holding international securities may have been adjusted for after-market events. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Dispersion is measured by the standard deviation across asset-weighted portfolio returns represented within a composite for the full year. Dispersion is not calculated for the composites in which there are five or fewer portfolios.

Some portfolios may trade futures, options, and other potentially high-risk derivatives that may create leverage and generally represent in aggregate less than 10% of a portfolio. Benchmarks are taken from published sources and may have different calculation methodologies, pricing times, and foreign exchange sources from the composite.

Composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow greater than or equal to 15% of portfolio assets. The temporary removal of such an account occurs at the beginning of the measurement period in which the significant cash flow occurs and the account re-enters the composite on the last day of the current month after the cash flow. Additional information regarding the treatment of significant cash flows is available upon request.

The firm's list of composite descriptions, a list of limited distribution pooled fund descriptions, and a list of broad distribution pooled funds are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

FEE SCHEDULE

The Emerging Markets Discovery Equity Composite seeks long-term capital appreciation primarily through investment in emerging markets with attractive valuation levels relative to market/sector averages. (Created October 2015; inception September 30, 2015)

First 50 million (USD)	70 basis points
Next 50 million (USD)	67.5 basis points
Above 100 million (USD)	67.5 basis points on all assets ¹
Above 200 million (USD)	60 basis points on all assets ¹
Minimum separate account size	50 million (USD)

¹A transitional credit is applied to the fee schedule as assets approach or fall below the breakpoint.

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