



China

Wenli Zheng
Portfolio Manager

September 2023

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Today's Speaker



Wenli Zheng

Portfolio Manager

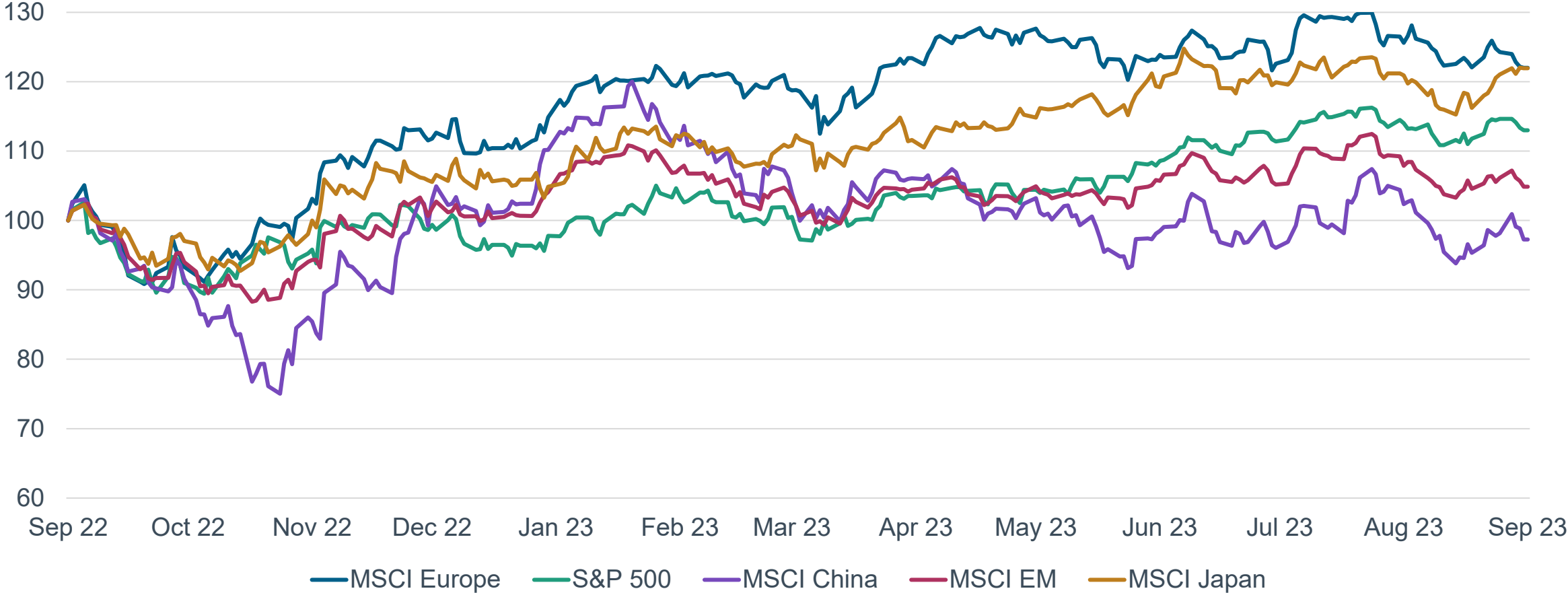
China Evolution Equity Strategy



Performance

As of 8 September 2023

12m Performance by region



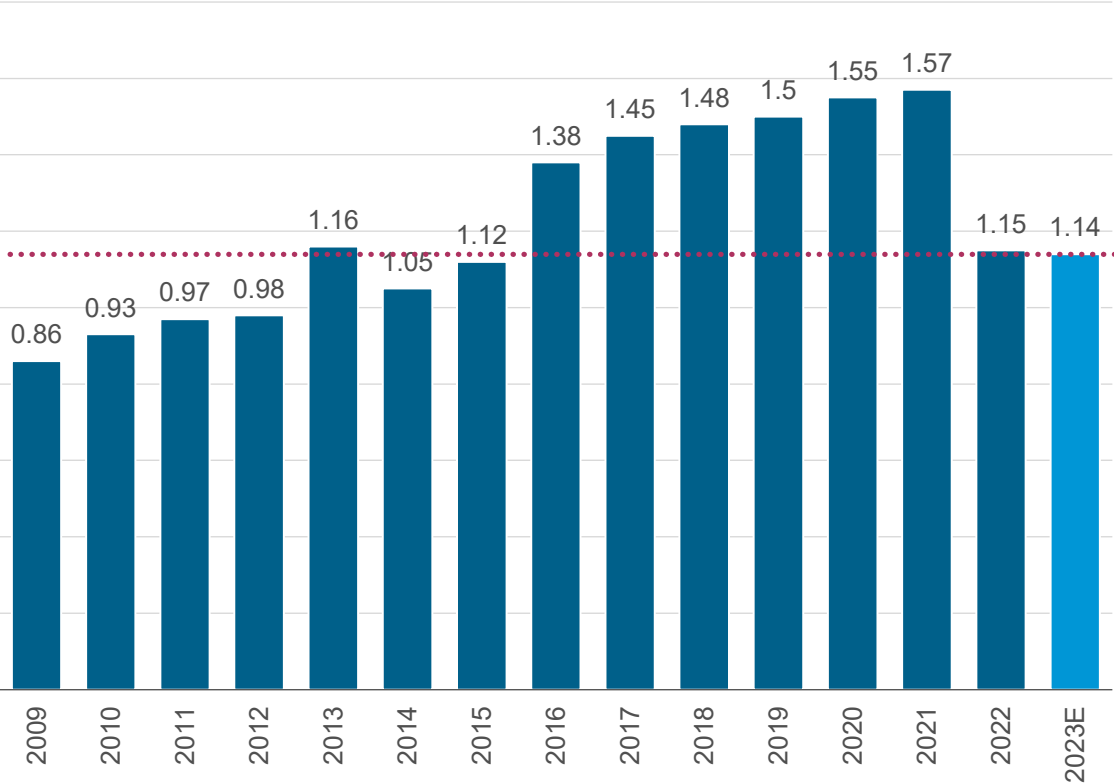
Past performance is not a reliable indicator of future performance.

Source: Factset, MSCI, total return, USD.

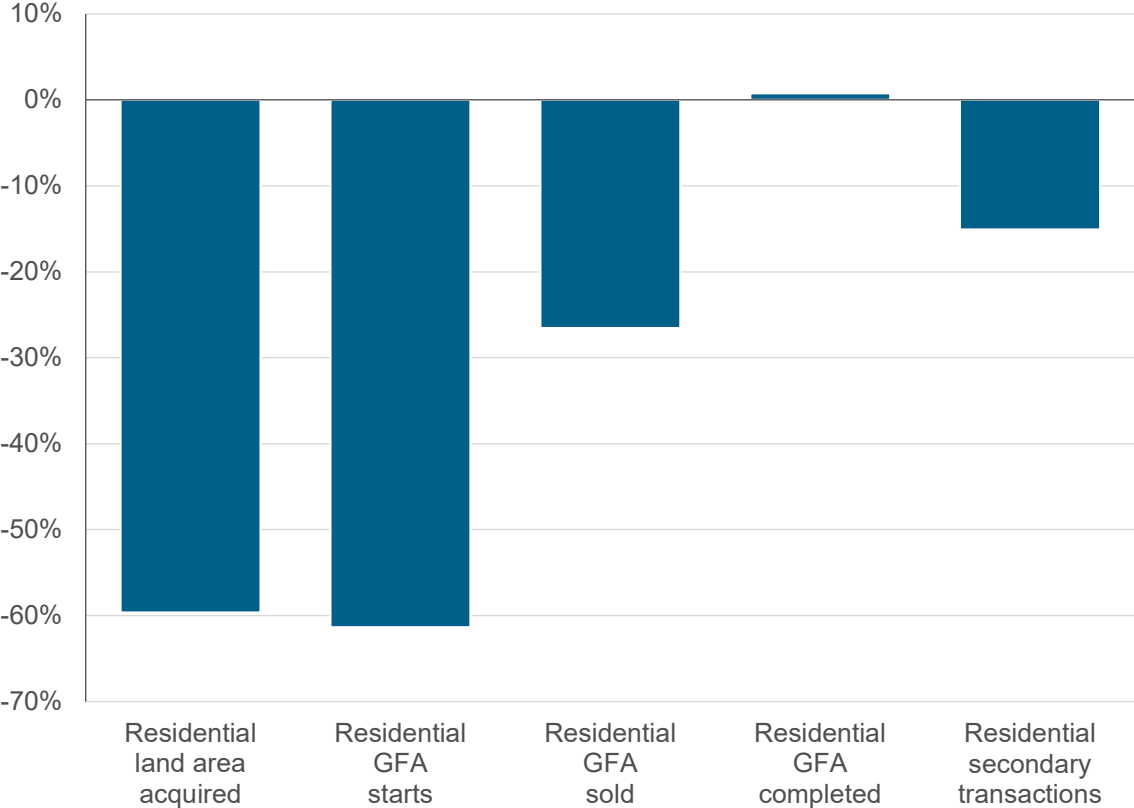
Deleveraging

As of 31 August 2023

Residential GFA sold (bn sqm GFA)



Property de-stocking (% change compared to 2020)

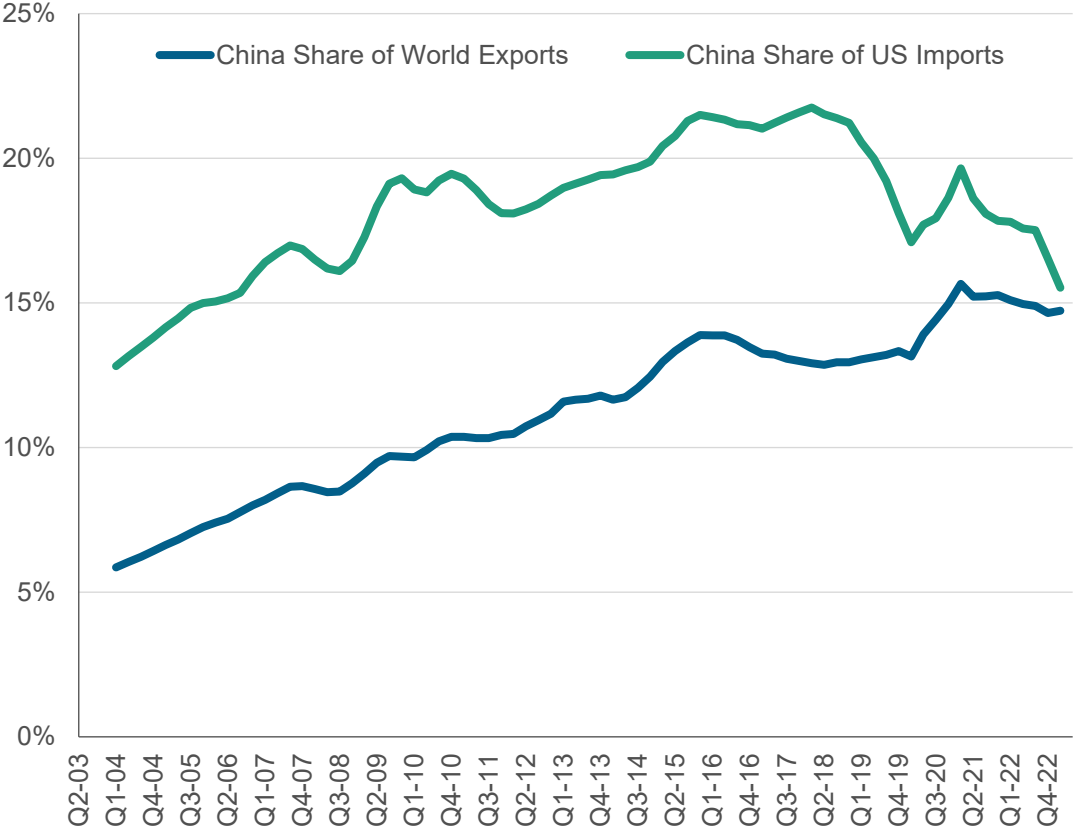


Sources: LHS - Haver Analytics/ China National Bureau of Statistics/ Markit. Please see Additional Disclosures page for information about this Markit information. RHS - Haver Analytics/China National Bureau of Statistics.

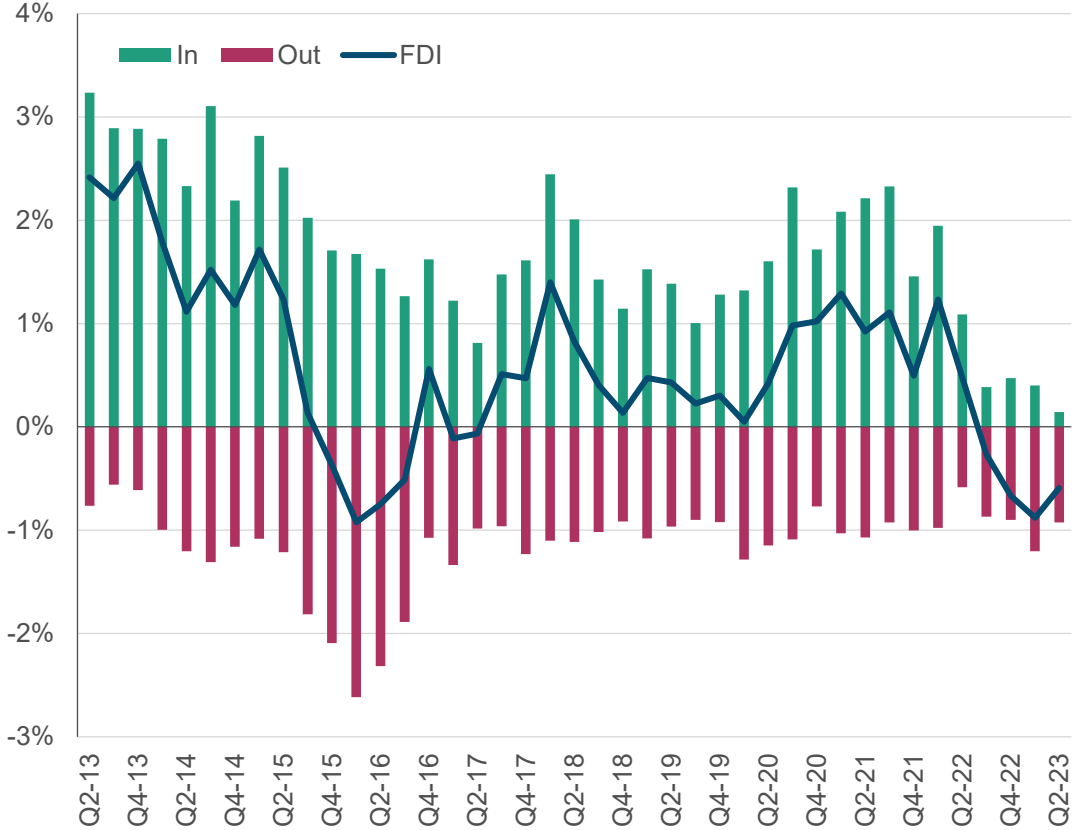
Diversification

As of 30 June 2023

China's Share of Exports



China: FDI (sa, % of GDP)

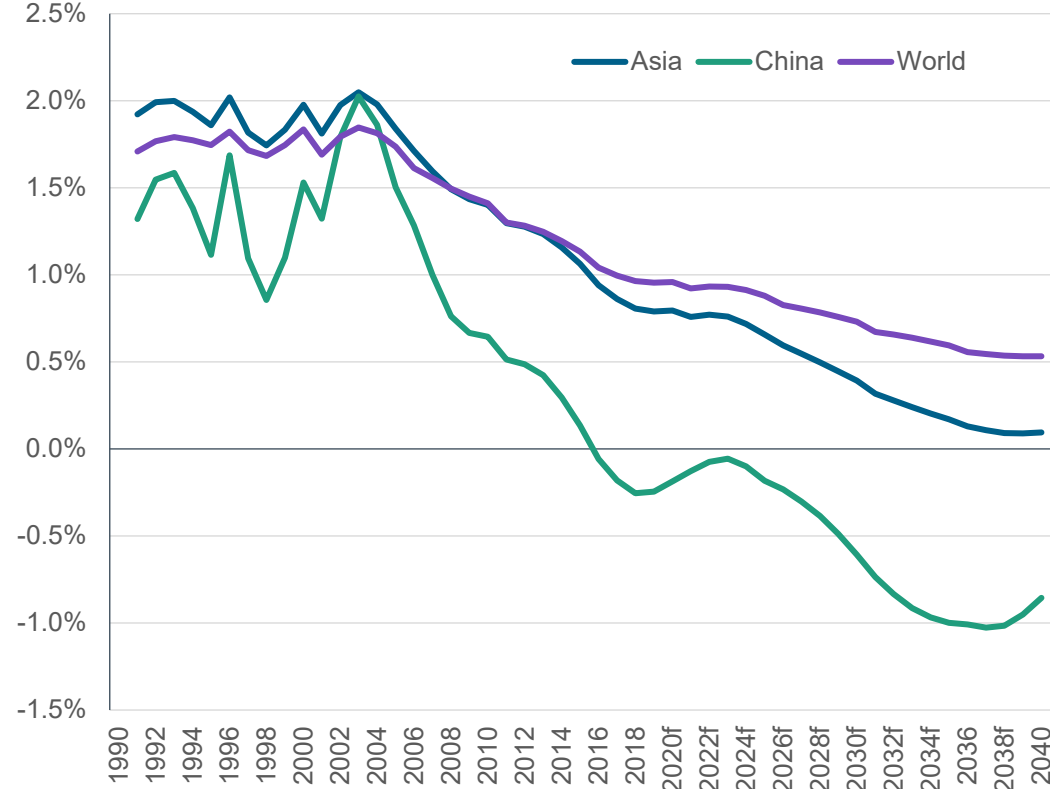


Source: China Customs, NBS, Wind, Citi Research.

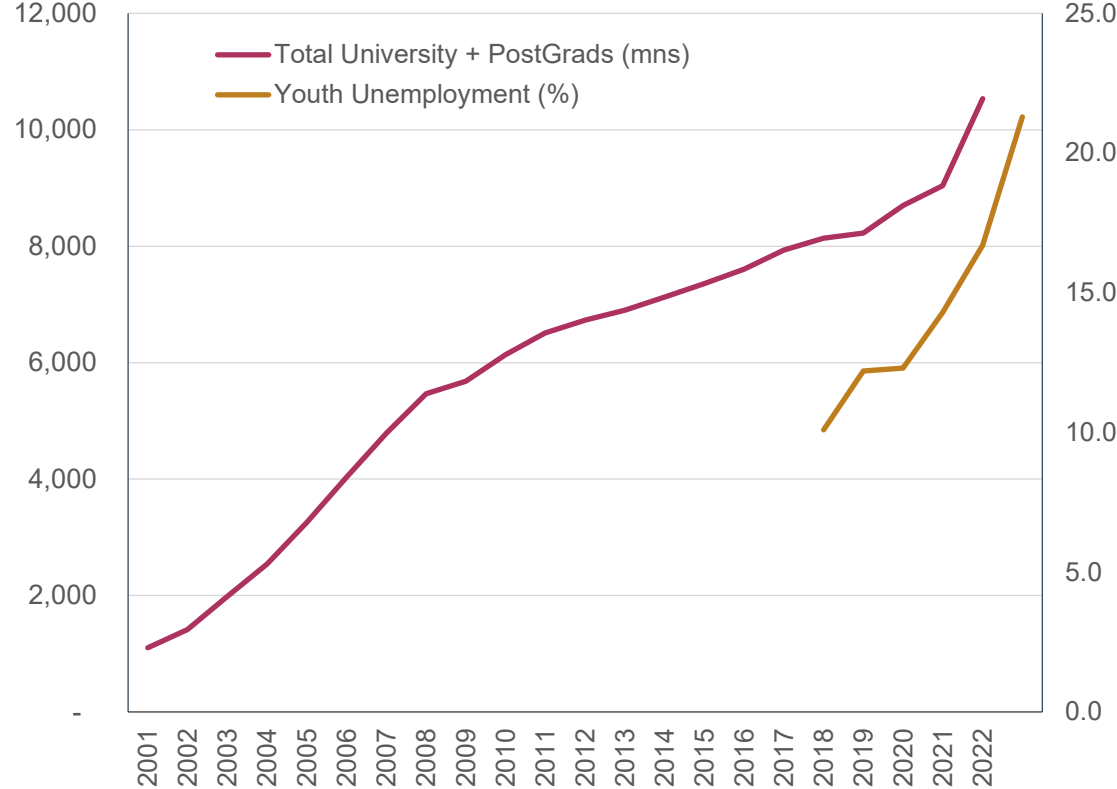
Demographics

As of 30 June 2023

Working Age Population Annual Growth



Education

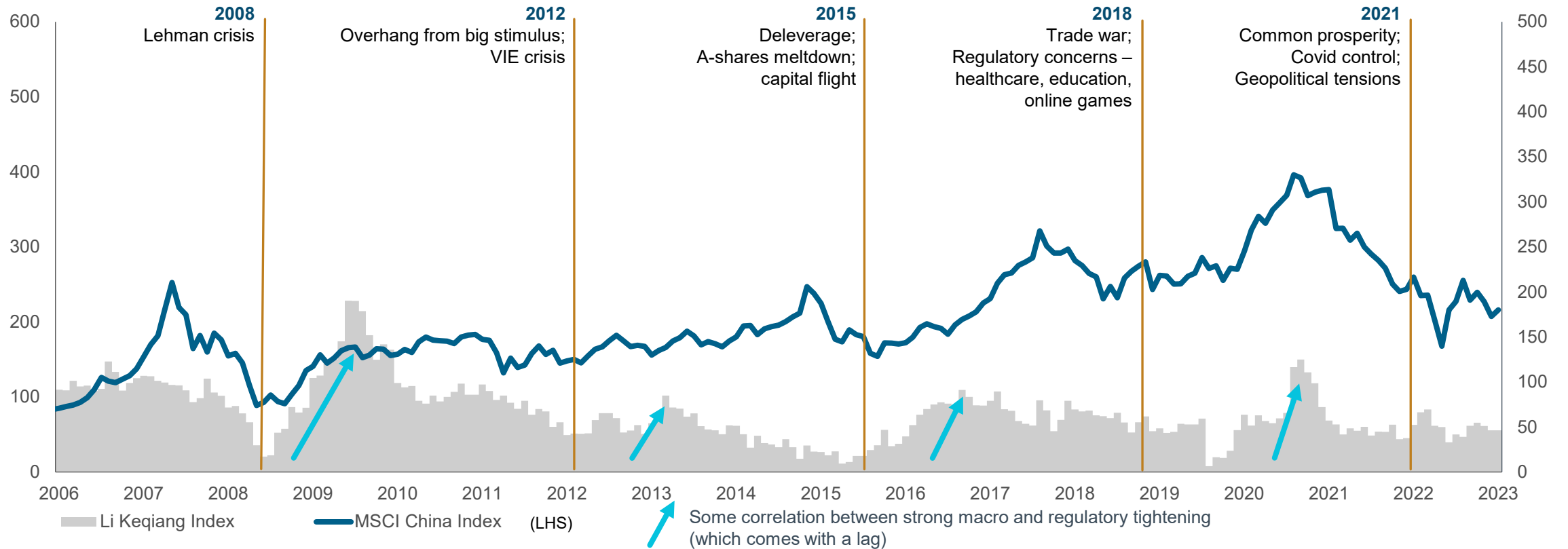


Source: China Customs, NBS, Wind, Citi Research.

We have been here before

As of 30 June 2023

MSCI China Index vs Li Keqiang Index (a mix of real economic activities in China)



Past performance is not a reliable indicator of future performance.

Quotes shown are consensus viewpoints for the time periods shown.

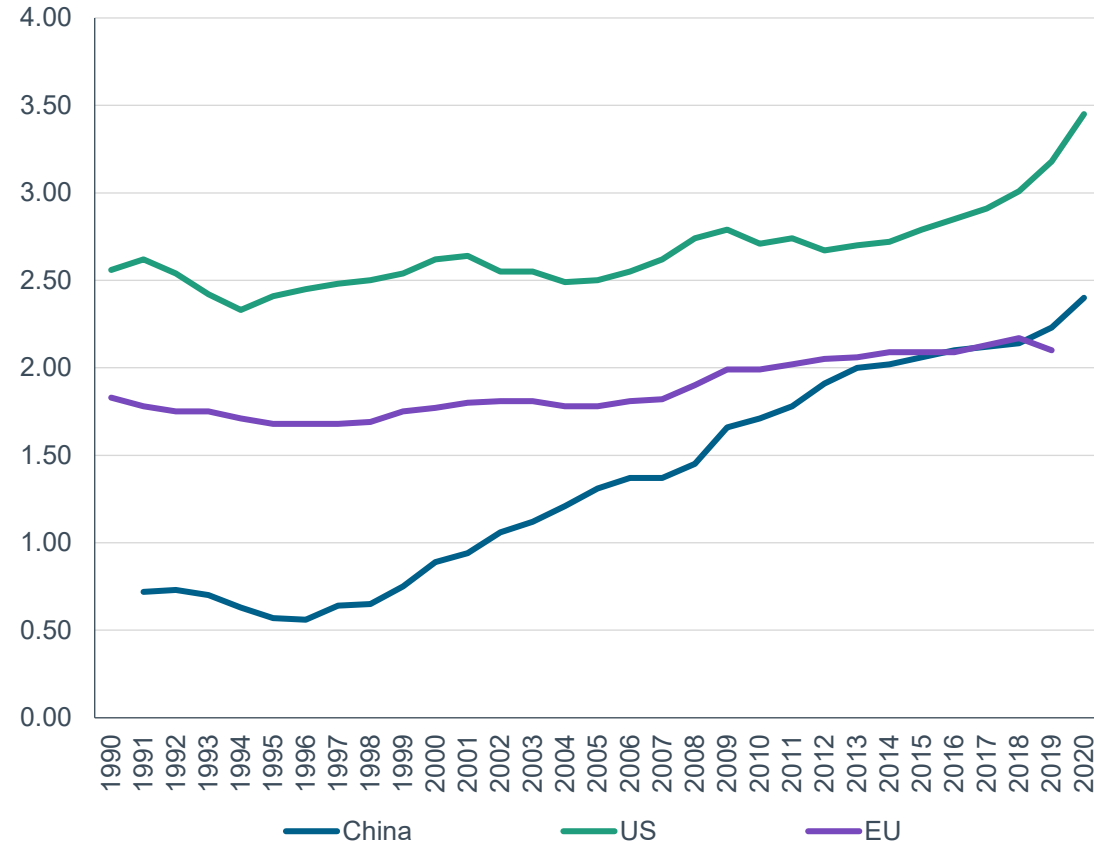
The specific securities identified and described are for informational purposes only and do not represent recommendations.

Sources: Bloomberg Finance L.P., MSCI, Li Keqiang. Please see Additional Disclosures page for more information about this MSCI information.

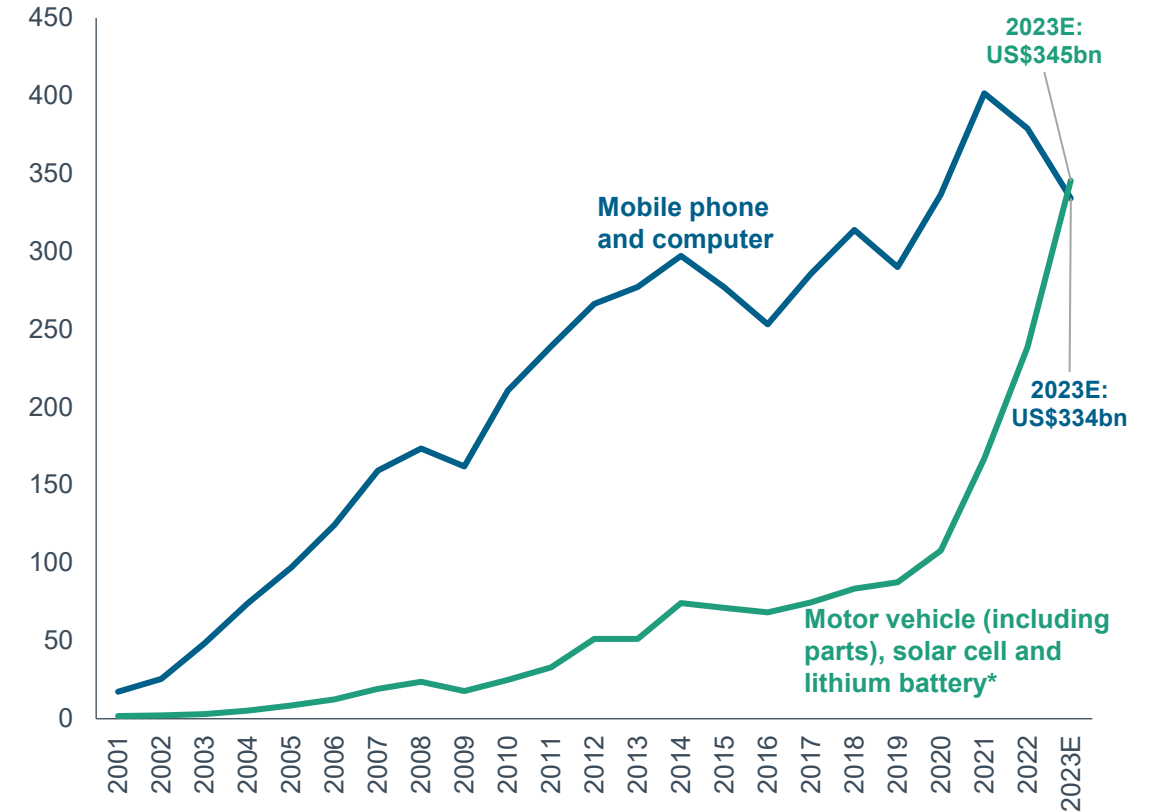
Areas of opportunity: industrial upgrade

As of 30 June 2023

R&D Spending (%/GDP)



Export Value (USD bn)

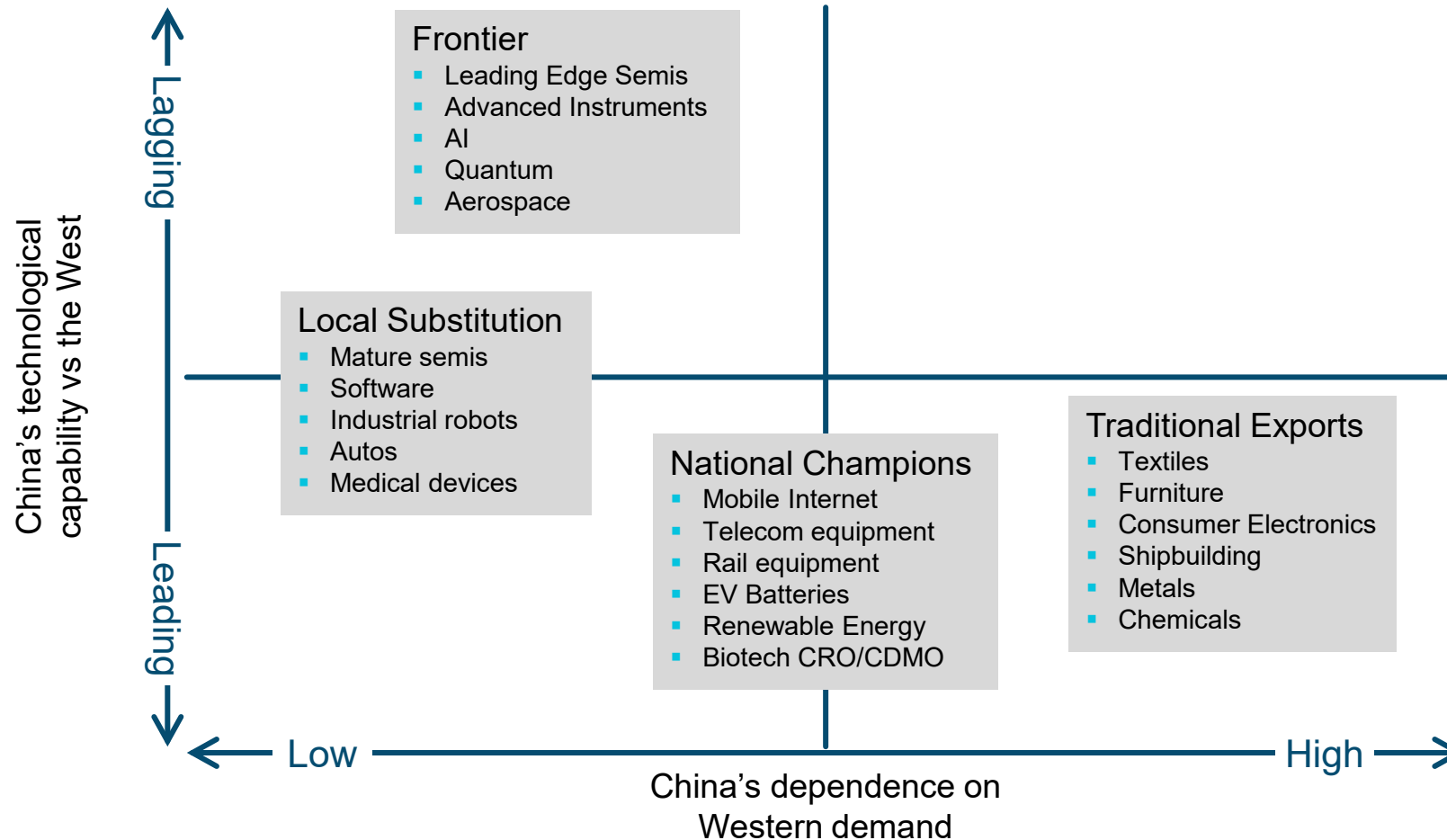


*Solar cell data is not available before 2012, while lithium battery data is not available before 2020

Source: General Administration of Customs, Morgan Stanley Research Estimates (E).

Areas of opportunity: Supply chain realignment

As of 30 June 2023



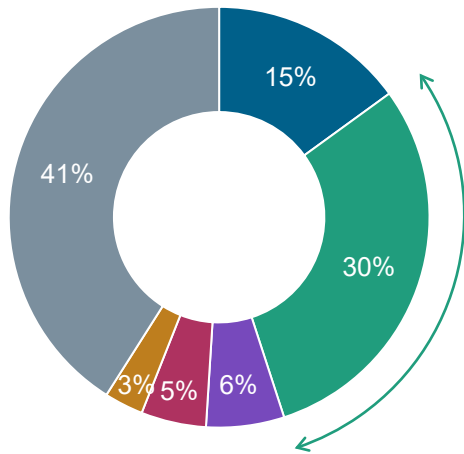
Source: T. Rowe Price Analysis.

Areas of Opportunity: From Exports to Consumption

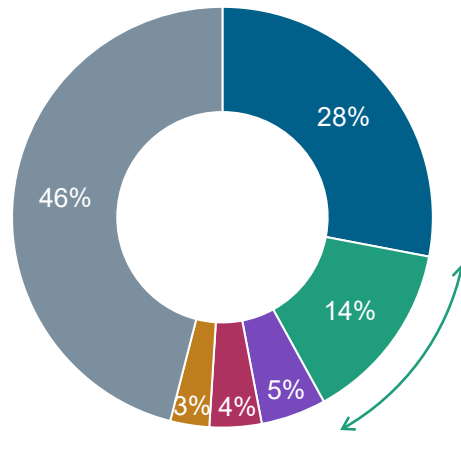
As of 30 June 2023

Manufacturing vs Consumption

Share of Global Output (%)



Share of Global Consumption (%)



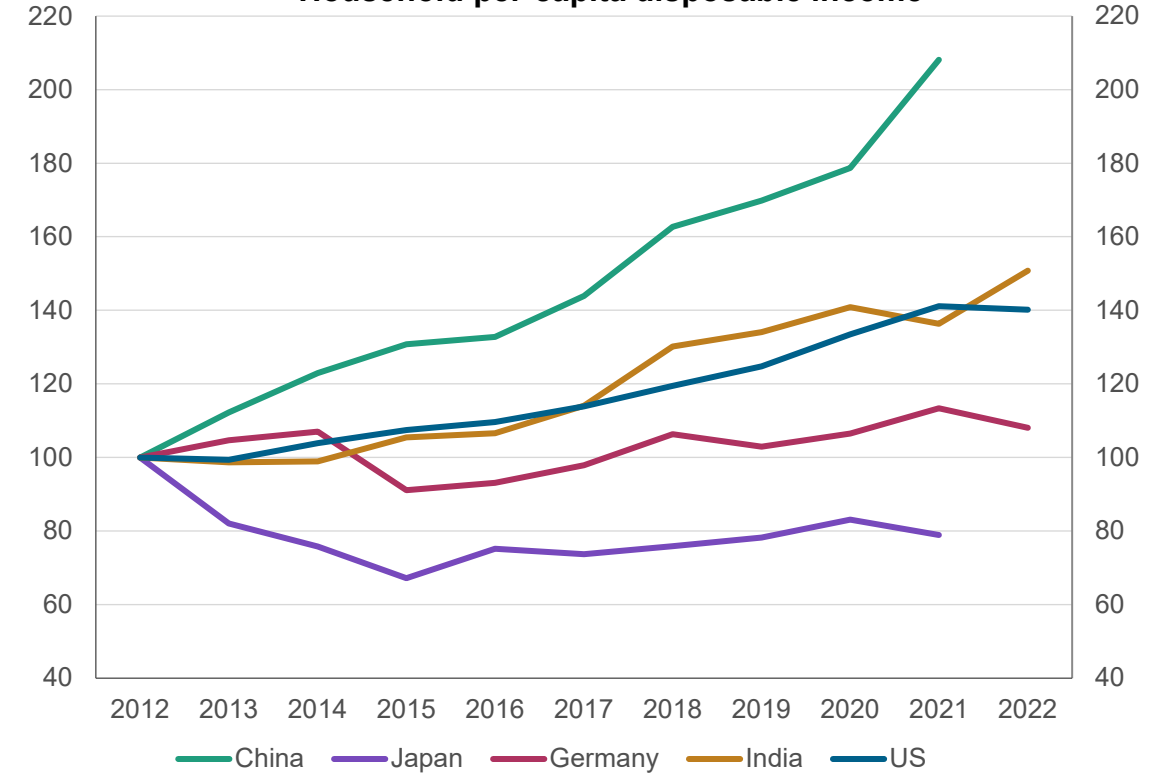
■ USA ■ China ■ Japan ■ Germany ■ India ■ R.O.W.

Disposable Income growth

Index (2012=100)

Index (2012=100)

Household per-capita disposable income

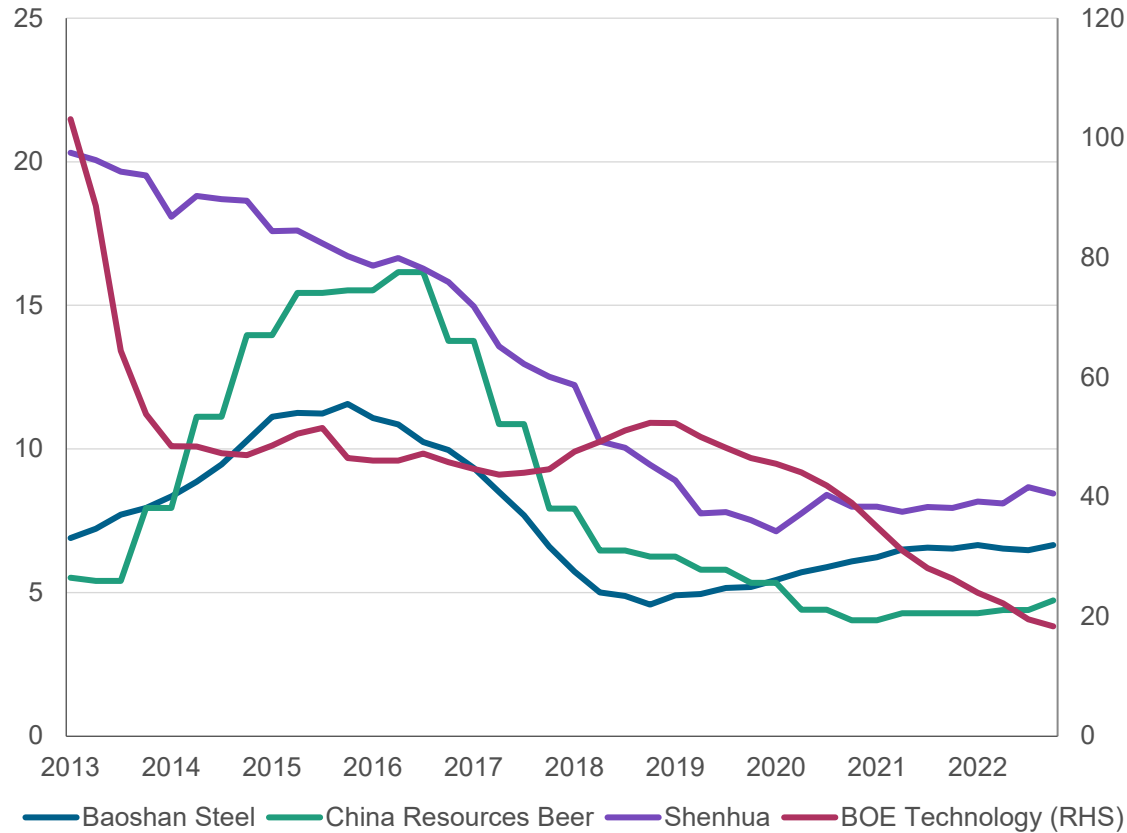


Sources: Worldbank, NBS, BEA, CAO, Deutsche Bundesbank, Ministry of Statistics and Programme Implementation (India), Haver Analytics, CEIC.

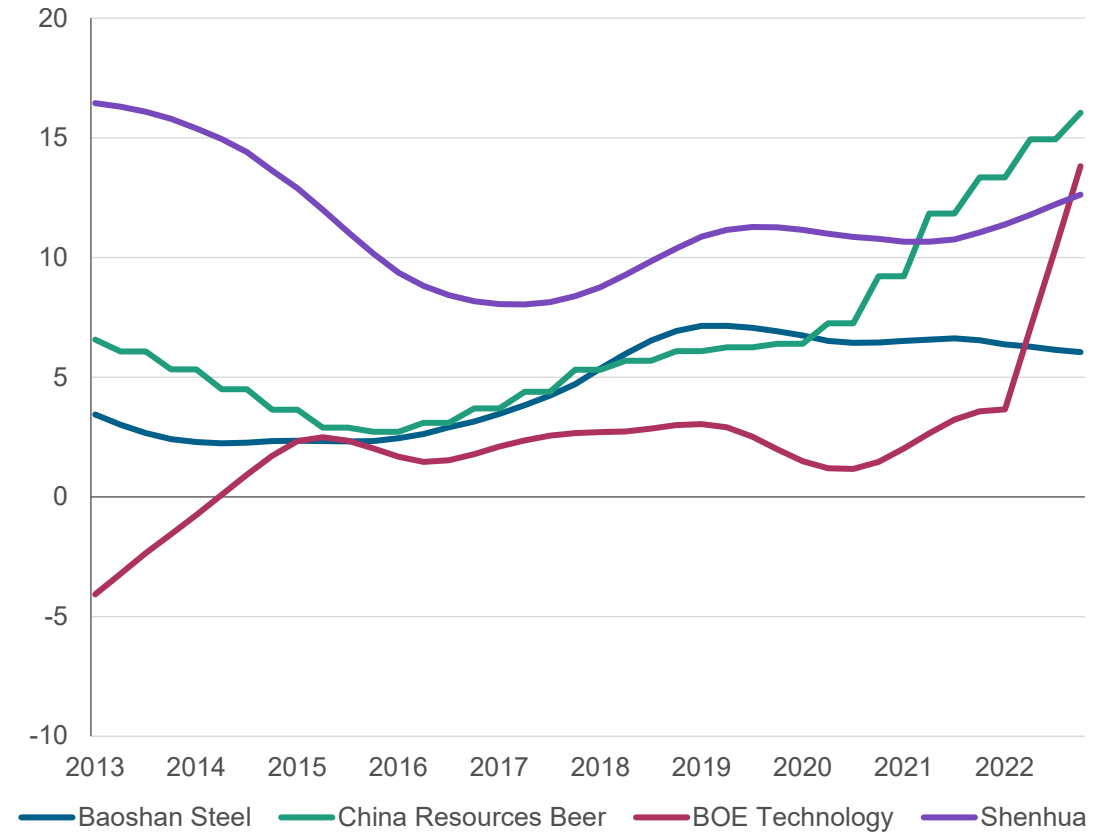
Areas of Opportunity: From Expansion to Returns

As of 30 June 2023

Rolling 3Y Capex/Sales (%)



Rolling 3Y ROIC (%)



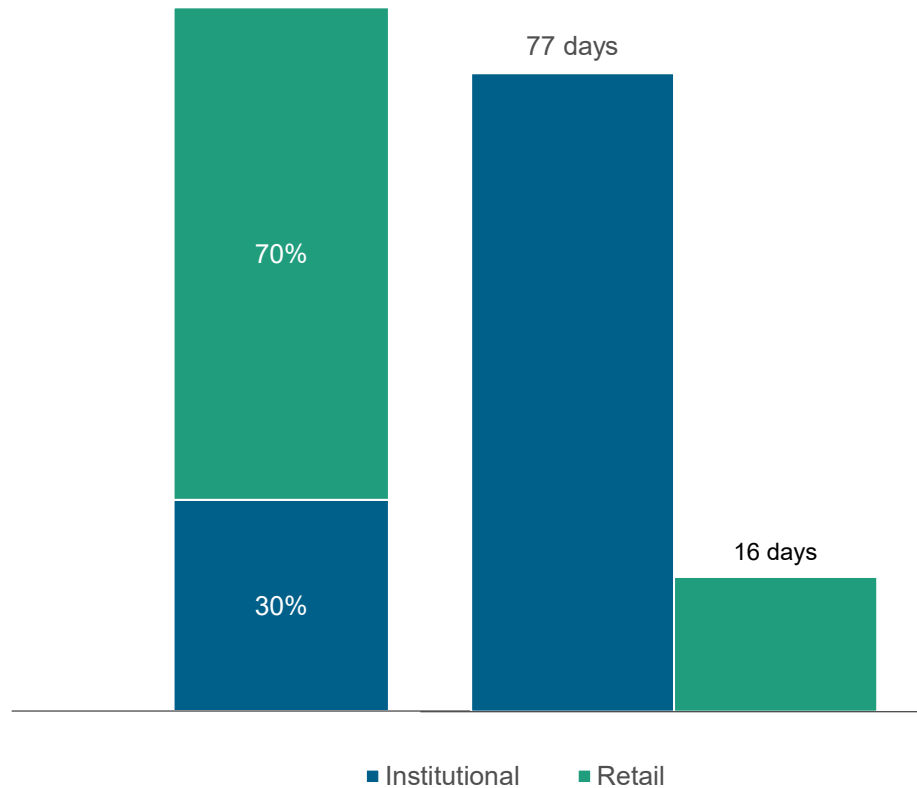
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Opportunities for Alpha Generation

As of 30 June 2023

A-Shares Market Turnover



Performance of Foreign Favourites



Past performance is not a reliable indicator of future performance.

GARPy "foreign favourites" are top-20 foreign holding names with size and valuation overlays.

Sources: Goldman Sachs, MSCI.

Source: Financial data and analytics provider FactSet. Copyright 2023 FactSet. All Rights Reserved.

Please see Additional Disclosures page for information about this MSCI information.

Our Differentiated Proposition

As of 30 June 2023



UNIQUE EXPOSURE

- Go beyond the 100 largest companies in China. Focus on the other 98%+ of the opportunity set¹.
- Alternative source of return potential from an underexposed asset class.



HOLISTIC APPROACH

- Target whole China universe, unconstrained by where stocks are listed.
- Style agnostic approach aiming to go after the best opportunities.



ALPHA OPPORTUNITY

- Large, liquid markets with ample mispricing opportunities.
- Portfolio of high active share seeking to capitalise on market inefficiency.

¹ The opportunity set is defined as all Chinese companies listed onshore and offshore in the China Universe. The 100 largest companies (with a market cap above roughly USD 20-30bn) represent around 2% of this opportunity set. This 2% takes up roughly 57%+ of the MSCI China Index so investors could be heavily exposed to the 100 largest companies, implying underexposure to the remaining 98% of Chinese companies.

Sources: MSCI, FactSet. Financial data and analytics provider FactSet. Copyright 2023 FactSet. All Rights Reserved. Please see Additional Disclosures page for information about this MSCI information.

Investment Framework



Compounders

- Value creation: growing industry, new products/services
- Value migration: within industry, between sectors, among countries
- Intangible value: platform, brand, IP, management

Market overemphasizes near term pace of growth, underappreciates long-term duration of growth.



Nonlinear Growers

- Product cycle: new product, technology migration, content gain
- Investment/harvest cycle: timing mismatch between revenue and cost
- Industry cycle: demand recovery, supply reduction, consolidation

Investors are used to linear development, but often miss step function change.



Special Situations

- Fundamental: temporary headwind, turnaround, restructuring
- Technical: forced-selling, under-research, spin-off
- Behavioral: herd mentality, overreaction, index hugging, greed & fear

Mis-pricing opportunities often driven by transitory and fixable issues.

10 Largest Overweights and Underweights

As of 30 June 2023

T. Rowe Price Funds SICAV—China Evolution Equity Fund vs. MSCI China All Shares Index Net

Overweights

Stock	Industry	% of Fund	% of Index	Difference
Kanzhun	Interactive Media & Services	6.7	0.1	6.7
China Resources Mixc Lifestyle Services	Real Estate Mgmt & Development	5.7	0.1	5.6
Yangzijiang Shipbuilding	Machinery	4.6	0.0	4.6
NARI Technology	Electrical Equipment	3.7	0.2	3.5
Tsingtao Brewery	Beverages	3.7	0.3	3.4
KE Holdings	Real Estate Mgmt & Development	3.7	0.3	3.4
H World	Hotels Restaurants & Leisure	3.5	0.2	3.3
Warom Technology	Electrical Equipment	3.3	0.0	3.3
Shandong Weigao Group Medical Polymer	Health Care Equipment & Supplies	3.6	0.1	3.4
Shenzhen Megmeet Electrical	Electrical Equipment	3.1	0.0	3.1

Underweights

Stock	Industry	% of Fund	% of Index	Difference
Tencent Holdings	Interactive Media & Services	0.0	8.0	-8.0
Alibaba Group Holding	Broadline Retail	0.0	5.2	-5.2
Kweichow Moutai	Beverages	0.0	2.7	-2.7
Meituan	Hotels Restaurants & Leisure	0.0	2.4	-2.4
China Construction Bank	Banks	0.0	2.0	-2.0
Ping An Insurance	Insurance	0.0	1.8	-1.8
BYD	Automobiles	0.0	1.5	-1.5
China Merchants Bank	Banks	0.0	1.4	-1.4
Industrial & Commercial Bank of China	Banks	0.0	1.3	-1.3
Contemporary Amperex Technology	Electrical Equipment	0.0	1.2	-1.2

Issuers are as of the date indicated and are subject to change.

Please see Additional Disclosures page for information about this MSCI information.

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

The information shown does not reflect any exchange-traded funds that may be held in the fund.

T. Rowe Price uses the current MSCI/S&P Global Industry Classification Standard (GICS) for sector and industry reporting. T. Rowe Price will adhere to all future updates to GICS for prospective reporting. Please see Additional Disclosures page for information about this Global Industry Classification Standard (GICS) information.

Numbers may not total due to rounding



Appendix

China Evolution Equity Strategy Portfolio Manager

As of 30 June 2023



Wenli Zheng (Hong Kong) Portfolio Manager—China Evolution Equity Strategy

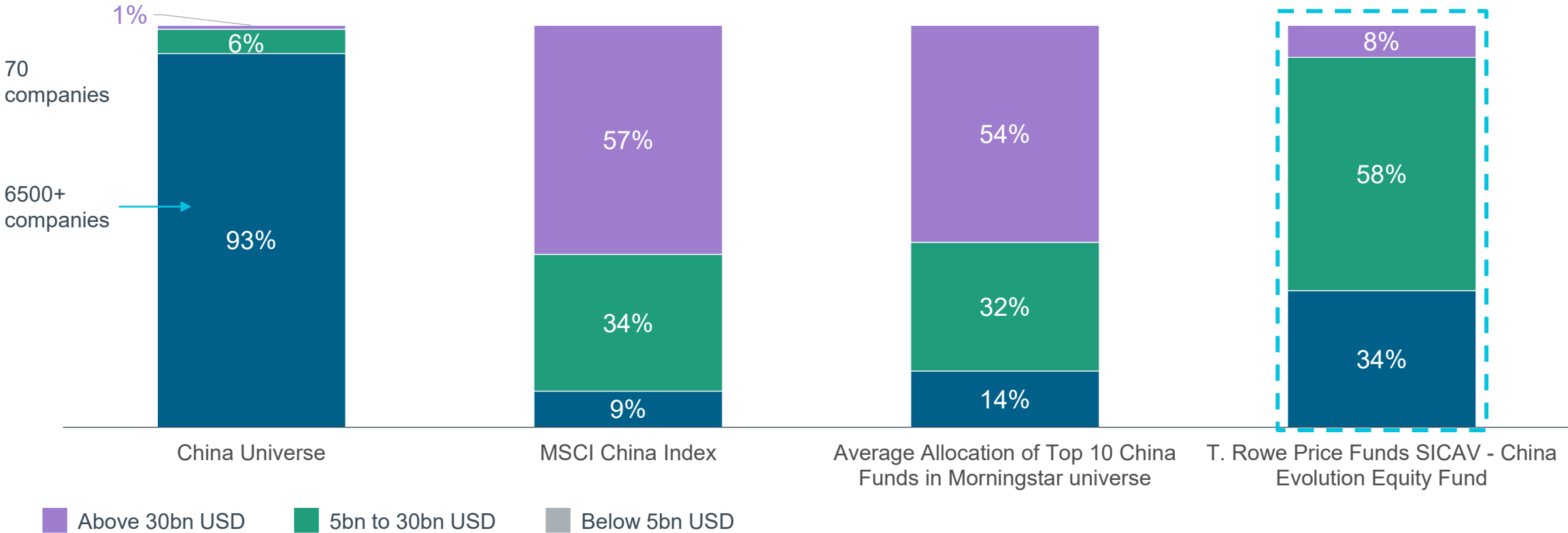
Over 14 years of investment experience;

- Joined T. Rowe Price in **2008**
- **2019–present**, Portfolio Manager of China Evolution Equity Strategy
- **2014–present**, Co-Portfolio Manager of International Small-Cap Equity Strategy
 - (**2014-2019**, Asia ex-Japan component; **2019-present**, China component)
- **2008–2014**, Asia ex-Japan Industrials, Telecommunications and Internet Analyst
- Prior to joining T. Rowe Price: **2003–2006** Capgemini (Strategy Consultant)
- Wenli holds an M.B.A. from University of Chicago and a dual B.A. degree in industrial engineering and economics from the South China University of Technology

Looking Beyond The Index

As of 30 June 2023

Market cap breakdown (%)

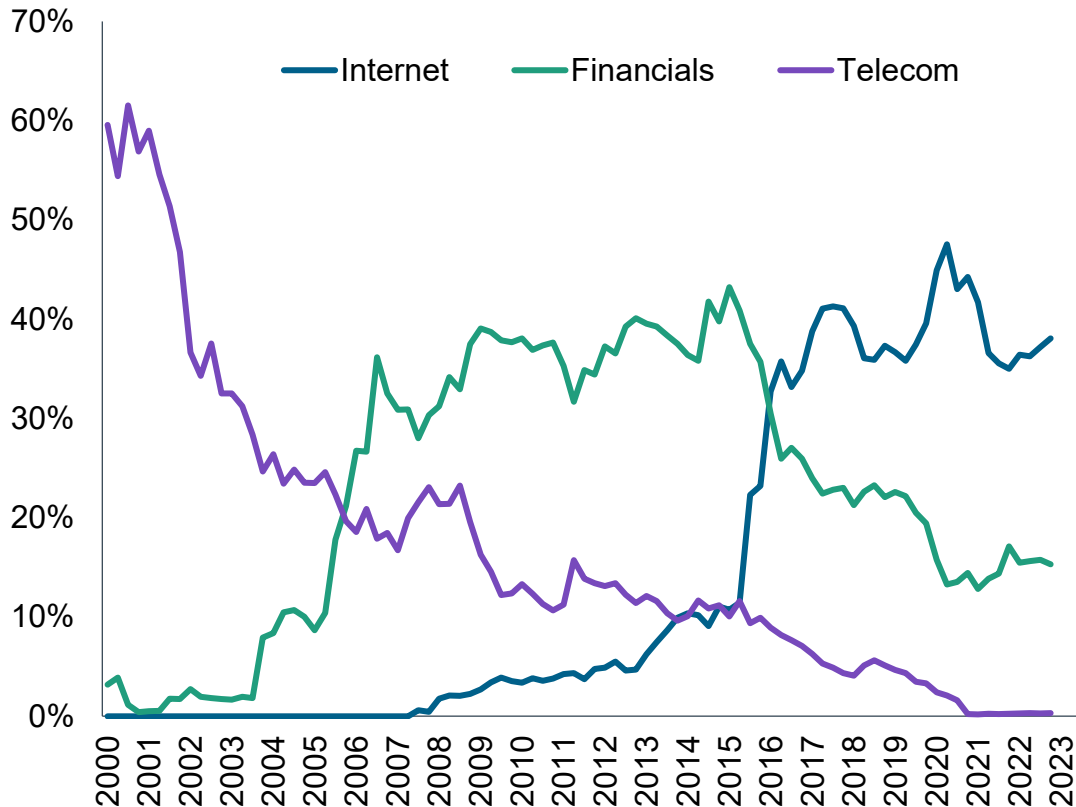


Sources: MSCI, HKex, FactSet, Wind, Morningstar. Financial data and analytics provider FactSet. Copyright 2023 FactSet. All Rights Reserved. Please see Additional Disclosures page for information about this MSCI and Morningstar information. The market cap breakdown of China Universe is based on stock count while the market cap breakdown of MSCI China Index and Average Allocation of Top 10 China funds is based on dollar value of assets held. The Top 10 China funds refer to the funds in the Morningstar China Equity universe, measured by AUM. Numbers may not total due to rounding. Cash is excluded from the analysis.

Fast Evolving Investment Landscape

As of 30 June 2023

MSCI China sector breakdown 2002 vs 2023



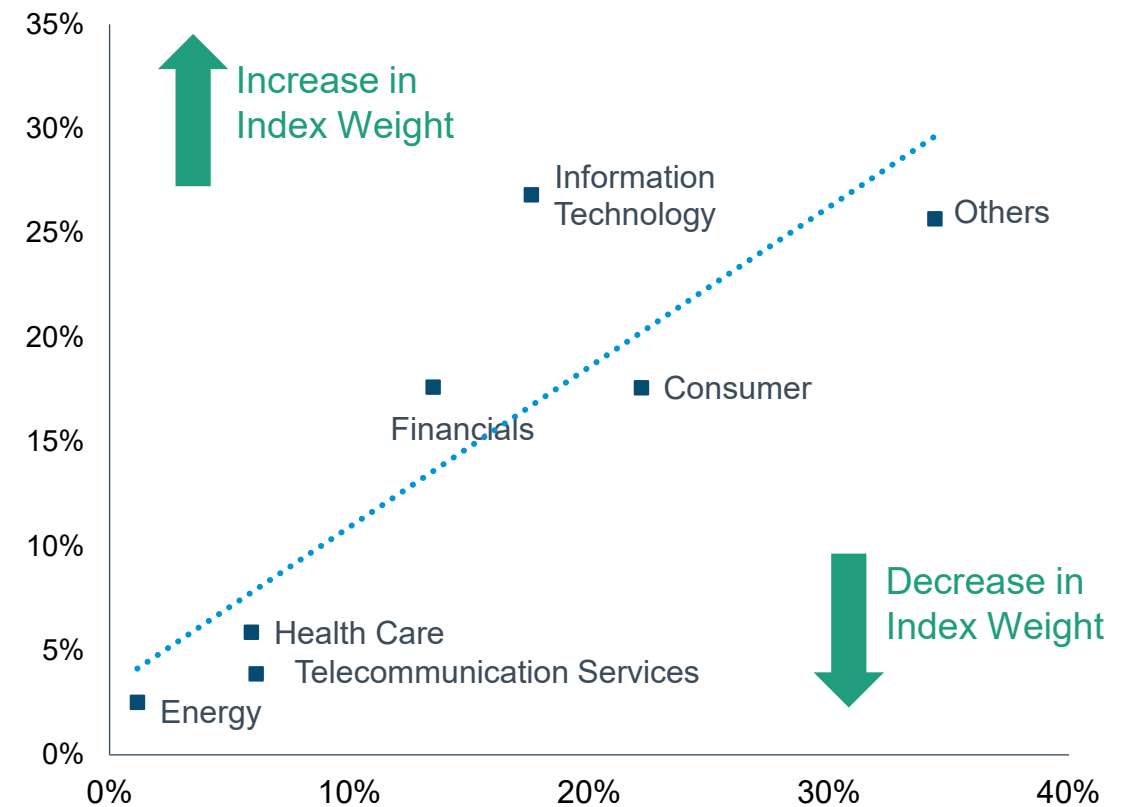
Technology: Information Technology, Media & Entertainment, and Internet & Direct Marketing Retail.
 Consumer: Consumer Staples and Consumer Discretionary ex Internet & Direct Marketing Retail.
 Financials: Financials, Real Estate.
 Telco: Communication Services ex Media & Entertainment.
 Other: Industrials, Utilities, Materials.

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Sources: Bloomberg Finance L.P. FactSet. Financial data and analytics provider FactSet. Copyright 2023 FactSet. All Rights Reserved.

MSCI AC Asia ex China sector breakdown 2003 vs 2023



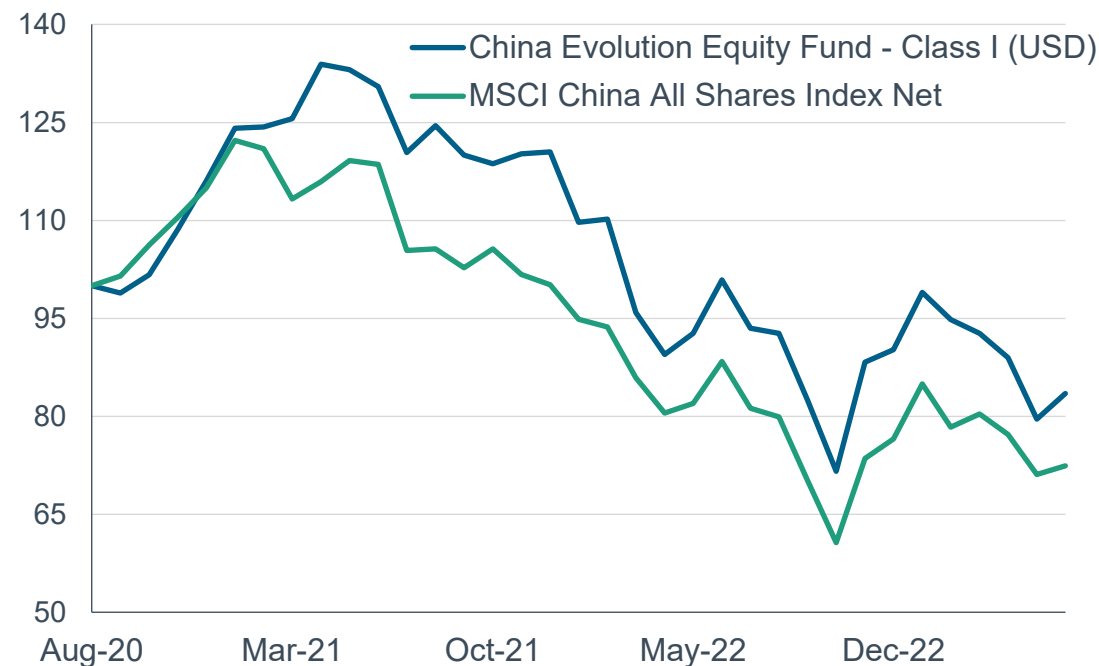
Performance: I Share Class

As of 30 June 2023

T. Rowe Price Funds SICAV – China Evolution Equity Fund

			Annualised
	Three Months	One Year	Since Inception 10 Aug 2020
T. Rowe Price Funds SICAV – China Evolution Equity Fund I†	-9.92%	-17.24%	-6.05%
T. Rowe Price Funds SICAV – China Evolution Equity Fund I (Stepped-Out)††	-10.04	-18.41	-6.13
MSCI China All Shares Index Net ^Δ	-9.87	-18.05	-10.57
Value Added*	-0.17	-0.36	4.44

Cumulative Performance



Past performance is not a reliable indicator of future performance.

† Source for performance: T. Rowe Price. Fund performance is calculated using the official net asset value with dividends reinvested, if any.

†† Source for performance: T. Rowe Price. The performance shown is for illustrative purposes only and is calculated using close-of-market prices with dividends reinvested, if any.

The performance shown may differ from the performance calculated using the official net asset value due to timing differences between the two valuation points.

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.

^Δ Index returns shown with reinvestment of dividends after the deduction of withholding taxes. The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only.

* The Value Added row is shown as T. Rowe Price Funds T. Rowe Price Funds SICAV— China Evolution Equity Fund I (Stepped-Out) minus the benchmark in the previous row.

Please see Additional Disclosures page for information about this MSCI information.

Calendar Year Performance

Figures are Calculated in US Dollars

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
T. Rowe Price Funds SICAV – China Evolution Equity Fund I†	-	-	-	-	-	-	-	16.10%	3.79%	-25.15%
T. Rowe Price Funds SICAV – China Evolution Equity Fund I (Stepped-Out)††	-	-	-	-	-	-	-	16.30	3.27	-24.90
MSCI China All Shares Index Net ^Δ	-	-	-	-	-	-	-	15.03	-12.91	-23.61
Value Added*	-	-	-	-	-	-	-	1.27	16.18	-1.29

Past performance is not a reliable indicator of future performance.

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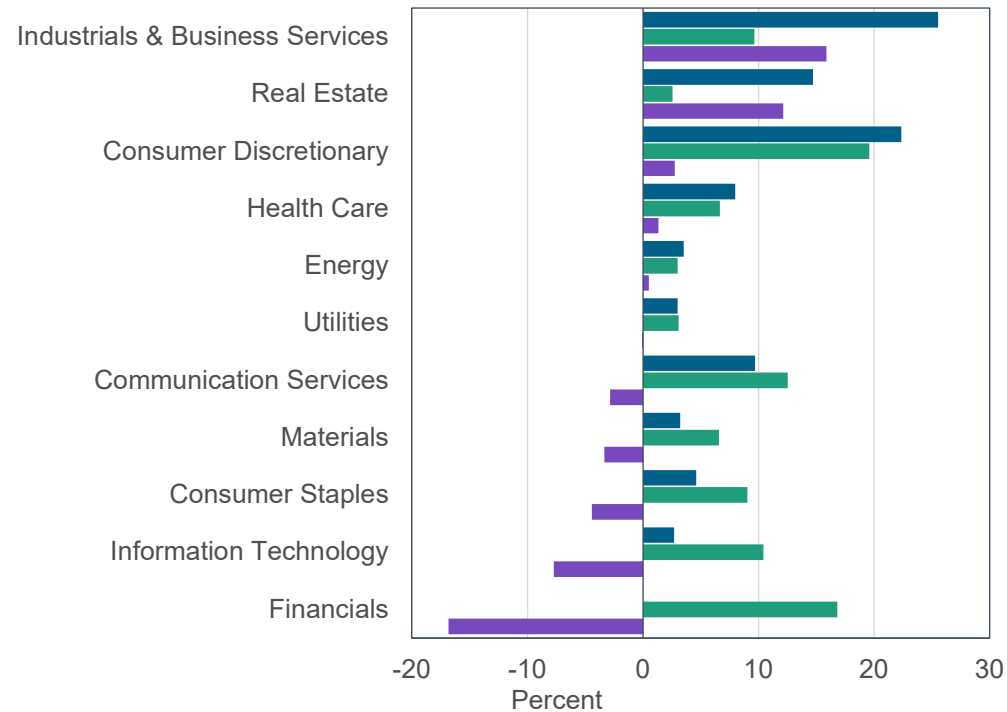
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Sector and Industry Diversification

As of 30 June 2023

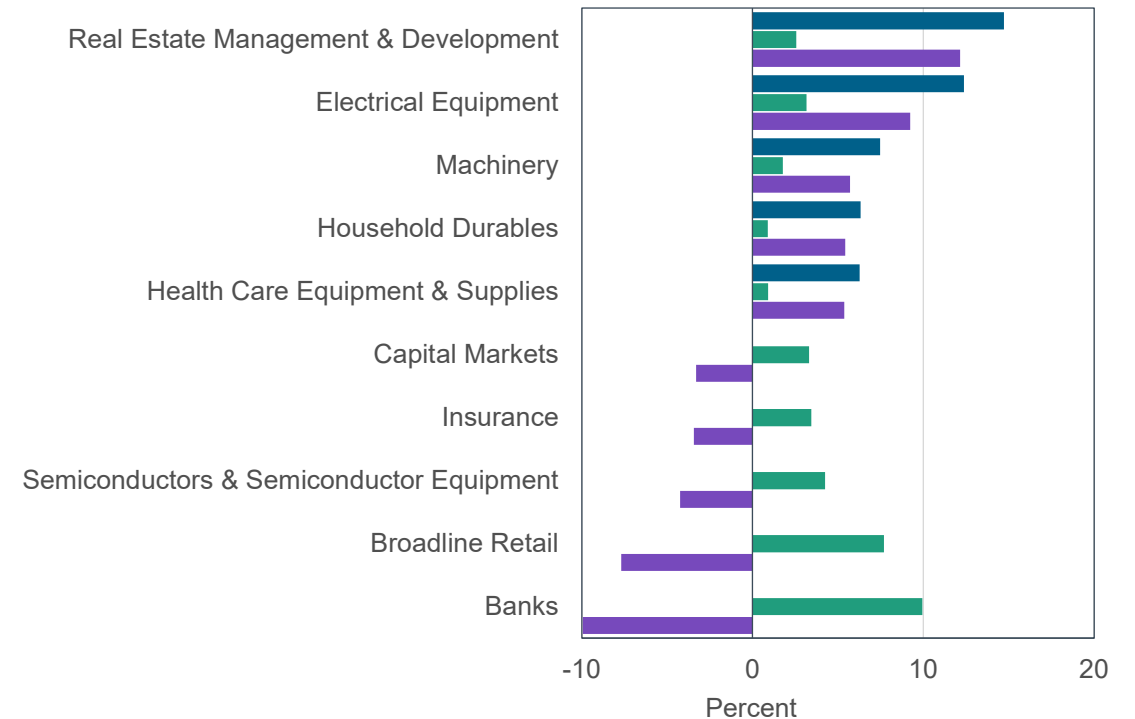
T. Rowe Price Funds SICAV – China Evolution Equity Fund vs. MSCI China All Shares Index Net

Sector Weights



■ T. Rowe Price Funds SICAV – China Evolution Equity Fund
 ■ MSCI China All Shares Index Net
 ■ Over/Underweighting

Top and Bottom Five Industry Weights



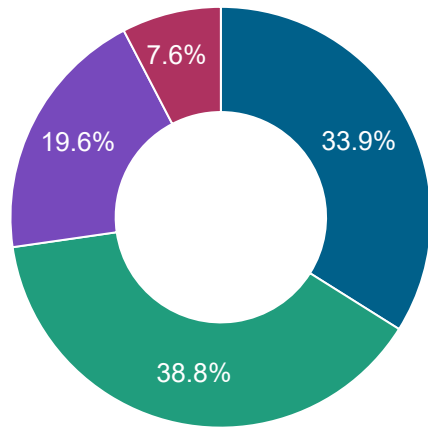
■ T. Rowe Price Funds SICAV – China Evolution Equity Fund
 ■ MSCI China All Shares Index Net
 ■ Over/Underweighting

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Market Cap Distribution

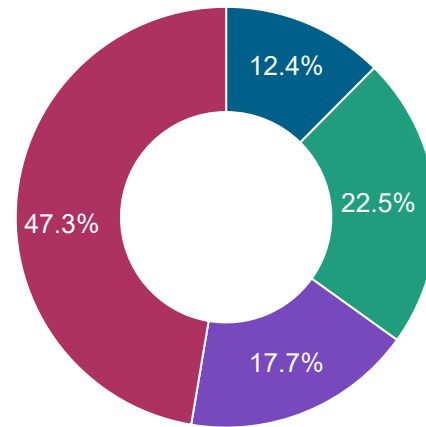
As of 30 June 2023

T. Rowe Price Funds SICAV – China Evolution Equity Fund

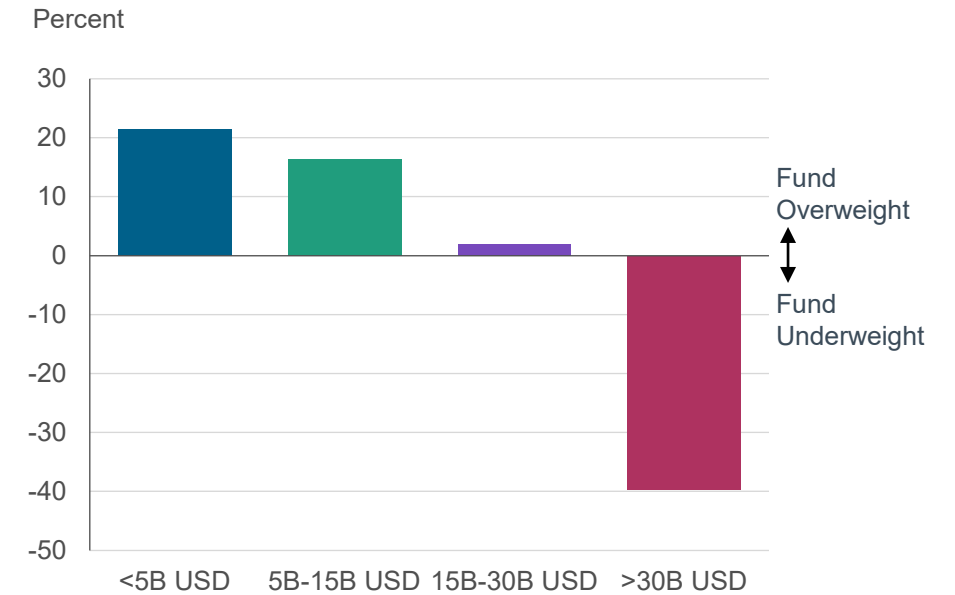


■ <5b USD ■ 5B-15B USD ■ 15B-30B USD ■ >30B USD

MSCI China All Shares Index Net



Fund vs. Index¹: Weighting Differences

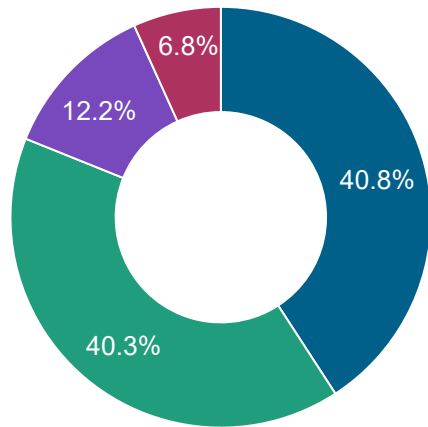


¹ MSCI China All Shares Index Net.
Numbers may not add to 100% due to rounding.
Please see Additional Disclosures page for information about this MSCI information.

Security Exposure

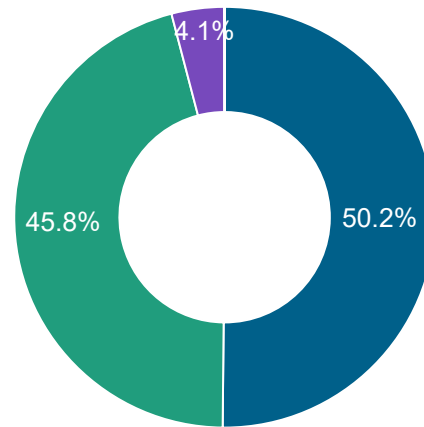
As of 30 June 2023

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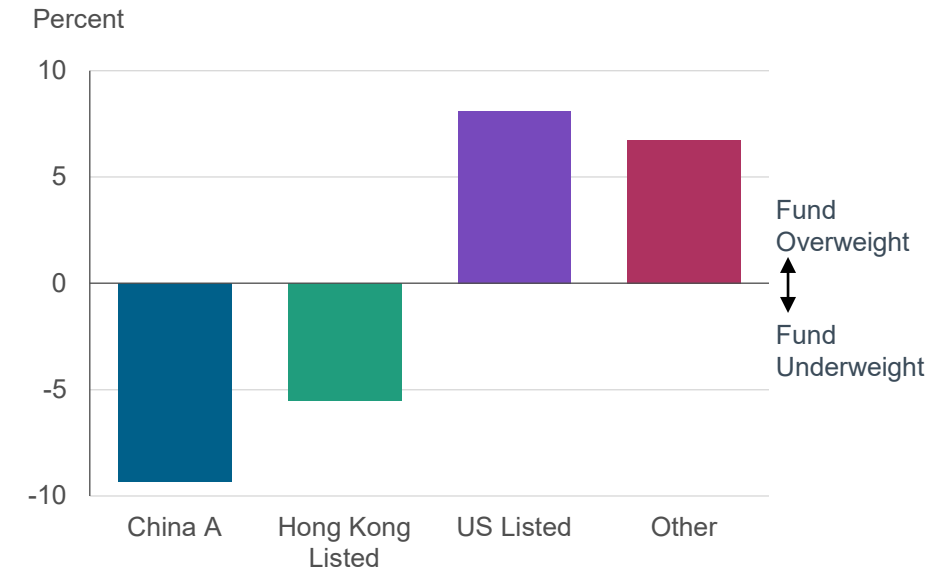


■ China A ■ Hong Kong Listed ■ US Listed ■ Other

MSCI China All Shares Index Net



Fund vs. Index¹: Weighting Differences

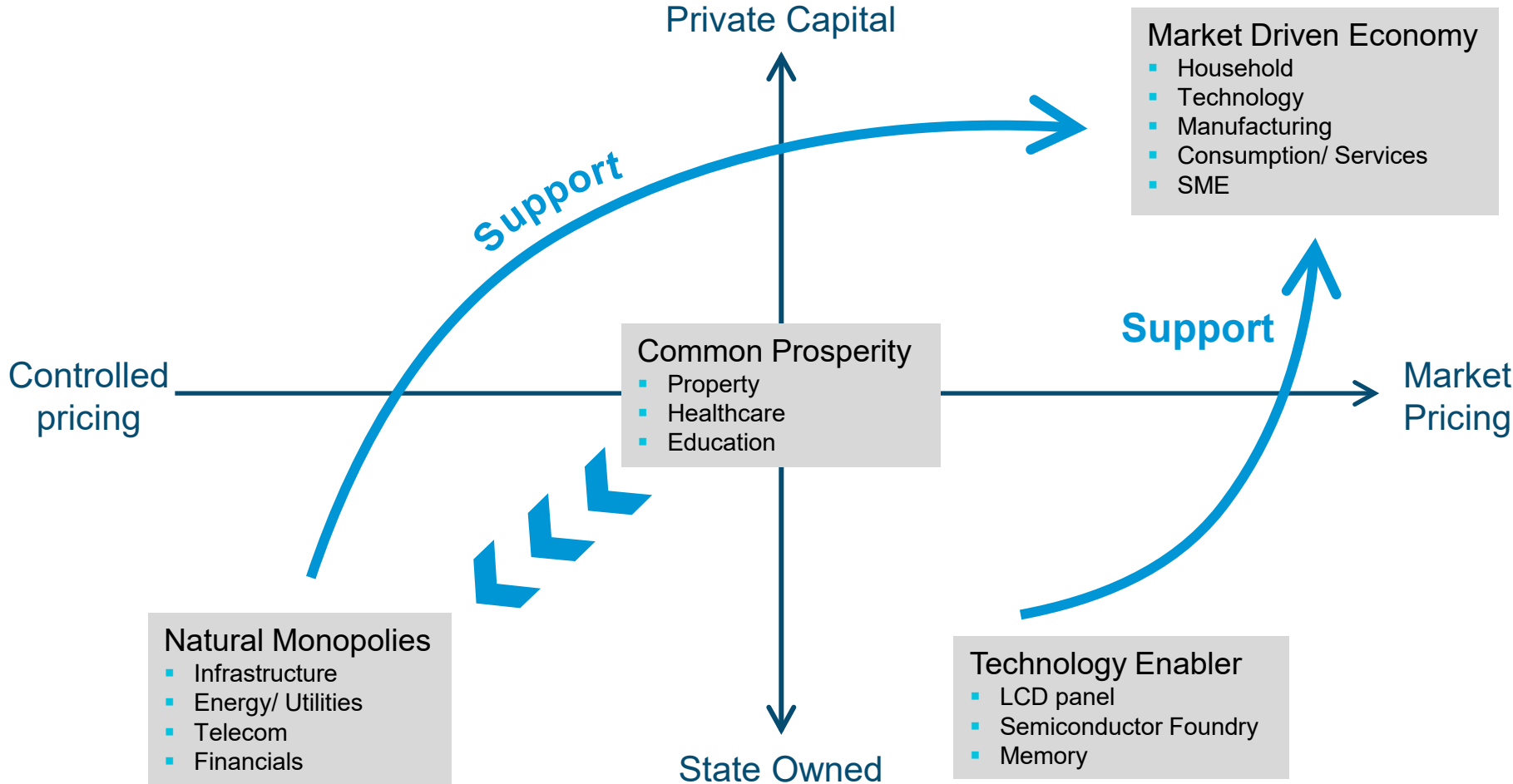


¹ MSCI China All Shares Index Net.
Numbers may not add to 100% due to rounding.
Others refer to Chinese companies listed outside of the mainland China, e.g. Taiwan and Singapore.
Please see Additional Disclosures page for information about this MSCI information.

Understanding China's Policy Framework

As of 30 June 2023

Market driven, private enterprise is 70% of China's economy and 88% of urban employment



Source: Goldman Sachs.

T. Rowe Price Funds SICAV—China Evolution Equity Fund

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

- **Country (China)** – Chinese investments may be subject to higher levels of risks such as liquidity, currency, regulatory and legal risks due to the structure of the local market.
- **Currency** – Currency exchange rate movements could reduce investment gains or increase investment losses.
- **Emerging markets** – Emerging markets are less established than developed markets and therefore involve higher risks.
- **Issuer concentration** – Issuer concentration risk may result in performance being more strongly affected by any business, industry, economic, financial or market conditions affecting those issuers in which the fund's assets are concentrated.
- **Small and mid-cap** – Small and mid-size company stock prices can be more volatile than stock prices of larger companies.
- **Stock connect** – Stock Connect is subject to higher regulatory, custody, and default risks as well as liquidity risk and quota limitations.

General Fund Risks

- **Equity** – Equities can lose value rapidly for a variety of reasons and can remain at low prices indefinitely.
- **ESG and sustainability** – ESG and Sustainability risk may result in a material negative impact on the value of an investment and performance of the fund.
- **Geographic concentration** – 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.
- **Investment fund** – Investing in funds involves certain risks an investor would not face if investing in markets directly.
- **Management** – Management risk may result in potential conflicts of interest relating to the obligations of the investment manager.
- **Market** – Market risk may subject the fund to experience losses caused by unexpected changes in a wide variety of factors.
- **Operational** – Operational risk may cause losses as a result of incidents caused by people, systems, and/or processes.

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The Funds are sub-funds of the T. Rowe Price Funds SICAV, a Luxembourg investment company with variable capital which is registered with Commission de Surveillance du Secteur Financier and which qualifies as an undertaking for collective investment in transferable securities (“UCITS”). Full details of the objectives, investment policies and risks are located in the prospectus which is available with the key investor information documents in English and in an official language of the jurisdictions in which the Funds are registered for public sale, together with the articles of incorporation and the annual and semi-annual reports (together “Fund Documents”). Any decision to invest should be made on the basis of the Fund Documents which are available free of charge from the local representative, local information/paying agent or from authorised distributors. They can also be found along with a summary of investor rights in English at www.troweprice.com. The Management Company reserves the right to terminate marketing arrangements.

Please note that the Fund typically has a risk of high volatility.

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Q&A



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