



STRATEGY HIGHLIGHTS

As of 30 September 2019

## Emerging Markets Equity Strategy

**Total Strategy Assets:**<sup>1</sup> \$27.2 billion<sup>2</sup>

Figures shown in U.S. Dollars

### INVESTMENT APPROACH

- Employ fundamental analysis to identify companies with sustainable above-market earnings growth rates.
- Focus on franchise strength, management team quality, free cash flow, and financing/balance sheet structure.
- Verify relative valuation appeal versus both local market and broad sector opportunity set.
- Apply negative screening for macroeconomic and political factors to temper bottom-up enthusiasm for specific securities.

### PORTFOLIO CONSTRUCTION

- Typically 80-100 stocks
- Expected 3-7 tracking error
- Individual positions typically range from 0.30% to 6.00% — average position size from 0.50% to 1.00%
- Country ranges +/- 10% absolute deviation from the benchmark
- Sector ranges +/- 15% absolute deviation from the benchmark
- Reserves are typically less than 5%
- Expected Turnover range: 20-40%

### BENCHMARK

- MSCI Emerging Markets Index Net

### PORTFOLIO MANAGEMENT

#### Gonzalo Pangaro, CFA<sup>®</sup>

- 28 years of investment experience; 24 years with T. Rowe Price.
- M.S.F., CEMA University (Centro de Estudios Macroeconomicos de la Argentina)
- B.A., Argentine Catholic University

### PORTFOLIO SPECIALISTS

#### Charles Knudsen, CFA<sup>®</sup>

- 32 years of investment experience; 14 years with T. Rowe Price.
- M.B.A., George Washington University

Portfolio Specialists do not assume management responsibilities.

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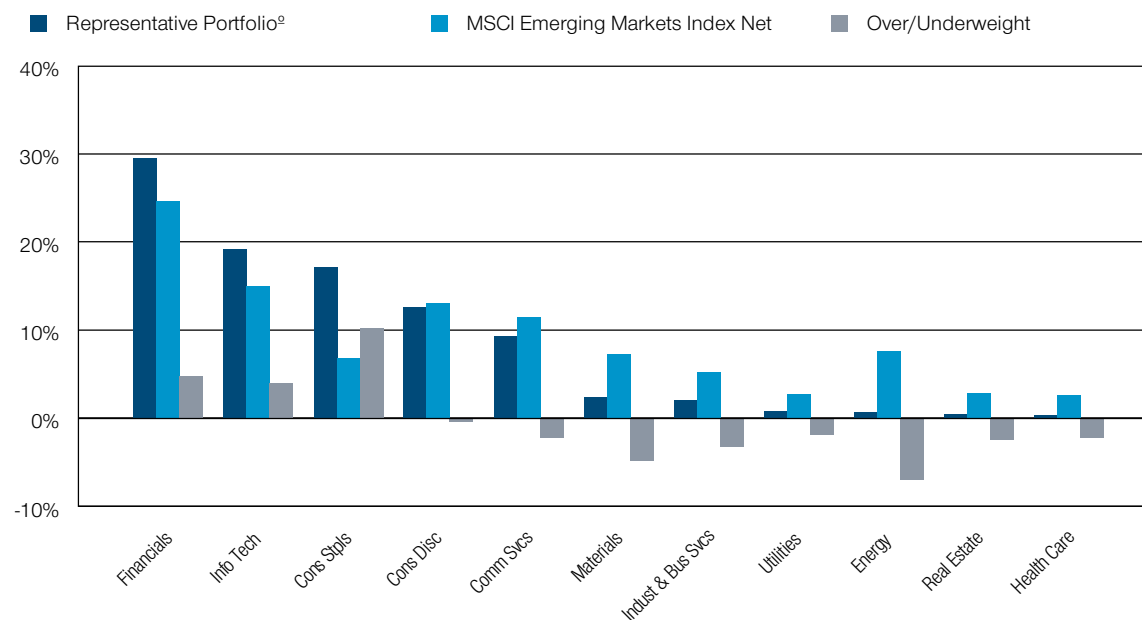
<sup>1</sup> Includes U.S.-registered mutual funds, a sub-fund of a Luxembourg domiciled SICAV, a common trust fund, separate accounts, and subadvised portfolios.

<sup>2</sup> Assets reported are as of 30 June 2019.

## TOP 10 ISSUERS

	% of Representative Portfolio <sup>2</sup>
Samsung Electronics	6.3%
Taiwan Semiconductor Manufacturing	6.1
Alibaba Group Holding	6.1
Tencent Holdings	5.9
Itau Unibanco Holding	3.4
Sberbank of Russia	3.3
LG Household & Health Care	3.1
AIA Group	2.7
Largan Precision	2.4
Ping An Insurance	2.4
<b>Total</b>	<b>41.7%</b>

## SECTOR DIVERSIFICATION



## PORTFOLIO CHARACTERISTICS

	Representative Portfolio <sup>2</sup>	MSCI Emerging Markets Index Net
Projected Earnings Growth Rate (3 - 5 Years)* <sup>o</sup> †	13.4%	10.1%
Price to Earnings (Current Fiscal Year)* <sup>o</sup>	21.2X	14.9X
Return on Equity (Current Fiscal Year) <sup>o</sup>	19.6%	13.7%
Price to Book <sup>o</sup>	4.1X	2.1X
Investment Weighted Median Market Cap (mm)	\$49,537	\$23,875
Investment Weighted Average Market Cap (mm)	\$118,806	\$88,485
Number of Issuers	80	1,134
Top 20 Issuers as % of Total	58.2%	31.3%
Portfolio Turnover ††	14.5%	-
Active Share	67.8%	-

<sup>o</sup>Investment Weighted Median.

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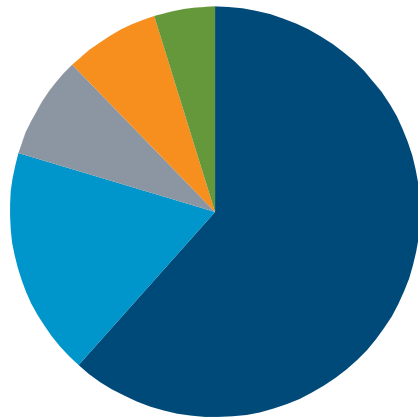
†Based on the Representative Portfolio's underlying holdings and is not a projection of future portfolio performance.

<sup>o</sup>Please see Additional Disclosures section for further information.

††Portfolio Turnover represents 1 year period ending 12/31/18.

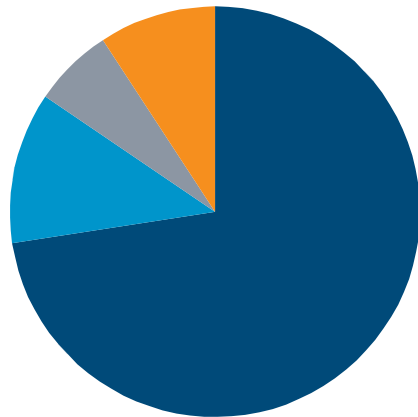
**GEOGRAPHICAL DIVERSIFICATION**

**Representative Portfolio<sup>9</sup>**



Pacific Ex Japan	61.6%	Latin America	18.0%
Europe	8.1%	Middle East & Africa	7.5%
Reserves	4.8%		

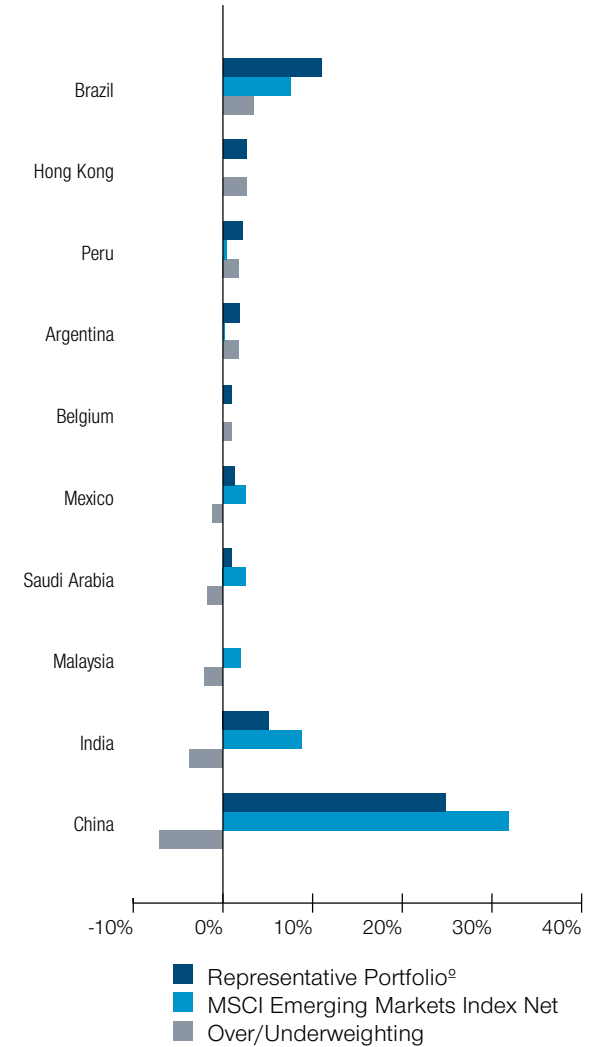
**MSCI Emerging Markets Index Net**



Pacific Ex Japan	72.5%	Latin America	12.0%
Europe	6.3%	Middle East & Africa	9.2%

<sup>9</sup>Please see Additional Disclosures section for further information.

**TOP AND BOTTOM FIVE OVER/UNDERWEIGHTS**



**PERFORMANCE**

	<b>Three Months</b>	<b>Year-to- Date</b>	<b>One Year</b>	<b>Annualized</b>			
				<b>Three Years</b>	<b>Five Years</b>	<b>Ten Years</b>	<b>Fifteen Years</b>
Emerging Markets Equity Composite (Gross)	-2.42%	13.60%	6.00%	9.30%	6.63%	6.20%	9.81%
Emerging Markets Equity Composite (Net)	-2.63	12.88	5.11	8.38	5.73	5.30	8.89
MSCI Emerging Markets Index Net	-4.25	5.89	-2.02	5.97	2.33	3.37	7.82
Value Added (Gross)	1.83	7.71	8.02	3.33	4.30	2.83	1.99
Value Added (Net)	1.62	6.99	7.13	2.41	3.40	1.93	1.07

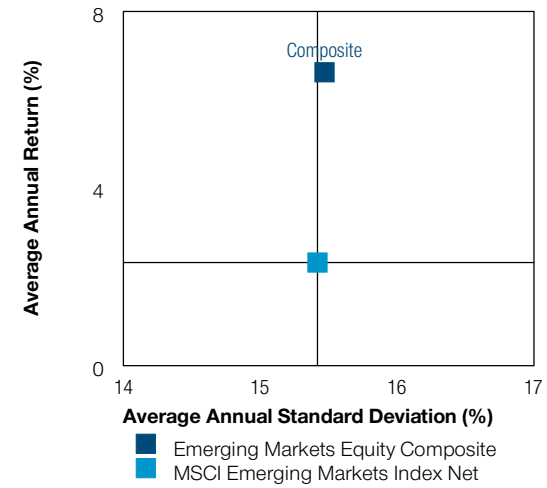
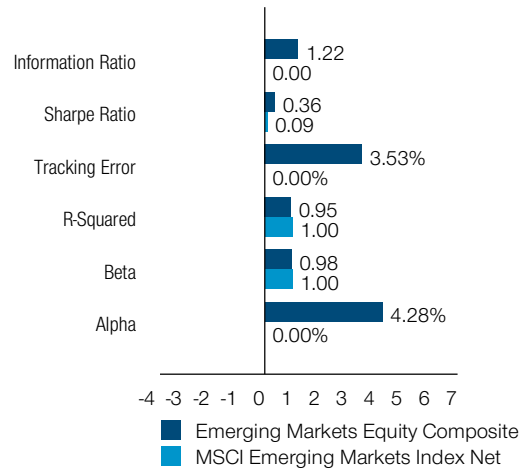
**Past performance is not a reliable indicator of future performance.**

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.

Supplemental information. Please see the GIPS® Disclosure page for additional information on the composite. Monthly Composite performance is available upon request.

**RISK/RETURN CHARACTERISTICS**

Five Years ended 30 September 2019



**Past performance is not a reliable indicator of future performance.** Statistics based on monthly gross returns. Returns would have been lower as the result of the deduction of applicable fees.

**FEE SCHEDULE****Emerging Markets Equity Composite**

The Emerging Markets Equity Composite seeks long-term capital appreciation primarily through investment in established companies, in developing markets, with faster earnings growth and reasonable valuation levels relative to market/sector averages. (Created June 2006)

First \$50 million	85 basis points
Next \$50 million	75 basis points
Above \$100 million	75 basis points*
Above \$200 million	60 basis points*
Minimum separate account size	\$50 million

\*A transitional credit is applied to the fee schedule as assets approach or fall below the break point.

## GIPS® Disclosure

## Emerging Markets Equity Composite

Period Ended September 30, 2019

Figures Shown in U.S. dollar

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD 2019
Gross Annual Returns (%)	88.01	20.12	-17.80	21.35	-3.54	3.25	-10.43	13.27	44.09	-15.28	13.60
Net Annual Returns (%) <sup>1</sup>	86.49	19.11	-18.51	20.34	-4.36	2.38	-11.20	12.31	42.91	-16.01	12.88
MSCI Emerging Markets Index Net (%) <sup>2</sup>	78.51	18.88	-18.42	18.22	-2.60	-2.19	-14.92	11.19	37.28	-14.57	5.89
MSCI Emerging Markets Index (%) <sup>2</sup>	79.02	19.20	-18.17	18.63	-2.27	-1.82	-14.60	11.60	37.75	-14.24	6.22
Composite 3-Yr St. Dev.	36.43	36.50	28.01	21.50	18.95	15.08	13.86	16.08	14.95	15.10	14.62
MSCI Emerging Markets Index Net 3-Yr St. Dev.	32.34	32.58	25.76	21.50	19.04	15.00	14.06	16.07	15.35	14.60	13.84
MSCI Emerging Markets Index 3-Yr St. Dev.	32.35	32.59	25.76	21.49	19.03	14.99	14.04	16.07	15.36	14.62	13.84
Composite Dispersion	N/A	0.30	0.16	0.30	0.27	0.26	0.07	0.10	0.08	0.06	N/A
Comp. Assets (Millions)	11,162.5	13,483.2	11,339.4	13,111.0	13,483.4	13,263.9	13,666.5	13,861.3	21,111.2	21,440.6	24,486.6
# of Accts. in Comp. <sup>3</sup>	12	13	10	9	9	8	9	9	10	13	15
Total Firm Assets (Billions)	395.2	485.0	493.1	579.8	696.3	749.6	772.4	817.2	1,000.2	972.7	1,136.5 <sup>4</sup>

<sup>1</sup>Reflects deduction of highest applicable fee schedule without benefit of breakpoints. Investment return and principal value will vary. Past performance is not a reliable indicator of future performance. Monthly composite performance is available upon request. **See below for further information related to net of fee calculations.**

<sup>2</sup>Effective 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.

<sup>3</sup>The number of portfolios in the composite may fluctuate due to a portfolio's pending trading authority in certain emerging markets.

<sup>4</sup>Preliminary - subject to adjustment.

T. Rowe Price (TRP) has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). TRP has been independently verified for the 23-year period ended June 30, 2019 by KPMG LLP. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

TRP is a U.S. investment management firm with various investment advisers registered with the U.S. Securities and Exchange Commission, the U.K. Financial Conduct Authority, and other regulatory bodies in various countries and holds itself out as such to potential clients for GIPS purposes. TRP further defines itself under GIPS as a discretionary investment manager providing services primarily to institutional clients with regard to various mandates, which include U.S., international, and global strategies but excluding the services of the Private Asset Management group. The minimum asset level for equity portfolios to be included in composites is \$5 million and prior to January 2002 the minimum was \$1 million. The minimum asset level for fixed income and asset allocation portfolios to be included in composites is \$10 million; prior to October 2004 the minimum was \$5 million; and prior to January 2002 the minimum was \$1 million. Valuations are computed and performance reported in U.S. dollars.

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 nonreclaimable withholding taxes on dividends, interest income, and capital gains. 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 which generally represent 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 and/or a presentation that adheres to the GIPS® standards are available upon request.

A portfolio management change occurred effective March 31, 2009 and January 1, 2015. There were no changes to the investment program or strategy related to this composite.

## ADDITIONAL DISCLOSURES

Portfolio Construction: There is no guarantee that the investment will remain within the anticipated ranges of exposure.

Active Share is a holdings based measure of active management representing the percentage of a portfolio's holdings that differ from those in its benchmark. Compared to tracking error, which measures the standard deviation of the difference in a manager's returns versus the Benchmark returns, Active Share allows investors to get a clearer understanding of what a manager is doing to drive performance, rather than drawing conclusions from observed returns. The greater the difference between the asset composition of a product and its benchmark, the greater the active share is.

Unless indicated otherwise the source of all data is T. Rowe Price.

The specific securities identified and described do not represent all of the securities purchased or sold for this Composite. This information is not intended to be a recommendation to take any particular investment action and is subject to change. No assumption should be made that the securities identified and discussed were or will be profitable.

Source for MSCI data: MSCI. 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.

Unless otherwise noted, index returns are shown with gross dividends reinvested.

The information shown does not reflect any Exchange Traded Funds (ETFs) that may be held in the portfolio.

Source for Sector Diversification: 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.

Diversification exhibits may not add to 100% due to exclusion or inclusion of cash.

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 Disclosure page for additional information on the composite.

Certain numbers in this report may not equal stated totals due to rounding. Unless otherwise stated, data is as of the report date.

## Risks

The following risks are materially relevant to the portfolio.

**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.

**Country risk (Saudi Arabia)** - Investors from outside the country can gain exposure to Saudi investments only through P-notes. P-notes may carry liquidity risk and may trade at prices that are below the value of their underlying securities. Owners of P-notes may lack some of the rights (such as voting rights) they would have if they owned the underlying securities directly.

**Currency risk** - Changes in currency exchange rates could reduce investment gains or increase investment losses.

**Emerging markets risk** - Emerging markets are less established than developed markets and therefore involve higher risks.

**Small and mid-cap risk** - Stocks of small and mid-size companies can be more volatile than stocks of larger companies.

**Style risk** - Different investment styles typically go in and out of favour depending on market conditions and investor sentiment.

## General Portfolio 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 portfolio and the currency in which you subscribed, if different. **Equity risk** - In general, equities involve higher risks than bonds or money market instruments. **Geographic concentration risk** - To the extent that a portfolio 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 portfolio's attempts to reduce or eliminate certain risks through hedging may not work as intended. **Investment portfolio risk** - Investing in portfolios 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 portfolio 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 portfolio operations or financial losses.



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