



QUARTERLY REVIEW

Japan Fund

As of December 31, 2023

PORTFOLIO HIGHLIGHTS

The portfolio underperformed the TOPIX Index Net for the three-month period ended December 31, 2023.

Relative performance drivers:

- Energy resources was an area of weakness.
- Stock selection in real estate was unfavorable.
- Our choice of securities in commercial and wholesale trade contributed positively.

Additional highlights

- Against a changing market environment globally, but especially in Japan, we have sought to position the portfolio to allow for fundamental stock selection to add value once again, where we believe we have an edge. Trading activity during the quarter was aimed at aligning our positions and bet sizes with portfolio manager and analyst conviction levels. Additions included select value names that are embracing corporate governance reform, while our exposure to our holdings with attractive growth qualities was broadly unchanged.
- Japanese corporates are buying back stock and returning capital to shareholders at record levels. As corporate governance reforms continue to make headway, we expect to see higher returns on capital, which is positive for the health of Japanese companies and signals the ongoing improvement in governance at the company level, in our view.

FUND INFORMATION

| | |
|--|-------------------|
| Symbol | PRJPX |
| CUSIP | 77956H708 |
| Inception Date of Fund | December 30, 1991 |
| Benchmark | TOPIX Index Net |
| Expense Information (as of the most recent Prospectus) | 1.02% |
| Fiscal Year End | October 31 |
| 12B-1 Fee | – |
| Total Assets (all share classes) | \$321,820,862 |
| Percent of Portfolio in Cash | 0.9% |

PERFORMANCE

(NAV, total return)

| | Three Months | One Year | Annualized | | | |
|----------------------|--------------|----------|-------------|------------|-----------|---------------|
| | | | Three Years | Five Years | Ten Years | Fifteen Years |
| Japan Fund | 6.63% | 2.02% | -12.96% | 2.34% | 4.34% | 5.77% |
| TOPIX Index Net | 7.97 | 19.58 | 0.71 | 6.45 | 5.07 | 5.90 |
| MSCI Japan Index Net | 8.19 | 20.32 | 0.66 | 6.91 | 4.97 | 5.86 |

CALENDAR YEAR PERFORMANCE

(NAV, total return)

| | Inception Date | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|----------------------|----------------|--------|--------|--------|--------|---------|--------|--------|---------|---------|-------|
| Japan Fund | Dec 30 1991 | -8.52% | 14.89% | 11.20% | 32.66% | -12.17% | 26.50% | 34.59% | -10.99% | -27.38% | 2.02% |
| TOPIX Index Net | | -3.63 | 11.36 | 3.12 | 26.15 | -14.02 | 18.79 | 12.62 | 0.76 | -15.22 | 19.58 |
| MSCI Japan Index Net | | -4.02 | 9.57 | 2.38 | 23.99 | -12.88 | 19.61 | 14.48 | 1.71 | -16.65 | 20.32 |

Performance data quoted represents past performance and is not a reliable indicator of future performance. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. To obtain the most recent month-end performance, visit [troweprice.com](https://www.troweprice.com). The Fund's total return figures reflect the reinvestment of dividends and capital gains, if any.

The fund is subject to the inherent volatility of common stock investing and the unique risks of international investing. Because of its focus on a single country, the fund involves higher risk than a more geographically diverse international fund. Share prices are also subject to market risk as well as risks associated with unfavorable currency exchange rates and political or economic uncertainty abroad.

The fund(s) may have other share classes available that offer different investment minimums and fees. See the prospectus for details.

PERFORMANCE REVIEW

Japan Market Wraps Up Strong Year Helped by Continuation of Highly Stimulative Monetary Policy

Japanese equities gained over the final quarter of 2023, although strength in the yen posed a headwind for the country's exporters. Investor risk appetite globally was supported by the U.S. Federal Reserve signaling that it might pivot away from monetary policy tightening, as it held interest rates steady and projected more aggressive rate cuts in 2024.

The Bank of Japan (BoJ) adjusted its yield curve control framework in October for the second time in three months, stating that it would regard its 1.0% ceiling for 10-year Japanese government bond yields as a reference, rather than strictly capping interest rates at that upper band.

This was followed by BoJ officials' comments in early December that stoked speculation that the central bank may abandon its policy of negative interest rates earlier than anticipated. However, the BoJ retained its ultra-accommodative monetary policy stance, including forward guidance, at its December meeting.

Japan's core consumer price index rose 2.5% year on year (y/y) in November, down from the previous month's 2.9% y/y and marking the softest inflation print since July 2022. Japan's gross domestic product, meanwhile, contracted by a bigger-than-estimated 2.9% quarter on quarter annualized in the three months ended September, compared with an initial reading showing the economy had shrunk 2.1% on an annualized basis.

Energy Resources an Area of Weakness

A decline in the price of crude oil over the quarter weighed on energy resources stocks. Some fears of an economic slowdown also posed a headwind.

- Inpex was a major detractor. The oil and gas exploration and production company lagged in an environment of lower crude oil prices and yen strength.

Unfavorable Stock Selection in Real Estate

Real estate benefited from Japan's favorable macroeconomic environment, with negative real interest rates. Our stock picks in the sector held back relative gains, however.

- Shares of TKP, a meeting room rental business, fell sharply after it reported slightly underwhelming earnings and refrained from raising guidance, despite signs of a recovery in demand.

Security Choices in Steel and Nonferrous Metals Dragged

Japan's steel industry has seen secular improvement, despite concerns about a slowdown in demand and falling export prices in China. Our sole holding in the sector fell due to idiosyncratic reasons.

- Shares of Nippon Steel trended down after it announced the acquisition of rival US Steel, which was met with U.S. political and union opposition.

Stock Picks in Commercial and Wholesale Trade Added Value

Strong foreign investor interest in the commercial and wholesale trade space provided a supportive backdrop. Our security selection in the sector boosted relative performance.

- Positive contributors included wholesale trading company Itochu. Despite announcing a drop in its half-year results, the company raised its profit forecast for the full fiscal year.

Information Technology (IT) and Services an Area of Strength

Ongoing excitement about the potential of generative artificial intelligence boosted the shares of many IT and service companies. Our investments in the sector were beneficial for relative returns, thanks to both stock selection and our overweight allocation.

- Internet Initiative Japan, a leading provider of network, cloud, and security services, recorded stellar gains amid resilient domestic demand and strength in the yen.
- Human resources services provider Recruit soared after it beat earnings estimates; a sharp rise in revenues in the Japanese staffing segment offset a decline for temporary staffing overseas.

PORTFOLIO POSITIONING AND ACTIVITY

Against a changing market environment globally, but especially in Japan, we have sought to position the portfolio to allow for fundamental stock selection to add value once again, where we believe we have an edge. Trading activity during the quarter was aimed at aligning our positions and bet sizes with portfolio manager and analyst conviction levels. Additions included select value names that are embracing corporate governance reform, while our exposure to our holdings with attractive growth qualities was broadly unchanged.

Construction and Materials

We found some attractively valued investment opportunities in the construction and materials sector.

- We purchased shares of Sumco, a pure silicon wafer company. We believe improving demand dynamics paired with better industry discipline will be supportive for the business. The relatively attractive valuation provided us with a good entry point.

Electric Appliances and Precision Instruments

We have a sizable allocation to the sector. During the quarter, we identified an opportunity in a leading company that we believe stands to benefit from favorable industry trends.

- We established a holding in Horiba, which manufactures and sells measurement equipment. We anticipate that its semiconductor segment will return to growth as wafer fabrication equipment capital expenditure recovers. We funded the purchase by trimming some of our bigger positions in the sector (Sony, Hitachi).

IT and Services

We continued to favor the IT and services sector and added some holdings where we were provided with a good entry point in valuation terms.

- Telecommunications and internet conglomerate SoftBank Group's fundamentals are starting to improve and the stock is attractively valued, in our view. We anticipate that management is likely to take advantage of the improving macroeconomic environment to start creating value for shareholders again, through share buybacks or investments.

Automobiles and Transportation Equipment

Our view on the automobiles and transportation equipment sector has turned less favorable. We reduced some of our allocation.

- We sold our holding in carmaker Honda Motor given signs that conditions in the U.S. auto market may be set to deteriorate.

Pharmaceutical

We have limited exposure to the pharmaceutical sector and during the review period, we sold a holding due to waning conviction in our initial thesis for investing in the stock.

- We exited our position in Astellas Pharma as our investment thesis, centered on growth in sales of the company's drug to treat the symptoms of menopause, Veezah, no longer held. Since approval by the U.S. Food and Drug Administration in May 2023, growth in sales of Veezah has been slower than expected.

MANAGER'S OUTLOOK

Signs of a sustainable return of inflation in Japan are extremely encouraging and likely to be a huge boost for investor and business sentiment. As inflation has ticked higher in Japan, wage hikes have started to come through, which should be very supportive for the consumer and domestic consumption. These wage increases have been primarily in the large-cap sectors for now, but we believe medium-sized and smaller companies will follow their lead. Increasing inflation is also forcing Japan's corporates to question the excess cash on their balance sheets as the time value is eroded. Japanese corporates are buying back stock and returning capital to shareholders at record levels. As corporate governance reforms continue to make headway, we expect to see higher returns on capital, which is positive for the health of Japanese companies and signals the ongoing improvement in governance at the company level.

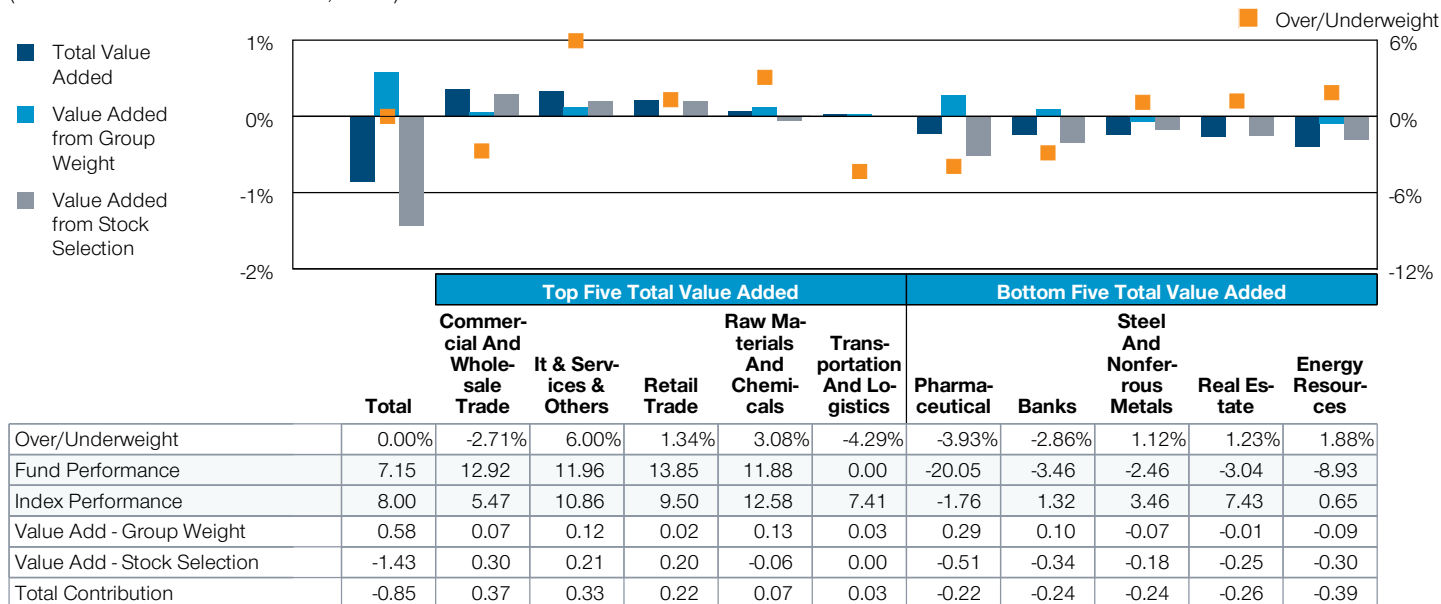
Furthermore, long-term secular trends like growth in factory automation, the use of robotics, and vehicle electrification are highly supportive of many Japanese industries.

Although a potential U.S. recession would present considerable headwinds for Japanese equities due to the export-oriented nature of the economy, we believe that much of the risk is already reflected in company valuations. We believe this creates opportunities for bottom-up, fundamental investors to find quality businesses at reasonable prices.

QUARTERLY ATTRIBUTION

SECTOR ATTRIBUTION DATA VS. TOPIX INDEX (TOP AND BOTTOM 5 BY TOTAL VALUE ADDED)

(3 months ended December 31, 2023)



TOP 5 RELATIVE CONTRIBUTORS VS. TOPIX INDEX

(3 months ended December 31, 2023)

| Security | % of Equities | Net Contribution (Basis Points) |
|------------------------------|---------------|---------------------------------|
| Shin-Etsu Chemical Co., Ltd. | 3.4% | 48 |
| Horiba, Ltd. | 1.4 | 46 |
| Shift, Inc. | 1.7 | 37 |
| Itochu Corporation | 4.3 | 35 |
| Mitsui Chemicals, Inc. | 2.2 | 30 |

TOP 5 RELATIVE DETRACTORS VS. TOPIX INDEX

(3 months ended December 31, 2023)

| Security | % of Equities | Net Contribution (Basis Points) |
|--------------------------------|---------------|---------------------------------|
| Honda Motor Co., Ltd. | 0.0% | -34 |
| Nintendo Co., Ltd. | 0.0 | -30 |
| Tkp Corp. | 0.6 | -23 |
| Lasertec Corporation | 0.0 | -22 |
| Rohto Pharmaceutical Co., Ltd. | 0.7 | -22 |

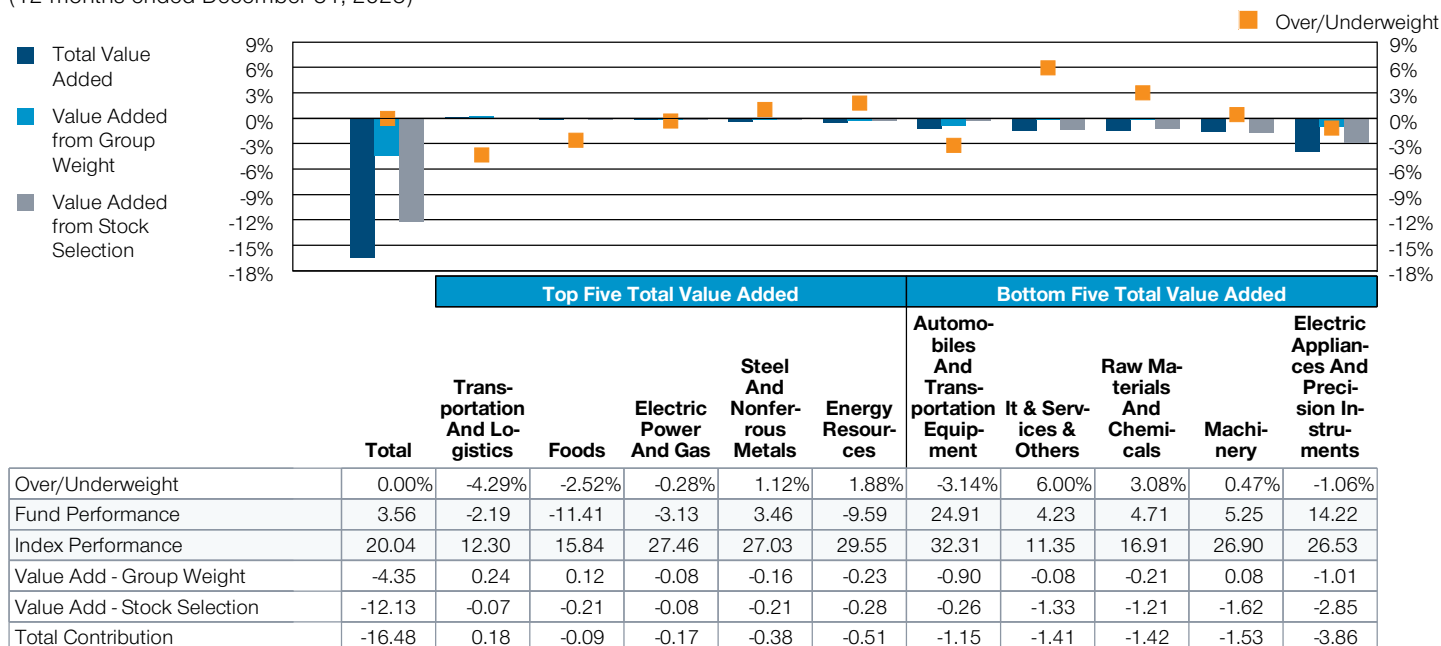
Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.

Past performance is not a reliable indicator of future performance. All numbers are percentages. Analysis represents the total performance of the portfolio as calculated by the FactSet attribution model and is inclusive of other assets. Non-equity positions are excluded from structure shown. Returns will not match official T. Rowe Price performance because FactSet uses different exchange rate sources and does not capture intra-day trading. Performance for each security is obtained in the local currency and, if necessary, is converted to USD using an exchange rate determined by an independent third party. Figures are shown with gross dividends reinvested. Sources: Financial data and analytics provider FactSet. Copyright 2024 FactSet. All Rights Reserved. Source: FT Interactive, IDC via FactSet.; Analysis by T. Rowe Price. T. Rowe Price uses the TOPIX sectors and industries for sector and industry reporting for this product. Figures are shown gross of fees. Returns would be lower as a result of the deduction of such fees. Performance returns are in USD.

12-MONTH ATTRIBUTION

SECTOR ATTRIBUTION DATA VS. TOPIX INDEX (TOP AND BOTTOM 5 BY TOTAL VALUE ADDED)

(12 months ended December 31, 2023)



TOP 5 RELATIVE CONTRIBUTORS VS. TOPIX INDEX

(12 months ended December 31, 2023)

| Security | % of Equities | Net Contribution (Basis Points) |
|---------------------|---------------|---------------------------------|
| Disco Corporation | 1.3% | 68 |
| Suzuki Motor Corp. | 2.8 | 56 |
| Tokyo Electron Ltd. | 2.5 | 52 |
| Shift, Inc. | 1.7 | 46 |
| Horiba, Ltd. | 1.4 | 43 |

TOP 5 RELATIVE DETRACTORS VS. TOPIX INDEX

(12 months ended December 31, 2023)

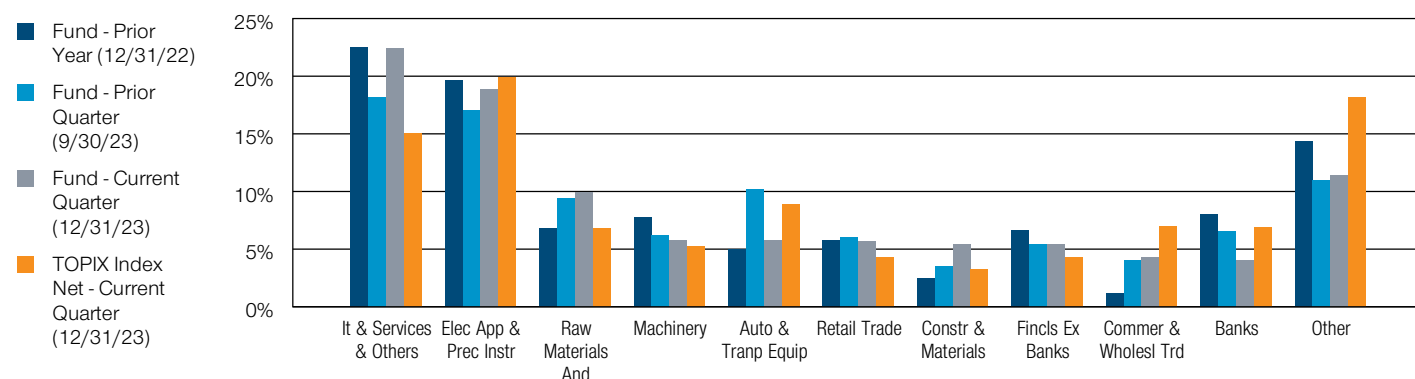
| Security | % of Equities | Net Contribution (Basis Points) |
|---------------------------|---------------|---------------------------------|
| Toyota Motor Corp. | 0.0% | -94 |
| Lasertec Corporation | 0.0 | -94 |
| Honda Motor Co., Ltd. | 0.0 | -88 |
| Shiseido Company, Limited | 0.0 | -67 |
| Hoya Corporation | 0.0 | -55 |

Net contribution is calculated versus a specific benchmark. It is the difference between the security's absolute contribution to the portfolio and the security's absolute contribution to the benchmark. This reflects the amount the security has impacted relative return.

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PORTFOLIO POSITIONING

SECTOR DIVERSIFICATION – CHANGES OVER TIME



LARGEST PURCHASES

| Issuer | Sector | % of Fund Current Quarter 12/31/23 | % of Fund Prior Quarter 9/30/23 |
|----------------------------|---|------------------------------------|---------------------------------|
| SUMCO (N) | Construction And Materials | 2.0% | 0.0% |
| Kuraray | Raw Materials And Chemicals | 1.7 | 0.6 |
| Inpex | Energy Resources | 2.7 | 1.5 |
| SOFTBANK GROUP CORP (N) | It & Services & Others | 1.0 | 0.0 |
| Horiba (N) | Electric Appliances And Precision Instruments | 1.4 | 0.0 |
| Mitsui Chemicals | Raw Materials And Chemicals | 2.2 | 0.8 |
| Mitsui Fudosan | Real Estate | 2.6 | 1.3 |
| Electric Power development | Electric Power And Gas | 1.1 | 0.4 |
| Nexon | It & Services & Others | 1.5 | 0.7 |
| SHIFT | It & Services & Others | 1.7 | 0.7 |

LARGEST SALES

| Issuer | Sector | % of Fund Current Quarter 12/31/23 | % of Fund Prior Quarter 9/30/23 |
|--------------------------|---|------------------------------------|---------------------------------|
| Honda Motor (E) | Automobiles And Transportation Equipment | 0.0% | 3.9% |
| Mitsubishi UFJ Financial | Banks | 2.7 | 4.0 |
| Astellas Pharma (E) | Pharmaceutical | 0.0 | 2.0 |
| Kansai Paint (E) | Raw Materials And Chemicals | 0.0 | 1.7 |
| Sony | Electric Appliances And Precision Instruments | 4.4 | 4.1 |
| ITOCHU | Commercial And Wholesale Trade | 4.3 | 4.0 |
| Hikari Tsushin | It & Services & Others | 2.1 | 2.5 |
| Resona Holdings | Banks | 1.3 | 2.2 |
| Murata Manufacturing | Electric Appliances And Precision Instruments | 0.1 | 1.0 |
| Hitachi | Electric Appliances And Precision Instruments | 3.0 | 2.8 |

(N) New Position

(E) Eliminated

A purchase or sale that occurred as a result of a corporate action where the Portfolio Manager had no discretion, if any, will not be displayed. Securities are shown in order by their total net cost and proceed values. Net is defined as total cost of purchases less total proceeds of sales.

HOLDINGS

TOP 10 ISSUERS

| Issuer | Industry | % of Fund | % of TOPIX Index Net |
|------------------------------|-----------------------------|-----------|----------------------|
| Sony | Electric Appliances | 4.4% | 2.8% |
| ITOCHU | Wholesale Trade | 4.3 | 1.2 |
| Shin-Etsu Chemical | Chemicals | 3.4 | 1.6 |
| Nippon Telegraph & Telephone | Information & Communication | 3.0 | 1.5 |
| Hitachi | Electric Appliances | 3.0 | 1.5 |
| Toyota Industries | Transportation Equipment | 2.9 | 0.3 |
| Suzuki Motor | Transportation Equipment | 2.8 | 0.3 |
| Nippon Steel | Iron And Steel | 2.8 | 0.4 |
| Mitsubishi UFJ Financial | Banks | 2.7 | 2.2 |
| Keyence | Electric Appliances | 2.7 | 1.9 |

TOP 5 OVER/UNDERWEIGHT POSITIONS VS. TOPIX INDEX NET

| Issuer | Industry | % of Fund | % of TOP-IX Index Net | Over/Underweight |
|---------------------------|--------------------------|-----------|-----------------------|------------------|
| ITOCHU | Wholesale Trade | 4.3% | 1.2% | 3.1% |
| Toyota Industries | Transportation Equipment | 2.9 | 0.3 | 2.7 |
| Suzuki Motor | Transportation Equipment | 2.8 | 0.3 | 2.5 |
| Inpex | Mining | 2.7 | 0.3 | 2.4 |
| Nippon Steel | Iron And Steel | 2.8 | 0.4 | 2.3 |
| Toyota Motor | Transportation Equipment | 0.0 | 4.2 | -4.2 |
| Sumitomo Mitsui Financial | Banks | 0.0 | 1.4 | -1.4 |
| Mitsubishi Corporation | Wholesale Trade | 0.0 | 1.4 | -1.4 |
| Nintendo | Other Products | 0.0 | 1.4 | -1.4 |
| Mitsui & Co | Wholesale Trade | 0.0 | 1.3 | -1.3 |

PORTFOLIO MANAGEMENT



Portfolio Manager:
Archibald Ciganer

Managed Fund Since:
2013

Joined Firm:
2007

Additional Disclosures

Consider the investment objectives, risks, and charges and expenses carefully before investing. For a prospectus or, if available, a summary prospectus containing this and other information, call 1-800-638-7780 or visit troweprice.com. Read it carefully.

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

The manager's views and portfolio holdings are historical and subject to change. This material should not be deemed a recommendation to buy or sell any of the securities mentioned. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the Fund and no assumptions should be made that the securities identified and discussed were or will be profitable.

T. Rowe Price uses TOPIX sectors and industries for sector and industry reporting for this product.

Source for TOPIX data: TOPIX – Tokyo Stock Exchange, Inc.

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

"Other" includes any categories not explicitly mentioned.

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

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

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