Emerging Markets Discovery Equity Strategy
FINDING FORTUNE IN THE FORGOTTEN

EXECUTIVE SUMMARY
■ Portfolio Manager Ernest Yeung celebrated his third anniversary at the helm of T. Rowe Price’s Emerging Markets Discovery Equity Strategy, formerly the Emerging Markets Value Equity Strategy, in September 2018. The strategy has posted positive net excess returns under his direction despite a challenging environment.

■ Favorable stock selection has been the primary driver of the outperformance of the portfolio, at both the country and sector levels, since its inception through the end of September 2018. The strategy leverages T. Rowe Price’s strength in fundamental research and long history of investing in EM. T. Rowe Price has invested in EM since 1985, developing one of the most experienced and largest research teams in the industry.

■ Unlike other value-oriented managers who have succumbed to the temptation of adding growth companies into their portfolios to deliver performance, Mr. Yeung has remained true to his investment philosophy and does not hold any of the crowded growth-oriented technology names. These names drove EM performance in recent times, but good value opportunities can be found outside of these sought-after “new economy” stocks.

T. Rowe Price’s Emerging Markets Discovery Equity (EMD) Strategy, managed by Portfolio Manager Ernest Yeung, marked its third anniversary in September 2018 with positive net excess returns, despite a thriving environment for growth stocks during the period. This has been achieved by employing a differentiated investment approach that allows deeper penetration into emerging markets (EM) to find value.

Investors have been broadly skeptical of emerging markets, particularly recently as volatility spiked, and have tended to concentrate their exposure within a limited group of high-quality growth companies. This has left a large swath of the EM opportunity set ignored. Importantly, many of these companies continue to deliver decent growth, and valuations have remained relatively inexpensive. Against this backdrop, Mr. Yeung has deftly applied a disciplined, bottom-up framework aimed at identifying “forgotten” stocks or those that have been overlooked by investors, but which are fundamentally sound and have potential rerating catalysts.

Under Mr. Yeung’s three-year tenure, the EMD Strategy has delivered 150 basis points of positive net excess returns. Despite the challenging environment, the strategy’s net excess return has outperformed its benchmark, the MSCI EM Index, by 200 basis points.

The strategy’s name was changed from Emerging Markets Value Equity Strategy to Emerging Markets Discovery Equity Strategy as of December 1, 2018. Effective the same day, the name change applied to the composite vehicle, now known as Emerging Markets Discovery Equity Composite.
points (bps) of annualized excess return, net of fees, over the core MSCI EM Index Net. Over that same period, the strategy posted an annualized excess return of 231 bps, net of fees, over the MSCI EM Value Index Net. Within the global EM all-cap value equity universe,\(^1\) the strategy ranked in the 19th, 11th, and 31st total return percentile for its trailing one-, two-, and three-year results, respectively.

**LOOKING BEYOND THE WELL-TRODDEN PATH TO DISCOVER VALUE**

Simply buying cheap stocks and waiting for mean reversion is a flawed approach within emerging markets, according to Mr. Yeung. This is because mean reversion does not always transpire, as EM tend to be less efficient than their developed counterparts. He prefers to be on the lookout for positive fundamental changes among stable companies that are facing unwarranted skepticism from investors.

His approach addresses the drawbacks of classic value investing, such as the risk of falling into value traps. He believes that, in EM, stocks can stay cheap for a protracted period. Without a deep understanding of a company’s execution track record and the resources to identify catalysts that could cause a stock to rerate, it is easy to be lured into these names. In EM, opaque ownership structures, weaker governance, and a prevalence of family- and government-owned companies, are all factors that can conspire to keep cheap stocks cheap for an inordinate amount of time.

The EMD Strategy tends to differ from its benchmark and EM peer universe, as indicated by an active share of 85%, trumping the eVestment Global Emerging Markets Universe’s 82% average. Often, the strategy’s biggest underweights will be its competitors’ largest relative overweights. Consider that the information technology (IT) sector was the largest relative underweight for the strategy, followed by consumer discretionary, as of September 30, 2018. Meanwhile, financials was the portfolio’s biggest overweight, in both absolute and relative terms, followed by industrials and business services.

The strategy has demonstrated a downside capture ratio of 94%, as of the end of September 2018, while the upside capture ratio stood at 97%. With the fundamental, bottom-up investment approach, the portfolio is expected to outperform during periods when stock-specific factors primarily drive equity prices. In addition to this, the portfolio manager’s preference for fundamentally stable companies with potential catalysts for improvement should be supportive of returns during periods of market weakness. The portfolio may underperform in strong bull markets led by growth stocks, such as in 2017, and underperform in strong bull markets led by growth stocks, such as in 2017, and during periods of deep-value rallies, such as the recent run led by underperforming energy stocks.

\(^1\)Evestment, as of September 2018. EVestment collects information directly from investment management firms and other sources believed to be reliable. EVestment does not guarantee or warrant the accuracy, timeliness, or completeness of the information provided and is not responsible for any errors or omissions. Performance results may be provided with additional disclosures available on our systems, and other important considerations such as fees may be applicable.
Aside from outperforming the primary benchmark, the strategy delivered higher earnings per share (EPS) growth than that of the MSCI EM Index. The strategy’s price-to-book ratio was also significantly lower than the index as a result of investing in fundamentally sound companies that deliver a return on equity of 13.40% as of the end of September this year.

While EM weakened during the first nine months of 2018, EM equities rallied in 2017, extending the previous year’s advance as investors favored growth stocks. Gains have largely been driven by “new economy” stocks, such as information technology names and some consumer stocks. In 2018, the trade dispute between the U.S. and China; idiosyncratic concerns in select EM countries, such as Turkey and Argentina; along with the strength of the U.S. dollar and tightening U.S. rate policy, cast a pall on EM. Lingering concerns that policy tightening in China was slowing economic growth further weighed on the markets.

Against this background, Mr. Yeung’s favorable stock selection has been the primary driver of the outperformance of the portfolio, at both the country and sector levels, since its inception until the end of September 2018. During the period, stock selection within financials, industrials, and IT provided the largest positive contribution to relative returns, despite the negative impact of the portfolio manager’s group weight in these sectors, especially in IT.

At the country level, the portfolio’s company investments in China and Brazil buoyed performance. Buying into old-economy stocks, such as Banco Bradesco, worked for the portfolio as this large private bank in Brazil is expected to benefit from a potential acceleration in loan growth amid a consolidated market.

In the IT realm, Sina.com, a leading online portal in China and a top contributor to performance, exemplified how the depth of T. Rowe Price’s research enabled Mr. Yeung to uphold his contrarian view of a sector where overall valuations were high. His preference for high-return, cash-generative businesses, such as Kingboard Holdings, an electronics laminates producer, also paid off. Both of these stocks were exited in 2017, locking in strong gains.

FIGURE 2: Distinguishable From Peers and Benchmark
Periods Ended September 30, 2018, Figures Are Calculated in U.S. Dollars

<table>
<thead>
<tr>
<th>Annualized Total Return</th>
<th>Emerging Markets Discovery Equity Composite</th>
<th>eVestment Global Emerging Markets All Cap Value Universe Average</th>
<th>MSCI EM Index Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Since Inception: September 30, 2015)</td>
<td>14.82%</td>
<td>13.46%</td>
<td>12.36%</td>
</tr>
<tr>
<td>Annualized Standard Deviation</td>
<td>14.22%</td>
<td>14.65%</td>
<td>14.09%</td>
</tr>
<tr>
<td>Historical Tracking Error, 3-Year</td>
<td>3.58%</td>
<td>4.86%</td>
<td>–</td>
</tr>
<tr>
<td>Beta, 3-Year</td>
<td>0.98</td>
<td>0.96</td>
<td>1.00</td>
</tr>
<tr>
<td>R-squared, 3-Year</td>
<td>0.94</td>
<td>0.89</td>
<td>1.00</td>
</tr>
<tr>
<td>Annualized Alpha, 3-Year</td>
<td>2.50%</td>
<td>1.15%</td>
<td>–</td>
</tr>
<tr>
<td>Sharpe Ratio, 3-Year</td>
<td>0.97</td>
<td>0.86</td>
<td>0.81</td>
</tr>
<tr>
<td>Information Ratio, 3-Year</td>
<td>0.69</td>
<td>0.14</td>
<td>–</td>
</tr>
<tr>
<td>P/B</td>
<td>1.4x</td>
<td>1.5x</td>
<td>2.0x</td>
</tr>
<tr>
<td>ROE, 1 Year</td>
<td>13.40%</td>
<td>14.60%</td>
<td>14.80%</td>
</tr>
<tr>
<td>Median Market Capitalization (MM USD)</td>
<td>11,223</td>
<td>8,178</td>
<td>24,078</td>
</tr>
<tr>
<td>Active Share</td>
<td>85</td>
<td>82</td>
<td>–</td>
</tr>
<tr>
<td>Portfolio Turnover, 12-Month</td>
<td>63%</td>
<td>50%</td>
<td>–</td>
</tr>
<tr>
<td>Number of Holdings</td>
<td>57</td>
<td>215</td>
<td>1,085</td>
</tr>
</tbody>
</table>

Sources: T. Rowe Price, eVestment Data Alliance, and MSCI. Statistics based on monthly gross returns. Returns would have been lower as the result of the deductions of applicable fees.

...Mr. Yeung’s favorable stock selection has been the primary driver of the outperformance of the portfolio, at both the country and sector levels, since its inception until the end of September 2018.
The EMD Strategy leverages T. Rowe Price’s strength in fundamental research and long history of investing in EM. T. Rowe Price has invested in EM since 1980, developing one of the most experienced and largest research teams in the industry. Mr. Yeung, and recently appointed Hong Kong-based Associate Portfolio Manager Haider Ali, have access to the firm’s 29 EM equity and 17 EM debt research analysts, who form part of the company’s 140-strong global equity and credit research team. The close collaboration within the research team helped identify opportunities in select South African financial stocks back in early 2017, at a time when most investors shunned the country. These companies were leveraged to the macro recovery cycle in South Africa and within continental Africa, a neglected but promising region.

Environmental, social, and governance (ESG) issues can influence investment risk and return and, therefore, are important, especially in EM where corporate governance standards are often not as robust as developed markets. ESG risk considerations are integrated within the investment team’s fundamental investment analysis. In addition, dedicated ESG specialists work with analysts and portfolio managers to help them understand relevant political, governance, and regulatory risks.

Unlike other value managers who have succumbed to the temptation of adding growth companies into their portfolios to deliver performance, Mr. Yeung has remained true to his investment philosophy and does not hold any of the crowded growth-oriented technology names. These names drove EM performance in recent times, but good value opportunities can be found outside of these sought-after “new economy” stocks. And in finding these overlooked, quality businesses, there is money to be made.

For example, Anhui Conch, one of the portfolio’s top positions and among the biggest contributors to performance during the three-year period, generated considerable returns similar to those made by many of the crowded technology sector names.

The strategy’s investment universe includes all emerging and frontier markets across the capitalization spectrum. Emerging market mid-cap stocks, or those with market value of less than USD $10 billion, make up the bulk of the portfolio, as the portfolio manager found a number of pockets of value in mid-cap stocks compared with the crowded larger-capitalization stocks. Passive investment flows tend to be concentrated in larger-capitalization stocks, creating more potential value...
opportunities among small- and mid-cap stocks. Liquidity is also an important parameter in selecting “forgotten” stocks that are poised for fundamental change, hence, the portfolio manager focuses more on liquid mid-cap stocks and avoids very small-cap stocks where the lack of liquidity poses a challenge and a potential risk.

**DIVERSIFYING EM EQUITY EXPOSURE**

Mr. Yeung’s investment approach tends to lead us to a portfolio with bets, exposures, and alpha sources that are different from typical core, growth, and even traditional value strategies. This is important because historical analysis shows that core EM strategies experience a significant and persistent drift into growth investing. In fact, across all periods studied, core EM strategies are consistently biased toward growth investing.

While EM growth style investing delivered strong performance in 2017, value investing has also enjoyed several extended periods of outperformance during the last 15 years. The growth/value relationship has historically been mean reverting, indicating that EM value investors may currently be well positioned. Furthermore, evidence suggests that diversifying EM exposure to include a value allocation complement to a core or growth allocation improves absolute and risk-adjusted performance results.

**TODAY, EM IS A FERTILE LANDSCAPE FOR “FORGOTTEN” STOCKS**

Mr. Yeung is constructive about EM equities as he believes that the EM cycle is still at its nascent stage. Improving macro conditions and better corporate fundamentals, supported by more reasonable valuations, should help to boost market levels.

His belief in EM is anchored by the view that it is still only in the early to middle stages of the recovery cycle since the trough of 2016. Concerns about slowing global growth, the risks posed by a protracted U.S.-China trade dispute, U.S. interest rate increases, and the strength of the U.S. dollar have weakened sentiment but have not derailed most EM countries from their recovery path, Mr. Yeung believes.

Moreover, Mr. Yeung is positive about EM given the improved capital discipline of governments and companies in these markets. After years of reckless spending, EM companies have shown restraint and shifted their focus to...
better capital allocation and cash flow generation, in Mr. Yeung’s view. EM capital expenditure (capex) to sales stood at about 7% as of the end of September this year, indicating that companies are merely replenishing stocks rather than investing in new capex. They tend to spend the equivalent on depreciation. Mr. Yeung believes that when capital spending resumes, this could spur job creation, loan growth, and wage increases, and the realization of such a “virtuous cycle” could lead to better valuations for many companies.

So far, strong capital expenditure has been seen in some technology and Internet companies as “old economy” companies are exercising prudence in their capex bills. Mr. Yeung sees considerable opportunity in looking at forgotten “old economy” stocks that have attractive valuation.

Given the tighter U.S. policy rates, he believes that most EM countries are in better shape to surmount the impact of higher U.S. interest rates with improved current account positions; increased foreign exchange reserves; higher real interest rates; and currencies that, in most cases, have already fallen over the past several years.

Within Asia, China’s economic transformation story remains a key positive. The government has put in place tangible reforms, and Mr. Yeung views the continuation of policy credibility as positive for China in the near term. He thinks that the country will forge ahead with reforms while seeking to expand the economy at more sustainable levels. State-owned enterprises (SOEs) represent good opportunities, although investors tend to have a negative view of these businesses. He maintains that it is possible to uncover good-quality SOEs, especially those with successful reform stories.

While trade friction between the U.S. and China has ratcheted higher, Mr. Yeung believes that the impact on China’s economy and corporate earnings has been limited and manageable, so far. He is cognizant of the risk of a further escalation in trade tensions but believes that both nations recognize the pernicious consequences of an all-out trade war, and should the conflict deepen, there may be scope for both parties to contain the negative repercussions, which may not be as damaging as investors fear.

In Europe, the Middle East, and Africa, Mr. Yeung continues to look favorably at South Africa as the change in its political leadership bodes well for the country’s reforms. He believes in its eventual recovery after a prolonged slowdown, but its currency is the swing factor. In Eastern Europe, he is cautious on Turkey due to its monetary policy, and given the attention it has received recently, Turkey does not fit into the “forgotten” category.

Mr. Yeung prefers “forgotten” investment opportunities, which have less downside risk, rather than the “controversial” ones. He is positive on Russian companies with sound fundamentals.

In Latin America, he holds the belief that Brazil’s economy is showing signs of bottoming out, and companies are turning the corner after years of disappointment. In Mr. Yeung’s view, there is a broad realization in Brazil that restructuring needs to happen. He believes that focus should shift back to fundamentals following the results of the presidential election. There was a lack of visibility in the runup to the polls, and the election uncertainty has delayed an anticipated cyclical macro recovery in Latin America’s largest economy.

While Mr. Yeung is encouraged by the potential of EM, he is aware of the near-term risks in this asset class, which include a rollover in global growth, a slowdown in the U.S., unexpected bouts of risk aversion due to a geopolitical event, heightened trade protectionism, and a faster-than-anticipated pace of rate increases by the Fed. He believes that the portfolio is well positioned to take advantage of valuation anomalies in EM, where “forgotten” stocks can be mispriced, but potentially compelling triggers for fundamental change can be uncovered to drive their valuations higher.

The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for clients in the composite and no assumptions should be made that the securities identified and discussed were or will be profitable.
ABOUT MR. YEUNG

Ernest Yeung has been the portfolio manager for the Emerging Markets Discovery Equity Strategy since September 14, 2015. Prior to his current role, Mr. Yeung was a co-manager for the International Small-Cap Equity Strategy from 2009 to 2014. He was an investment analyst covering the Asia ex-Japan telecommunications sector from 2003 to 2009. Mr. Yeung has garnered 17 years of investment experience, 15 of which have been with T. Rowe Price. He was recently appointed to the International Equity Steering Committee. Prior to joining the firm in 2003, Mr. Yeung worked at HSBC Asset Management in London. Mr. Yeung earned his M.A., with honors, in economics from Cambridge University as well as the Chartered Financial Analyst (CFA) designation.

ORGANIZATIONAL UPDATE

ABOUT MR. ALI

Haider Ali has been appointed as a Hong Kong-based associate portfolio manager for the EM Discovery Equity Strategy. Mr. Ali will support Mr. Yeung, the portfolio manager of the strategy, on all aspects of the investment process. Mr. Ali has 22 years of investment experience. He joined T. Rowe Price in 2010 as an analyst covering the natural resources and energy sectors on the Asia ex-Japan team. His experience covering deeply cyclical sectors and delivering good investment results during a challenging period, along with his broad geographic exposure and membership of the Emerging Markets Value Investment Advisory Committee, now known as the Emerging Markets Discovery Investment Advisory Committee, prepare him well for this new assignment. Previously, he worked for seven years in investment banking at JP Morgan, focusing on the telecommunications sector in Hong Kong and Karachi. He earned a B.Sc. in physics and mathematics from Forman Christian College in Lahore, Pakistan, and an M.B.A. from Lahore University Management.

HYPOTHETICAL RESULTS

The information presented herein is hypothetical in nature and is shown for illustrative, informational purposes only. This material is not intended to forecast or predict future events. It does not reflect the actual returns of any portfolio/strategy and does not guarantee future results. Certain assumptions have been made for modeling purposes and are unlikely to be realized. No representation or warranty is made as to the reasonableness of the assumptions made or that all assumptions used in modeling analysis presented have been stated or fully considered. Changes in the assumptions may have a material impact on the information presented.

Data shown are as of the dates shown and represent the manager’s analysis as of that date and are subject to change over time. The illustrations do not reflect the impact that material economic, market, or other factors may have on weighting decisions. If the weightings change, results would be different. Management fees, transaction costs, taxes, potential expenses, and the effects of inflation are not considered and would reduce returns. Actual results experienced by clients may vary significantly from the hypothetical illustrations shown. The information is not intended as a recommendation to buy or sell any particular security, and there is no guarantee that results shown will be achieved.
GiPS® Disclosure
Emerging Markets Value Equity Composite
Period Ended September 30, 2018
Figures Are Shown in U.S. Dollars

<table>
<thead>
<tr>
<th></th>
<th>2015¹</th>
<th>2016</th>
<th>2017</th>
<th>YTD 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Annual Returns (%)</td>
<td>2.86</td>
<td>13.07</td>
<td>35.52</td>
<td>-3.96</td>
</tr>
<tr>
<td>Net Annual Returns (%)¹</td>
<td>2.65</td>
<td>12.12</td>
<td>34.40</td>
<td>-4.58</td>
</tr>
<tr>
<td>MSCI All Country World Index (%)²</td>
<td>0.66</td>
<td>11.19</td>
<td>37.28</td>
<td>-7.68</td>
</tr>
<tr>
<td>MSCI World Index (%)³</td>
<td>-1.45</td>
<td>14.90</td>
<td>28.07</td>
<td>-4.28</td>
</tr>
<tr>
<td>Composite 3-Yr. St. Dev.</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>14.22</td>
</tr>
<tr>
<td>MSCI All Country World Index 3-Yr. St. Dev.</td>
<td>14.06</td>
<td>16.07</td>
<td>15.35</td>
<td>14.09</td>
</tr>
<tr>
<td>MSCI World Index 3-Yr. St. Dev.</td>
<td>15.17</td>
<td>17.55</td>
<td>16.59</td>
<td>15.15</td>
</tr>
<tr>
<td>Composite Dispersion</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Comp. Assets (Millions)</td>
<td>14.1</td>
<td>19.3</td>
<td>45.6</td>
<td>51.6</td>
</tr>
<tr>
<td># of Accts. in Comp.</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Total Firm Assets (Billions)</td>
<td>772.4</td>
<td>817.2</td>
<td>1,000.2</td>
<td>1,095.4</td>
</tr>
</tbody>
</table>

¹Reflects deduction of highest applicable fee schedule without benefit of breakpoints. Investment return and principal value will vary. Past performance cannot guarantee future results. Monthly composite performance is available upon request. See below for further information related to net of fee calculations.
²Effective 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.

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 22-year period ended June 30, 2018 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.

Some portfolios may trade futures, options, and other potentially high-risk derivatives which generally represent less than 10% of a portfolio.

**Fee Schedule**
Emerging Markets Value Equity Composite
The Emerging Markets Value Equity Composite seeks long term capital appreciation primarily through investment in emerging markets with attractive valuation levels relative to market/sector averages. (Created September 2015)

<table>
<thead>
<tr>
<th>Minimum Separate Account Size</th>
<th>First 50 million (USD)</th>
<th>Next 50 million (USD)</th>
<th>Above 100 million (USD)</th>
<th>Above 200 million (USD)</th>
<th>Minimum Separate Account Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>(USD)</td>
<td>85 basis points</td>
<td>75 basis points</td>
<td>75 basis points on all assets¹</td>
<td>60 basis points on all assets¹</td>
<td>50 million (USD)</td>
</tr>
</tbody>
</table>

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

**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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MSCI index returns are shown with gross dividends reinvested.

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