



MARCHÉS ÉMERGENTS : LES AVANTAGES D'UNE GESTION ACTIVE

Irmak Surenkok

Portfolio Specialist, T. Rowe Price Emerging Markets Discovery Equity

Novembre 2019

Les marchés émergents ne se valent pas tous

Au 30 juin 2019

	Turquie	Afrique du Sud	Brésil	Russie	Indonésie	Chine	Inde	Mexique
ROE (%)	15,22	12,07	14,27	17,01	15,15	12,24	11,31	13,03
Dividend Yield (%)	5,12	2,82	3,37	5,71	2,49	2,12	1,39	3,19
P/E (FY1, x)	9,22	13,95	12,43	5,93	15,39	11,35	17,85	12,77
Current Account (% of GDP)	-1,2	-2,9	-1,9	9,9	-2,6	1,8	-2,8	-1,8
Real GDP (% YoY)	-2,6	0,0	0,5	0,6	5,1	6,4	5,8	1,3

Les caractéristiques hétérogènes des différents marchés émergents nous offrent de nombreuses opportunités d'identifier ceux délaissés

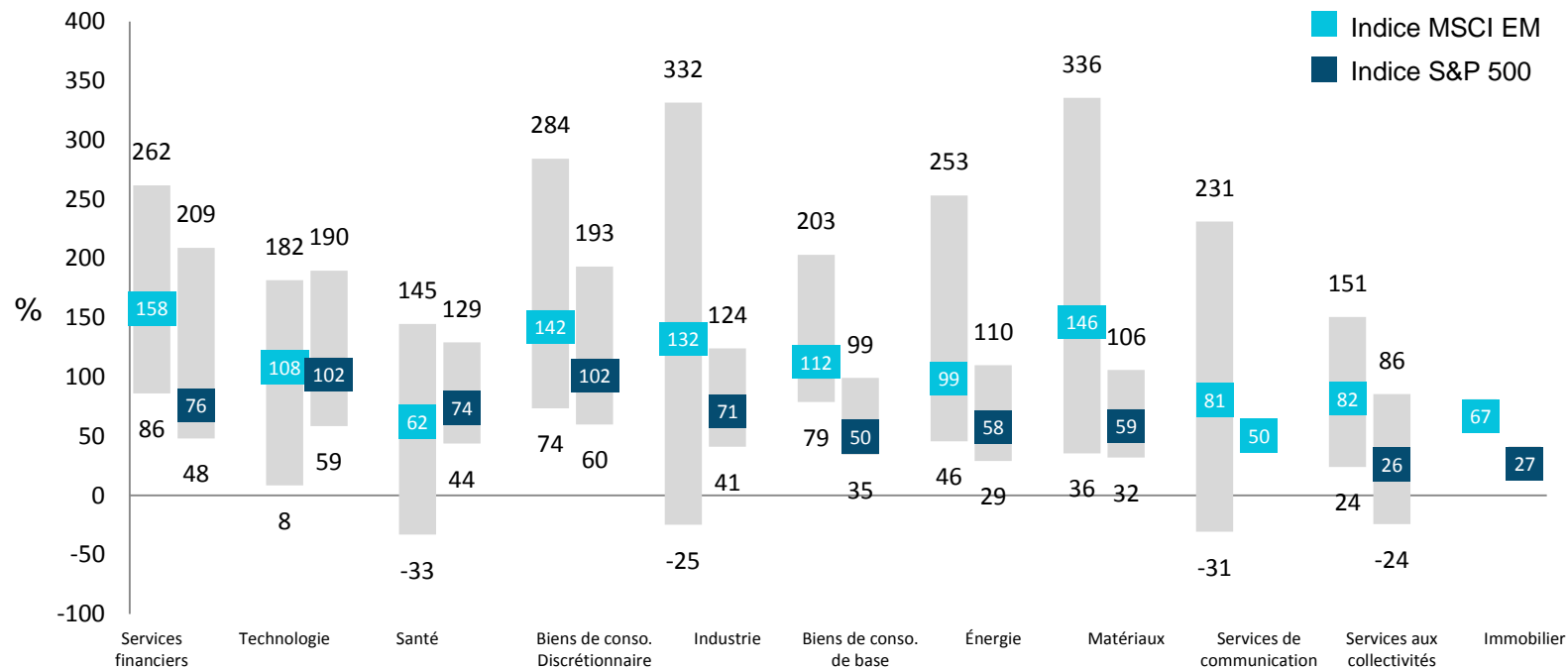
Source : FactSet Research Systems Inc. Tous droits réservés.

Indice MSCI Emerging markets Données nettes pour la rentabilité des capitaux propres, le rendement des dividendes et le ratio cours/bénéfices, mais la balance des opérations courantes et le PIB réel ne sont pas des données indicielles.

Grande disparité en termes de performance des actions par secteur

Entre 2000 et le 31 décembre 2018 en USD

ÉCART ENTRE LA PERFORMANCE ANNUELLE MOYENNE DES 10 PREMIERS ET DES 10 DERNIERS TITRES DE L'INDICE



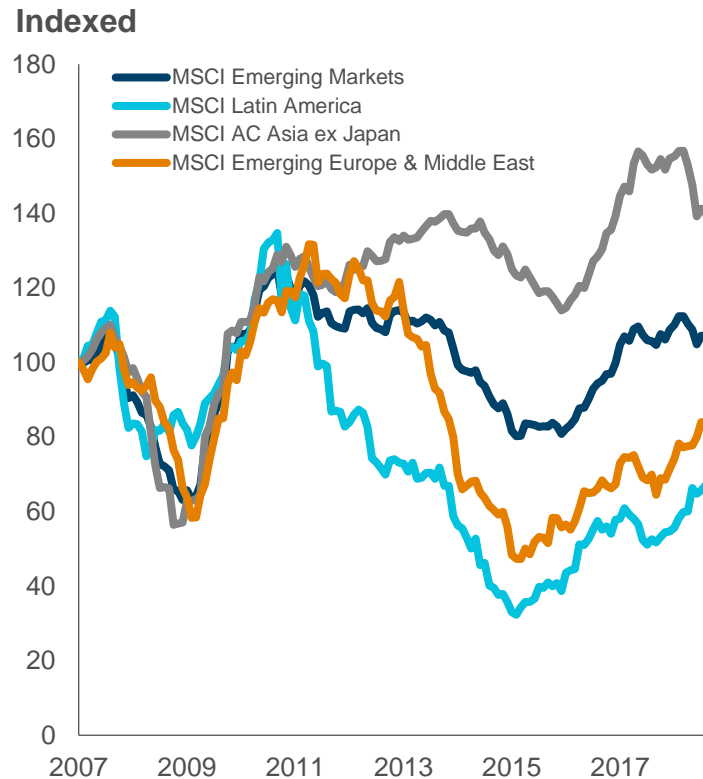
La disparité entre les gagnants et les perdants au sein des secteurs justifie une approche active de la sélection de titres

La performance passée n'est pas un indicateur fiable de la performance future.
Source : FactSet.

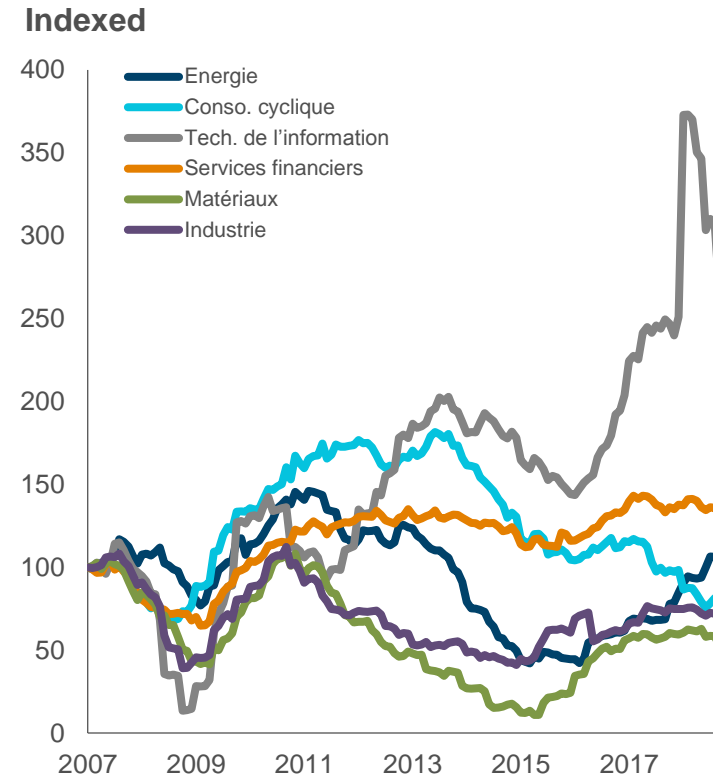
La réalité derrière la croissance des bénéfices des entreprises émergentes

Au 31 août 2019

BÉNÉFICES PAR ACTION PAR RÉGION



BPA SECTORIEL DE L'INDICE MSCI EM



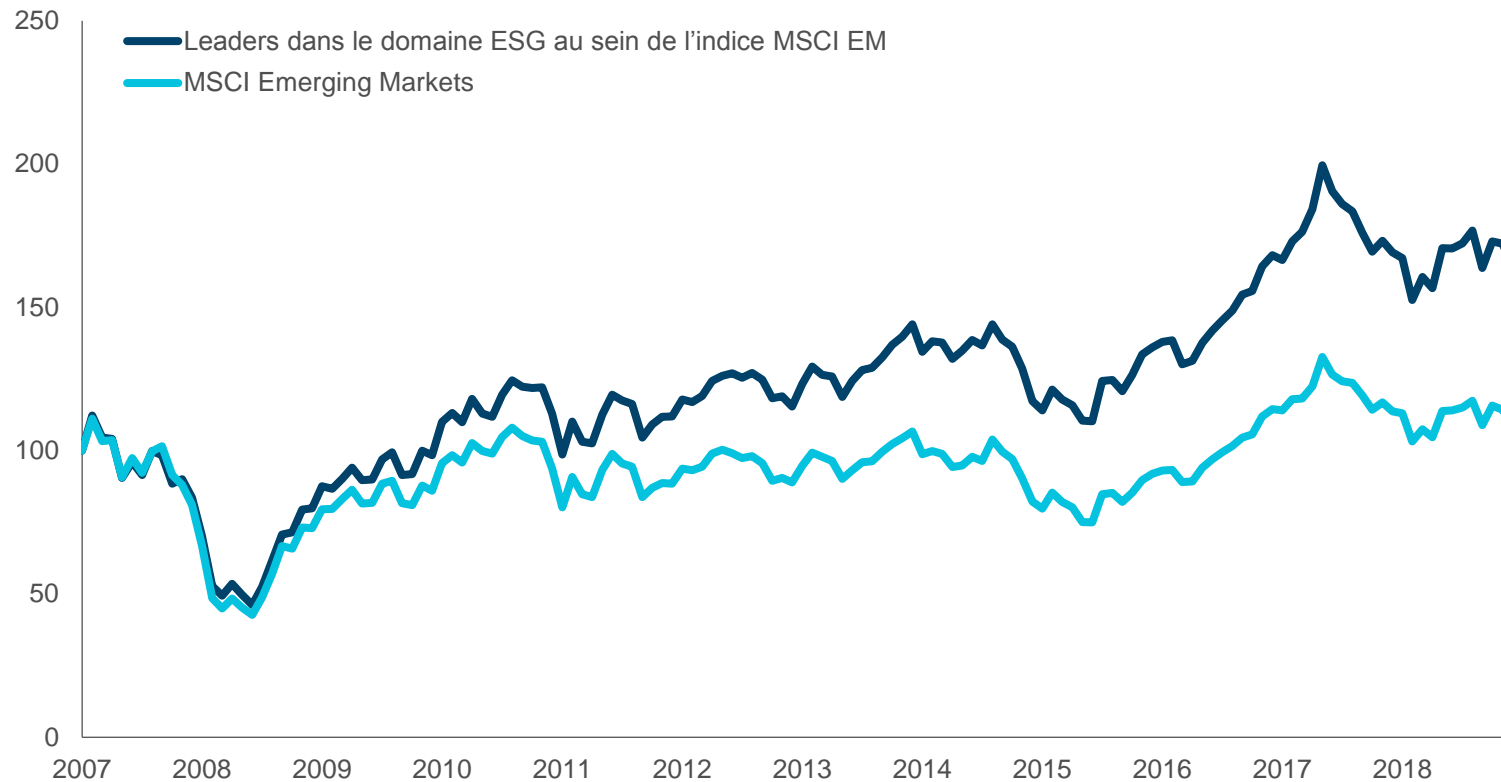
La performance passée n'est pas un indicateur fiable de la performance future.

Source : FactSet.

Les entreprises émergentes n'intègrent pas toujours les enjeux ESG

Septembre 2007 – Août 2019 (USD)

PERFORMANCE CUMULÉE DE L'INDICE – RÉSULTATS NETS



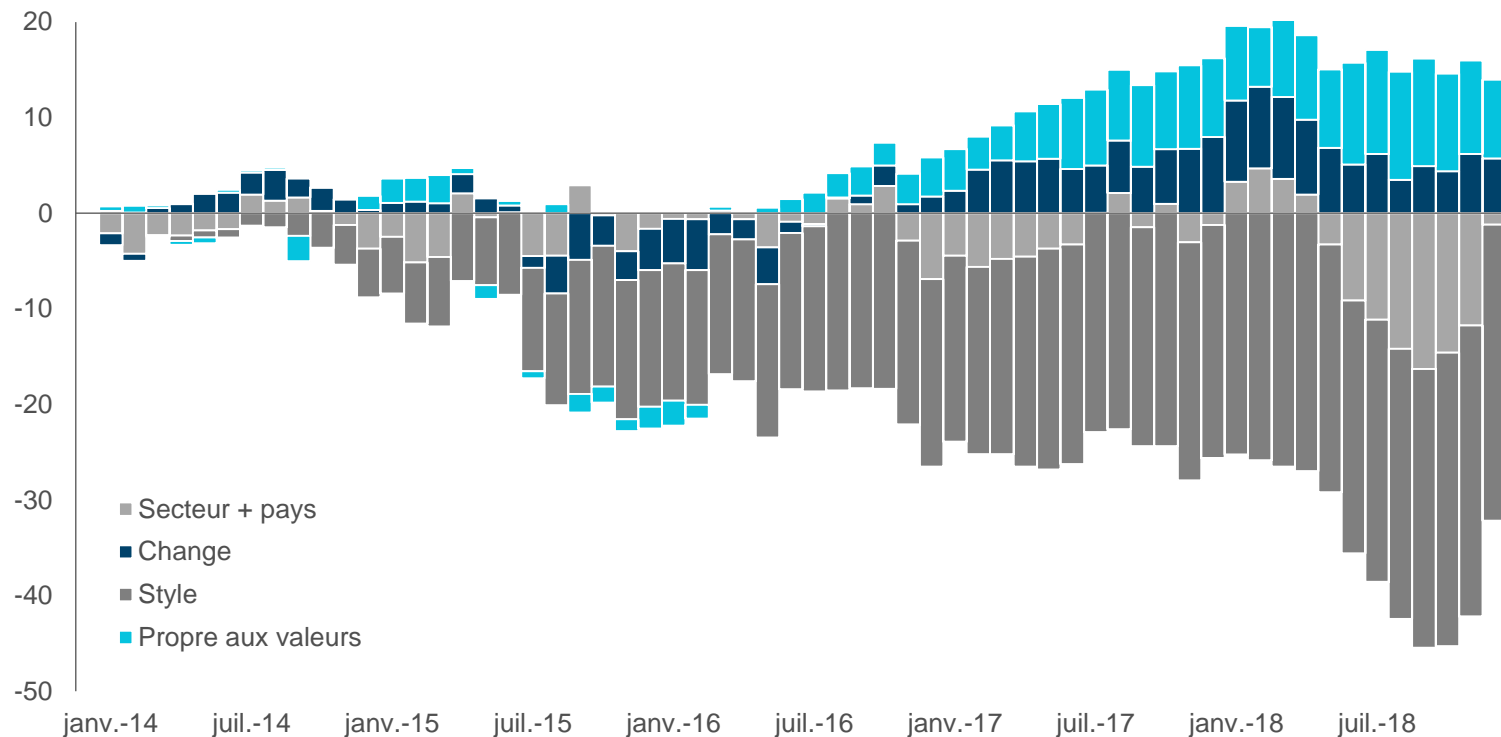
La performance passée n'est pas un indicateur fiable de la performance future.

Source : FactSet.

La sélection de titres est la clé du succès des gérants en actions émergentes

Au 31 décembre 2018

RÉPARTITION DE LA PERFORMANCE EN FONCTION DES FACTEURS DE RISQUE – MSCI EM VS MSCI AC WORLD (%)



La performance passée n'est pas un indicateur fiable de la performance future.

Dispersion des fondamentaux et des opportunités sur les marchés émergents – un phénomène avéré

Au 31 décembre 2018

MATIÈRES PREMIÈRES SUR 10 ANS

% de performance par secteur de l'indice MSCI EM
10 ans jusqu'à déc. 2007



BIENS DE CONSOMMATION SUR 10 ANS

% de performance par secteur de l'indice MSCI EM
10 ans jusqu'à déc. 2018



La performance des marchés émergents au cours de la décennie qui s'est terminée en 2007 a été soutenue par l'énergie et les matières premières, une tendance qui ne se répétera probablement pas compte tenu de la prochaine étape du développement économique de la Chine. La consommation pourrait réellement dicter la performance au cours des dix prochaines années.

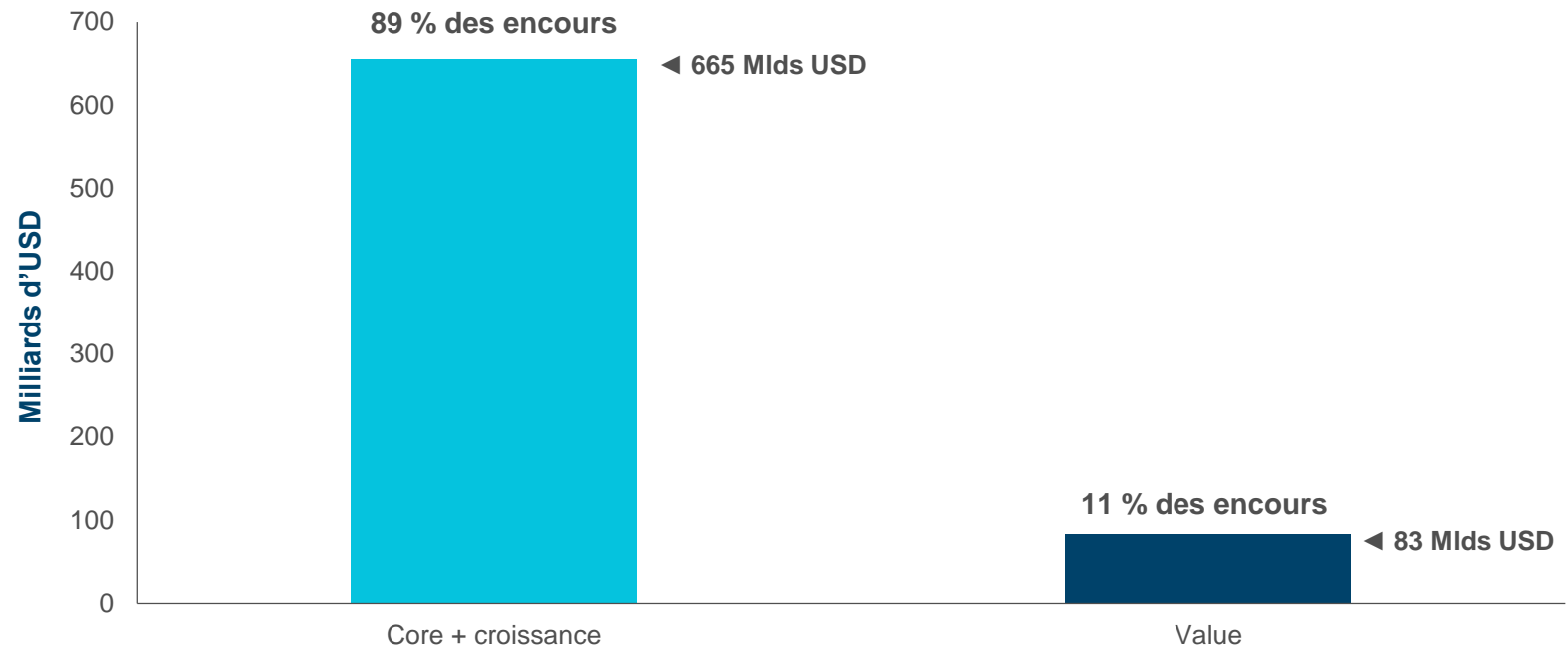
La performance passée n'est pas un indicateur fiable de la performance future.

Source : FactSet.

Où voyons-nous des opportunités d'investissement sur les marchés émergents?

Au 30 août 2019

RÉPARTITION DES ENCOURS EN FONCTION DES STRATÉGIES ACTIONS ÉMERGENTES



La majorité des encours sur les marchés émergents sont investis dans des stratégies de croissance et « core », et 11 % dans des stratégies « value ».

Source : Morningstar Direct.

Une approche « value » sur les marchés émergents a fait ses preuves au cours de 2 des 3 dernières années

Au 30 juin 2019

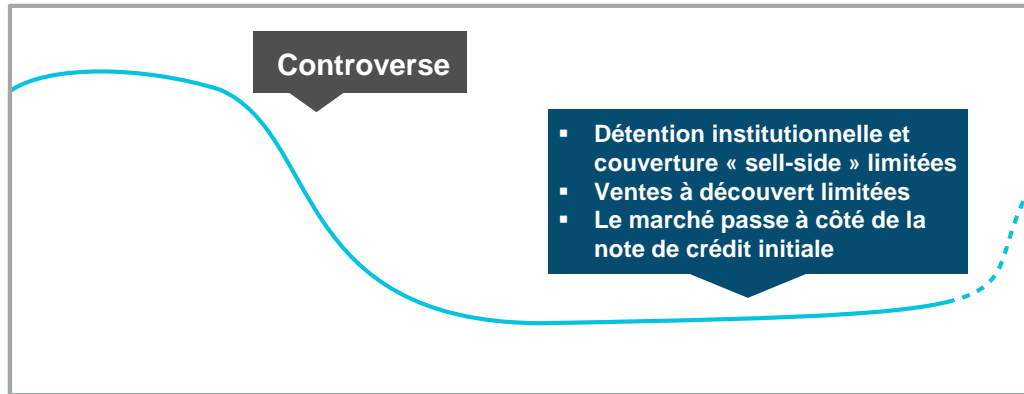
	2016	2017	2018	T1 2019	T2 2019
Indice MSCI Emerging Markets Value	14,90 %	28,07%	-10,72%	7,80%	1,13%
Indice MSCI Emerging Markets Growth	7,59	46,80	-18,26	12,00	0,39
Performance relative	7,31	-18,73	7,54	-4,20	0,74
Indice Russell 1000 Value	17,34	13,66	-8,27	11,93	3,84
Indice Russell 1000 Growth	7,08	30,21	-1,51	16,10	4,64
Performance relative	10,26	-16,55	-6,75	-4,17	-0,80

La performance passée n'est pas un indicateur fiable de la performance future.

Source des données MSCI : MSCI. MSCI ne présente aucune garantie ni ne fait aucune déclaration expresse ou implicite et n'encourra aucune responsabilité en relation avec les données MSCI contenues dans le présent document. Les données MSCI ne peuvent être ensuite redistribuées ni utilisées comme référence à d'autres indices, titres ou produits financiers. Le présent rapport n'est ni approuvé, ni vérifié, ni produit par MSCI.

Quel est notre avantage concurrentiel ? La recherche fondamentale portant sur les valeurs DÉLAISSÉES

GRAPHIQUE REPRÉSENTATIF DES VALEURS DÉLAISSÉES



RISQUE BAISSIER LIMITÉ

privilégiez les titres délaissés aux titres controversés



POTENTIEL D'APPRÉCIATION

La recherche fondamentale permet d'identifier les thèses de réévaluation / les évolutions non actualisées sur un horizon de 2 à 3 ans



Pourquoi les actions DÉLAISSÉES?

- **Les actions délaissées** dans les marchés émergents sont sous-détenues et font l'objet de recherches insuffisantes - elles sont en conséquence bon marché
- Le fait qu'un titre soit bon marché n'est pas un bon point de départ car la région est pleine de pièges de valeur. **Le retour à la moyenne** ne fonctionne pas toujours dans les marchés émergents
- **Rendement-risque asymétrique** avec risque de baisse limité et fort potentiel d'appréciation
- Résultat : une capture **à la hausse / baisse** attrayante

Le retour à la moyenne ne s'opère pas systématiquement dans les pays émergents – la sélection active de valeurs est essentielle

Sur les marchés émergents, les actions peuvent rester bon marché pendant longtemps

- ✘ Entreprises publiques / actionnariat familial
- ✘ Marchés moins efficaces, moins de private equity
- ✘ Environnement réglementaire

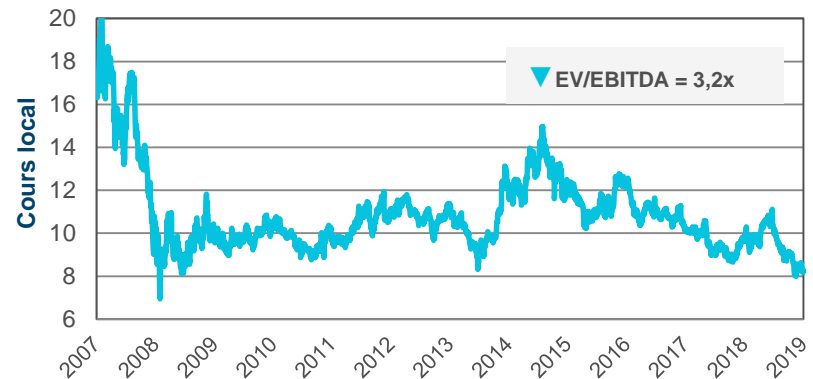
Comment éviter les pièges à valeur (« value traps »)

- ✓ Historique et analyse ESG
- ✓ Identifier l'évolution des fondamentaux qui déterminent les réévaluations

Exemple de titre qui constitue un piège à valeur

Cette entreprise est un fournisseur de services de télécommunications

- Mauvaise gouvernance
- Entreprise publique
- Fournit un service national



Source : Fournisseur de données financières et d'analyses FactSet. Copyright 2019 FactSet. Tous droits réservés.

À titre d'illustration uniquement. Ces informations ne constituent pas ou une recommandation de prendre une mesure quelconque et sont susceptibles d'être modifiées. Il ne faut en rien présumer que les titres spécifiques mentionnés et décrits ci-dessus ont été ou seront rentables.

Les questions ESG dans l'univers des titres émergents « value » sont intégrées dans notre processus de recherche

LES PRINCIPES FONDAMENTAUX DE NOTRE APPROCHE DE L'INVESTISSEMENT RESPONSABLE :



Intégrés

Les critères ESG sont intégrés dans le processus d'investissement



Collaboration

Des spécialistes internes des questions ESG offrent une analyse plus approfondie



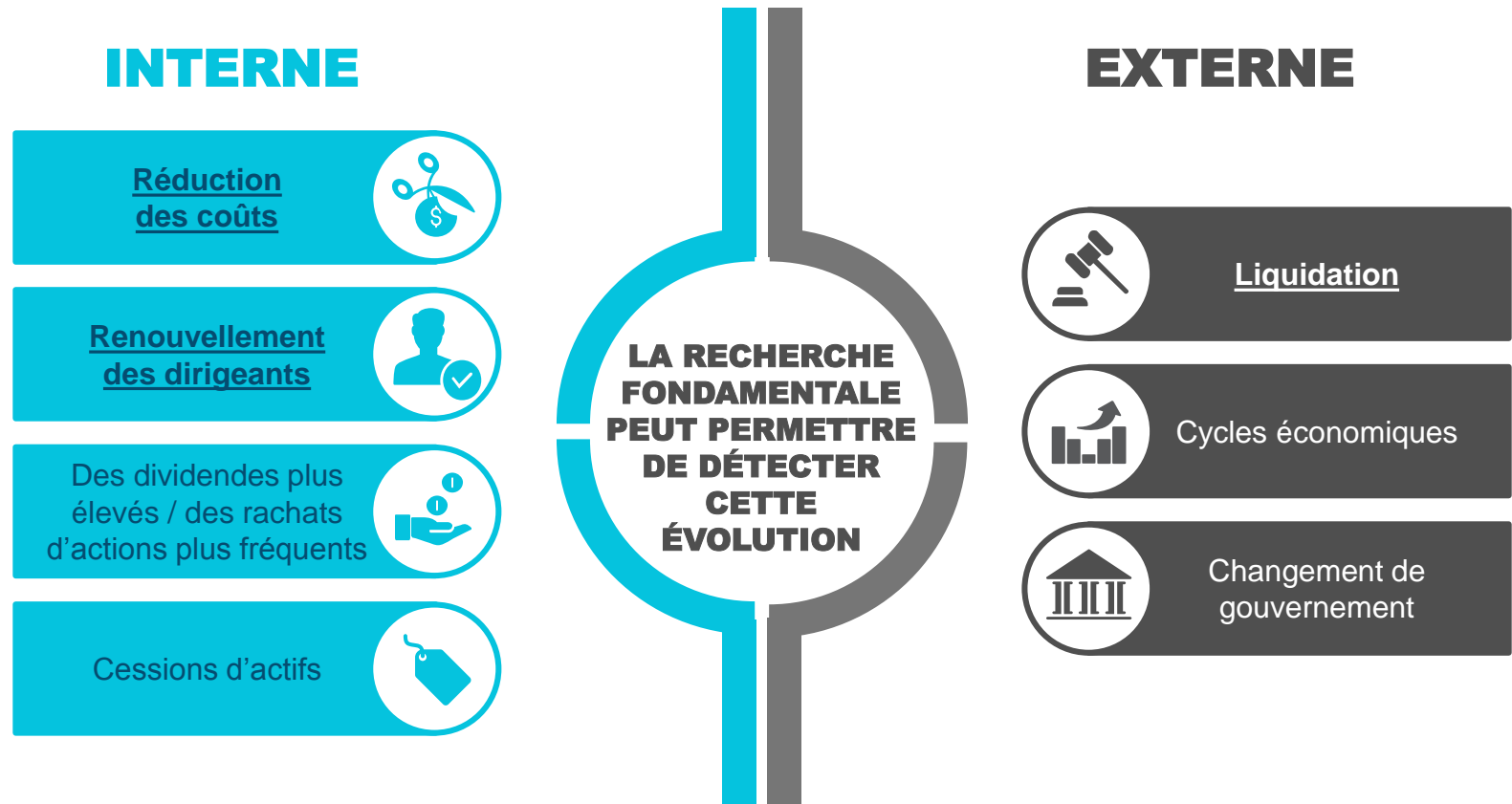
Importance

L'accent est mis sur l'impact des facteurs ESG qui affectent la performance des investissements

T. ROWE PRICE Responsible Investing Analysis											
Equity Ticker:										R.I. Risk Indicator: Green	
PI Ticker:										Environment: Green	
Identifier:										Social: Green	
ISIN:										Ethics: Green	
Sector:		Consumer Staples									
Industry:		Beverages									
Sub-industry:		Brewers									
	Score	% weight		Score	% weight		Score	% weight	RI Override		
ENVIRONMENT	0.23	39%	OPERATIONS	0.22	26%	Supply chain (environment)	0.00	7%	n.a.		
						Raw materials	0.00	3%	n.a.		
						Energy & emissions	0.43	5%	n.a.		
						Land use	n.c.	0%	n.a.		
						Water use	0.25	3%	0.25		
						Waste	n.c.	0%	n.a.		
						General operations	0.35	7%	n.a.		
			END PRODUCT	0.25	14%	Product Sustainability	0.50	7%	n.a.		
						Products & services environmental incidents	0.00	7%	n.a.		
SOCIAL	0.48	35%	HUMAN CAPITAL	0.47	20%	Supply chain (social)	0.22	7%	n.a.		
						Employee safety & treatment	0.75	7%	0.75		
						Evidence of meritocracy	0.43	7%	n.a.		
			SOCIETY	0.60	2%	Society and community relations	0.60	2%	n.a.		
			END PRODUCT	0.49	14%	Product sustainability	0.50	7%	0.50		
						Product impact on human health & society	n.c.	0%	n.a.		
						Product quality & customer incidents	0.48	7%	n.a.		
ETHICS	0.47	25%				Business ethics	0.54	7%	n.a.		
						Bribery & corruption	0.21	7%	n.a.		
						Lobbying & public policy	0.50	2%	n.a.		
						Accounting & taxation	0.63	2%	n.a.		
						Board & management conduct	0.53	7%	n.a.		
						ESG accountability	0.75	2%	n.a.		
DATA INCIDENTS	0.00					Data privacy incidents	0.00		n.a.		
RI Summary: Date: 19-Feb-18											
Environment:											
Social:											
Ethics:											

À titre d'illustration uniquement.

Ce n'est pas seulement une question de croissance ! Les actions de valeur n'ont pas besoin de la croissance du chiffre d'affaires pour fonctionner.



Le marché est trop axé sur la qualité et la croissance, mais il existe de nombreuses opportunités délaissées sur les marchés émergents capables d'offrir aux investisseurs un ratio risque/rendement asymétrique

Brésil – La reprise grâce au désendettement

Au 31 juillet 2019

2015 – La tempête parfaite

- Pire récession depuis 100 ans
- Scandale de corruption (opération Lava Jato)

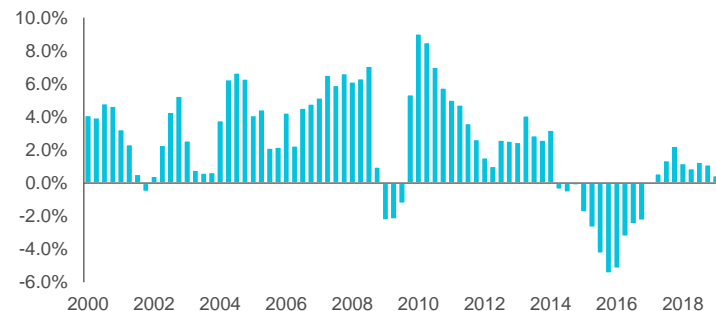
Rebond des actions malgré la faible croissance

- Réduction des coûts
- Renouvellement des dirigeants
- Cessions d'actifs / liquidation

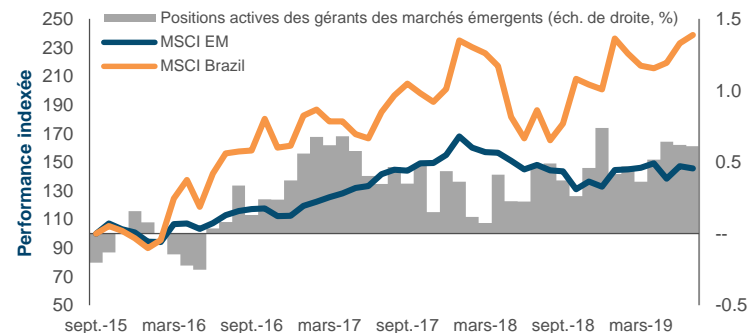
Amélioration des fondamentaux à long terme

- Changement de gouvernement
- Réforme
- Reprise économique
- Amélioration de la productivité / Augmentation des flux de trésorerie

CROISSANCE DU PIB BRÉSILIEN EN GA (%)



MSCI BRAZIL VS MSCI EM



La performance passée n'est pas un indicateur fiable de la performance future.

Source : Haver [Instituto Brasileiro de Geografia e Estatística], FactSet, EPRF, MSCI.

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Afrique du Sud – La fin de la partie ?

Au 31 juillet 2019

Beaucoup de baisses depuis 2009

- Récession
- Corruption
- Sorties de capitaux
- Devise

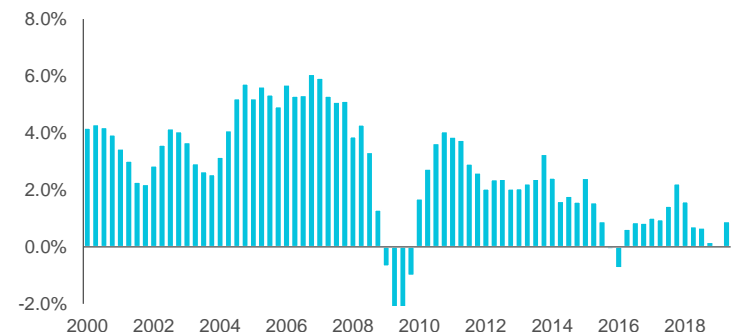
Moteurs de performance potentiels pour les actions

- Réduction des coûts
- Marché délaissé
- Protection en cas de baisse

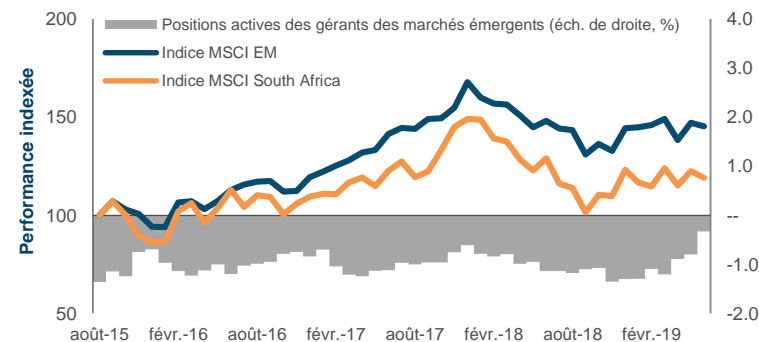
Moteurs à long terme

- Renouvellement des dirigeants
- Cessions d'actifs / liquidation
- Réformes

CROISSANCE DU PIB SUD-AFRICAIN EN GA (%)



MSCI SOUTH AFRICA VS MSCI EM



La performance passée n'est pas un indicateur fiable de la performance future.

Source : FactSet, EPRF, MSCI.

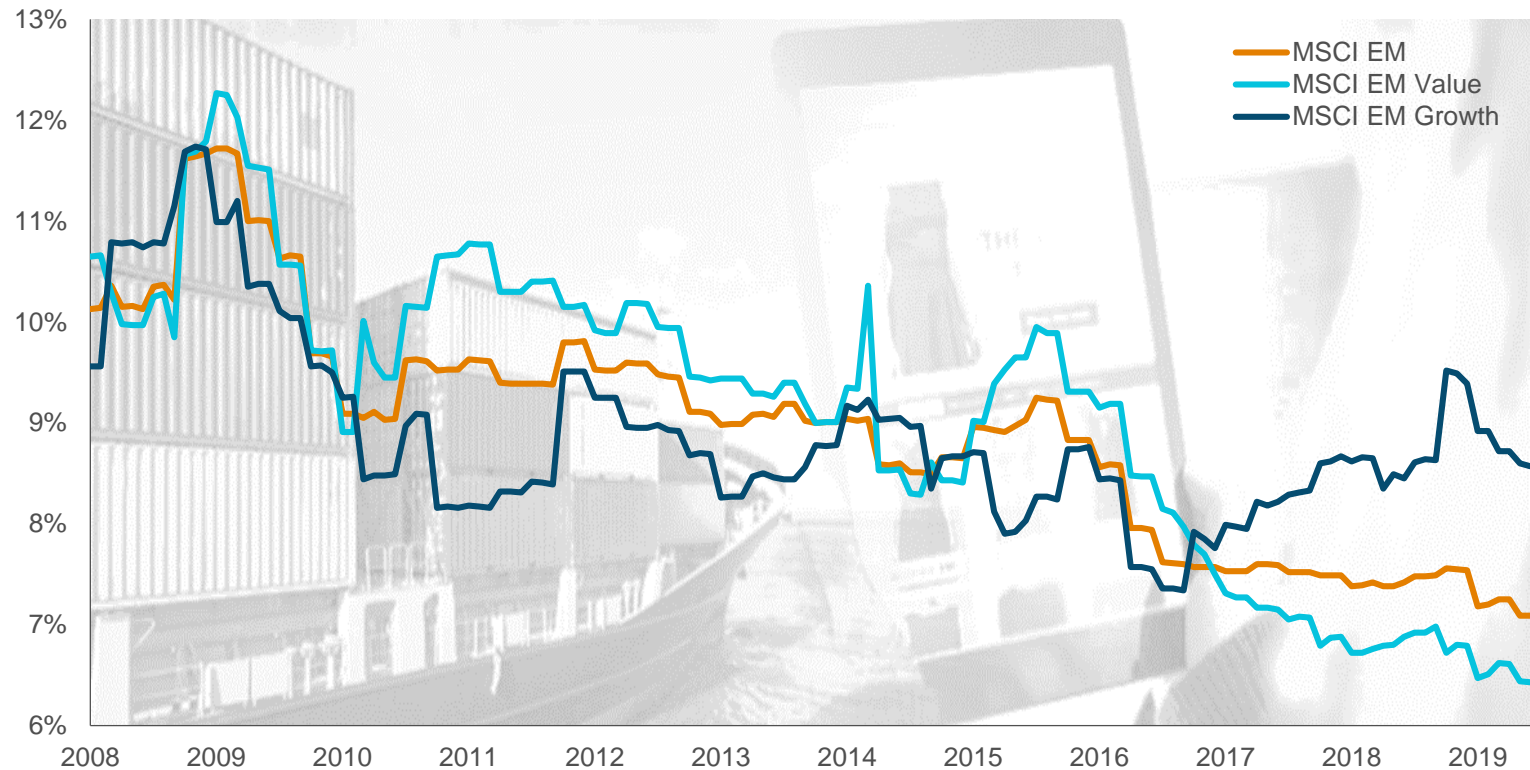
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Une plus grande rigueur en matière de dépenses d'investissement renforce la perception positive des marchés émergents

Au 30 août 2019

DÉPENSES D'INVESTISSEMENT PAR RAPPORT AUX VENTES POUR LES MARCHÉS ÉMERGENTS



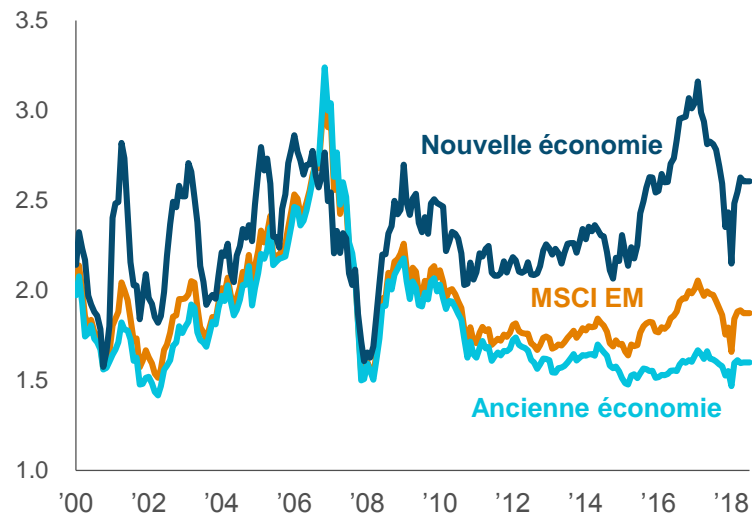
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Vieille économie vs nouvelle économie dans les pays émergents

Au 30 juin 2019

MSCI EM - RATIO COURS / VALEUR COMPTABLE SUR 12 MOIS GLISSANTS (X)



MSCI EM - RENDEMENT DES FLUX DE TRÉSORERIE (%)



L'ancienne économie des marchés émergents a sous-performé le rebond et reste relativement bon marché, malgré l'augmentation rapide des flux de trésorerie.

Nouvelle économie: Services aux consommateurs, automobile, Internet, équipements technologiques, Groupes pharmaceutiques, Produits de consommation durables, Santé, Semi-conducteurs.

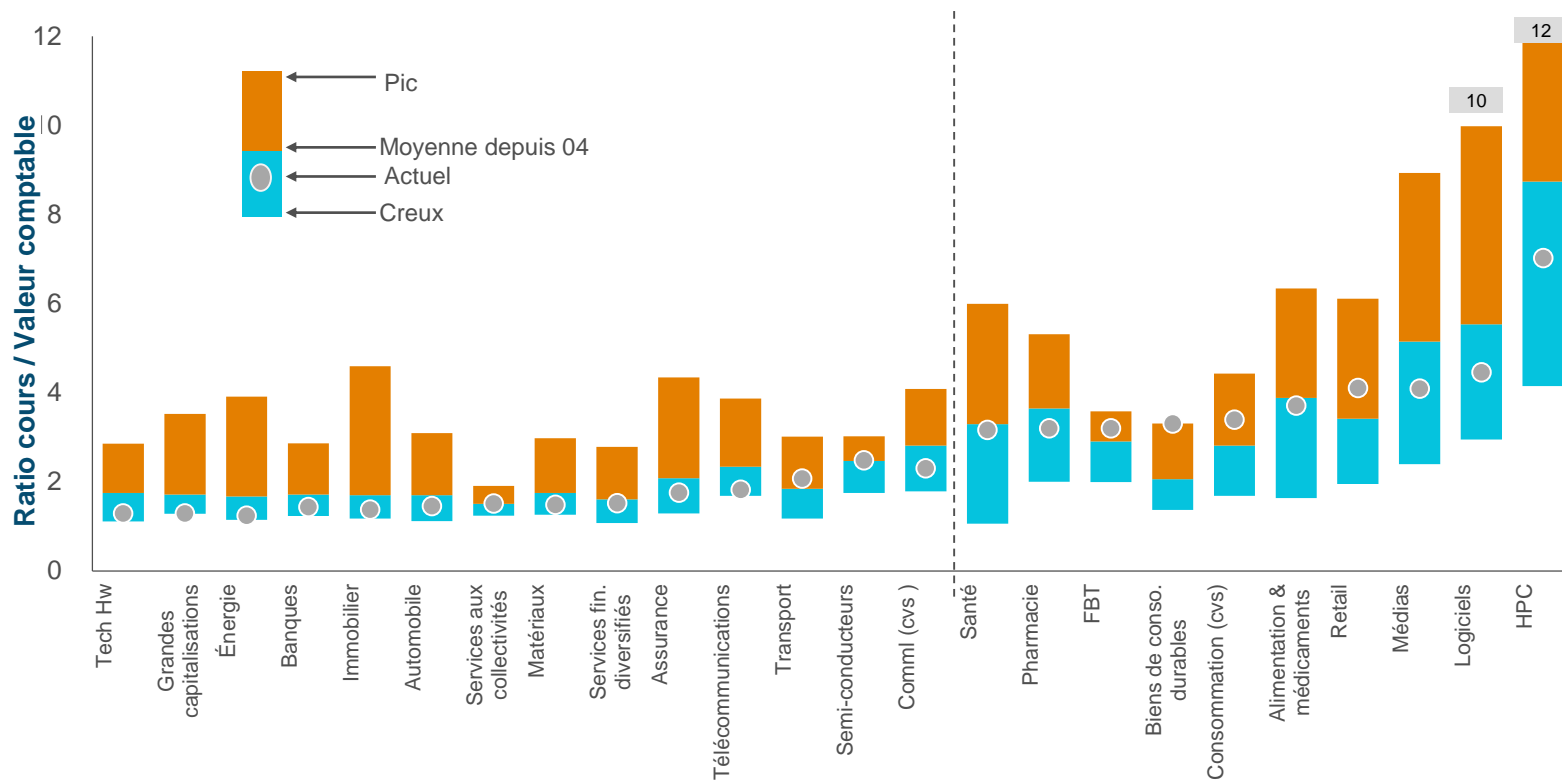
Vieille économie: Immobilier, Matériaux de construction, Charbon, Métaux & mines, Assurance, Produits ménagers & de soin personnel, Transport, Services aux collectivités, Conglomérats, Banques, Machines, Alimentation, Boissons & tabac, Chimie, Équipements électriques, Finance diversifiée, Construction & ingénierie, Télécommunications, Pétrole & gaz
Source : CLSA.

Source des données MSCI : MSCI. MSCI ne présente aucune garantie ni ne fait aucune déclaration expresse ou implicite et n'encourra aucune responsabilité en relation avec les données MSCI contenues dans le présent document. Les données MSCI ne peuvent être ensuite redistribuées ni utilisées comme référence à d'autres indices, titres ou produits financiers. Le présent rapport n'est ni approuvé, ni vérifié, ni produit par MSCI.

Les secteurs de l'ancienne économie affichent une valorisation intéressante

Au 30 août 2019

SECTEURS DE L'INDICE MSCI EM : ÉCART DU RATIO COURS/VALEUR COMPTABLE GLISSANT ENTRE PIC ET CREUX (CLASSÉS PAR RATIO COURS / VALEUR COMPTABLE ACTUEL)



Source : CLSA.

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APPENDIX

PORTFOLIO CHARACTERISTICS

Emerging Markets Discovery Equity Representative Portfolio

As of 30 September 2019

	Emerging Markets Discovery Equity Representative Portfolio	MSCI Emerging Markets Index Net
Number of Holdings	57	1,134
Number of Markets	20	26
EPS Growth Rate (Current Fiscal Year)**†	10.4%	7.7%
Price to Earnings (Current Fiscal Year)**†	10.5X	14.9X
Price to Book‡	1.3X	2.1X
Return on Equity (Current Fiscal Year)††	12.6%	13.7%
Investment-Weighted Median Market Capitalization (Millions USD)	12,259	23,875
Investment-Weighted Average Market Capitalization (Millions USD)	45,212	88,485
Portfolio Turnover (Last 12 Months)	57.7%	-
Dividend Yield	3.50%	2.94%
Active Share	85.2%	-

*Source I/B/E/S © 2019 Thomson Reuters. All rights reserved.

‡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.

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.

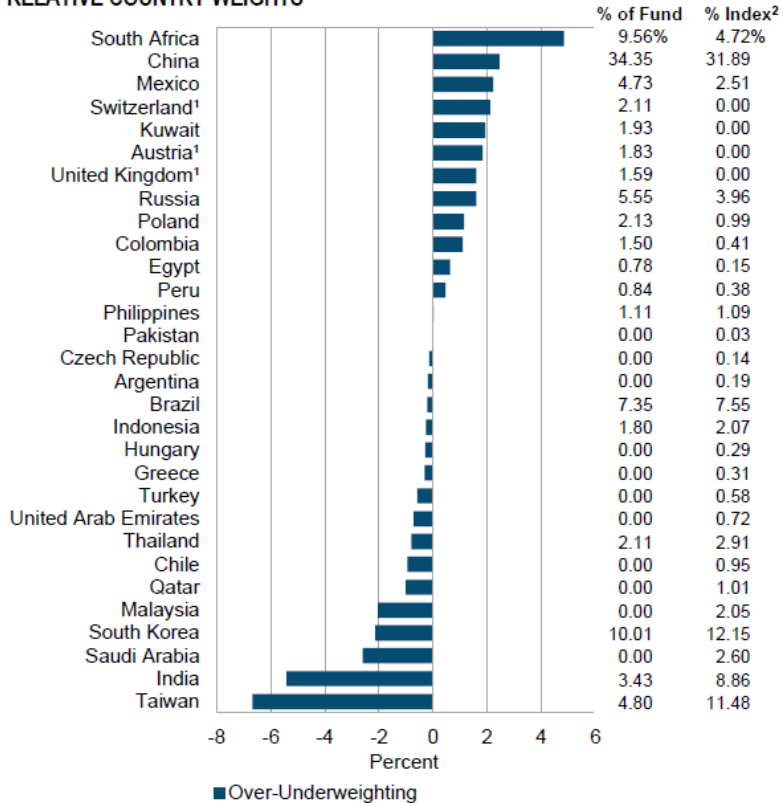
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Country And Sector Positioning

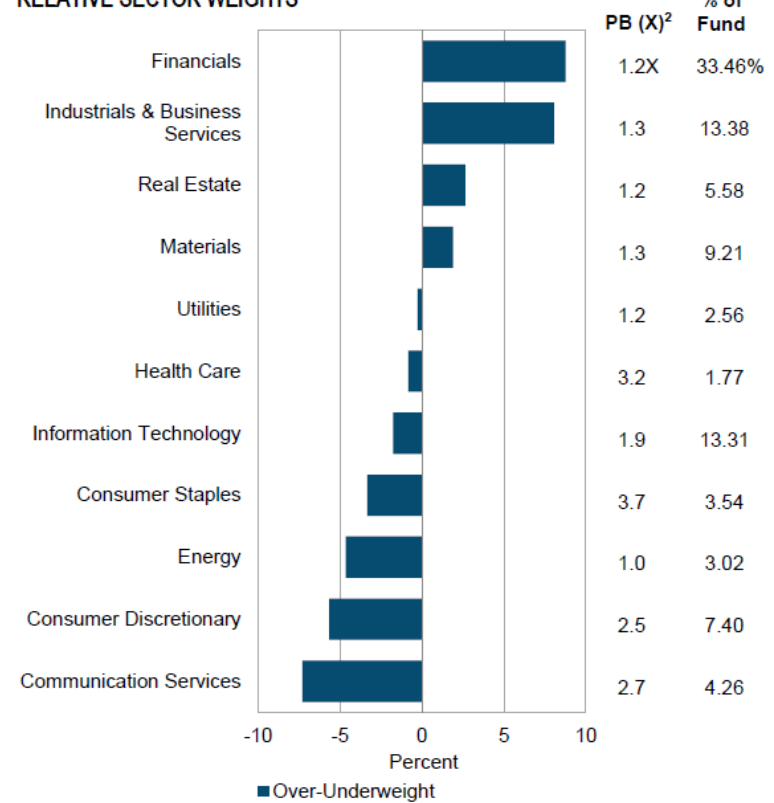
Emerging Markets Discovery Equity Representative Portfolio vs. MSCI Emerging Markets Index Net

As of 30 September 2019

RELATIVE COUNTRY WEIGHTS



RELATIVE SECTOR WEIGHTS



¹ Emerging market companies listed on developed market exchanges.

² MSCI Emerging Markets Index Net.

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 updates to GICS for prospective reporting.

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TOP RELATIVE STOCK POSITIONS

Emerging Markets Discovery Equity Representative Portfolio vs. MSCI Emerging Markets Index Net

As of 30 September 2019

10 Largest Overweights	Country	% of Portfolio	% of Index	Difference	10 Largest Underweights	Country	% of Portfolio	% of Index	Difference
Postal Savings Bank of China	China	2.4%	0.1%	2.3%	Tencent Holdings	China	0.0%	4.5%	-4.5%
PICC Property & Casualty	China	2.4	0.2	2.3	Alibaba Group Holding	China	0.0	4.4	-4.4
Samsung Electronics	South Korea	6.4	4.2	2.3	Taiwan Semiconductor Manufacturing	Taiwan	0.0	4.0	-4.0
Sberbank of Russia	Russia	2.9	0.7	2.2	China Construction Bank	China	0.0	1.4	-1.4
LafargeHolcim	Switzerland ¹	2.1	0.0	2.1	Reliance Industries	India	0.0	1.0	-1.0
Vipshop Holdings	China	2.2	0.1	2.1	China Mobile	China	0.0	0.9	-0.9
Anhui Conch Cement	China	2.2	0.2	2.1	Petrobras	Brazil	0.0	0.9	-0.9
Land & Houses	Thailand	2.1	0.0	2.1	Housing Development Finance	India	0.0	0.9	-0.9
Kunlun Energy	China	2.1	0.1	2.0	Itau Unibanco Holding	Brazil	0.0	0.8	-0.8
Tsingtao Brewery	China	2.1	0.0	2.0	Infosys	India	0.0	0.7	-0.7

¹ Emerging market companies listed on developed market exchanges.

The information shown does not reflect any exchange-traded funds that may be held in the portfolio. Numbers may not total due to rounding. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for the portfolio, and no assumptions should be made that the securities identified and discussed were or will be profitable. 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.

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TOP RELATIVE STOCK POSITIONS

Emerging Markets Discovery Equity Representative Portfolio

As of 30 September 2019

Company	Industry	Country	% of Fund	Market Capitalization (Millions USD)	Business Description
Samsung Electronics	Technology Hardware, Storage & Peripherals	South Korea	6.4%	244,800	Samsung Electronics is Korea-based company principally engaged in the manufacture and distribution of electronic products.
Sberbank of Russia	Banks	Russia	2.9%	75,761	Sberbank of Russia is a Russia-based company, which is primarily focused on the financial services industry. The Company operates as a commercial bank and provides services to individual and corporate clients.
PICC Property & Casualty	Insurance	China	2.4%	25,961	PICC Property and Casualty is principally engaged in the provision of property and casualty insurance products.
Postal Savings Bank of China	Banks	China	2.4%	49,408	Postal Savings Bank of China is involved in the provision of banking and related financial services in China.
Anhui Conch Cement	Construction Materials	China	2.2%	30,851	Anhui Conch Cement is principally engaged in manufacture and sale of clinkers and cement products.
Ping An Insurance	Insurance	China	2.2%	218,344	Ping An Insurance is a company principally engaged in insurance business.
Vipshop Holdings	Internet & Direct Marketing Retail	China	2.2%	5,956	Vipshop Holdings is a holding company. The Company is an online discount retailer for brands in China.
PKO Bank Polski	Banks	Poland	2.1%	12,259	PKO Bank Polski is a Poland-based commercial bank.
LafargeHolcim	Construction Materials	Switzerland	2.1%	30,341	LafargeHolcim is a holding company operating in building materials industry. The Company's segments include Asia Pacific, Latin America, Europe, North America and Middle East Africa.
Land & Houses	Real Estate Management & Development	Thailand	2.1%	3,751	Land and Houses is a Thailand-based company principally engaged in property development.
TOTAL			27.1%		

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. The information shown does not reflect any exchange-traded funds that may be held in the portfolio. Numbers may not total due to rounding.

Source: T. Rowe Price

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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.

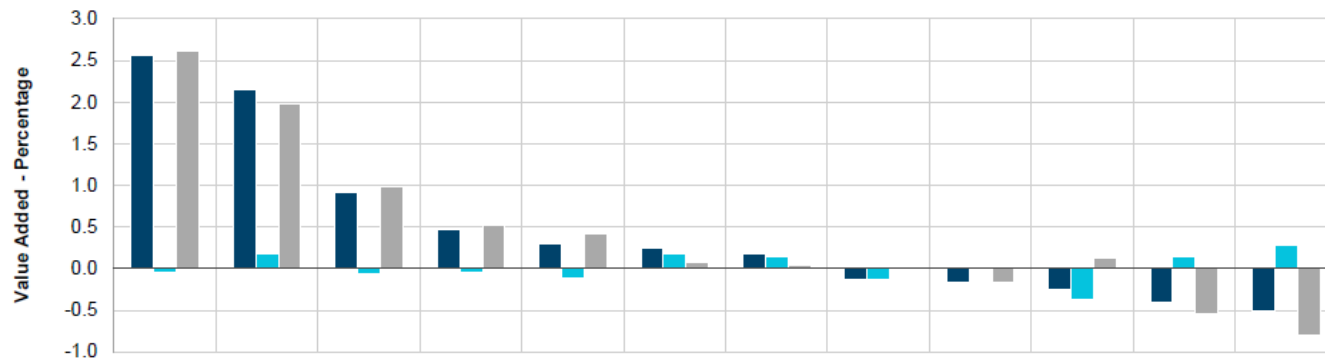
ATTRIBUTION ANALYSIS (USD)—MAJOR IMPACTS

Emerging Markets Discovery Equity Representative Portfolio vs. MSCI Emerging Markets Index¹

SINCE COMPOSITE INCEPTION² THROUGH 30 JUNE 2019

BY SECTOR

- Total Value Added
- Value Added from Sector Weight
- Value Added from Stock Selection



	Total	Financials	Info Tech	Materials	Indust & Bus Svcs	Consum Staples	Health Care	Utilities	Real Estate	Energy	Consum Disc	Comm Svcs
Over (Under) Weight	-	10.65	-0.99	2.41	8.74	-3.15	-0.72	-0.11	3.04	-4.48	-5.33	-7.06
Portfolio Weight (Ending)	100.00	35.34	14.09	9.75	14.14	3.75	1.88	2.71	5.90	3.19	7.72	4.50
Index Weight (Ending)	100.00	24.69	15.09	7.34	5.40	6.90	2.60	2.82	2.86	7.67	13.05	11.57
Portfolio Performance	10.95	15.51	25.68	7.53	7.20	5.71	-14.94	5.08	5.68	16.35	-4.16	0.82
Index Performance	8.39	8.71	15.64	8.20	0.46	4.13	-2.30	4.04	8.18	16.65	8.06	5.91

Past performance is not a reliable indicator of future performance.

¹ Returns shown with gross dividends reinvested.

Numbers may not total due to rounding; 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 that will not receive a classification assignment in the detailed 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 U.S. dollars using an exchange rate determined by an independent third party. Figures are shown with gross dividends reinvested.

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MSCI/S&P GICS Sectors; Analysis by T. Rowe Price Associates, Inc. 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 updates to GICS for prospective reporting.

Figures are shown gross of fees. Returns would be lower as a result of the deduction of such fees.

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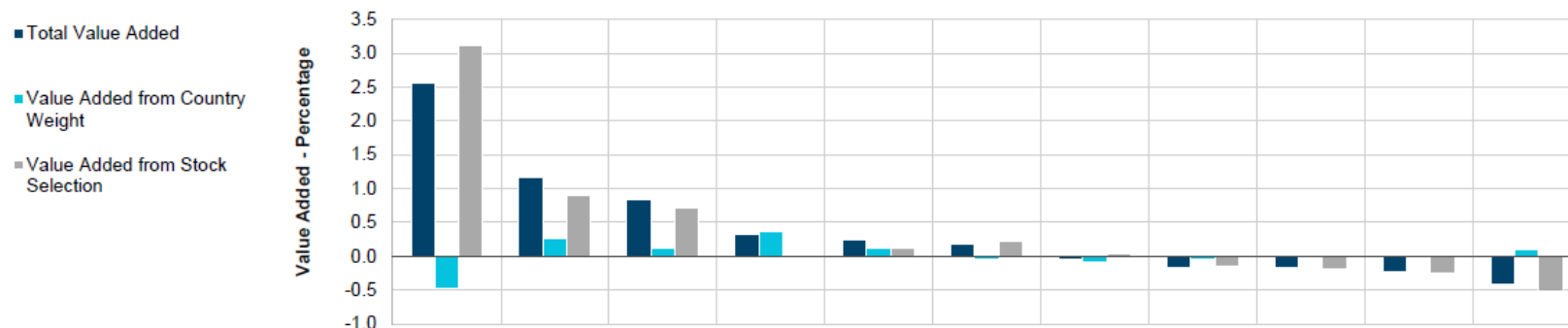
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ATTRIBUTION ANALYSIS (USD)—MAJOR IMPACTS

Emerging Markets Discovery Equity Representative Portfolio vs. MSCI Emerging Markets Index¹

SINCE COMPOSITE INCEPTION² THROUGH 30 JUNE 2019

BY COUNTRY (TOP AND BOTTOM FIVE BY TOTAL VALUE ADDED)



	Total	Brazil	South Korea	Saudi Arabia	India	United Arab Emirates	South Africa	United Kingdom ³	Mexico	Thailand	Russia
Over (Under) Weight	-	0.20	-1.55	-2.60	-5.23	-0.72	5.39	1.69	2.49	-0.68	1.91
Portfolio Weight (Ending)	100.00	7.75	10.60	0.00	3.63	0.00	10.10	1.69	5.01	2.23	5.88
Index Weight (Ending)	100.00	7.55	12.15	2.60	8.86	0.72	4.72	0.00	2.51	2.91	3.96
Portfolio Performance	10.95	32.57	14.76	18.71	8.48	27.45	-0.70	-4.41	-7.16	4.05	8.32
Index Performance	8.39	19.66	8.10	-7.28	6.84	0.46	1.07	3.93	-2.07	12.67	19.11

Past performance is not a reliable indicator of future performance.

¹ Returns shown with gross dividends reinvested.

² 30 September 2015.

³ Emerging market companies listed on developed market exchanges.

Numbers may not total due to rounding; 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 that that will not receive a classification assignment in the detailed 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.

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Analysis by T. Rowe Price Associates, Inc.

Figures are shown gross of fees. Returns would be lower as a result of the deduction of such fees.

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GIPS® Disclosure

Emerging Markets Discovery Equity Composite

Period Ended June 30, 2019

Figures Shown in U.S. dollar

	<u>2015</u> ²	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>YTD</u> <u>2019</u>
Gross Annual Returns (%)	2.86	13.07	35.52	-8.92	13.95
Net Annual Returns (%) ¹	2.65	12.12	34.40	-9.70	13.48
MSCI Emerging Markets Index Net (%) ³	0.66	11.19	37.28	-14.57	10.58
MSCI Emerging Markets Value Index Net (%) ³	-1.45	14.90	28.07	-10.72	8.87
MSCI Emerging Markets Index (%) ³	0.73	11.60	37.75	-14.24	10.76
MSCI Emerging Markets Value Index (%) ³	-1.36	15.48	28.67	-10.26	9.08
Composite 3-Yr St. Dev.	N/A	N/A	N/A	14.35	13.08
MSCI Emerging Markets Index Net 3-Yr St. Dev.	14.06	16.07	15.35	14.60	13.66
MSCI Emerging Markets Value Index Net 3-Yr St. Dev.	15.17	17.55	16.59	15.07	12.83
MSCI Emerging Markets Index 3-Yr St. Dev.	14.04	16.07	15.36	14.62	13.67
MSCI Emerging Markets Value Index 3-Yr St. Dev.	15.15	17.56	16.60	15.10	12.85
Composite Dispersion	N/A	N/A	N/A	N/A	N/A
Comp. Assets (Millions)	14.1	19.3	45.6	56.7	236.8
# of Accts. in Comp.	1	1	1	2	2
Total Firm Assets (Billions)	772.4	817.2	1,000.2	972.7	1,136.4 ⁴

¹Reflects 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.**

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.

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.

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.



Emerging Markets DISCOVERY Equity Composite

Objective and Risks

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. (Created September 2015)

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.
- **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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