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MONTHLY UPDATE

31 July 2019

T.ROWE PRICE FUNDS SICAV

Emerging Markets Equity Fund*

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Portfolio Manager
26 Years investment experience
19 Years at T. Rowe Price

citywire A

FUND SNAPSHOT

Seeking to capture compelling growth opportunities in dynamic emerging markets.

KEY FUND DATA

Indicative Benchmark:	MSCI Emerging Markets Index Net
Base Currency:	USD
ISIN Class A:	LU0133084623
ISIN Class A (EUR):	LU1438968890
ISIN Class Ad:	LU0133084896
ISIN Class I:	LU0133084979
ISIN Class I (EUR):	LU1382644083
ISIN Class Q:	LU0860350148
ISIN Class Q (GBP):	LU0864768196

			Annualised		
	One Month	Year-to-Date	One Year	Three Years	Five Years
Class I	0.45%	16.04%	1.90%	10.70%	5.30%
MSCI Emerging Markets Index Net*	-1.22%	9.23%	-2.18%	8.42%	1.84%

	Calendar Years				
	2014	2015	2016	2017	2018
Class I	1.8	-11.6	12.3	42.9	-15.9
MSCI Emerging Markets Index Net*	-2.2	-14.9	11.2	37.3	-14.6

Past performance is not a reliable indicator of future performance.
* The index shown is not a formal benchmark. It is shown only for comparison purposes.
I Class Inception: 02-Dec-2003
Source for performance: T.Rowe Price.
Fund performance is calculated using the official NAV with distributions reinvested, if any. 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 fund and the currency in which you subscribed, if different. Sales charges, taxes and other locally applied costs have not been deducted and if applicable, they will reduce the performance figures.

MSCI Index returns are shown with gross dividends reinvested.

Indicative Benchmark Data Source: 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.

PORTFOLIO HIGHLIGHTS

- Emerging markets fell in U.S. dollar terms in July and underperformed the MSCI World Index. Developments included fluctuations in investor expectations about the likely extent of monetary easing from the U.S. Federal Reserve (Fed). In the event, the Fed reduced interest rates by a quarter point. Accompanying comments from Fed Chairman Jerome Powell described the move as a “mid-cycle adjustment.” This disappointed investors who had been hoping for signals that an extended series of rate cuts may be on the way. At the portfolio level, our choice of securities in South Korea was beneficial, as was our underweight here. Our holding in internet firm Naver added value; the company owns the dominant search engine in the country and saw its share price rise sharply on results that showed an acceleration in the growth of its core domestic business. Stock selection in Russia weighed on relative returns, however. Shares in banking group Sberbank gave back some ground following the strong run they have had so far this year. This occurred despite the company reporting earnings that were ahead of consensus expectations. We continue to hold Sberbank as we think it has an attractive valuation and dividend yield.

MORNINGSTAR ★★★★★ Silver

*Effective 1 June 2015, the fund’s name changed from Global Emerging Markets Equity Fund to Emerging Markets Equity Fund.

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- We are overweight consumer stocks, which we believe will benefit from the growth of the middle class across the emerging world. A core holding is Alibaba, the dominant e-commerce platform in China. The company has considerable access to consumer information that it is using to become a world leader in "big data”. For example, it provides recommendation feeds, which use algorithms to personalise customers’ shopping experiences. Alibaba recently announced a delay in the monetisation of these feeds, as management believes this will help it increase its user base in smaller Chinese cities. While this move is likely to have an impact on the firm’s near-term financial outlook, we think it may boost its long-run growth potential.

MAIN RISKS:
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.
Equity risk - in general, equities involve higher risks than bonds or money market instruments.
Geographic concentration risk - to the extent that a fund 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 fund's attempts to reduce or eliminate certain risks through hedging may not work as intended.
Investment fund risk - investing in funds involves certain risks an investor would not face if investing in markets directly.
Issuer concentration risk - to the extent that a fund invests a large portion of its assets in securities from a relatively small number of issuers, its performance will be more strongly affected by events affecting those issuers.
Management risk - the investment manager or its designees may at times find their obligations to a fund to be in conflict with their obligations to other investment portfolios they manage (although in such cases, all portfolios will be dealt with equitably).
Market risk - prices of many securities change daily, and can fall based on a wide variety of factors.
Operational risk - operational failures could lead to disruptions of fund operations or financial losses.
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.

- We are underweight China, largely a result of our avoidance of domestic banks, although this market accounts for the portfolio's largest country position in absolute terms. Our focus here is on companies that can benefit from trends such as increasing household disposable income, even as the country's overall GDP growth rate slows. For example, we hold insurance group Ping An, which has been enhancing its range to offer more complex products that we believe are more appealing to consumers than those provided by competitors (for example, medical insurance and wealth management offerings).

We retain a growth bias with a diversified portfolio of high-quality, well-run growth companies, emphasising our highest-conviction ideas. We think that the market underappreciates the power of compounded growth over multiple years and our intensive research allows us to more clearly see where a company will be in five years. We continue to find good growth opportunities among IT, consumer, and financials stocks, although we see less investment potential in areas of the market such as energy and materials.

Important Information

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

The views contained herein are as of 31 July 2019 and may have changed since that time. Unless indicated otherwise the source of all data is T.Rowe Price.

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