



MONTHLY UPDATE

31 July 2019

T. ROWE PRICE FUNDS SICAV European Equity Fund



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Portfolio Manager

26 Years investment experience
17 Years at T. Rowe Price



FUND SNAPSHOT

Style agnostic, focus on quality to maintain a balanced portfolio.

KEY FUND DATA

Indicative Benchmark:	MSCI Europe Index Net
Base Currency:	EUR
ISIN Class A:	LU0285830955
ISIN Class Ad:	LU0285831177
ISIN Class I:	LU0285831334
ISIN Class I (USD):	LU1475745334
ISIN Class Q:	LU0983346296

	Annualised				
	One Month	Year-to-Date	One Year	Three Years	Five Years
Class I	0.19%	18.52%	4.02%	6.67%	5.67%
MSCI Europe Index Net*	0.30%	16.59%	1.61%	7.09%	5.46%

	Calendar Years				
	2014	2015	2016	2017	2018
Class I	7.6	12.6	-7.6	11.0	-8.6
MSCI Europe Index Net*	6.8	8.2	2.6	10.2	-10.6

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: 26-Feb-2007

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

- European shares ended little changed in July, with markets still prey to concerns about the impact of trade disputes on economic growth and central bank policy intentions. In the fund, negative stock selection weighed on utilities, real estate and industrials and business services; our underweight in consumer staples also eroded relative performance. However, stock picking in communication services, information technology and materials made a positive contribution. Red Electrica, a regulated utility company that owns the Spanish electricity transmission network, Italgas, Italy's largest natural gas distributor, and E.ON, a German energy company, were the main underperformers in utilities. Red Electrica fell after the market regulator issued consultation documents on electricity and gas distribution that implied a significant drop in revenues. On the positive side, Cellnex Telecoms, a Spanish company engaged in the wireless transmissions business, and Scout24 Holding, a Germany-based online classified advertising firm, supported relative performance in communication services. Cellnex reached a record high in the wake of its transformative deals to acquire more towers in France, Italy and Switzerland. The company reported decent second-quarter results, with revenues beating expectations and management confirming the 2019 outlook at the upper end of the range.



- There were slight changes in positioning this month. Stock picking was driven as usual by bottom-up considerations rather than by any top-down macroeconomic and political views or themes. The main change in positioning was a reduction in our underweight in financials. We added a resilient Spanish financial company that owns a bank and an asset manager and an Italian online lender, which we believe are high quality companies that are too deeply discounted. We further increased our underweight in consumer staples, the largest below-benchmark position in the portfolio. Valuations of high-quality companies are less attractive after the rally this year.

European markets are likely to be more volatile in 2019 than last year, given the removal of economic stimulus, slowing growth, and geopolitical risks. Analysts have continued to downgrade earnings forecasts, even though earnings exceeding expectations in the second quarter rose to the most in more than two years. While valuations are near their historical averages after the market rally at the start of the year, we are still finding a wider range of investments.

MAIN RISKS:

Country risk (Russia and Ukraine) - in these countries, risks associated with custody, counterparties and market volatility are higher than in developed countries.

Currency risk - the risk that securities denominated in currencies other than the base currency of the fund may decrease in value due to changes in foreign exchange rates.

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.

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.

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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